



## Board Report

File #: 2023-0100, File Type: Budget

Agenda Number: 29.

### CONSTRUCTION COMMITTEE APRIL 20, 2023

**SUBJECT: METRO CENTER PROJECT**

**ACTION: APPROVE LIFE-OF-PROJECT BUDGET INCREASE**

#### **RECOMMENDATION**

AMEND the Life of Project (LOP) budget by \$13,000,000 for the Metro Center Project from \$130,688,310 to \$143,688,310.

#### **ISSUE**

The Metro Center Project (MCP) Life of Project (LOP) budget requires an increase of \$13,000,000 for additional costs related to design and construction support services and Metro labor costs, unforeseen site conditions, and other professional service contracts to provide management and oversight of the Project through project completion.

#### **BACKGROUND**

The Metro Center Project (MCP) comprises the co-location of the Emergency Operations Center (EOC) and a new Security Operations Center (SOC) to enhance Metro's security, disaster, and counter-terrorism response capabilities. Metro's current Emergency Operations Center is operating at capacity and needs to be expanded to accommodate Metro's new rail lines. Metro does not currently have a SOC. Presently, law enforcement coordination goes through the Rail Operation Center (ROC) and Bus Operation Center (BOC), with the Metro Transit Security operations center serving as a dispatch center for responses. As Metro continues to expand its service, the existing system could have a delayed response in coordinating with law enforcement agencies to address threats or hazards on the system.

The new SOC is needed to provide 24/7 security surveillance and situational awareness of Metro's transit system by security professionals with specialized training to improve overall rider safety on Metro's rail and bus lines. The new EOC will enhance coordination and communication with regional partners to prevent, minimize, or respond to, and recover from any major incident, serious hazard, or terrorist attack.

In October 2020, the Metro Board awarded a design/build contract to S.J. Amoroso (SJA)

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Construction Co. LLC in the amount of \$81,487,000, which included an option to design and construct the 1st floor to accommodate a future 2nd floor expansion. The Board also approved a LOP budget in the amount of \$130,688,310, inclusive of the design/build contract, public art, design support, and construction support services, third party and street vacation costs, Metro staff costs, and a 13% project contingency. Due to uncertainty of the financial impacts caused by unforeseen conditions, the Board-approved LOP Budget included a minimum contingency of 13% in lieu of a 30% contingency for a typical design-build contract.

## **DISCUSSION**

The LOP budget approved in October 2020 was based on forecasted substantial completion by December 2022 and overall EOC and SOC move-in date by December 2023. In November 2020, Metro exercised the contract option at the price of \$2.1 million drawn from the Project contingency to design and construct the first floor to accommodate the potential future second floor and issued Notice to Proceed (NTP) to the Design/Build contractor.

The Metro Center Project is located on the former Aliso Street manufactured gas plant, dating to the late 1800s, that was later redeveloped for industrial and commercial activities in the 1970s. Many of the deep foundations and utility lines were not anticipated to be encountered to the extent found on the site. Additionally, the extensive amount of rain, residual impacts from labor and supply chain challenges, and Design-Build contractor design delays have extended the construction schedule by more than 11 months.

The recommended revised LOP budget includes cost impacts associated with many of the underground abandoned concrete foundations and infrastructure from the gas plant industrial facilities that have been encountered to date and future impacts. Some of the foundations and pipes extended to depths 20-feet below the surface that required extensive investigations, hazardous substance removal, and redesign to avoid costly remediation or excavations. The result of these impacts has extended the Project schedule that, which includes costs for the professional services contract for construction and project oversight through the extended construction duration. Also included in the contingency is support for the integrated artwork in the building façade.

Attachment A provides the cost allocation of the \$13.0 million in LOP Budget Increase. Attachment B includes the funding and expenditure plan.

## **DETERMINATION OF SAFETY IMPACT**

The Project will be designed and constructed consistent with Metro's design and construction safety standards. The Metro Center Project (MCP) once completed will enhance Metro's security, disaster, and counter-terrorism response capabilities by the following:

- Creating a central location to gather and process all threats/all hazards information and disseminate critical information to Metro staff, ROC, BOC, and security/law enforcement response teams.
- Creating a central location to coordinate with (88) partner cities, federal government, local/state/federal/private emergency service, and private sector stakeholders.

