



Board Report

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Agenda Number: 1.

CONSTRUCTION COMMITTEE JUNE 15, 2023

SUBJECT: WESTSIDE PURPLE LINE EXTENSION SECTION 3 PROJECT

ACTION: APPROVE RECOMMENDATIONS

RECOMMENDATION

AMENDING the Life-of-Project (LOP) budget by \$53,000,000 for the Westside Purple Line Extension Section 3 Project (Project) of \$3,223,623,256 to \$3,276,623,256 using the fund sources as summarized in Attachment A, consistent with the provisions of the Board-adopted Measure R and Measure M Unified Cost Management Policy.

ISSUE

In February 2019, the Board of Directors amended the Life-of-Project (LOP) Budget to include the Stations, Trackwork, Systems, and Testing portion of the Project. Within the LOP Budget were Concurrent Non-Full Funding Grant Agreement activities that were known but not finalized at the time.

This action will address the budget required for activities not previously finalized in February 2019, which includes the design for the GSA parking lot improvements and the Veterans' Affairs (VA) parking structure for the 187 parking spaces that are outside the FFGA scope. This action also includes incorporation of hi-rail vehicle storage at the tail tracks, an increased budget for anticipated loss of business goodwill claims for businesses on properties directly impacted by the construction, and contingency to address uncertainties.

BACKGROUND

The Westside Purple Line Extension Section 3 Project consists of the design and construction of approximately 2.56 miles of double track heavy rail subway in twin bored tunnels and two new stations in the City of Los Angeles and an unincorporated area of Los Angeles County. The Project will connect to the future Section 2 terminus station at Century City Constellation and continue to the Westwood/Veterans Administration (VA) Hospital campus, with stations at Westwood/UCLA and Westwood/VA Hospital.

The Project is the third and final section of the Purple Line to be designed and constructed as part of

Los Angeles County Metropolitan Transportation Authority's (Metro) Measure R and Measure M Programs. On August 21, 2018, the Federal Transit Administration (FTA) approved the Project's entry into the New Starts Engineering phase of FTA's Capital Investment Grant Program, and the Project received a Full Funding Grant Agreement (FFGA) on March 16, 2020.

The Project is being designed and constructed by two major design/build contracts: C1151 Tunnels and C1152 Stations, Trackwork, Systems, and Systems Integration Testing. The Federal Transit Administration issued two Letters of No Prejudice which allowed the two contracts to be awarded prior to receipt of the FFGA.

The recommended action to amend the LOP Budget for this phase of the Project is consistent with the approval actions taken by the Board in June 2018 that authorized the Chief Executive Officer to establish the LOP Budget for the C1151 Tunnels Contract, and in February 2019 that amended the LOP Budget to include the C1152 Contract. The funding plan is outlined in Attachment A.

DISCUSSION

When the LOP Budget was amended in February 2019, it included a budget of \$11.7 million for Concurrent Non-Full Funding Grant Agreement activities. This Board action will increase that budget by \$53 million to \$64.7 million. The projected breakdown of cost allocation is outlined in Attachment B.

The GSA expressed concerns of potential impacts that the Project may have on their campus once the Project commences construction and is in revenue service. Metro staff has worked diligently with the GSA staff to mitigate potential impacts.

As stipulated in the agreement with the GSA regarding the acquisition of real property rights, Metro is responsible for providing improvements to GSA's parking lot. These improvements are necessary to limit parking to authorized users since it is anticipated that the commencement of construction and revenue service may result in an increased demand for parking.

The VA parking structure to replace displaced VA parking by the Metro Project is already accounted for in the Full Funding Grant Agreement activities, and of the 809 VA parking structure spaces, 622 spaces are directly attributable to the displaced parking at VA's Lot 3 and Lot 42 for the final footprint of the parking structure and the Westwood/VA Station. The remaining 187 surface lot parking spaces are deemed unusable as functional parking spaces after construction completes.

The increase in the loss of business goodwill reflects LACMTA's obligation to compensate loss of goodwill associated with the full or partial relocation of businesses. While the relocations have been completed, the businesses have a right to submit a loss of goodwill claim up to 3 years from LACMTA's written notice of substantial completion of the Project. The budget increase is necessary to compensate the businesses should a loss of business goodwill claim be filed due to either the displacement and/or LACMTA's construction of the Project in the manner proposed.

The addition of a hi-rail vehicle storage area in the tail track will significantly reduce transit service delays by reducing hi-rail trips back to the B & D Line Yard (Division 20), which is 17 miles away from

the tail track area. The storage area will also allow hi-rail vehicles to be turned around to drive back to the yard normally. This will eliminate having to operate hi-rail vehicles abnormally, in reverse for the entire duration back to the yard. In addition, it provides for storage for failed hi-rail vehicles and reduces revenue service disruptions when hi-rail vehicles need to be deployed to the west end of the Metro D Line.

Contingency has been added to address future changes that are not eligible for FFGA funding.

Considerations

The recommended action to amend the LOP Budget for this phase of the Project is consistent with the approval actions taken by the Board in June 2018 that authorized the Chief Executive Officer to establish the LOP Budget for the C1151 Tunnels Contract, and in February 2019 that amended the LOP Budget to include the C1152 Contract.

