

**OPERATIONS AGREEMENT**  
**FOR THE**  
**LOS ANGELES TO PASADENA METRO BLUE LINE**  
**BY AND BETWEEN**  
**THE LOS ANGELES COUNTY METROPOLITAN TRANSPORTATION**  
**AUTHORITY**  
**AND**  
**THE LOS ANGELES TO PASADENA METRO BLUE LINE CONSTRUCTION**  
**AUTHORITY**

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AUTHORITY**

**AND**

**THE LOS ANGELES TO PASADENA METRO BLUE LINE CONSTRUCTION  
AUTHORITY**

THIS AGREEMENT, dated \_\_\_\_\_, is made by and between the Los Angeles to Pasadena Metro Blue Line Construction Authority (Authority), a public entity of the State of California, and the Los Angeles County Metropolitan Transportation Authority (MTA), a public entity of the State of California.

**RECITALS**

WHEREAS, the Authority is a public entity created by the California State Legislature pursuant to Public Utilities Code (PUC) Section 132400 for the exclusive purpose of completing the design and construction of the Pasadena Metro Blue Line Project in two phases: Phase I defined as the 13.7 mile line from Union Station in the City of Los Angeles to Sierra Madre Villa in the City of Pasadena, and Phase II defined as any extension further to the east to the City of Claremont; the project has subsequently been renamed the Gold Line Light Rail Project;

WHEREAS, the MTA is a public entity created by the California Legislature pursuant to PUC Sections 130050.2 et seq. for many purposes including, but not limited to, the design, construction, and operations of rail and bus transit systems and facilities in Los Angeles County;

WHEREAS, the Authority and the MTA (the "Parties") have entered into the following agreements addressing the requirements of Sections 132425, 132430 and 132435 of the PUC: the Funding Agreement for the Los Angeles to Pasadena Metro Blue Line, (Funding Agreement) dated August 19<sup>th</sup>, 1999; the Master Cooperative Agreement for the Los Angeles to Pasadena Metro Blue Line (Master Cooperative Agreement) dated September 30<sup>th</sup>, 1999; and the Los Angeles-Pasadena Metro Blue Line Governmental Purpose Property Trust Agreements (Property Trust Agreement) dated August 19<sup>th</sup>, 1999;

WHEREAS, the Authority executed a design-build contract (the "D/B Contract") with Kiewit/Washington, a joint venture (the "D/B Contractor") to design and build a substantial portion of Phase I;

WHEREAS, the Authority and the MTA desire to cooperate to the end that the Project design and construction activities are undertaken and completed in ways that meet the objectives and goals of the Parties;

WHEREAS, this Agreement will satisfy the requirement in Section 6 of the Funding Agreement that the Parties enter into an Operations Agreement to provide for MTA technical staff involvement in the construction, testing, pre-revenue operation, and certification of the Project, and in the planning for operations of the Project;

WHEREAS, this Agreement will also ensure that the MTA will accept the Project when the Project has met the conditions set forth herein;

NOW THEREFORE, the Parties agree as follows:

## ARTICLE 1

### DEFINITIONS

In addition to terms defined in elsewhere herein, the following terms shall have the meanings set forth below for purposes of this Agreement:

**Pre-Revenue Operations** – A period of time between Substantial Completion and the Revenue Operations Date (ROD) allowing MTA staff to operate trains and familiarize its staff with the Project.

**Revenue Operations Date (ROD)** – The commencement of revenue service to begin no later than July 30, 2003 as defined in the Scope of Work 3.1.4 of the Design/Build Contract.

**Turn-Back** – Transfer of Phase I Project Assets as defined in the Property Trust Agreement from the Authority to the MTA.

**Mainline** – Track designated for rail operations, which is governed by the authority of the Controller and/or Track Access Coordinator, signal indication, operating rules/procedures, or a combination thereof.

Terms used but not defined herein shall have the meanings set forth in Sections 1.0 and 1.1 of the Master Cooperative Agreement, or in the D/B Contract, as applicable.

## ARTICLE 2

### PURPOSE

#### 2.1 Scope of the Agreement

The Funding Agreement establishes the scope of this Operations Agreement. Section 6 of the "Funding Agreement" provides as follows:

"The [Operations] agreement will describe the roles of the parties, the involvement of MTA personnel in the [1] construction, [2] testing, [3] pre-revenue operation, and [4] certification, as well as the [5] turn-back of the Project upon completion to the MTA for full operations and incorporate an agreed upon Operating Plan."

In accordance with the Funding Agreement, this Operations Agreement identifies the roles and responsibilities of the D/B Contractor, the Authority, and the MTA with regard to the five subjects noted above. Many of these roles and responsibilities have previously been addressed in existing Agreements and the D/B Contract and shall be referenced throughout this Operations Agreement. Details regarding each subject are set forth in the following provisions of this Agreement:

- Construction (Article 3)
- Testing (Article 4)
- Pre-Revenue Operations (Article 5)
- Certification (Article 6)
- Turn-back of the Project (Article 7)

In accordance with the Funding Agreement, an Operating Plan is incorporated as part of this Operations Agreement in Exhibit I.

