



## Board Report

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### CONSTRUCTION COMMITTEE MAY 16, 2024

**SUBJECT: FISCAL YEAR 2025 PROGRAM MANAGEMENT ANNUAL PROGRAM EVALUATION**

**ACTION: RECEIVE AND FILE**

#### **RECOMMENDATION**

RECEIVE AND FILE status report on FY25 Program Management Annual Program Evaluation.

#### **ISSUE**

The Annual Program Evaluation (APE) is a priority initiative to provide transparency into the performance of Metro's capital program. A comprehensive review of the risks associated with the costs and schedules of the program is conducted annually due to challenges managing a multi-billion-dollar capital program. This report summarizes the results of the FY25 APE review performed by the Program Controls and Program Management Departments, with additional participation from Countywide Planning and Development and the Operations Departments.

#### **BACKGROUND**

Metro implemented the Annual Program Evaluation initiative in 2016 to evaluate Metro's capital program. Metro delivers the largest transportation infrastructure program in the country and the APE provides transparency into the performance of capital projects. The APE is a project management tool providing a summary of initiatives to improve cost and schedule certainty and provides the Board with the current status of the various project budgets through completion.

The APE aligns with the Program Management department's mission statement that "together we build World Class transportation to transform the quality of life in our communities." In support of the mission statement, the APE initiative comprehensively evaluates Metro's capital program, including Transit, Highway, and Regional Rail, in addition to Planning projects anticipated to transition to construction during fiscal year 2025.

Project costs and schedules were updated to reflect current conditions and are included in the FY25 APE.

#### **DISCUSSION**

The Program Management Department is responsible for a diverse portfolio of projects. The APE is primarily focused on new projects that will carry-over through FY25, and all other projects estimated at \$5 million or greater. In addition to covering these active projects under Program Management which are either in development or implementation phases, this year's APE also includes projects which are anticipated to transition from planning to implementation during FY25. The number of APE projects increased from 36 projects in implementation in FY24 to 39 projects in FY25. The total value of projects in development and implementation did not change appreciably from \$25.2-\$26.8 billion in FY24 to \$25.7-\$27.2 billion in FY25. The FY25 Program Management APE presentation includes a complete project listing. The list of projects is grouped into the following categories:

- Preparing for capital projects transitioning from planning
- Major design build transit projects under construction with a life of project (LOP) budget greater than \$1 billion
- Capital projects with a LOP less than \$1 billion
- Alternative delivery projects
- Projects in development/shovel ready
- Projects in closeout

With the significant number and size of Program Management projects and the accelerated implementation schedule for delivering Metro's capital program, Metro's capability and capacity to deliver multiple complex projects on-time and within budget creates unprecedented challenges to project delivery. Program Management and Program Control have implemented several strategic initiatives to improve planning, consistency, transparency, and discipline to project delivery. These strategic initiatives are complementary and performed in conjunction with the Early Intervention Team (EIT) strategic initiatives. Key initiatives implemented and advanced in FY24, which are consistent with the OIG Construction Best Practice report, regarding contracting strategy and cost containment include:

#### Organization

- As part of Metro's Best Practices review, Program Management has:
  - Updated and issued our Metro Rail System Design Criteria (MRDC) with the help of an external consultant and with the assistance and benchmarking of major transit agencies.
  - Focused on several lessons learned from contract changes and contract provisions, including reviews from newly completed major projects like the Regional Connector and Crenshaw/LAX, and ongoing major projects like the Purple Line Segments 1, 2, and 3.
  - Updated and rewrote templates for design build contracts.
  - Created a new configuration management procedure for contract document version control.
- Program Management has developed and implemented training programs to further increase skills and the level of competency within the department and track training through staff annual Individual Performance Plans to invest in staff careers and improve corporate knowledge and growth on projects.

#### Streamlined Processes

- CEO delegated authority is utilized to accelerate the contract change process within the Board

adopted the life of project budget resulting in contract savings.

- Stage Gate Reviews at key points during project development are conducted in conjunction with the EIT to provide cross agency collaboration and cost control as outlined within the Early Intervention Team status report.

#### Alternative Delivery Process

- Program Management is continuing to deliver the Metro G Line Bus Rapid Transit (BRT) Improvements, I-105 Express Lanes, East San Fernando Valley, as the first alternative delivery projects utilizing the new Construction Manager/General Contractor (CMGC) and Progressive Design-Build (PDB) contract delivery methods.
- Pasadena to North Hollywood BRT and Southeast Gateway Line are advancing into CMGC procurement.
- Additional upcoming procurements are being evaluated for alternative delivery models.

#### Risk Issues

- Updated the risk and contingency procedure and following the FTA risk process in accordance with FTA requirements.
- Redrafted specification for Geotechnical Investigation protocol based on risk driven analysis.
- Updated technical design build and design bid build contract specifications to incorporate current requirements.