DETERMINATION OF SAFETY IMPACT

This Board action will not have an impact on established safety standards for Metro's construction projects.

FINANCIAL IMPACT

The FY23 Budget includes \$394,197,742 in project 865523 Westside Purple Line Extension Section 3 and in Cost Center 8510 (Construction Project Management). If additional funds are required in FY23, the project team will coordinate with OMB to identify additional budget.

Since this is a multi-year capital project, the Chief Program Management Officer and the Project Manager will be responsible for budgeting costs in future fiscal years.

Impact to Budget

The sources of funds for the recommended action are Measure R 35% Transit Capital which is not Subregional Equity Program fund nor eligible for operating costs. Federal funds are not considered for this LOP increase as the contemplated expenditures are Non-FFGA activities.

Multiyear Impact

The sources of funds for the Project are capital funds identified in the recommended Funding/Expenditure Plan as shown in Attachment A. The project cost, prior to the proposed cost increase, is included and funded in the 2020 Long Range Transportation Plan Financial Forecast. With respect to the \$53,000,000 increase, Attachment C shows the Measure R and Measure M Unified Cost Management Policy (the Policy) analysis and funding strategy required for cost increases to Measure R and Measure M Projects.

To comply with the Board policy, Metro staff has evaluated potential offsetting cost reductions, including value engineering, shorter segment, and reductions to other Metro projects in the corridor and subregion, and has determined these are not feasible, and that additional local funding

resources, which are to be considered prior to Metro's countywide funding, are potentially available. The Policy analysis recommends the use of \$53,000,000 of additional and accelerated New Starts, which will make available an equal amount of Measure R Transit 35% for the proposed \$53,000,000 LOP budget increase.

This report identifies additional funding resources consistent with the Policy approved by the Board in 2018. Attachment C provides a detailed discussion of the Policy. In summary, the Policy was developed in recognition that some projects would need additional funding, and the Policy provides a consistent and equitable process to ensure that any financial impacts are limited to the local area where the project is located and not have a region-wide impact.

The Policy defines a cascading list of actions that can be taken. Because the Project is so far along, actions such as value engineering or changes in scope are no longer feasible. Additional funding is the only option.

EQUITY PLATFORM

This board report action will benefit the more than 5,000 employees of the South Veterans Administration (VA) campus as well as the thousands of daily patients and visitors who travel to these facilities each day. Ultimately, the Westside Purple Line Extension Section 3's VA Station will provide transit access to the VA and another mobility option for employees, patients, and other visitors. While the project will displace some of the VA's existing parking spaces, this action will allow the replacement of the displaced parking spaces with a brand-new parking structure that includes an additional 187 parking spaces. The additional parking will make it easier to access services and work locations, and for those who cannot or may not switch to transit once the station is constructed, including people with disabilities.

The Metro Purple Line Extension (PLE) Community Relations team has conducted sixteen community meetings with the VA community since 2018. The Community Relations team has also joined Metro Art with on-campus outreach to Veteran Artists during ten workshops, the VA Art Festival, and the VA Stand Down event. In addition to regularly scheduled quarterly community meetings focused on construction, the Community Relations team communicates with VA management and VA residents on a weekly basis. These communications include construction look-aheads, with details about what to expect from future impacts. In addition to these weekly written communications, Metro has regularly scheduled meetings with VA staff multiple times a week to discuss various impacts of construction and implementation. These interactions help both sides understand needs and mitigations.

According to the 2019 U.S. Census there were an estimated 243,871 civilian U.S. military veterans living in Los Angeles County, making it the second largest civilian veteran population in any county. Many of these veterans rely on healthcare and other human services provided by the VA Greater Los Angeles Healthcare System and its affiliated facilities. Combined with the 5,000 employees of the VA medical system, this makes for a community of people who would benefit greatly from added parking facilities. Once complete, the Westside Purple Line Extension Section 3 will provide a sustainable transportation option for VA employees and patients in addition to driving. VA employees and

patients will also benefit from the cleaner environment and reduced traffic on their path of travel to the VA campus.

IMPLEMENTATION OF STRATEGIC PLAN GOALS

The recommendation supports Strategic Plan Goal #1 - Provide high-quality mobility options that enable people to spend less time traveling.

ALTERNATIVES CONSIDERED

The Board may choose to not move forward with amending the LOP Budget. This is not recommended as Metro will be unable to provide funding to complete the Project according to the current schedule.

NEXT STEPS

Upon approval by the Board, the LOP Budget will be amended accordingly per the Recommendation.

ATTACHMENTS

Attachment A - Funding/Expenditure Plan

Attachment B - Projected Breakdown of Cost Allocation for \$53 million

Attachment C - Measure R and Measure M Unified Cost Management Policy Analysis

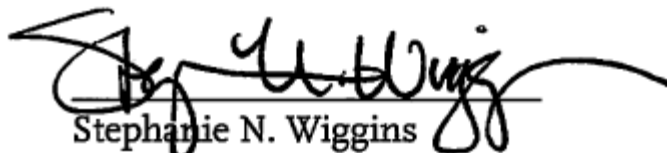
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