



Board Report

File #: 2025-0094, File Type: Contract

Agenda Number: 11.

**CONSTRUCTION COMMITTEE  
APRIL 16, 2025**

**SUBJECT: LINK UNION STATION PROJECT**

**ACTION: AWARD CONTRACT**

**RECOMMENDATION**

AUTHORIZE the Chief Executive Officer to award a firm fixed price Contract No. PS120069000 to Flatiron West, Inc., for Phase 1 Preconstruction Services for the Link Union Station Phase A Construction Manager/General Contractor (CM/GC) Project, in the amount of \$7,000,000, subject to the resolution of any properly submitted protest(s) if any.

**ISSUE**

Staff is seeking the Board’s approval to award a firm fixed price Contract No. PS120069000 to Flatiron West, Inc. for Phase 1 Construction Manager/General Contractor Preconstruction Services for the Link Union Station Phase A Project.

**BACKGROUND**

The Link Union Station (Link US) Project will transform how the commuter and intercity rail operates in Southern California with new run-through capability at Los Angeles Union Station (LAUS) by providing one-seat rides for Northbound and Southbound run through service, doubling the capacity of daily train movements, reducing dwell times by as much as 20 minutes, and accommodating future high-speed rail.

The Link US Project is planned to be implemented in two phases:

1. Phase A - Includes a run-through structure from the stub end of Union Station, over the 101 Freeway, and connects to the mainline tracks on the West Bank of the Los Angeles River. In the initial phase, the run-through structure will provide immediate run-through service for Metrolink and the Pacific Surfliner (LOSSAN) on two tracks that connect to Platform 3. However, the run-through structure will be built to accommodate up to nine run-through tracks for future passenger and intercity rail expansion, including California High-Speed Rail.
2. Phase B - Includes a new rail yard with four new operating platforms and up to nine-run through tracks for Metrolink, LOSSAN and California High Speed Rail, as well as a new

## Passenger Tunnel.

The Link US Project Phase A will be delivered utilizing the Construction Manager/General Contractor (CM/GC) project delivery approach that was previously approved by the Board on December 5, 2019. On May 26, 2022, the Metro Board approved a Partial Preconstruction Phase Life of Project Budget (Preconstruction Budget) of \$297.818 million for the Preconstruction Work of the Link US Phase A Project consisting of remaining planning, environmental, preliminary engineering, final design, third-party work, early demolition work, real estate acquisitions, and associated soft costs.

### CEQA & NEPA

Previously, under a separate funding agreement with California High-Speed Rail Authority (CHSRA), Metro received American Recovery and Reinvestment Act federal funds in 2017 for environmental and planning work for the Link US Project. The Link US Project completed California Environmental Quality Act (CEQA) environmental clearance in July 2019, and a CEQA amendment was approved in October 2021. Furthermore, the Link US Project is in the process of completing the National Environmental Policy Act (NEPA) environmental clearance with an updated forecast Summer 2025, with CHSRA as the NEPA Lead Agency.

### DISCUSSION

The goal of CM/GC project delivery method is to engage a General Contractor to act as the “Construction Manager” consultant during the design process to collaborate and partner with Metro and the Architectural/Engineering (A/E) Designer offering constructability, scheduling, pricing, feedback on design options, and minimizing cost and schedule risks related to the project. The CM/GC process provides the ability to effectively integrate benefits from the early engagement of construction experts that will enable Metro to make informed decisions during the design process and provide substantive benefits to the project.

The CM/GC will deliver the Project in two distinct contract phases. Phase 1, the Preconstruction Phase, and Phase 2, the Construction Phase, as described below..

#### Phase 1 Preconstruction

Once the Notice to Proceed is issued, the CM/GC and Metro’s A/E Designer will work side-by-side to review constructability, undertake value engineering, conduct site investigations, assess market conditions, provide current contractor price estimates, risk assessments, and construction schedule at successive prescribed design intervals until the design is finalized. The CM/GC may also construct some Early Works Packages of Phase 2 Work during Phase 1, subject to negotiation and remaining Preconstruction Budget availability.

Throughout, and at predetermined milestones during Phase 1 Preconstruction, the CM/GC will provide Metro with Opinions of Probable Cost (OPC) for the Phase A Project, which are detailed cost estimates that will enable staff to evaluate the projected Project costs against the Project budget and make necessary adjustments to the scope or schedule. If both parties agree to a final OPC, staff will seek Board approval to award Phase 2 Construction to the CM/GC. If not, Metro will have the option to terminate the contract with the Contractor and package the design documents into a separate bid

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package. This off-ramp will be available for Metro throughout Phase 1 as staff evaluates each OPC. If a final negotiated OPC is reached, staff will seek Board approval to award all of Phase 2 to the CM/GC as a Phase 2 Supplement.

Throughout Phase 1 Preconstruction negotiations, Metro will maintain the following parameters to mitigate discrepancies and to increase the likelihood of project success:

- CM/GC's Phase 2 Management Lump Sum Fee and Phase 2 Margin Percentage initially proposed, agreed, and contractually committed will be retained in all OPCs;
- CM/GC contract will set out the conditions of the price proposal for Phase 2 Construction and the information that the Contractor is required to submit;
- CM/GC contract will set out a clear governance structure for managing Phase 1 Preconstruction, including the establishment of working groups that include members from Metro, the contractor team, and any relevant third parties; and
- Process for establishing all OPC will employ transparent open-book methods and the use of independent cost estimates to validate pricing.

The CM/GC process enables the contractor and Metro to successfully negotiate a construction contract, at the appropriate level of completion of the design within the available funding. If the contractor's pricing significantly exceeds the available funding, the project delivery method provides flexibility to off-ramp the General Contractor at each design interval or any time for convenience throughout the Phase 1 Preconstruction. Therefore, if the off-ramp is exercised, Metro can benefit from the work already performed by the contractor and pivot to a different project delivery method with competitive construction pricing such as a design-bid-build. Upon Board approval, Metro's commitment to the recommended Contractor at this time would be \$7,000,000.

### Phase 2 Construction

After the final design of the entire Project has been completed to an appropriate level, staff will return to the Board to request approval for the total Life of Project Budget (LOP) for Phase A. Upon Board approval of the total LOP and if the General Contractor has successfully negotiated a construction contract with Metro, then the General Contractor builds the Phase A project.

As an essential element of the Link US Phase A staff recommends the award of a CM/GC firm fixed price contract for the Link Union Station Project Phase A CM/GC for the Phase 1 - Preconstruction Services.

### **DETERMINATION OF SAFETY IMPACT**

The Link US project is being planned and designed in accordance with Metro, Southern California Regional Rail Authority (SCRRA), California High-Speed Rail (HSR), Caltrans, and City of Los Angeles standards, as well as state and federal requirements. The recommended Board action will have no detrimental safety impact.

### **FINANCIAL IMPACT**

In May of 2022 the Metro Board was advised of the committed funding to date and authorized a

Partial Preconstruction Phase Life of Project Budget, as listed below.

**Committed Funding and Approved Partial Preconstruction Phase LOP Budget**

Funding Source	Amount (\$ in millions)	Partial Preconstruction Phase LOP Budget - Approved in May 2022 (\$ in Millions)
State Proposition 1A/High Speed Rail Bonds	\$423.3	-
State Transit Intercity Rail Capital Program (TIRCP)	\$337.6	\$227.42
State Transportation Improvement Program (STIP)	\$60.8	-
Metro Measure R 3%	\$51.7	\$51.67
Other Metro Local funds	\$13.3	-
SCRRA JPA Contribution (Non-Metro)	\$40.0	-
Other HSR Funds	\$18.7	\$18.73
LOSSAN/Amtrak	\$5.0	-
<b>Total</b>	<b>\$950.4</b>	<b>\$297.82</b>

The award of the CM/GC Contract and the Phase 1 Preconstruction services by the CM/GC are fully funded as part of the \$297.82 Million previously approved. As of December 2024, \$120 Million of this Preconstruction Phase Budget remains. The funding sources for the Partial Preconstruction LOP Budget are not eligible to be used for Metro bus/rail operating or capital budget expenses.

Impact to Budget

Current Fiscal Year

There is no impact on the current Fiscal Year (FY25) budget as the next step in the procurement process is to award the Contract and issue a Notice to Proceed (NTP), and \$10.5 million is included in the approved FY25 budget, project 460089. The CM/GC contract will commence with Phase 1 Preconstruction, during the final quarter, April through June, of the current fiscal year. During this period, engineering, cost estimates, risk assessments, construction schedule development and constructability reviews will begin.

Multiyear Impact

Metro is currently estimating the total cost of the project to be \$1,597 Million, pending final pricing by the CM/GC Contractor during the Preconstruction Phase. The project proposes to fill the funding gap as listed below.

**Plan to Fill Funding Gap (\$ in Millions)**

Committed Funding	\$950.4
FRA FSP Intercity Passenger Rail Grant Application	\$200.0
CTC Solutions for Congested Corridors Grant Application	\$105.0
TIFIA Loan	\$341.4
<b>Total Estimated Project Cost</b>	<b>\$1,596.8</b>

Metro has submitted the FRA Federal State Partnership (FSP) Intercity Passenger Rail Grant Application and the CTC Solutions for Congested Corridors Grant Application in the Fall of 2024. A Transportation Infrastructure Finance and Innovation Act (TIFIA) Loan is proposed for the final \$341.4 Million of the Funding Gap. The TIFIA Loan is proposed to be repaid by Metrolink and LOSSAN Member agencies over 30 years. CalSTA and Caltrans are coordinating an interagency discussion to develop a consensus on how the participating agencies will share the loan repayment.

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.

**EQUITY PLATFORM**

The Link US Project will improve the quality of life for residents at the LAUS-adjacent William Mead Homes, the first public housing project in the City of Los Angeles constructed in the 1950s and located within a Metro Equity Focus Community. This will be accomplished with the construction of a new sound wall, designed to reduce noise externalities from existing and future increases in train operations, and a proposed quiet-zone safety improvements at the railroad crossing on N. Main Street to reduce the train horn noise in the area.