#### 2.2 Relationship with the D/B Contractor

The D/B Contractor is responsible for many of the activities provided in this Agreement. The MTA has no privity of contract with the D/B Contractor. The Authority will be responsible to the MTA for assuring that the D/B Contractor performs its responsibilities described in this Agreement.

## **ARTICLE 3**

### **CONSTRUCTION ROLES**

#### **3.1 D/B Contractor**

Section 1.1.4 of the Master Cooperative Agreement provides that the D/B Contractor is responsible for designing, building, fabricating, installing, and preparing for operations the facilities and systems necessary to operate the Project and to demonstrate the operability of the Project through a period of pre-revenue operations. Kiewit/Washington has been awarded the D/B Contract and is responsible for all significant construction phases of the Project for Phase I.

#### **3.2 Authority**

The Master Cooperative Agreement provides that the Authority has the responsibility of awarding and overseeing the construction work of the D/B Contractor.

#### **3.3 MTA**

The Master Cooperative Agreement provides the MTA with full opportunity to oversee the construction of the Project so long as the MTA does not interfere with the D/B Contractor completing its work. The MTA was and is encouraged to assign oversight staff through all phases of the Project, including: design, construction, fabrication, testing, and installation, to afford MTA staff full opportunity to become familiar with the Project.

## ARTICLE 4

### TESTING

#### 4.1 D/B Contractor

The D/B Contractor is responsible for successfully completing four types of Tests as follows (as defined in Section 6.0 of the D/B Scope of Work). Factory Tests

- Construction Tests
- Systems Integration Tests
- System Performance Tests

The D/B Contractor is also required to inform the Authority of all tests schedules, procedures, and results and implement an on-site integrated testing program as summarized below (per Section 6.7 of the D/B Scope of Work):

- Submit Test Procedures 90 days before test commencing
- Provide seven (7) day notice prior to any testing allowing the Authority and the MTA the opportunity to witness tests
- Submit for acceptance order rules and procedures for controlling integrated testing including red tag procedures
- Successfully complete system integration testing as a requirement for safety certification and substantial completion (as defined in Article 5.0 below).

#### 4.2 Authority

The Authority is responsible for overseeing the D/B Contractor throughout design, construction and testing. The Authority shall monitor testing performed by the D/B Contractor. Authority shall make available to MTA all testing schedules, procedures, and results.

#### 4.3 MTA

In accordance with Article 6 of the Master Cooperative Agreement, the MTA has certain rights related to testing, including:

*“the opportunity to witness or review the results of contractual testing activities, including, but not limited to, all component and system acceptance tests. Reports of testing results shall be provided to the MTA”*

The MTA has been and will be given full opportunity to oversee all testing, and is encouraged to do so. The Authority and/or the D/B Contractor will provide times, locations, and descriptions of tests to the MTA. MTA will be responsible for managing the fire department tests and MTA drills (see Article 5.3 below) with the cooperation and support of Authority and the D/B Contractor.

## ARTICLE 5

### PRE-REVENUE OPERATIONS

#### 5.1 Pre-Revenue Operations Period

The Pre-Revenue Operations period provides the MTA the opportunity to operate trains and familiarize its operating staff with the Project for a period of time estimated between two to six months. Pre-Revenue Operations shall commence upon receipt by the MTA of written notice by the Authority that Substantial Completion of the D/B Contract has been achieved as defined in Section 13.2 of the D/B Contract. A copy of Section 13.2 of the D/B Contract is attached hereto as Exhibit 2.

#### 5.2 D/B Contractor

During Pre-Revenue Operations, the D/B Contractor's activities include completing punch list items and performance of system and landscape maintenance as defined in Section 8.8.1 of the D/B Contract and Section 6.8.2 of the D/B Scope of Work. The D/B Contractor must request access to the Mainline pursuant to the MTA's track allocation process as stated in D/B Contract Section 2.11 as follows:

*“Following Substantial Completion, Contractor shall be responsible for obtaining any required Trackway/Right of Way access permits and shall comply with all applicable requirements of the MTA's Operating Rules and Procedures that govern the area on and immediately adjacent to the Right of Way.”*

#### 5.3 Authority

Eight weeks prior to the expected date of Substantial Completion and the commencement of Pre-Revenue Operations, Authority will issue a letter to the MTA requesting a “Pre-Revenue Readiness Meeting” as described in Section 6.6.2.1 of the D/B Technical Provisions.

