



Board Report

File #: 2016-0379, File Type: Project

Agenda Number: 44.

**CONSTRUCTION COMMITTEE  
JUNE 16, 2016**

**SUBJECT: WESTSIDE PURPLE LINE EXTENSION SECTION 2 PROJECT**

**ACTION: APPROVE FFGA BUDGET, REVENUES, AND THE FUTURE REDIRECTION SAVINGS FROM EXPOSITION PHASE 2 IN SUPPORT OF \$1.5 BILLION IN FFGA AND TIFIA LOAN REQUESTS FOR THE WPLE SECTION 2 PROJECT**

**RECOMMENDATION**

CONSIDER:

- A. ESTABLISHING a Full Funding Grant Agreement (FFGA) Budget of \$2,410,544,879 as described in Attachment A for the **Westside Purple Line Extension (WPLE) Section 2 project**, consistent with direction from the Federal Transit Administration (FTA);
- B. AUTHORIZING up to \$54.5 million in funds expected from the City of Beverly Hills as their 3% contribution to be advanced from Measure R funds from the Westside Subway Extension line item in the Measure R Expenditure Plan, in support of the FFGA requirements of the FTA;
- C. APPROVING the Measure R Cost Management Process and Policy analysis and funding strategy in Attachment B to use up to \$191.81 million Measure R funds from the Westside Subway Extension line in the Measure R Expenditure Plan to meet the new cost and revenue assumptions in the Short Range Transportation Plan;
- D. DIRECTING the CEO to assume that all savings from the Exposition Light Rail Phase 2 project will be redirected to WPLE Section 2 project at such time as the Expo project is closed out and the necessary actions of the Metro Board of Directors can be secured to free up these funds; and
- E. APPROVING the resolution in Attachment C updating the FTA on these actions as they relate the Metro's WPLE Section 2 Financial Plan from August 2015.

**ISSUE**

This report provides recommended actions of the Metro Board of Directors that are necessary to secure federal approval of a \$1,187 million Federal Transit Administration (FTA) Full Funding Grant

---

Agreement (FFGA) and a \$307 million Transportation Infrastructure Finance and Innovation Act (TIFIA) Loan. Without approval of the recommendations in this report, the Federal Transit Administration's schedule for concurrent approval of these important federal funds will be delayed.

With regard to the City of Beverly Hills, it has been the Board's direction to pursue local financial contributions for Measure R transit projects consistent with the approved Long Range Transportation Plan. Generally, these agreements have been negotiated after the Board has established a budget for the project. Given the on-going litigation with the City of Beverly Hills related to the NEPA lawsuit, it has not been practical to open these negotiations until now. Given the requirement by FTA to solidify all fund sources prior to finalizing the FFGA and TIFIA loan documents now, it is necessary to identify a fall back source of funds for this expected contribution, as an advance pending future negotiations with Beverly Hills.

## **DISCUSSION**

The Westside Purple Line Extension Section 2 project (the Project) is the second of three sections to be designed and constructed as part of the Los Angeles County Metropolitan Transportation Authority (Metro) Measure R Program. The program was approved by Los Angeles County voters in November 2008 and provides a half-cent sales tax to finance new transportation projects. In April 2012, the three sections of the Project were environmentally cleared and adopted by the Metro of Board of Directors.

WPLE Section 2 will extend the Purple Line by 2.59 miles from the interim Section 1 terminus at the Wilshire/La Cienega Station that is currently under construction. From this station, the twin tunnel alignment will travel westerly beneath Wilshire Boulevard to two new stations in the City of Beverly Hills (Wilshire/Rodeo Station) and the City of Los Angeles (Century City/Constellation Station). Underground stations will be located at the intersections of Wilshire/Rodeo and Century City/Constellation. The Project will also include trackwork, train control and signals, communications, traction power supply and distribution, and fare collection systems that will connect and operate with the existing system. The Project schedule requires completion in August 2025. The major scope elements of the Project are included in the C1120 Design/Build Contract procurement with proposals due on June 1, 2016.

## **DETERMINATION OF SAFETY IMPACT**

This Board action complies with established safety standards.

## **FINANCIAL IMPACT**

Consistent with the procedures analysis contained in the Measure R Cost Management Process and policy, this action revises the WPLE Section 2 cost assumptions used in the June 2015 SRTP Update to include cost changes of \$137.31 million, as shown in Attachment A, and identifies advance funding B, Table 1 to backfill the City of Beverly Hills' assumed 3% contribution of \$54.5 million. Attachment B provides the required Process and Policy Analysis. The updated cost estimates therein can be supported by Measure R 35% Transit Capital funding from the line item for this project in the Measure R Expenditure Plan. This action cannot be deferred without seriously impacting the FFGA

and TIFIA schedules for the WPLE Section 2 project.

