

Gilbert Road Light Rail Extension Transportation Project Advancement Agreement



City Council Study Session
December 4, 2014

Background

- 2009 - Council priority to extend LRT to Gilbert Road
- 2009 - Alternatives Analysis for Central Main also includes recommendation to extend light rail transit (LRT) to Gilbert Road
- 2011 - Council approves funding for Planning Study
- 2012 - Council approves funding the Environmental Assessment
- 2013 – Environmental Assessment receives Finding of No Significant Impact (FONSI) by Federal Transit Administration

Why a Priority?

- Provides **better use** of limited transportation dollars
- **Increases ridership** in Mesa by 40 percent
- Provides **better access** from L202, US 60, as well as central and east Mesa
- Provides opportunity for **redeveloping** portions of Main Street from just east of Mesa Drive to Gilbert Rd
- Provides for a long-term **park & ride** lot at Gilbert Road
- Improves **transit access** for nearby residents with access to growing regional LRT system

Project Status

- Spring 2013, Gilbert Road Extension added to MAG Regional Transportation Plan (RTP)
- Fall 2014, Preliminary Engineering to be completed
- Fall 2014, start early Project development including:
 - Procure design consultant & Construction Manager at Risk
 - Initiate final design and real estate acquisition
 - Other pre-construction services and Project activities
- Summer 2015, complete Early Project Development
- Next step is to begin the procurement for a designer and Construction Manager @ Risk (CMAR)

Project Financing Scenario

- Mesa to issue Transportation Project Advancement Notes (TPANs) to advance funds for Project
 - Similar to financing used to advance Gateway Freeway (State Route 24)
- Mesa to retire notes with repurposed federal transportation funds in MAG RTP from federal fiscal years 2016 to 2024
- Mesa's local match will be funded by existing transportation resources

Project Funding Agreement

- The Transportation Project Advance Agreement (Agreement) provides terms for issuing the Transportation Project Advancement Notes (TPANs) to extend LRT to Gilbert Road
- The agreement is between Mesa, METRO, Phoenix and MAG
- Anticipate approval by all parties by early 2015
- Council resolution needed in order to issue the first series of TPANs; possibly in Spring of 2015

Overview of Agreement

- IGA identifies administrative responsibilities:
 - METRO administers design and construction
 - Phoenix serves as designated grant recipient
 - MAG assists in flexing federal funds for Project
 - Mesa works with all agencies, acquire right-of-way
- Establishes financing for Project
- Provides City control of expenditures through requisitions & annual budget

Project Budget

- Project cost estimate is \$161.7 million for design, right-of-way, construction, LRT vehicles and interest expense
- Revenues programmed for the Project are \$164.7 million
 - Revenues exceed estimated Project costs by about \$2.9 million
- MAG has advanced \$5.4 million of the RTP funding set aside for this Project for expenditures prior to issuing TPANs

TPAN Financing

- City Financial Advisor developed cash flow for financing the Project
- \$139.3 million in TPANs proposed to be issued
- Issuance amount less than total Project cost due to:
 - Receipt of some of the federal transportation funds during the Project,
 - Use of MAG advances prior to issuing TPANs
- First series of TPANs to be issued in summer/fall 2015 to fund final design, right of way and other project activities
- Second series of TPAN issued in July 2016 for construction
- Interest expense estimated to be \$14.7 million

Next Steps

- Authorize City Manager to enter into TPAN funding agreement
- Complete early Project development activities as funded with MAG advances through June 2015
- Issue first series of TPANs in June 2015 to fund right-of-way, design and other Project activities through June 2016
- Receive guaranteed maximum price for the Project from Construction Manager @ Risk contractor
- Issue second series of TPANs in July 2016 to fund construction/remainder of Project