

PASSED BY

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JUN 08 1999

CALIFORNIA
TRANSPORTATION COMMISSION

**Resolution G-99-17,
Amending Resolution G-98-11**

**Memorandum Of Understanding
Between the
California Transportation Commission,
Los Angeles County Metropolitan Transportation Authority and
Pasadena Metro Blue Line Construction Authority Regarding Programming, Allocation of
State Funds, and Implementing and Operating the Pasadena Blue Line**

This Memorandum of Understanding ("Memorandum") is entered into as of June 8, 1999 by and between the Los Angeles County Metropolitan Transportation Authority ("MTA"), Pasadena Metro Blue Line Construction Authority ("PMBLCA") and the California Transportation Commission ("Commission").

RECITALS:

1. WHEREAS, in late 1997, the Commission and MTA anticipated the programming of some \$680 million through the 1998 State Transportation Improvement Program (STIP) process in the absence of long-range financial planning documents to help guide and determine the compatibility of incremental decisions against long-range objectives consistent with available funding.
2. WHEREAS, the Commission expressed its willingness to extend to MTA additional time beyond the June 1998 deadline for adoption of the 1998 STIP, to permit MTA to prepare a plan for its passenger rail program.
3. WHEREAS, in June 1998, the Commission and MTA executed a MOU agreeing to a series of actions that would permit MTA more time to:
 - complete a planning document that would provide a framework for guiding its capital and operational strategy;
 - resolve programming, cash flow and financial problems with its rail projects – the Metro Rail Red Line North Hollywood, East Side, and Mid City extensions and Pasadena Blue Line;
 - resolve outstanding issues to reduce over-crowded buses and provide affordable, reliable transit bus service as agreed to in a court-ordered consent decree; and
 - resolve a projected operating deficit.
4. WHEREAS, in December 1998 the Commission accepted MTA's adopted Regional Transit Alternatives Analyses (RTAA), its plan to fully fund adequate transit services, including alternative services in those areas where full funding of major transit systems cannot currently be demonstrated.
5. WHEREAS, the passage of the Transportation Equity Act for the 21st Century (TEA-21) provided a significant increase in federal funds, which the Commission intends to program through an augmentation process to the 1998 STIP.

6. WHEREAS, SB 1847 (Schiff, 1998) created the Pasadena Metro Blue Line Construction Authority (PMBLCA) for the purpose of awarding and overseeing all design and construction contracts for completion of the Los Angeles-Pasadena Metro Blue Line light rail project from Union Station in Los Angeles to Sierra Madre Villa Boulevard in Pasadena and any mass transit guideway that may be planned east of Sierra Madre Villa Boulevard along the rail right-of-way extending to the City of Claremont.
7. WHEREAS, SB 1847 specified that:
 - PMBLCA has all of the powers necessary for planning, acquiring, leasing, developing, jointly developing, owning, controlling, using, jointly using, disposing of, designing, procuring, and building the project.
 - The duties of PMBLCA include, but are not limited to, all of the following:
 - (1) Conducting the financial studies and the planning and engineering necessary for completion of the project.
 - (2) Adoption of an administrative code, not later than 60 days after establishment of the authority, for administration of the authority.
 - (3) Completion of a detailed management, implementation, safety, and financial plan, including, but not limited to, a full funding program, for the project and submission of the plan to the Governor, the Legislature, and the Commission not later than 90 days after establishment of PMBLCA.
 - PMBLCA shall make reasonable progress, as determined by the Commission, in the design and construction of the project within the timetable imposed under the 1998 STIP.
 - MTA shall identify and expeditiously enter into an agreement with PMBLCA to hold in trust with PMBLCA all real and personal property, and any other assets accumulated in the planning, design, and construction of the project, including, but not limited to, rights-of-way, documents, third-party agreements, contracts, and design documents, as necessary for completion of the project.
 - MTA shall transfer the unencumbered balance of all local funds programmed for completion of the project and that have been identified in the Restructuring Plan adopted by the MTA Board of Directors on May 13, 1998, to PMBLCA for completion of the project.
 - PMBLCA is eligible to receive allocations of state funds for the project. The unencumbered balance of funds currently programmed or allocated to the MTA for completion of the project and that have been identified in the Restructuring Plan adopted by the MTA Board of Directors on May 13, 1998, shall be allocated to PMBLCA for completion of the project.
 - Any transfer of funds by the MTA shall be subject to the terms of the memorandum of understanding entered into between the MTA and the Commission on June 2, 1998.
 - PMBLCA shall enter into a memorandum of understanding with MTA that shall specifically address the ability of MTA to review any significant changes in the scope of the design or construction, or both design and construction, of the project.
 - PMBLCA shall not encumber any future farebox revenue anticipated from the operation of the project.
 - PMBLCA shall not encumber the project with any obligation that is transferable to the MTA upon completion of the design and construction of the project. This section does not apply to any joint development programs that may be utilized to contribute to the financing of project design and construction.