*“The Authority and the MTA shall co-chair Pre-Revenue Readiness meetings to determine Project readiness to enter pre-revenue operations. These meetings shall occur a minimum of four weeks prior to the scheduled pre-revenue date. The Contractor shall actively participate in this meeting and implement any identified tasks required for pre-revenue operations.”*

#### 5.4 MTA

During the Pre-Revenue period, MTA shall be responsible for all Train Operations and activity on and immediately adjacent to the Mainline. The D/B Contractor, Authority, or third party access to the Mainline must comply with MTA's track access requirements, training, procedures, and operating rules. The MTA shall afford the D/B Contractor reasonable access to the mainline necessary for the D/B Contractor to timely complete the punch list items and to perform maintenance.

## ARTICLE 6

### CERTIFICATION

#### 6.1 Definition

Certification is a requirement of the California Public Utilities Commission (CPUC) prior to opening the system for passenger service. Certification is commonly referred to as "Safety Certification".

#### 6.2 D/B Contractor

The D/B Contractor has the responsibility for certifying that all of the facility and system elements of the Project are safe and in accordance with the Safety Certification Compliance Plan developed by the D/B Contractor with the oversight of the Authority and the MTA. Facility and system elements are all of the physical assets of the project including stations, track, power distribution systems, communications and the maintenance facility.

Per Section 6.6 of the D/B Technical Provisions, the D/B Contractor must document and implement the following prior to Substantial Completion to achieve safety certification for facility and system elements.

- Safety-related requirements in the safety-critical specifications and drawings are incorporated into the final product.
- Tests are conducted to verify the ability of equipment to safely function as designed.
- Plans, procedures, maintenance manuals and training programs are developed and implemented prior to the start of revenue service.
- Responsible program participants verify the above are completed in order to provide a traceable history of the safety program.
- The Contractor shall submit for approval a Safety Certification Compliance Plan that describes its approach to implementing the SCP.
- Completion of the Contractor Safety Certification Compliance Plan activities.
- Support of the Authority and MTA SCPP activities.
- Verification of items on the Authority/MTA-prepared design conformance checklists.
- Verification of items on the Contractor-prepared and Authority-approved specification conformance checklists.
- Performance of additional tests and analyses resulting from the certification program.
- Participation during technical reviews with and presentations to regulatory-agency personnel.
- Completion of certificates for certifiable elements.
- Preparation of the Safety Certification Report addressing the readiness of the Project, subsystems, and facilities for public use.
- Obtain Certificates of Occupancy.

At the conclusion of all of the activities noted above, the D/B Contractor shall submit a letter to the Authority stating that the D/B Contractor has certified that the Facility and System elements of the Project are safe.

### 6.3 Authority

Authority is responsible for reviewing and commenting on the D/B Contractor's Safety Certification Compliance Plan and verifying that said Plan meets the conditions established by the California Public Utilities Commission for safety certification. The Authority and the MTA also oversee the development and completion of Safety Certification Items Lists and certifications for each facility and system elements.

Once the D/B Contractor has successfully completed the safety certification of the Project, Authority shall transmit a letter to the MTA stating that, based upon the safety certification of the D/B Contractor, the Authority has determined that the facility and system elements of the Project are safe. This letter shall be transmitted concurrently with the Notice of Substantial Completion so that Pre-Revenue Operations period may commence.

### 6.4 MTA

The MTA is currently involved in the oversight of the safety certification process. The MTA has the right and is encouraged to continue reviewing certification activities including testing, inspections, document reviews, individual certification, etc. leading to safety certification of the Project.

The MTA is also responsible for certifying, during Pre-Revenue Operations, that its Operating Rules, Procedures and internal training programs are safe for revenue operations. The MTA is also responsible during Pre-Revenue Operations for conducting the fire department tests and drills prior to revenue operations as a condition for safety certification. These tests and drills, (listed below), shall be supported by Authority and the D/B Contractor as applicable.

<b>FIRE DEPARTMENT TESTS</b>	<b>MTA DRILLS</b>
Standpipe	Earthquake w/ Power Loss/Evacuation
Station Exit	Loss of CCF Power & Local Control
Tunnel Exit	Fire/Smoke in Substation
Panel Boards (Power/Lighting)	Train Collision/Derailment w/Injuries
Fire Sprinkler	Train Fire
Fire Extinguisher	Hostage Situation on Train w/Weapons
PA System	Suicide/Accidental Death in Station
Smoke Detector Access	Tunnel Flooding
Emergency Lights	Bomb Threat on Train

## ARTICLE 7

### TURN-BACK OF THE PROJECT

#### 7.1 Turn-Back

Turn-Back occurs when Phase I Project Assets are transferred from the Authority to the MTA. Phase I Project assets are defined in the Property Trust Agreement to mean:

*“(a) the Phase I real Property, (b) the Phase I Personal Property, (c) the Phase I Leases and Contracts and (d) the property described in Schedule A to this Property Trust Agreement.”*

This transfer shall occur upon the first to occur of the following per Article 3 of the Property Trust Agreement.

