



# REQUEST FOR CITY COUNCIL ACTION



MEETING DATE: March 23, 2010

TITLE: SAND CANYON GRADE SEPARATION FUNDING AGREEMENT

  
\_\_\_\_\_  
Director of Public Works

  
\_\_\_\_\_  
City Manager

## RECOMMENDED ACTION:

1. Approve the Sand Canyon Grade Separation Funding Term Sheet agreement between the City of Irvine and the Orange County Transportation Authority.
2. Authorize the City Manager to jointly submit the Sand Canyon Grade Separation Project with the Orange County Transportation Authority to the California Transportation Commission for approval and allocation.
3. Authorize the City Manager to execute a cooperative agreement between the City of Irvine and the Orange County Transportation Authority for implementation of the Funding Term Sheet agreement.

## EXECUTIVE SUMMARY:

The City of Irvine and the Orange County Transportation Authority (OCTA) have developed a Funding Term Sheet that outlines agreement for full funding of the Sand Canyon Grade Separation Project. The recommended actions are necessary to submit the project to the California Transportation Commission (CTC) for approval and funding.

## COMMISSION/BOARD/COMMITTEE RECOMMENDATION:

Not applicable.

## STATEMENT OF THE ISSUE:

### History:

On February 23, 2010, City Council approved the plans, specifications and contract documents for the Sand Canyon Grade Separation Project. The City must submit the approved plans along with a complete funding package to the CTC for consideration by the Commission at its meeting scheduled for May 20, 2010.

Analysis/Discussion:

The City has secured funding for the Sand Canyon Grade Separation Project primarily from external grant programs. The funding sources include Measure M, Regional Surface Transportation Program Federal funds, Developer Fees, and State Proposition 1B and 116. The combination of these non-City funding sources provides over 80 percent of the project budget.

Project construction will require relocation of an existing Metrolink Maintenance-of-Way (MOW) facility that will be displaced by the project. The MOW facility is located on OCTA property at Sand Canyon adjacent to the railroad tracks. The OCTA property will be transferred to the City as part of the construction phase of the project.

OCTA is interested in locating a new Metrolink Rail Maintenance Facility in the vicinity of the future Marine Way south of the Great Park and adjacent to the railroad tracks. The City and OCTA have identified a suitable 21.3-acre parcel for this purpose for purchase by OCTA.

A Funding Term Sheet (Attachment 1) has been developed by staff to provide for the exchange and purchase of property and to provide a full funding plan for the project. The OCTA Board unanimously approved the Funding Term Sheet on March 8, 2010. The Funding Term Sheet provides for:

1. The City and OCTA to equally share the \$9 million estimated cost shortfall risk for the project;
2. The City to reserve 21.3 acres for the rail maintenance yard with a 15-year option for OCTA to purchase the property within the first four years at current appraised value;
3. OCTA to provide the City with 1.34 acres of MOW facility property needed for the project and approximately 4 acres for relocation of the MOW facility;
4. Credit to OCTA for the appraised value of the MOW facility property against the purchase of the rail maintenance yard;
5. OCTA to manage the project construction phase with the City overseeing community outreach.

A significant portion of the funding for this project includes \$22 million in State Proposition 116 funds and \$8 million in State Proposition 1B funds. In order to secure these funds, the City and OCTA must submit a request for allocation to the CTC including a full funding plan. The CTC will schedule the allocation request for consideration at its May 20, 2010 meeting. The construction phase of the project is contingent upon the sale of bond proceeds by the State Treasurer's Office.

ALTERNATIVES CONSIDERED:

The City Council could elect not to approve the Funding Term Sheet and defer construction of the Sand Canyon improvements to a future date. Staff does not recommend this alternative because the City would relinquish over \$30 million in grant funds if the project is not submitted to the CTC by the funding deadline of June 30, 2010.

FINANCIAL IMPACT:

The total cost estimate for this project is \$55.6 million. Approximately \$46.6 million in various funding sources including Measure M, Regional Surface Transportation Program, Proposition 1B, and Proposition 116 are available for this project. The estimated shortfall of \$9 million will be reassessed following the competitive bidding process for construction. Staff will return to the City Council with a revised estimate and will identify additional funding sources, if needed, based on the results of the competitive bidding process. A construction contract will not be awarded unless full funding has been secured from the State and City Council approval has been provided for any additional City funding that may be needed in accordance with the Funding Term Sheet agreement.

CONCLUSION:

The Sand Canyon Grade Separation Project is ready for submittal to the CTC for funding approval and allocation. Staff recommends approval of the Funding Term Sheet and the recommended actions.