- Establishing a direct line of communication with contract and non-contract law enforcement dispatch centers.
- Reducing response and incident management timeframes for greater effectiveness and early transition back to normal operations.
- Allows for the collocated coordination of regional events/emergencies (National SEAR level events, 7.0 earthquakes, wildfires, floods, etc.).
- Establishes a central hub for Metro employees to contact in the event of a security incident or emergency.

## **FINANCIAL IMPACT**

If the Board approves the action, the LOP budget will be increased by \$13.0 million from \$130.7 million to \$143.7 million. The projected expenditure in FY 2023 is \$26.7 million, which can be accommodated in the FY 2023 budget. Funds required through FY 2024 is addressed through FY24 annual budget development.

Since this is a multi-year project, the Project Manager, Cost Center manager from SSLE, and Chief Safety Officer will be responsible for budgeting the costs in future fiscal years.

### Impact to Budget

The source of funds for the LOP increase by \$13.0 million to Project Number 212121 - Metro Center Project is Proposition C 40%, which is eligible for Metro bus and rail operations. Other operating-eligible and available funding sources may be considered. The funding plan for the proposed LOP budget is included as Attachment B.

## **EQUITY PLATFORM**

The Metro Center Project is an essential facility that will support the entire Metro Bus and Rail systems serving communities in 88 cities across Los Angeles County. Since project inception, Metro has engaged the surrounding communities and incorporated their input where feasible into the project, e.g., Metro Art programs during construction, including temporary construction banners reflecting the local community and architecturally integrated public artwork on the building façade, both selected by a community-based panel. Metro has closely coordinated with the adjacent communities to avoid, reduce and mitigate impacts resulting from construction activities. Metro Construction Relations, Art and Project teams has provided in-person updates to the Los Angeles River Artists and Business Association Land Use Committee since 2020, as well as updates to the public through bi-monthly virtual meetings.

## **IMPLEMENTATION OF STRATEGIC PLAN GOALS**

The Project supports Strategic Goal 2: Deliver outstanding trip experiences for all users of the transportation system. The Project will enhance Metro's ability to plan and respond to special events. The Project also supports Strategic Goal 5: Provide responsive, accountable, and trustworthy governance within the LA Metro organization. The Project is being designed and constructed in close

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coordination with the community and third-party stakeholders as well as internal stakeholders within Metro to streamline Metro's systems and processes for efficient operations.

### **ALTERNATIVES CONSIDERED**

The Board may choose not to move forward with amending the LOP budget. This is not recommended as the construction of the MCP cannot be completed within the current LOP budget. In addition, a new EOC and SOC are needed to enhance Metro's security, disaster, and counter-terrorism response capabilities. Metro has already expended more than \$97 million for land acquisition, demolition work, final design, and construction work since 2011.

### **NEXT STEPS**

Upon approval by the Board, the LOP budget will be amended accordingly per the recommendation and staff will be able to complete the construction of the MCP.

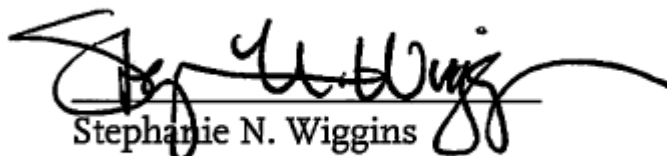
### **ATTACHMENTS**

Attachment A - Projected Breakdown of Cost Allocation Funding/Expenditure Plan

Attachment B - Funding and Expenditure Plan

Prepared by: Vincent Chio, Sr. Director, Project Management, (213) 418-3178  
Sangjun (Jun) Lee, Director, Engineering, (213) 418-3330  
Albert Soliz, Deputy Executive Officer, Project Management, (213) 922-4002  
Robert Gummer, Deputy Executive Officer, System Security and Law Enforcement, (213) 922-4513

Reviewed by: Sameh Ghaly, Interim Chief Program Management Officer, (213) 418-3369  
Gina Osborn, Chief Safety Officer, (213) 922-3055