The increased rail service will make it easier for Metrolink riders to access key destinations, such as jobs, housing, and healthcare appointments, as well as provide access to the greater LA Metro public transportation system at LAUS. The Link US Project will also result in reduced train and idling timesaving as much as 5 minutes for each ride linking the counties of San Diego, Orange, Riverside, San Bernardino, Ventura, San Luis Obispo, and Santa Barbara to LAUS-and fuel savings and emission reductions. Further, it is estimated that the Link US Project will generate 4,500 jobs during construction, resulting in over 200 permanent jobs. In addition, during Early Work and Phase 2 Construction, the Project Labor Agreement (PLA) and the Construction Careers Policy (CCP) will require the CM/GC to hire 40% Targeted Local Workers, 20% Apprentice Workers, and 10% Disadvantaged Workers.

The Diversity and Economic Opportunity Department (DEOD) established a 25% Small Business (with 3% designated for Micro Business (MB)) and a 3% Disabled Veteran Business Enterprise (DVBE) goal, and a separate 10% Disadvantaged Business Enterprise (DBE) goal for Phase 1. The CM/GC met or exceeded the goals by making a 22.43% SB commitment, a 3.09% MB commitment, a 3.66% DVBE commitment, and a 10.37% DBE commitment for Phase 1.

## **VEHICLE MILES TRAVELED OUTCOME**

VMT and VMT per capita in Los Angeles County are lower than national averages, the lowest in the SCAG region, and on the lower end of VMT per capita statewide, with these declining VMT trends due in part to Metro's significant investment in rail and bus transit.\* Metro's Board-adopted VMT reduction targets align with California's statewide climate goals, including achieving carbon neutrality by 2045. To ensure continued progress, all Board items are assessed for their potential impact on VMT.

\*Based on population estimates from the United States Census and VMT estimates from the highway performance monitoring system data between 2001-2019.

As part of these ongoing efforts, this item is expected to contribute to further reductions in VMT. This item supports Metro's systemwide strategy to reduce VMT through planning and investment activities that will improve and increase rail service, thereby encouraging taking transit, including Metrolink, Amtrak, Metro Rail, High-Speed Rail, Municipal Bus Systems, and High-Speed Ridesharing.

Metro staff has conducted preliminary analysis to show that the net effect of this multi-modal item is to decrease VMT. Using data provided by LOSSAN, SCRRA, and SCAG, it is estimated that this project will result in 299,889,346 additional passenger-miles per year. This will result in annual reduction in VMT of 239,911,477 per year, or a 679,687 daily VMT reduction.

## **IMPLEMENTATION OF STRATEGIC PLAN GOALS**

The Link US project supports Strategic Goal 1: Provide high-quality mobility options that enable people to spend less time traveling. The proposed run-through tracks would increase regional and intercity rail capacity, reduce train idling at LAUS, enable one-seat rides from Santa Barbara County to San Diego County through LAUS, and accommodate a new high-quality transportation option such as the High-Speed Rail in Southern California.

The project also supports Strategic Goal 2: Deliver outstanding trip experiences for all users of the transportation system. The proposed new passenger concourse and the new outdoor plaza (West Plaza) would improve customer experience and satisfaction by enhancing transit and retail amenities at LAUS and improving access to train platforms with new escalators and elevators.

Lastly, the project supports Strategic Goal 4: Transform LA County through regional collaboration and national leadership. The project requires close collaboration with many local, regional, state, and federal partners including the City of Los Angeles, SCRRA, LOSSAN Authority, Caltrans, CHSRA, The California State Transportation Agency (CalSTA), Federal Railroad Administration (FRA), and Amtrak.

## **ALTERNATIVES CONSIDERED**

The Board may choose not to move forward with approval to award the contract. This is not recommended since that would lead to project delays and corresponding cost increases. Any delay may also impact Platform improvements that are scheduled to occur. Furthermore, this would also

impact timelines and cost projections that are proposed in current and future grant funding agreements with TIRCP and CHSRA.

### **NEXT STEPS**

Upon Board approval, staff will execute Contract No. PS120069000 for the Link Union Station Project Phase A Construction Manager/General Contractor (CM/GC) contract and issue NTP.

The Project anticipates returning to the Board for a Supplemental CEQA Record of Decision, an increase in the Preconstruction Budget for any additional real estate acquisition and construction of any early works packages in Summer 2025. The Project also anticipates returning to the Board for a Construction Management Support Services Contract (CMSSC) in Summer 2025.

After completion of remaining design and successful negotiation with the CM/GC Contractor, staff will return to the Board for approval of the Life of Project Budget and award of the remaining Phase 2 Construction Work in Fall 2026.

### **ATTACHMENTS**

Attachment A - Procurement Summary

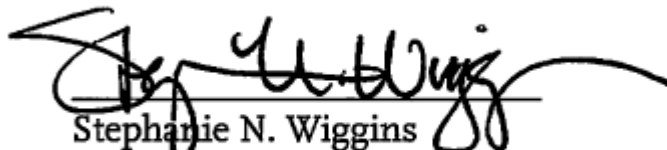
Attachment B - DEOD Summary

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