Report prepared by: Shohreh Dupuis, Manager of Transit and Transportation

Reviewed by: Joyce Amerson, Deputy Director of Public Works

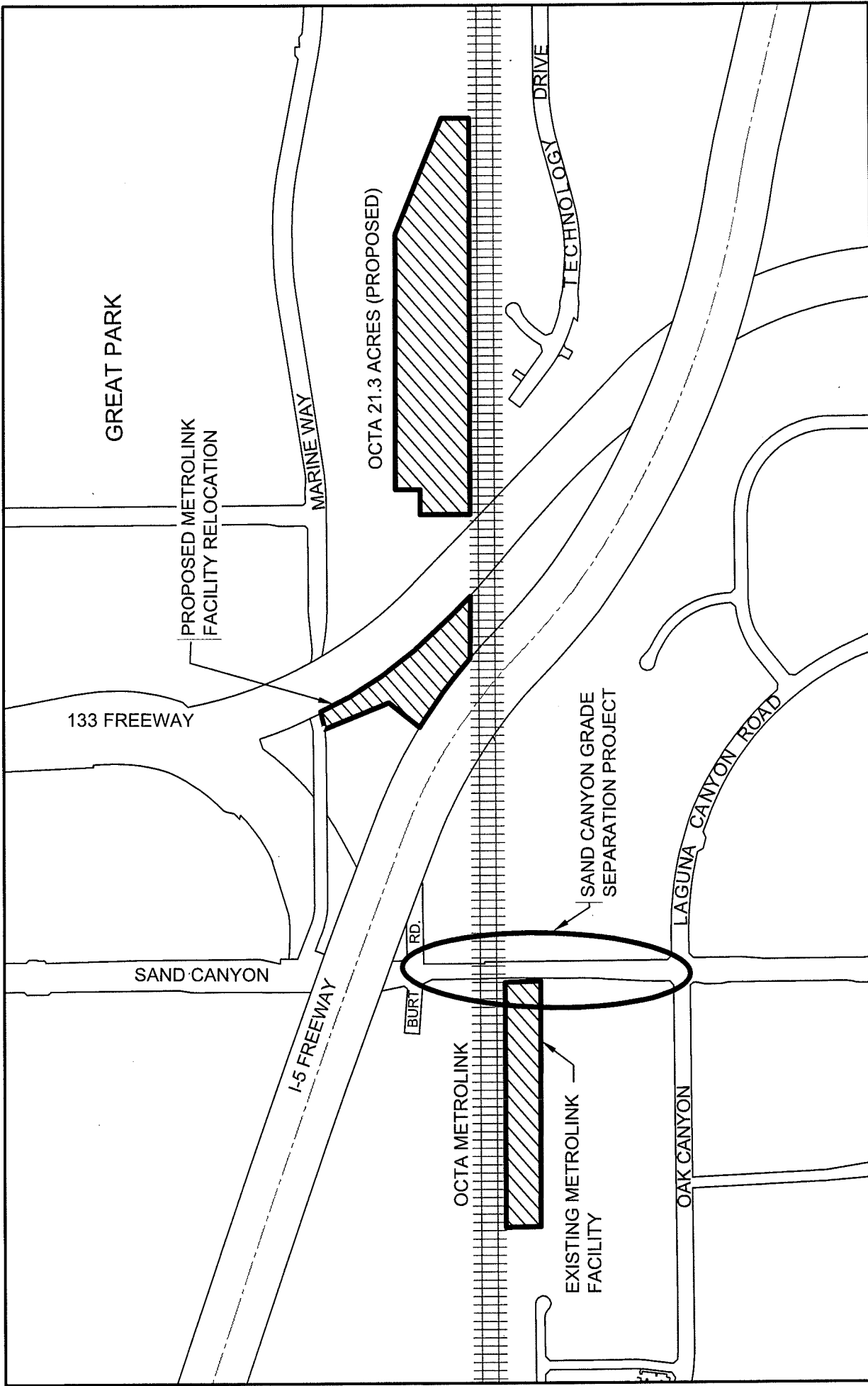
Attachments:

Attachment 1: Sand Canyon Grade Separation Project Funding Term Sheet

Attachment 2: Vicinity Map

**OCTA and City of Irvine  
Sand Canyon Grade Separation Project Funding Term Sheet**

1. OCTA and the City of Irvine (City) both wish to support timely submission of a fully funded Sand Canyon Grade Separation Project to the California Transportation Commission in order to meet the conditions for Proposition 116 funding.
2. Approximately \$46.6 million in funding is identified for the Sand Canyon Grade Separation project. The current cost estimate for the project is approximately \$55.6 million, resulting in a \$9 million estimated shortfall.
3. The City, OCTA, and the County of Orange have cooperated in determining a location for a future 21.3-acre Metrolink Rail Maintenance Facility (MRMF) within the City adjacent to the Great Park property.
4. OCTA and the City agree to the following:
  - a. OCTA and City agree to contribute equally to the estimated \$9 million cost shortfall for the Sand Canyon Grade Separation Project. Generally, the responsible party shall cover project cost increases for betterments, change orders or delays during construction, which shall be outlined in a separate Construction and Maintenance Agreement between OCTA and the City.
  - b. OCTA agrees to provide approximately 1.34 acres of Metrolink maintenance-of-way (MOW) facility property for the Sand Canyon Grade Separation Project and approximately four (4) acres of property for the relocation of the Metrolink MOW facility.
  - c. City agrees to exclusively reserve the 21.3-acre MRMF parcel for OCTA for a period of fifteen (15) years.
  - d. OCTA has the option to acquire the MRMF parcel at its current appraised value for a period of four (4) years, and for the appraised value at time of purchase thereafter.
  - e. City agrees to credit the current appraised value of approximately 1.34 acres of Metrolink MOW property required for the Sand Canyon Grade Separation Project against the value of the MRMF parcel.
  - f. OCTA agrees to assume construction management responsibility for the Sand Canyon Grade Separation Project contingent upon approval of this agreement. City retains primary responsibility for community outreach during construction.



# VICINITY MAP