*“3.1.1 Order of the Probate Court compelling distribution of the Phase I Project Assets to the Settlor*

*3.1.2 The Phase I Revenue Operations Date*

*3.1.3 The dissolution of the Authority*

*3.1.4 The date which is twenty-one years after the Effective Date.*

Per the Property Trust Agreement, Phase I Revenue Operations Date (ROD) is estimated to occur first. The ROD shall occur no later than July 30th, 2003.

#### 7.2 D/B Contractor

Following the Turn-Back at ROD, the D/B Contractor shall be responsible for successfully completing the “System Performance Demonstration (SPD) to achieve Final Acceptance of the System as defined in Section 13.4 of the D/B Contract and in accordance with Section 7.2.5 of the D/B Technical Provisions. The SPD must verify that the Project supports 30 consecutive days of dispatch reliability and dependability during revenue service as defined below. Per the D/B Contract SPD shall commence seven days after ROD.

*Dispatch Reliability is defined for the Project as the probability that a train will run within 3 minutes of arrival schedule at terminal stations. 99.95% on time performance is required under these criteria*

*Dependability is defined for the Project as the probability that a train will run within 20 minutes of arrival schedule at terminal stations. 99.99% on time performance is required under these criteria.*

Additionally, per Sections 14.1.2 and 14.6 of the D/B Contract, once Final Acceptance is achieved, the D/B Contractor remains liable for all defects and warranties for the later of two years following Substantial Completion or one year following Final Acceptance. In addition, the D/B Contractor shall remain liable for actual damages resulting from any

breach of an expressed or implied warranty or any defect in the work, and any outstanding claims and liens it is responsible for. Section 1(e) of Appendix 10 to the D/B Contract provides that “the Trustee and the Settlor [i.e., MTA] as third-party beneficiaries of the Contract, shall have the right to enforce, and shall have the benefit of, any and all guaranties, warranties, bonds and the like contained or otherwise applicable to the Contract and any work undertaken or materials purchased pursuant thereto.” A copy of said Appendix 10 is attached to this agreement as Exhibit 3.

### **7.3 Authority**

Per the process described in the Property Trust Agreement, the Authority shall transfer Phase I of the Project to the MTA at ROD. Thereafter, the Authority will ensure the D/B Contractor conducts the SPD and that it meets all of the conditions described above.

### **7.4 MTA**

Per the process described in the Property Trust Agreement, the MTA shall receive transfer of Phase I of the Project at ROD. MTA shall also assist in the oversight of the SPD (as described above) that occurs during revenue operations and under the direction of MTA’s Operations staff, as well as providing input regarding the other conditions to Final Acceptance under the D/B Contract. As a result, MTA will compile the daily operational statistics to verify the D/B Contractor’s “on time performance” for SPD. However, the Authority will review and monitor the daily computations to verify its accurateness. On time performance will be measured as defined above for SPD. Additionally, only late or annulled trains attributable to the D/B Contractor’s facility and system elements shall be used in the calculation for on time performance.

The MTA shall provide its fullest support to the D/B Contractor allowing and assisting the D/B Contractor to conduct the SPD and any other activities leading to Final Acceptance.

## ARTICLE 8

### MISCELLANEOUS PROVISIONS

#### 8.1 Counterparts

This Agreement may be executed in several counterparts, and all counterparts so executed shall constitute one Agreement, binding on all of the Parties, notwithstanding that all of the Parties are not signatory to the original or the same counterpart.

#### 8.2 Survival of Rights

Neither party shall have the right to assign any of its rights, interests or obligations under this Agreement, without the consent of the other party. This Agreement shall be binding upon, and, as to permitted successors or permitted assigns, inure to the benefit of, the MTA and the Authority and their respective successors in all cases whether by merger, operation of law or otherwise.

#### 8.3 Severability

In the event any Section, Article, or any sentence, clause or phrase within any Section or Article, is declared by a court of competent jurisdiction to be void or unenforceable, such sentence, clause, phrase or Section or Article shall be deemed severed from the remainder of this Agreement and the balance of this Agreement shall remain in full force and effect.

#### 8.4 Notification or Notices

Any notice or other communication required or permitted hereunder shall be in writing and shall be deemed to have been given if personally delivered, transmitted by facsimile (with mechanical confirmation of transmission), or deposited in the United States mail, registered or certified, postage prepaid, addressed to the Parties' addresses set forth below. Notices given in the manner provided for in this Section shall be deemed effective on the third day following deposit in the mail or on the day of transmission or delivery if given by facsimile or by hand. Notices must be addressed to the Parties at the following addresses, unless the same shall have been changed by notice in accordance herewith:

If to the MTA:

Los Angeles County Metropolitan Transportation Authority  
One Gateway Plaza  
Los Angeles, California 90012  
Attn: Roger Snoble, Chief Executive Officer  
Fax: (213) 922 7447

With a copy to:

Los Angeles County Metropolitan Transportation Authority  
Office of the County Counsel  
One Gateway Plaza, 24th Floor  
Los Angeles, California 90012  
Attn: Steven Carnevale, Assistant County Counsel  
Fax: (213) 922-2531