Approval of these funds will reduce funds available for a Westside Area Sub-Regional Measure R replacement project(s) from approximately \$360 million to \$170 million as discussed in Attachment B. No other sub-regions or Measure R projects are impacted by this recommendation. Since this is a multi-year Project, the Executive Director of Program Management and the WPLE Section 2 Project Manager will be responsible for budgeting costs for future years, including any options exercised.

#### Impact to Budget

This recommended action establishes an FFGA budget. A full Life of Project (LOP) budget will be established along with the recommended contract award later this year. This approach is consistent with that recommended in the Office of Inspector General (OIG) Construction Best Practices Report and lessons learned regarding establishing final budgets, when adequate information (such as the selected bid price) are available.

The sources of funds for the Project are capital funds identified shown in Attachment B, Exhibit 1. The recommendation was assumed in the Long Range Transportation Plan for the WPLE Section 2 project and does not have an impact to operations funding sources. The Measure R Cost Management Process and Policy Analysis, Attachment B, describes the process used to analyze the availability of funds for these cost and revenue assumption changes

#### Resolution of the Metro Board of Directors

The FTA has requested a resolution specifying the Metro Board of Directors approval on the updated project cost and attendant revenues. While the Metro Board of Directors is approving all changes and revenue made since June of 2015 at this time (as outlined in Attachment B), discussions with the FTA have revolved around a higher cost estimate made in August 2015 in support the WPLE Section 2 Financial Plan. As a consequence, the resolution in Attachment C required by the FTA references cost changes made since the August 2015 WPLE 2 Financial Plan, which included all of the cost changes known at that time. The net cost changes necessary to include in the resolution for the FTA are as shown in the table below:

Westside Purple Line Extension Section 2	August 2015 FTA Submittal (\$ millions)	Current Cost Estimate Submitted to FTA (\$ millions)	FTA Difference (\$ millions)
Guideways	\$ 385.32	\$ 385.32	\$ -
Stations	\$ 521.02	\$ 517.38	\$ (3.64)
Special Conditions	\$ 406.93	\$ 406.96	\$ 0.02
Systems	\$ 96.73	\$ 96.73	\$ -
ROW	\$ 278.58	\$ 312.42	\$ 33.84
Vehicles	\$ 85.35	\$ 85.35	\$ -
Professional Services	\$ 384.81	\$ 383.94	\$ (0.87)
Unallocated Contingency	\$ 219.15	\$ 222.44	\$ 3.29
<b>Total</b>	<b>\$ 2,377.90</b>	<b>\$ 2,410.55</b>	<b>\$ 32.64</b>

## **ALTERNATIVES CONSIDERED**

The Board may choose not to move forward with the approval of the cost change and resolution. This is not recommended as this is an adopted project with the Long Range Transportation Plan and not approving the recommended action at this time will delay the schedule, jeopardize \$1.5 billion in grants and loans, and will increase the cost of the Project. Therefore, if the Board does not approve the recommended actions the following consequences may occur:

- Potential loss of funds under the FFGA; and
- Potential loss of funds under the TIFIA Loan Agreement.

## **NEXT STEPS**

Metro staff has initiated discussions with the FTA regarding how to address the new amounts in the context of the overall WPLE Section 2 FFGA budget. Once these discussions are complete, Metro staff will have similar discussions with the TIFIA office regarding the plan of finance for the WPLE Section 2 TIFIA loan documents and application.

Once proposals for the main design build contract C1120 have been evaluated and an award recommendation is brought to the Board for approval, a life of project budget will be established for WPLE Section 2.

## **ATTACHMENTS**

Attachment A - FFGA Budget

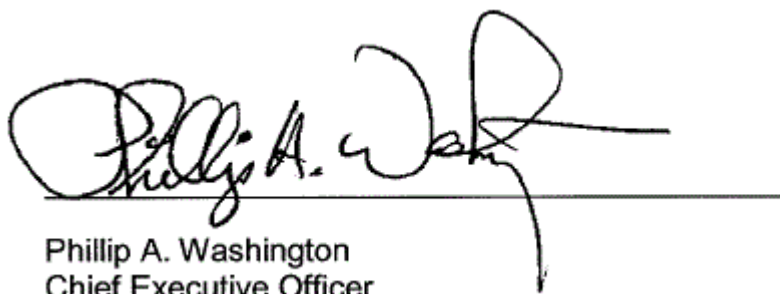
Attachment B - Measure R Cost Management Process and Policy Analysis

Attachment C - Los Angeles County Metropolitan Transportation Authority Resolution for Westside

Purple Line Extension Section 2

Prepared by: Dennis Mori, Executive Officer, Project Director, (213) 922-7221  
David Yale, Managing Executive Officer, (213) 922-2469  
Rick Wilson, Deputy Executive Officer, Program Control, (213) 922-3627

Reviewed by: Therese W. McMillan, Chief Planning Officer, (213) 922-7077  
Richard Clarke, Executive Director, Program Management, (213) 922-7557



Phillip A. Washington  
Chief Executive Officer