Stephanie N. Wiggins  
Chief Executive Officer

**ATTACHMENT A**

Metro Center Project

Projected Breakdown of Cost Allocation

<b>Amount</b>	<b>Description</b>
\$2,100,000	<u>Construction</u> Design-Build Contract No. C52151C1169-2
\$50,000	<u>Public Art</u> Metro artist's support for the enhanced artwork integrated with the building façade
\$1,400,000	<u>Professional Services</u> <ul style="list-style-type: none"><li>- Construction Management Support Services: Oversight of specific areas of construction disciplines such as field inspectors, resident engineers, quality management and other construction support.</li><li>- Project Management Support Services: Project controls, estimating and scheduling, document control.</li></ul>
\$1,300,000	<u>Third Parties/Metro Agency Costs</u> <ul style="list-style-type: none"><li>- Metro staff: Project oversight</li><li>- City of Los Angeles: Design reviews and approvals</li></ul>
\$8,150,000	<u>Unallocated Project Contingency</u> Amount not yet allocated to a specific line item but is required for anticipated unknown cost increases.
<b>\$13,000,000</b>	<b>Total LOP Increase</b>

**ATTACHMENT B - METRO CENTER PROJECT LOP FUNDING AND EXPENDITURE PLAN**

Item No.	Description	\$130.7 M LOP Budget (Oct 2020)	Expenditure			\$143.7 M Revised LOP Budget (Apr 2023)
			Actuals thru Jan 2023	Forecast thru End of FY23	Forecast FY24	
1	<b>EXPENDITURE PRIOR TO OCT 2020 LOP BUDGET</b>					
2	Land Acquisition & Street Vacation	\$ 7.4	\$ 7.6			\$ 7.6
3	Preliminary Engineering Design & Engineering Support Services	\$ 7.5	\$ 8.4			\$ 8.4
4	Early demolition and environmental abatement	\$ 7.0	\$ 7.0			\$ 7.0
5	Third Party & Agency Costs	\$ 4.3	\$ 3.3			\$ 3.3
6	<b>Subtotal</b>	<b>\$ 26.2</b>	<b>\$ 26.3</b>			<b>\$ 26.3</b>
7	<b>DESIGN BUILD PROJECT COSTS</b>					
8	Contractor's Design Build Cost	\$ 81.5	\$ 56.4	\$ 15.2	\$ 14.4	\$ 86.0
9	Public Art	\$ 0.3		\$ 0.3	\$ 0.1	\$ 0.4
10	Design Support & Construction Support Consulting Services	\$ 7.6	\$ 10.1	\$ 0.5	\$ 3.8	\$ 14.4
11	Third Party/Street Vacation & Agency Staff Costs	\$ 2.7	\$ 4.7	\$ 1.0	\$ 2.5	\$ 8.2
12	Contingency	\$ 12.0			\$ 8.2	\$ 8.2
13	Design Build Proposal Stipend	\$ 0.2	\$ 0.2			\$ 0.2
14	Prop 1B CTSG fees	\$ 0.2				\$ -
15	<b>Subtotal</b>	<b>\$ 104.5</b>	<b>\$ 71.4</b>	<b>\$ 17.0</b>	<b>\$ 29.0</b>	<b>\$ 117.4</b>
16	<b>TOTAL PROJECT COSTS</b>	<b>\$ 130.7</b>	<b>\$ 97.7</b>	<b>\$ 17.0</b>	<b>\$ 29.0</b>	<b>\$ 143.7</b>
17						
18	<b>GRANT FUNDING</b>					
19	Prop 1B: California Transit Security Grant Program Funds	\$ 113.5	\$ 81.2			\$ 81.2
20	Federal Emergency Management Agency (FEMA) Transit Security Grant Program	\$ 7.3			\$ 7.3	\$ 7.3
21	<b>Subtotal</b>	<b>\$ 120.8</b>	<b>\$ 81.2</b>		<b>\$ 7.3</b>	<b>\$ 88.5</b>
22	<b>LOCAL FUNDS (TDA ART 4, PROP C 5% &amp; PROP C 40%)</b>	<b>\$ 9.9</b>	<b>\$ 16.5</b>	<b>\$ 17.0</b>	<b>\$ 21.7</b>	<b>\$ 55.2</b>
23	<b>Subtotal</b>	<b>\$ 9.9</b>	<b>\$ 16.5</b>	<b>\$ 17.0</b>	<b>\$ 21.7</b>	<b>\$ 55.2</b>
24	<b>TOTAL FUNDING</b>	<b>\$ 130.7</b>	<b>\$ 97.7</b>	<b>\$ 17.0</b>	<b>\$ 29.0</b>	<b>\$ 143.7</b>