If to the Authority:

Los Angeles to Pasadena Metro Blue Line Construction Authority  
c/o Richard Thorpe, Chief Executive Officer  
625 Fair Oaks Avenue, Suite 200  
South Pasadena, CA 91030  
Attn: Mr. Richard Thorpe  
Fax: (626) 799-8599

With a copy to:

Richards, Watson & Gershon  
333 South Hope Street, 38th Floor  
Los Angeles, California 90071  
Attn: Steven L. Dorsey, Esq. and  
Michael Estrada, Esq.  
Fax: (213) 626-0078

## **8.5 Statutory References**

All statutory references in this Agreement shall be construed to refer to that statutory section mentioned, related successor sections, and corresponding provisions of subsequent law, including all amendments.

## **8.6 Construction**

The language in all parts of this Agreement shall be in all cases construed simply according to its fair meaning and not strictly for or against any of the Parties.

## **8.7 Section Headings**

The captions of the Articles or Sections in this Agreement are for convenience only and in no way define, limit, extend or describe the scope or intent of any of the provisions hereof, shall not be deemed part of this Agreement and shall not be used in construing or interpreting this Agreement.

## **8.8 Governing Law**

This Agreement has been executed by the Authority and the MTA in the State of California and this Agreement shall be governed by and construed according to the laws of the State of California, without giving effect to the principles of conflicts of law

thereof.

### **8.9 Pronouns and Plurals**

Whenever the context may require, any pronoun used in this Agreement shall include the corresponding masculine, feminine and neuter forms, and the singular form of nouns, pronouns and verbs shall include the plural and vice versa.

### **8.10 Time of the Essence**

Except as otherwise provided herein, time is of the essence in connection with each and every provision of this Agreement.

### **8.11 Further Actions**

The MTA and the Authority hereby agree to execute, acknowledge and deliver such additional documents, and take such further actions, as may reasonably be required from time to time to carry out each of the provisions, and the intent, of this Agreement.

### **8.12 Third-Party Beneficiaries**

There are no third-party beneficiaries of this Agreement. This Agreement is made and entered into for the sole protection and benefit of the Parties, and no other person or entity shall be a direct or indirect beneficiary of, or shall have any direct or indirect cause of action or claim in connection with this Agreement.

### **8.13 Exhibit**

The Exhibits attached to this Agreement are incorporated herein and shall be part of this Agreement for all purposes.

### **8.14 Supplemental Agreement**

This Agreement is intended to supplement the Master Cooperative Agreement, Funding Agreement and Property Trust Agreement previously executed between the parties.

### **8.15 Authority of Parties**

Each of the parties hereby represents and warrants that it has full legal authority and is duly empowered to enter into this Agreement, and has taken all actions necessary to authorize the execution and delivery of this Agreement. Each party further agrees that this Agreement complies with PUC Section 132400 *et seq.* and represents and warrants that the execution, delivery and performance by it of this Agreement does not and will not:

- (a) require any consent or approval not heretofore obtained of any person or judicial or administrative body;
- (b) violate any order, writ, judgment, injunction, decree, determination or award having applicability to such party;

- (c) result in a breach of or constitute a default under, cause or permit the acceleration of any obligation owed under, or require any consent under, any indenture or any agreement, contract, lease, or instrument to which such party is bound or affected; or

Each party further represents and warrants that there are no orders, judgments, injunctions, awards, decrees, rulings, charges or writs of any Governmental Authority in effect preventing the consummation of, nor any pleadings filed in connection with any actions seeking an injunction against, any of the transactions contemplated by this Agreement.

**8.16 Binding Obligation**

This Agreement is when executed and delivered, the legal, valid and binding obligation of the parties hereto.

IN WITNESS WHEREOF, the parties have caused this Agreement to be executed as of the date first written above.

LOS ANGELES COUNTY  
METROPOLITAN TRANSPORTATION AUTHORITY

By: \_\_\_\_\_  
Roger Snoble  
Chief Executive Officer

APPROVED AS TO FORM:

By

LOS ANGELES TO PASADENA METRO BLUE LINE  
CONSTRUCTION AUTHORITY

By: \_\_\_\_\_  
Richard Thorpe  
Chief Executive Officer

APPROVED AS TO FORM:

By: \_\_\_\_\_

## Exhibit I

### Gold Line Operations Plan

#### **Description:**

The Gold Line is a Light Rail Transit System estimated to begin revenue service in July of 2003. The System extends 13.7 miles from Union Station in downtown Los Angeles, serving the communities of Los Angeles, Chinatown, Lincoln Heights, Highland Park, to South Pasadena and Pasadena. There are six new stations in Los Angeles, one station in South Pasadena, and six in Pasadena for a total of 13 stations.