- The design and construction to be administered by PMBLCA does not include rolling stock, which is a component of the operation of the project and shall be administered by the MTA.
 - PMBLCA shall be dissolved upon completion of construction of the light rail project.
 - MTA shall assume responsibility for operating the project upon dissolution of the PMBLCA.
8. WHEREAS, with acceptance of MTA's RTAA in December 1998, the Commission agreed to MTA's request for a series of re-programming actions at the January 1999 Commission meeting including MTA's request to transfer recipient status for \$257.9 million in unallocated STIP funds and up to \$76.5 million in funds previously allocated STIP funds from MTA to the PMBLCA. (The exact amount of the \$76.5 million available to PMBLCA will depend upon what has not been expended by MTA, as agreed upon by MTA and PMBLCA.)
9. WHEREAS, the Commission, at its December 1998 meeting called for a three-party agreement between the Commission, MTA and PMBLCA regarding the terms, conditions, rules and responsibilities each agency has in meeting SB 1847's requirements, and the objectives from the June 2, 1998 Commission/MTA Memorandum of Understanding.
10. WHEREAS, this Memorandum is intended to establish terms, conditions, rules and responsibilities each agency has in meeting SB 1847's requirements, as well as capturing the pertinent objectives from the June 2, 1998 Commission/MTA Memorandum of Understanding.

NOW, THEREFORE, the Commission, MTA, and PMBLCA do hereby agree as follows:

AGREEMENT:

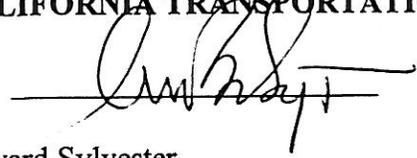
1. The Commission:
- expects that PMBLCA shall prepare a full funding capital plan for the Pasadena Metro Blue Line, as required by SB 1847, and submit it to the Commission prior to its June 7-8, 1999 meeting for consideration and action.
 - expects that MTA shall prepare a full funding operational plan for the Pasadena Metro Blue Line within the context of its total system operating plan and submit it to the Commission prior to consideration of an allocation request submitted by PMBLCA.
 - once it has accepted PMBLCA's full funding capital plan and MTA's operational plan agrees to allocate to PMBLCA funds programmed in STIP, and complete the transfer of previously allocated and unexpended funds from MTA to PMBLCA for the Pasadena Metro Blue Line project. In order for PMBLCA to expend funds it must comply with applicable state statutes, regulations, and guidelines relating to these funds such as completion of an SB 580 Certification and execution of a fund transfer agreement with the Commission's grants administrator the California Department of Transportation (Caltrans).
 - expects, at a minimum, quarterly reports from PMBLCA on its progress in building the Pasadena Metro Blue Line.
 - expects, at a minimum, quarterly reports from MTA regarding the funding status of its operational plan and the financial impact of the federal consent decree between MTA and the NAACP Legal Defense Fund and Bus Riders Union on its operations and capital projects.
2. MTA:
- shall prepare a full funding operational plan for the Pasadena Metro Blue Line within the context of its total system operating plan and submit it to the Commission prior to consideration of an allocation request submitted by PMBLCA.

- shall make, at a minimum, quarterly reports regarding the funding status of its operational plan and the impact the consent decree with the NAACP Legal Defense Fund and Bus Riders Union may have on operations and capital projects.
3. MTA, under SB 1847, shall:
- identify and expeditiously enter into an agreement with PMBLCA, separate from this memorandum, to hold in trust with PMBLCA all real and personal property, and any other assets, accumulated in the planning, design, and construction of the project, including, but not limited to, rights-of-way, documents, third-party agreements, contracts, and design documents, as necessary for completion of the project.
 - return the unencumbered balance of all local funds currently programmed for completion of the project and that have been identified in the Restructuring Plan adopted by the MTA Board of Directors on May 13, 1998, to PMBLCA for completion of the project.
 - take action to ensure that the unencumbered balance of state funds currently programmed or allocated to the MTA for completion of the project and that have been identified in the Restructuring Plan adopted by the MTA Board of Directors on May 13, 1998, shall be allocated to PMBLCA for completion of the project. Any transfer of funds by the MTA under this section shall be subject to the terms of the memorandum of understanding entered into between the MTA and the Commission on June 2, 1998.
 - assume responsibility for operating the project upon dissolution of PMBLCA.
4. PMBLCA, under SB 1847:
- shall conduct the financial studies and the planning and engineering necessary for completion of the project.
 - shall complete a detailed management, implementation, safety, and financial plan for the project and submit the plan to the Governor, the Legislature, and the Commission not later than 90 days after establishment of PMBLCA.
 - is eligible to receive allocations of state funds for the project.
 - shall enter into a memorandum of understanding, separate from this memorandum, with MTA that specifically addresses the ability of the MTA to review any significant changes in the scope of the design or construction, or both design and construction, of the project.
 - shall not encumber any future farebox revenue anticipated from the operation of the project.
 - is prohibited from encumbering the project with any obligation that is transferable to the MTA upon completion of the design and construction of the project. This section does not apply to any joint development programs that may be utilized to contribute to the financing of project design and construction.
 - shall administer the design and construction of the Pasadena Metro Blue Line without including rolling stock, which is a component of the operation of the project and shall be administered by the MTA.
 - shall be dissolved upon completion of the project.
 - shall make quarterly reports to the Commission on its progress with the Pasadena Metro Blue Line construction, including but not limited to progress relative to the schedule specified in the 1998 STIP.

IN WITNESS THEREOF, the parties have caused this Memorandum to be authorized by a majority vote of the MTA Board of Directors, a majority vote of the PMBLCA Board of Directors, and a majority vote of the Commission and signed by the respective Chairman of each Board as of the dates indicated below.

CALIFORNIA TRANSPORTATION COMMISSION

By:



7-14-99 date

Edward Sylvester
Chairman

LOS ANGELES COUNTY METROPOLITAN TRANSPORTATION AUTHORITY

By:



6/28/99 date

Richard Riordan
Chairman

PASADENA METRO BLUE LINE CONSTRUCTION AUTHORITY

By:



6/24/99 date

Paul Little
Chairman

Approved as to form:

By:

