



## Board Report

File #: 2024-0527, File Type: Budget

Agenda Number: 18.

### CONSTRUCTION COMMITTEE OCTOBER 23, 2024

**SUBJECT: DIVISION 20 PORTAL WIDENING TURNBACK FACILITY LOP INCREASE**

**ACTION: APPROVE RECOMMENDATION**

#### **RECOMMENDATION**

INCREASE the Life-of-Project (LOP) budget by \$99,730,000 for the Division 20 Portal Widening Turnback Facility (Project) from \$956,749,577 to \$1,056,479,577 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 (Attachment B).

#### **ISSUE**

The Division 20 Portal Widening Turnback Project was designed to reconstruct the key facilities where all revenue service trains for the B/D Lines are dispatched, serviced, and maintained through a complex 11-stage phased construction plan. The design requires extensive coordination efforts to maintain revenue service and many construction steps to successfully complete the work. While the Project has achieved over 76% of the work, each phase is like a new project and begins with removing the original work completed over 30 years ago and constructing small sections that each have high-risk underground conditions not anticipated or unknown conditions.

Although there remains risk in the remaining work, the Project has successfully re-sequenced the Project schedule to achieve "Substantial Completion" by December 31, 2025. Collaborating with the Contractor, Tutor Perini Corporation (TPC), staff have worked to address and resolve previous issues related to Project design changes, schedule delays, and other cost impacts occurring before March 1, 2024. The re-sequenced schedule adjustments will have significant benefits, including reducing the project timeline, meeting the operational requirements for the revenue service date for the Purple Line Extension Section 1, and providing additional yard storage capacity for new rolling stock deliveries.

Achieving December 31, 2025, Substantial Completion date will necessitate additional staffing. More staff will expedite the review and approval of work and add contingency funds to address any delays after March 1, 2024, resulting from design changes or Metro's operational needs that may impact the new Substantial Completion date. The Project contingency remaining is currently less than 2%. This Board Action would increase that amount to 10.4% of the Project's budget for any future anticipated contract changes and related activities through the Project's completion.

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## **BACKGROUND**

The Division 20 Portal Widening Turnback Facility enables trains to operate at required headways and increases the storage capacity to support the expansion of the Purple Line Extension (D Line). As part of the Full Funding Grant Agreement (FFGA) from the Federal Transit Administration (FTA) under Purple Line Section 1 (PLE1), the Division 20 Portal Widening Turnback Facility Project will allow trains to turn back quickly to meet the planned service levels and FTA requirements. Achievement of the reduced headways requires significant modifications to the Division 20 Yard (Yard) which includes: portal widening, power relocation, power upgrades, First Street Bridge modifications and seismic upgrades, installation of the turnback facility, storage tracks, train control, signaling systems installation, and systems integration.

The Metro B/D Line trains currently “turn-back” at Union Station, reversing direction from east to west. The current minimum headway that can be achieved at Union Station is approximately four-minute service for combined B/D Line service (or seven-and-a-half minutes on the branches), but that will become impracticable and less efficient once the Purple Line Extension begins operations, and more trains are using the same tracks. To accommodate the increases, the existing tunnel portal must be widened to accommodate additional tracks and switches that will provide for a designated turnback facility.

In addition to the turnback facility, the Purple Line 1, 2, and 3 projects will add train vehicles to the Metro Fleet that will produce a need for increased storage capacity in the Division 20 Yard. The Division 20 Portal Widening Turnback Facility Project will provide new storage tracks north and south of the First Street Bridge and add complex switching and interlocks to enable trains to move from storage onto the main line and into service through the portal.

Finally, to power the new turnback facility and add storage for train vehicles, the current power substation for the Yard will be replaced to meet the increased power requirements. Twelve different construction phases were originally planned to maintain operational requirements for revenue service while concurrently demolishing portions of the Yard and constructing the new work. With the completion of each phase, an extensive safety testing and certification process would be conducted before acceptance by Metro Operations and placing the new work into revenue service. The resequencing efforts by the Project team and Contractor will reduce the number of phases by concurrent work areas, extended hours, and weekend work.