#### **Operating Plan:**

The Operating Plan of the MTA allows for an array of operating headways and schedules to meet projected ridership demands. The design of the Gold Line for revenue service for the initial year of revenue service allows for a peak operating headway of six minutes with 2 car trains. Additionally, the design provides for four traction power substations to be added, at a later date that will increase capacity to allow for a five-minute headway with three car trains. This enhancement will increase System capacity to meet increased ridership and maintain system compatibility with the East Line extension.

#### **Fleet Requirements and Operating Schedules For The Initial Year Of Operations:**

With an estimated travel time of 33 minutes in each direction and five minutes for layovers at each terminal, the round trip running is estimated at 75 minutes. With the projected initial peak hour headway of 7.5 minutes (for the first year of revenue operations) with two car trains, the revenue operating fleet is estimated at 20 Light Rail Vehicles (LRVs) comprised of ten two car trains. With an added 15% spare ratio and a two car "ready train", the total fleet size for the first year of operations is estimated at 25 LRVs. Should actual trip times exceed the projected trip times, an additional two-car train will be considered for a total of 27 Light Rail Vehicles.

Because the Gold Line is fully double track, the System can accommodate any operating schedule as long as it does not exceed the six-minute operating headway capability of the system with two car trains. Hours of Operation for the initial year of Operations are planned for 20 hours per day from 5 AM to 1AM.

#### **Fleet Requirements and Operating Schedules For The Design Year Of Operations:**

With added traction power that can be added to the System as noted above, the Gold Line will be able to accommodate 3 car trains at a five minute headway allowing for increased ridership as well as maintain system compatibility with the East Line extension. With the 75 minute round trip time noted above, the five-minute headway will require and estimated fifteen three car trains (or a revenue fleet size of 45). With an added 15% spare

ration and a two car ready train, the total fleet size for the maximum operating design capability of the System is estimated at 54 Light Rail Vehicles.

Again, because of the double track system, the System can operate accommodate any operating schedule as long as it does not exceed the five-minute operating design headway with three car trains.

## EXHIBIT 2

### 13.2 SUBSTANTIAL COMPLETION

13.2.1 Contractor shall deliver an Application for Substantial Completion to Authority when all of the following have occurred:

- (a) Contractor has completed all Work (except for Punch List items, final cleanup and other items included in the requirements for Final Acceptance);
- (b) Contractor has ensured that all Work has been performed in accordance with the requirements of the Contract Documents;
- (c) Contractor has ensured that the Project may be used without damage to the Project or any other property on or off the Site, and without injury to any Person;
- (d) Contractor has complied with all Verification and Acceptance requirements, in accordance with Scope of Work Sections 6.1 through 6.9, including the submittal and Authority acceptance of all test reports;
- (e) Contractor has successfully completed the Training Program set forth in Scope of Work Section 10.3;
- (f) Authority shall have received and accepted all System and Facility Safety Certifications as described in Technical Provisions Section 6.6;
- (g) Authority shall have received and accepted all Design Documents, Record Documents, As-Built Schedule as described in Scope of Work Section 3.2.2, Operations and Maintenance Plans and Manuals, right-of-way record maps, surveys, test data and other deliverables required under the Contract Documents; and
- (h) Any special tools purchased by Contractor as provided in the Contract Documents shall have been delivered to Authority and all replacement spare parts shall have been purchased and delivered to Authority free and clear of Liens.

13.2.3 Substantial Completion of the Project shall be deemed to have occurred when:

- (a) Authority determines that all errors, omissions, deviations, defects and deficiencies identified as prerequisites to Substantial Completion have been corrected; and
- (b) Authority and Contractor have agreed upon a Punch List for the Project.”

## EXHIBIT 3

### APPENDIX 10

#### MTA TRUST AGREEMENT PROVISIONS

The following terms are pass-through provisions required by the Trust Agreement. As used in this Appendix 10, "Contract," "Contractor" and "Indemnified Parties" shall have the meanings set forth in Appendix 1. All other capitalized terms contained in this Appendix 10 shall have the meanings set forth in the Trust Agreement.

1. Contractor acknowledges and agrees:
  - (a) that Contractor's obligations under Contract Section 11.1 shall automatically apply to require it to release, indemnify, defend and hold harmless the Trustee and the Settlor, in addition to the Indemnified Parties, with respect to all such matters to the extent that such matters fall within the scope of the indemnities made by Contractor as set forth in Contract Sections 11.1.1 and 11.1.2.
  - (b) that any Liens encumbering any of the Project Assets arising out of or in connection with the Contract shall be extinguished and of no further force and effect as to Phase I Project Assets upon the Phase I Project Assets Distribution Date and as to Phase II Project Assets upon the Phase II Project Assets Distribution Date;
  - (c) that the Payment and Performance Bonds shall name Trustee and Settlor as third party beneficiaries thereof;
  - (d) that the Trustee shall have the right to promptly discharge (or cause to be discharged) any mechanic's or materialman's liens or claims of such lien, if any, filed or otherwise asserted against any of the Project Assets and all stop notices;
  - (e) that the Trustee and the Settlor as third-party beneficiaries of the Contract, shall have the right to enforce, and shall have the benefit of, any and all guaranties, warranties, bonds and the like contained or otherwise applicable to the Contract and any work undertaken or materials purchased pursuant thereto;
  - (f) that any occurrence or transaction which gives rise to a claim under the Contract shall also be deemed an occurrence or transaction for purposes of filing a claim pursuant to Section 900 *et seq.* of the California Government Code; and

