

MEASURE R COST MANAGEMENT PROCESS AND POLICY ANALYSIS
WESTSIDE PURPLE LINE EXTENSION SECTION 2 PROJECT

Introduction

The Measure R Cost Management Process and Policy (the Policy) was adopted by the Metro Board of Directors in March 2011. The Policy caps Measure R project funding at the amounts in the Measure R Expenditure Plan. The intent of the Policy is to inform the Metro Board of Directors regarding potential cost increases to Measure R-funded projects and the strategies available to close any funding gaps.

The Westside Purple Line Extension Section 2 Project warrants such an analysis due to a \$30.4 million cost increase. The Measure R funds assumed for the Westside Purple Line Extension Section 2 Project to date amount to \$999.8 million (out of a total Measure R commitment of \$4,074 million for all three sections). At this time, we estimate that \$286.4 million of Measure R 35% would remain at the completion of the three sections. We propose using \$30.4 million of the \$286.4 million to address the cost increase as shown in the "Other Cost Reductions within the Same Transit Corridor" step.

Measure R Cost Management Policy Summary

The adopted Policy stipulates the following:

If a project cost increase occurs, the LACMTA Board of Directors must approve a plan of action to address the issue prior to taking any action necessary to permit the project to move to the next milestone. Increases will be measured against the 2009 Long Range Transportation Plan (LRTP) as adjusted by subsequent actions on cost estimates taken by the LACMTA Board of Directors. With certain exceptions, shortfalls will first be addressed at the project level prior to evaluation for any additional resources using these methods in this order:

- 1) Value engineering and/or scope reductions;
- 2) New local agency funding resources;
- 3) Shorter segmentation;
- 4) Other cost reductions within the same transit corridor or highway corridor;
- 5) Other cost reductions within the same sub-region; and finally,

- 6) Countywide transit and highway cost reductions and/or other funds will be sought using pre-established priorities.

The policy was amended in January 2015 to establish Regional Facility Areas at Ports, airports and Union Station; and states that any:

“...capital project cost increases to Measure R funded projects within the boundaries of these facilities are exempt from the corridor and subregional cost reductions. Cost increases regarding these projects will be addressed from the regional programs share.”

The Westside Purple Line Extension Section 2 Project does not fall within a Regional Facility Area.

Value Engineering and/or Scope Reductions

During the development of the Preliminary Engineering for the Request for Proposal (RFP) documents, staff conducted Value Engineering (VE) Workshops utilizing a VE Panel of transit industry professionals with participation including the FTA’s Project Management Oversight Consultant (PMOC). The VE items believed to have the potential of yielding the largest cost savings were incorporated into the Advanced Preliminary Engineering (PE) designs in 2012. These items included the reduction of underground station footprint sizes and station depths. Station room layouts and other architectural elements were standardized to reduce design, construction, operations and maintenance costs. The Project Team also analyzed constructability issues and various construction sequencing scenarios to reduce risks and the overall durations for tunneling and cut-and-cover underground construction.

In 2014, an operational analysis was performed and the operational infrastructure was evaluated to determine the impacts if scope items were not constructed or purchased. The resulting operational impacts are as follows:

- Not constructing the track crossover, east of the Wilshire/Rodeo Station, will increase passenger wait times between trains when one track is out of service between Wilshire/La Cienega and Century City/Constellation stations.
- Not constructing tunnel/systems/track for the tailtrack west of the Century City/Constellation Station will not provide for storage of trains for routine operations, special events or vehicle maintenance issues. However, the station will still provide the minimum operational requirements for a temporary terminus to be located at the Century City/Constellation Station.
- Reducing the heavy rail vehicles to be acquired for the WPLE Section 2 Project from 20 to 10 will require either: 1) increases in the passenger wait times or 2) operation of shorter trains.

The impact of the crossover and tailtrack elimination has been determined to be reasonably acceptable for the operation of WPLE Section 2.

Further reductions in scope would likely substantially delay the project or result in a project not consistent with the Locally Preferred Alternative. As a result, we recommend moving to the next step.

New Local Agency Funding Resources

Similarly, the \$1,187 million New Starts Full Funding Grant Agreement (FFGA) states that all cost increases are to be borne by the project sponsor, not the Federal Transit Administration. Accordingly, we are assuming that no additional New Starts funds can be made available to cover the cost increase.

While the passage of Measure M brings new revenue to the agency, the Westside Purple Line Extension Project Section 2 Project is not part of the expenditure plan and thus is not eligible for Measure M funds.

Shorter Segmentation

While shorter segmentation is possible for the Westside Purple Line Extension, we recommend against this step for several reasons. The only Section which could be shortened is Section 3. This would require eliminating the Veteran Affairs Station and moving the terminus to Westwood. In addition to higher real estate prices in Westwood, eliminating the Veteran Affairs station would require LACMTA to prepare a supplemental Environmental Impact Statement/Environmental Impact Report (EIS/EIR) due to significant project changes. As a result, there may be significant project delays and increased costs to the project. We do not recommend shorter segmentation.

Other Cost Reductions within the Same Transit Corridor

The Westside Purple Line Extension will be constructed in three sections. Section 1 is already under construction and there are no reductions that can be moved from Section 2 to Section 3. As we enter into advanced preliminary engineering for Section 3, we will be considering further value engineering studies. The results of these studies will not be available in the timeframe necessary for this action.

The current financial model update has identified up to \$286.4 million in Measure R 35% assigned to the Westside Purple Line Extension as potentially available¹. Allocating \$30.4 million from this source now to Section 2 to meet the cost overrun will result in \$256.0 million remaining.

Other Cost Reductions within the Same Subregion

¹ Section 7(1)(d)(4) of the Measure R Ordinance allows any unused Measure R be credited to the Transit Capital Subfund and expended for Capital Projects located within the same subregion as the project so completed.

This cost increase does not require any subregional cost reductions or other funds.

Countywide Transit Cost Reductions and/or Other Funds

This cost increase does not require any countywide cost reductions or other funds.