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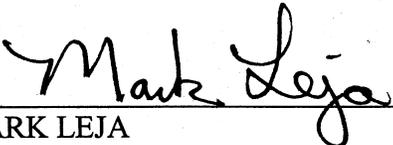
PROJECT BUSINESS MATTERS
Technical Change to 5.3 Agenda
Item – Modal Issue
Pasadena Metro Blue Line
Construction Authority

Prepared By:
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CTC Meeting: October 3-4, 2001

Agenda Item: 2.9c.

PASSED BY
CTC
OCT 03 2001
CALIFORNIA
TRANSPORTATION COMMISSION


MARK LEJA
Acting Chief Financial Officer
October 1, 2001

PASADENA METRO BLUE LINE CONSTRUCTION AUTHORITY

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Technical Correction to Resolution G-01-29, Pasadena Metro Blue Line Construction Authority, originally approved on March 28, 2001, requested CTC approval for the sale of rail bond-funded properties to joint developers and use of resulting revenues to complete the Pasadena Metro Blue Line Light Rail Project.

This technical change reflects the property at the Del Mar Station site is composed of two parcels (PA-140 and PA-141), as indicated in the Authority's report, and removes and includes some conditions in the agreement regarding airspace rights over the tracks for the purpose of dwellings and pedestrian walkways.

Attachment

* NOTE: Part of this technical correction was to assign a resolution number (Resolution G-01-29) for tracking purposes to the March 28, 2001 previously approved memo.

MSH



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Business, Transportation and Housing Agency
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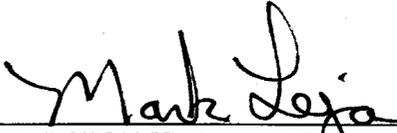
MODAL ISSUES
Pasadena Metro Blue Line
Construction Authority

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CTC Meeting: March 28-29, 2001

Agenda Item: 5.3

PASSED BY
CTC
MAR 28 2001
CALIFORNIA
TRANSPORTATION COMMISSION


W. J. EVANS, Deputy Director
Finance
March 1, 2001
MARK LEJA
Acting Chief Financial Officer
October 1, 2001

PASADENA METRO BLUE LINE CONSTRUCTION AUTHORITY
RESOLUTION G-01-29

ISSUE:

The Pasadena Metro Blue Line Construction Authority (PMBLCA) is requesting the California Transportation Commission's (CTC) approval to sell property at the Sierra Madre Villa and Del Mar station sites and use the proceeds to complete construction of the Pasadena Metro Blue Line's original scope of work for purposes related to Phase I of the project. The property at Sierra Madre Villa was purchased with 100% State Proposition 116 Bond funds and the Del Mar property was purchased with local funds used as part of the 100% required local match to the \$20 million State Proposition 108 Bond funding for the project.

RECOMMENDATION:

That CTC approve the sale of the Sierra Madre Villa and Del Mar properties based on:

- The findings of bond counsel that the tax-exempt status of the Proposition 108 and 116 Bonds will not be endangered.
- Acceptance by the PMBLCA that all terms and conditions of the Fund Transfer Agreement continue to apply to the sale proceeds.
- The terms of the joint developer proposals via completion guarantees and development agreements including perpetual easement agreements with the PMBLCA ensuring dedicated transit patron parking of 1000 spaces at Sierra Madre Villa and 600 spaces at Del Mar in perpetuity.
- PMBLCA documentation (monthly invoicing) that property sale proceeds will be used by March 31, 2003 for specific scope of work elements.

Approval of this request is needed at the March 2001 CTC meeting for PMBLCA to finalize joint development agreements and maintain the project schedule. Delay in the execution of these agreements jeopardizes the completion of transit patron parking by the start of revenue operations (July 2003).

The PMBLCA requested permission from the State to sell bond-funded properties to private joint developers; and to sell property that was purchased by PMBLCA's predecessor agency, the Los Angeles County Metropolitan Transportation Authority, with local Proposition C sales tax funds which constituted a portion of the 100% required matching funds to the \$20 million in Proposition 108 Bond funding for the project.

This is the first time a local transit agency has requested to sell right-of-way that had been purchased using tax-exempt rail bonds. The CTC resolution, which allocated these funds, states the following:

"BE IT FURTHER RESOLVED, that if the Recipient receives any revenues or profits from any non-governmental use of property allowed pursuant to bond certification (whether approved at this time or hereafter approved by the State), the recipient agrees that such revenues or profits shall be used exclusively for the public transportation services for which the project was initially approved, either for capital improvement or maintenance and operational costs. If the Recipient does not so dedicate the revenues or profits, a proportionate share shall (unless disapproved by State's Bond Counsel) be paid to the State equivalent to the State's percentage participation in the Project."