#### Scope Issues

- Metro successfully issued a Master Cooperative Agreement with the City of Los Angeles to ensure better scope control, streamline requirements, and control betterments.
- Metro is starting to negotiate an agreement with the Department of Water and Power.
- Professional services soft costs are being monitored in accordance with FTA guidelines and mitigation plans are being developed since they can account for up to a third of project costs.

Metro's primary focus remains on completing the projects within the Board-approved Life of Project (LOP) budgets and schedules. The majority of projects currently in implementation are forecast to be completed within the LOP budget. This year's APE identifies three projects with potential cost increases, which were not forecast during the FY24 APE process. The Metro Center Project, the Purple Line Extension Section 2 and the Division 20 Portal Widening Turnback Facility are forecasting they will need additional funds in FY25. The FY25 Program Management APE presentation includes project specific details.

Metro Center Project - The forecasted LOP increase is anticipated early in FY25 to address impacts related to differing site conditions, design delays, the extended completion schedule, and close out.

Purple Line Extension Section 2 - The forecasted LOP increase is to address current Project issues and risks. The Contractor has submitted multiple Requests for Changes (RFCs) asserting schedule impacts for various reasons and Metro is currently analyzing for merit.

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Division 20 Portal Widening Turnback Facility - The forecasted LOP increase is anticipated at end of FY25 to address design-related issues, extension of professional services, and close out.

## **FINANCIAL IMPACT**

The FY25 Program Management APE report has no specific budgetary or financial impacts. The APE report serves as an annual and early notice instrument to assess the scope, cost, and schedule risk items affecting the respective projects under the oversight of Program Management. Risk items affecting scope, cost, and schedule are identified on a project-by-project basis within the APE Presentation.

Should any potential project risks affecting scope, cost, and schedule parameters be realized, the Chief Program Management Officer will return to the Board with separate recommendations to address the identified risks and adjust the project cost and/or schedule accordingly.

## **EQUITY PLATFORM**

All of the capital projects have project-specific community engagement activities and equity impacts. The projects have been grouped and assessed under six categories of high-level equity impact, as described below.

### **Major Transit Capital Projects**

These major projects support transit access and connectivity through new construction and expansion across Los Angeles County. While specific project areas vary in demographics, land use, and jurisdiction, these projects are all intended to improve access to key destinations, such as jobs, health care, school, and neighborhood amenities, via high-quality transit. Other potential anticipated equity benefits include a reduction in single occupancy vehicle use and reliance, improved air quality, and a reduction in household transportation costs.

### **Multi-modal Capital**

These projects are anticipated to expand multi-modal options for travelers through a variety of interventions, including light rail, active transportation infrastructure, and high-occupancy vehicle lane improvements. While project types and geographies vary, the shared impact is anticipated to diversify modes and costs of travel choices. In particular, transit and active transportation infrastructure enhancements are anticipated to improve safety for people walking and rolling.

### **Assets Capital**

Capital improvements for Metro asset projects will serve Metro employees as well as the public. These projects will update equipment and other assets, which are anticipated to maintain safe working conditions for Metro employees and minimize project and service delivery disruptions for Metro riders. Specifically, the Transit Learning Center is an exciting resource for a new generation of potential Metro workforce members to gain skills and connections for future career opportunities.

### **Infrastructure Capital**

Infrastructure maintenance and improvements contribute to safe and accessible conditions for Metro riders and the general public, including soundwall protection, wayfinding, grade and modal

separation, and transit station upgrades.

### Regional Rail

The projects that fall under the Regional Rail capital program are anticipated to expand transit and other multi-modal choices for travelers in Los Angeles. Anticipated improvements include improved station access, increased rail capacity, and safer right-of-way improvements between different modes.

### Highways

The highway capital projects are anticipated to improve safety conditions for travelers and the surrounding project areas of existing highway corridors via soundwall protection, high-occupancy vehicle lane expansion, highway safety design, and some multi-modal infrastructure. These projects are not anticipated to encroach on surrounding communities or further burden neighborhoods adjacent to existing highways.

## **IMPLEMENTATION OF STRATEGIC PLAN GOALS**

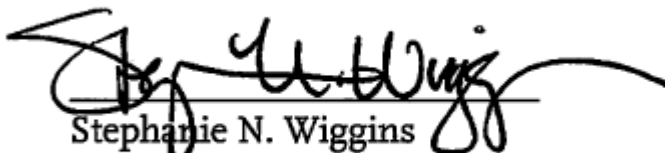
The recommendation supports Strategic Plan Goal #1 - Provide high-quality mobility options that enable people to spend less time traveling. This will be accomplished by planning and delivering multiple capital projects on time and on budget.

## **NEXT STEPS**

Program Management will request the resources required for project delivery success through the FY25 Budget process for Board approval. Project managers will work to deliver projects safely, on time and within the Board-approved budgets. Bi-monthly project updates will continue to be provided to the Board throughout the year. Projects with Individual LOP identified increases will return to the Board for a request for approval as necessary.

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