(g) that no provision of the Contract shall toll, waive or modify the provisions of California Government Code Section 900 *et seq.*

2. Contractor acknowledges and agrees that the following provision required by Section 5.3.3 of the Trust Agreement shall be a part of the Contract and binding on Contractor:

“At the request of the Authority, the MTA has previously provided to the Authority copies of certain preliminary design documents for the Project ("Existing Preliminary Design Documents") prepared by the MTA's design engineer, Engineer Management Consultants ("EMC"), which were not completed or signed by EMC and in all respects are preliminary in nature and should not be relied upon for any purpose whatsoever (including, the design and construction of the Project). Copies of some or all of the Existing Preliminary Design Documents may have been or may be provided to you in connection with this Contract. Contractor shall have no right to rely upon the Existing Preliminary Design Documents in any manner whatsoever (including, the design and construction of the Project) and the Contractor represents, warrants and covenants that the Contractor will not rely upon the Existing Preliminary Design Documents in any manner whatsoever (including, the design and construction of the Project) and will do its own independent investigation of all matters related to this Contract and the Existing Preliminary Design Documents. The Contractor waives and releases the MTA and EMC (and each of their respective officers, directors, agents, contractors and employees) from any and all claims, liabilities, losses, damages, costs and expenses arising out of or in connection with the Existing Preliminary Design Documents. In connection with the release and waiver set forth in the preceding sentence:

"A general release does not extend to claims which the creditor does not know or suspect to exist in his favor at the time of executing the release, which if known by him must have materially affected his settlement with the debtor."

The MTA and EMC are each third party beneficiaries of the provisions of this paragraph and shall have the right to enforce the waiver and release contained in this paragraph against the Contractor.”

METRO BLUE LINE CONSTRUCTION AUTHORITY

LA TO PASADENA

**TO: METRO GOLD LINE TRANSITION COMMITTEE**  
**FROM: RICHARD D. THORPE, CEO**  
**SUBJECT: CONSTRUCTION UPDATE**  
**DATE: AUGUST 14, 2002**

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**RECOMMENDATION:**

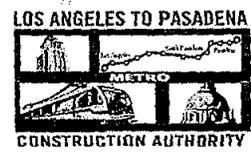
That the Metro Gold Line Transition Committee receive and file this report.

**SUMMARY:**

This video includes a summary of activities completed in July, 2002.

**BUDGET IMPLICATIONS:**

None.



**TO: METRO GOLD LINE TRANSITION COMMITTEE**  
**FROM: RICHARD D. THORPE, CEO**  
**SUBJECT: FINANCIAL UPDATE**  
**DATE: AUGUST 14, 2002**

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**RECOMMENDATION:**

That the Metro Gold Line Transition Committee receive and file this report.

**SUMMARY:**

At the June 12, 2002 Board of Directors Meeting, the Construction Authority Board adopted Revision 6 to the Project Financial Plan (attached). The adopted Financial Plan provides for \$423.9 million in estimated costs to complete the project. In addition the Financial Plan includes a \$27.3 million Project Reserve. This brings the Authority budget to a total of \$451.2 million.

The Authority has committed revenues of \$425.4 million, leaving an unfunded balance of \$25.8 million. Since approval of the latest Financial Plan, MTA has approved the purchase of the SMV Parking Structure not to exceed \$10 million. In addition, the City of Pasadena has offered to purchase the Del Mar parking structure for \$4 million. Finally, the Authority is in the process of selling the property adjacent to the SMV parking structure to a developer for an estimated \$6 million. These additional funds will reduce the unfunded project balance by \$20 million leaving \$5.8 million in funds yet to be secured. The Authority continues to explore ways in which the remaining unfunded balance can be secured.

**BUDGET IMPLICATIONS:**

None.