In addition, Article VI of the Fund Transfer Agreement, the contractual agreement between the State and recipient, states the restrictions on the sale of such properties and the use of the sale proceeds, including the return of the State's proportionate share of the proceeds unless the funds are used for the project or an approved replacement project with the State's concurrence.

On behalf of the State and CTC, Department of Transportation legal counsel responded with a letter to the PMBLCA stating that the sales could take place without endangering the tax-exempt status of the bonds *so long as the proceeds are reinvested in the project, subject to formal Caltrans and CTC concurrence and conditions*. The conditions include:

- The PMBLCA agrees that the prior Fund Transfer Agreement obligations, duties and restrictions are carried over and applied to the new uses of the property sale revenues.
- The PMBLCA shall, not later than six months from December 26, 2000, request the CTC's approval of its proposed actions regarding the intended use of the sales proceeds.
- The PMBLCA must apply to amend the Fund Transfer Agreement and the original applications to include the new uses of the funds received through the sale of the properties and reinvestment of the proceeds for completing elements of the project.

This CTC item is PMBLCA's formal request to sell:

1. The \$12 million, 100% Proposition 116 Bond funded right of way purchased for the Sierra Madre Villa Station parking structure (PA-207, the Johnson & Johnson/Merck parcel), which had a \$12 million private activity allocation allowing private uses on that site. The original anticipated private use was the parking management contract for the parking structure; the proposed joint development includes office uses and some retail development as well as the parking management contract.

This \$12 million was part of the \$40 million Proposition 116 Bond fund allocation BFP-94-60, dated June 7, 1995, which provided funds for all elements of the project. PA-207 was acquired through condemnation and the final settlement was paid by LACMTA on November 21, 1995.

The revised Project Financial Plan indicates ~~\$1.7~~ \$6.0 million in joint development revenues for this site. The PMBLCA proposes to use these funds on any work item in the original approved project scope of work, date and location to be determined, within the next two years.

2. The Catellus property at the Del Mar Station site is composed of two parcels (PA-140 and PA-141), which was purchased by LACMTA with (bonded) Proposition C local transit sales tax funds and used as part of the required 100% local match to a \$20 million Proposition 108 Bond funds for the project. There was no local overmatch, so the issue in this case is the stripping away of local match funds to the original Proposition 108 Bond fund allocation BFP-93-61, January 19, 1994. The Proposition 108 Bond funds were for work on all phases of the project.

The precise date of the Catellus acquisition is not known; the purchase for \$5,515,457.14 using Proposition C local sales tax funds appeared on the first invoice under FTA 75U861 for the period between January 19, 1994 and September 30, 1994 as match toward the Proposition 108 funds to be reimbursed for other project activities.

The revised Project Financial Plan indicates \$11.6 million in joint development revenues for this site. The PMBLCA proposes to use these funds on any work item in the original approved project scope of work, date and location to be determined, within the next two years. This will more than compensate for the local match to the Proposition 108 Bond funds provided by the original LACMTA purchase of the property.

The actual railroad right-of-way (west of the Catellus property) to be used for the Blue Line tracks was purchased with Proposition 108 and 116 Bond funds as part of the Santa Fe Rail Right of Way Acquisition in 1992/93 (BFP-92-09, October 8, 1992) ~~and is not affected by this action.~~ (The PMBLCA ~~is has negotiating negotiated~~ a separate agreement for the airspace rights over the railroad right-of-way, ~~which may require a similar CTC approval in the future.~~) **for the purpose of dwellings and pedestrian walkways, and with the additional fair market value for these air rights. The PMBLCA will report to the Commission on the final transaction.** The adjoining property to the north is in private ownership (Public Storage), and to the east and south are Arroyo Parkway (State Route 110) and Del Mar Street (City of Pasadena). There is no other State-funded right of way in the station area.

The site will be used for the Pasadena Transportation Center (PTC) serving the Del Mar Station; the PTC has \$6.6 million in SHA funds allocated toward its construction under MFP-96-21, November 14, 1996 and will provide transit patron parking and intermodal connections. The Transportation Center will be fully integrated into the joint developer's high-density multifamily residential and ancillary retail project at the Del Mar site.

The following conditions have been placed on joint development: (1) in both cases, specific numbers of transit patron parking spaces are ensured in perpetuity by a permanent easement between the PMBLCA and the developer (and any future owners of the property), (2) objective current fair market valuations have been done for each property, (3) **where parking is to be constructed pursuant to the joint development agreements discussed earlier**, a completion guaranty and payment guaranty from a major equity source, and a schedule of performance are built into the joint development agreements to provide for construction of the transit parking by the PMBLCA in the event of developer non-performance.

The PMBLCA is pursuing joint development of two additional sites, Fillmore and Chinatown, and will address these sites with the CTC at a later date.