The cost impacts of providing additional staffing to expedite the review and approval of work, as well as contingency funds to address any owner-caused delays resulting from design changes or Metro's operational needs would reduce the Project contingency to less than 2% of the current LOP budget. This Board Action requests authorization to replenish the contingency and provide sufficient funding for contract changes and base contract activities through the Project completion.

Life-of-Project Budget increases were approved by the Board at its February 2022 meeting, and again at its April 2023 meeting, increasing the LOP budget to \$956,749,577.

## **DISCUSSION**

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The Division 20 Portal Widening Turnback Facility, awarded as a Design-Bid-Build (DBB) contract, encountered significant changes and cost impacts early on related to unknown underground site conditions, third-party requirements, and design changes that negatively impacted the Project's delivery timeline.

Previous project estimates accounted for potential cost recovery related to design changes; however, these have not been factored into the current estimate. Metro will continue to pursue cost recovery, but since the timelines for these efforts will diverge, the items have been separated. Any recovered funds will be directed back to the General Fund.

The contract changes, included substantial design revisions necessary to address corrections to the original design. Complicating factors during the design phase included an old industrial facility in the project site location along Center St., between E. Commercial St. and Banning St., not owned by Metro, which could not be thoroughly inspected to determine the actual quantities of hazardous materials or site conditions. Additionally, the deteriorated state and subsequent work required for the First Street Bridge contributed to delays in the Project schedule.

As the Project reached 48% completion, extended support staff durations and additional expenditures were outlined in support of the LOP increase in April 2023. The Project schedule was extended by 492 days, necessitating extended support from the Project designer and consultant Construction Management Support Services (CMMS). In addition, the Project contingency was significantly reduced to resolve changes and the contractor's incurred costs due to the extended contract duration.

In early 2024, the Project team, in collaboration with TPC, initiated a resequencing plan aimed at achieving Substantial Completion by December 31, 2025, which was successfully executed on July 12, 2024. This plan involves reallocating resources, combining several construction phases to reduce the frequency of turnovers, and Metro's commitment to make reasonable efforts in reviewing, coordinating, and approving work promptly. In return, TPC agreed to provide sufficient labor, facilities, and equipment, and to work extended hours, including extra shifts and overtime, to ensure the completion of work and achievement of milestones. If the Substantial Completion Date is delayed due to an owner-caused issue, the parties will discuss and agree on which activities will be accelerated to stay on schedule.

Additionally, TPC and its subcontractors and suppliers expressly released all rights for additional time or impacts that occurred on or before March 1, 2024.

The Project is 76% complete and is nearing a significant milestone that will place most of the Project into revenue service by the end of 2024. This milestone is crucial for meeting the operational requirements of the Purple Line Extension projects and providing the necessary storage capacity for new rolling stock deliveries. An updated Project Estimate-to-Complete analysis was performed that considered the current progress and re-sequenced changes, representing the forecasted costs needed to finish all remaining project activities.

The requested Life-of-Project increase of \$99,730,000 for the Division 20 Portal Widening Turnback Facility (Project) from \$956,749,577 to \$1,056,479,577 and achieving the December 31, 2025,

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delivery date will necessitate additional staffing to expedite the review and approval of work and add contingency funds to address any owner-caused delays resulting from design changes or Metro's operational needs that may impact the new delivery date. The amended LOP amount is inclusive of all current commitments, pending and potential changes, remaining risk expected values, and staffing.