## FINANCIAL STATUS

### Project Operating Budget Summary in Millions of Dollars July 31, 2002

	(a)	(b)	(c)	(d=a-b)
	Current	Current	Current	Current
	Budget	Obligation	Expenditures	Available Balance
<b>EXPENSES</b>				
Program Management and Administration	49.4	46.0	36.4	3.4
Master Cooperative Agreements	8.3	3.8	1.2	4.5
Real Estate	7.1	5.8	5.6	1.3
Utility Relocation	11.4	4.8	3.9	6.6
Hazardous and Environmental	7.1	2.2	2.0	4.9
Special Programs	6.0	5.1	2.9	0.9
Procurement	4.8	2.7	2.7	2.1
Construction	324.8	309.4	185.5	15.4
Testing and Start-up	5.0	-	-	5.0
<b>Subtotal</b>	423.9	379.8	240.2	44.1
Project Reserve	27.3	-	-	27.3
<b>Total Project</b>	451.2	379.8	240.2	71.4
	(a)	(b)	(c=a-b)	(d)
<b>FINANCIAL PLAN</b>	Current Budget	Funding Committed to Project	Uncommitted Funds	Revenues Received
CTC-SHA	278.0	278.0	-	182.7
MTA	79.0	71.7	7.3	71.7
TCRP	40.0	40.0	-	40.0
Transit Improvement Grant	0.5	0.5		
Pasadena Transportation Center	6.6	6.6	-	-
Other	47.0	28.5	18.5	24.5
<b>Total Revenues</b>	451.2	425.4	25.8	318.9

C. J. ...

LA TO PASADENA METRO BLUE LINE CONSTRUCTION AUTHORITY

LA TO PASADENA



LA TO PASADENA  
METRO BLUE LINE CONSTRUCTION AUTHORITY

**TO: METRO GOLD LINE TRANSITION COMMITTEE**  
**FROM: RICHARD D. THORPE, CEO**  
**SUBJECT: SIERRA MADRE VILLA PARKING STRUCTURE**  
**DATE: AUGUST 14, 2002**

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**RECOMMENDATION:**

That the Metro Gold Line Transition Committee receive and file this report.

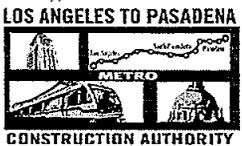
**SUMMARY:**

The MTA Board of Directors approved at their June meeting, the reimbursement to the PBLA for construction costs of the SMV parking structure which is located at the terminus of the Phase 1 project in east Pasadena. The 1,000 car parking and bus facility is located at the Sierra Madre Villa Station. The parking structure, currently under construction, was awarded by PBL under a separate design build contract.

At this time, issues relating to the overall operations, collection equipment, maintenance, hours of operation, management and fees have yet to be addressed by the MTA. As construction progresses opportunities for signage, validation systems (if required) or changes to the contemplated system will be more difficult or costly for the MTA to modify, therefore, addressing these and many other issues must be done in a timely way in order to meet the current revenue operations date.

**BUDGET IMPLICATIONS:**

To be determined.



**TO: METRO GOLD LINE TRANSITION COMMITTEE**  
**FROM: RICHARD D. THORPE, CEO**  
**SUBJECT: GRAND OPENING OF THE METRO GOLD LINE**  
**DATE: AUGUST 14, 2002**

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**RECOMMENDATION:**

That the Metro Gold Line Transition Committee receive and file this report.

**SUMMARY:**

Public outreach activities in preparation for the contemplated July 2003 opening are being discussed and coordinated by our respective staffs. At previous rail openings by the MTA activities begin several months prior to the public opening that inform and engage the media, community and potential riders in several ways, including: the school safety education program, delivery of the first test cars, system testing, dedication of the station art and plazas, installation of landscaping, stakeholder tours and other various construction milestones.

With regard to the actual opening, previous rail openings included a private dedication ceremony for stakeholders and elected officials, usually on the Friday before the Saturday public opening, which in the past included a weekend of free rides on the system.

At this time, staffs from both organizations are focusing on identifying the potential outreach opportunities over the next twelve months and working to best determine responsibility.

**BUDGET IMPLICATIONS:**

To be determined.

LA TO PASADENA

LOS ANGELES TO PASADENA



CONSTRUCTION AUTHORITY

METRO BLUE LINE CONSTRUCTION AUTHORITY

**TO: METRO GOLD LINE TRANSITION COMMITTEE**  
**FROM: RICHARD D. THORPE, CEO**  
**SUBJECT: MTA OPERATIONS AGREEMENT**  
**DATE: AUGUST 14, 2002**

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**RECOMMENDATION:**

That the Metro Gold Line Transition Committee receive and file this report.

**SUMMARY:**

The development of the proposed Phase I Operations Agreement is a requirement as set forth in the "Funding Agreement for the Los Angeles to Pasadena Metro Blue Line" (Funding Agreement) dated August 19, 1999 with the MTA. The Funding Agreement specifies that an Operations Agreement shall be developed identifying the roles and responsibilities of the "Parties" throughout the following five phases of the Gold Line including: (1) Construction; (2) Testing, (3) Pre-revenue operations, 4) Certification and (5) Turn-back of the Project. The Parties identified in the Operations Agreement include the MTA, the Authority and the Design/Build Contractor.

The Funding Agreement also stipulates that the Operations Agreement must be executed in good faith, placing emphasis on MTA's technical staff's involvement throughout each of the five phases noted above. The Funding Agreement also requires that an Operating Plan be incorporated as part of this Operations Agreement.

**BUDGET IMPLICATIONS:**

None.