The Project contingency remaining is currently less than 2%. This Board Action would increase that amount to 10.4% of the Project's budget for any future anticipated contract changes and related activities through the Project's completion. The increase will amend the LOP budget of \$956,749,577 to \$1,056,479,577

### **DETERMINATION OF SAFETY IMPACT**

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

### **FINANCIAL IMPACT**

Funds required for fiscal year 2025 have been requested through the fiscal year 2025 budget development, adopted at the May 2024 Board meeting. 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 source of funds to address the LOP increase is Measure R Transit Capital (35%) for WPLE freed up by additional New Starts funding. These funds are not eligible for Bus and Rail Operations.

#### **Multiyear Impact**

The sources of funds for the Project are capital funds identified in the recommended Funding/Expenditure Plan as shown in Attachment A. With respect to the \$99,730,000 increase, Attachment B 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 Policy of the Metro Board of Directors, Metro staff evaluated potential offsetting cost reductions, including scope reductions, value engineering, or shorter segments. Since the project is so far along, these actions are no longer feasible.

This report identifies additional funding resources consistent with the Policy approved by the Board in 2018. Attachment B provides a detailed discussion of the Policy. In summary, the Policy was developed in recognition that some projects would need additional funding. 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.

### **EQUITY PLATFORM**

The Division 20 C1136 Mainline contract will support the D Line Subway Extension Project by

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increasing service frequency, reliability, and access for communities that use the Metro transit system along both alignments for housing, jobs, educational, medical, and entertainment needs. These service upgrades have a positive impact for riders of the system from marginalized communities that travel along these Corridors, by increasing access, capacity, and reliability to meet these essential travel needs.

The D Line project consists of 3 sections, originating from Wilshire/Western to Westwood at the Veterans Administration Hospital in West Los Angeles. The D Line system alignment travels through the Wilshire-Koreatown, Pico/Union, Olympic Park, Miracle Mile, Larchmont communities where 50% or more are people of color. In Pico/Union, the percentage of people of color is over 70%, and in the Wilshire-Koreatown neighborhood it is over 90%.

Based on the 2019 Customer Survey, the D heavy rail line serves the following ridership 27.7% below the poverty line, 56.4% had no car available, Rider Race/Ethnicity is Latino 38.9%; Black 13.1%; White 25.8%; Asian/Pacific Islander 15.2%, and Other 6.5%.

The Project is not within an Equity Focused Community; however, many workers, students, and others from EFCs commuting to destinations along the D Line extension will benefit from this Project.

On contract C1136, Tutor Perini Corporation (TPC) made a 19.34% Small Business Enterprise (SBE) commitment and a 3.31% Disabled Veteran Business Enterprise (DVBE) commitment. The current level of participation is 18.02% SBE and 3.12% DVBE, representing a 1.32% SBE shortfall and a 0.19% DVBE shortfall.

TPC has a mitigation plan on file and contends that the shortfall is due to schedule delay, which has impacted the utilization and reporting of payments to the SBE and DVBE firms. TPC indicated that as the project progresses and when appropriate, they will engage SBE and DVBE firms, which should help increase their level of participation. TPC reported that the SBE and DVBE commitments are expected to be met by the end of the project.

## **IMPLEMENTATION OF STRATEGIC PLAN GOALS**

Recommendation supports Strategic Plan Goal #1 - Provide high-quality mobility options that enable people to spend less time traveling. Deliver outstanding trip experience for all users of the transportation system. Enhance communities and lives through mobility.

## **ALTERNATIVES CONSIDERED**

The Board may choose to not move forward with increasing 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 increased accordingly per the recommendation.

**ATTACHMENTS**

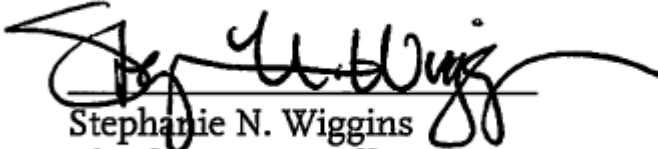
Attachment A - Funding/Expenditure Plan

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

Attachment C - Projected Breakdown of Cost Allocation

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