



## Board Report

File #: 2023-0397, File Type: Budget

Agenda Number: 17.

### CONSTRUCTION COMMITTEE MAY 16, 2024

**SUBJECT: PURPLE (D LINE) EXTENSION PROJECT SECTION 1**

**ACTION: APPROVE RECOMMENDATION**

#### **RECOMMENDATION**

AMEND the Life-of-Project (LOP) budget for the Purple (D Line) Extension Project Section 1 (Project) by \$225,000,000 from \$3,128,879,593 to \$3,353,879,593 using the fund sources as summarized in Attachment A and consistent with the provisions of the Board-adopted Measure R and Measure M Unified Cost Management Policy (Attachment B).

#### **ISSUE**

The Project has reached the ninth year of its anticipated 10-year duration, and as of April 2024 is 91% complete. Currently, the Project has less than 3% of its current LOP budget contingency remaining. It is expected that this contingency will be exhausted by June 2024. This Board Report requests an LOP budget increase to address several unresolved requests for changes (RFCs). This LOP budget increase encompasses the settlement of a comprehensive claim submitted by the design/build Contractor, Skanska Traylor Shea (STS), which resolves thirty-three unresolved RFCs as well as a request for an extension of Contract Time. It also provides additional funding that is needed for real estate and professional services that were impacted by schedule delays, while replenishing sufficient contingency needed for the remainder of the Project.

#### **BACKGROUND**

Section 1 of the nine-mile Purple (D Line) Extension Project represents the initial phase of three sections, all part of Metro's Measure R Program. This section, entirely underground, encompasses the construction of approximately 3.92 miles of double-track heavy rail subway and introduces three new stations: Wilshire/La Brea, Wilshire/Fairfax, and Wilshire/La Cienega. Additionally, it includes the procurement of 34 heavy rail vehicles and the construction of a Maintenance-of-Way and Non-Revenue Vehicle Building at the south end of the existing Division 20 Yard (Location 64).

Wilshire/La Brea and Wilshire/Fairfax fall under the jurisdiction of the City of Los Angeles, while the Wilshire/La Cienega Station is within the jurisdiction of the City of Beverly Hills.

On July 24, 2014, Metro's Board approved the LOP budget of \$2,773,879,593 for the Project. Subsequently, on November 4, 2014, a 107-month design/build contract (C1045) was awarded to Skanska, Traylor, and Shea (STS). The Notice to Proceed was issued on January 12, 2015. On August 27, 2020, the Board authorized a \$200 million increase to the LOP budget. This adjustment aimed to address differing site conditions, an increase in third-party and safety requirements, and changes in scope-related items. The Wilshire/San Vicente anomaly was identified as a potential change to the Project at that time. However, the full extent of the scope of work needed to safely tunnel through the intersection and the associated risks to the Project schedule were not fully known.

On May 27, 2021, the Board authorized a \$150 million increase to the LOP budget. This allocation was intended to address the challenges associated with the Wilshire/San Vicente anomaly.

### **DISCUSSION**

The settlement agreement between Metro and STS is the result of several months of fact-finding on Contract Time, along with numerous meetings, discussions, and exchanges of information. These discussions clarified specific cost and schedule elements in STS's submitted comprehensive claim.

This Project has been adversely affected over the last nine years by unforeseen third-party requirements, including changes mandated by LADWP, LABOE, and the City of Beverly Hills. Additionally, the Project has encountered differing site conditions (DSCs) at various locations. At Wilshire/La Brea Station, additional water was encountered during excavation. At Wilshire/Fairfax Station, along with the adjacent tunnels, the Project faced additional gas mitigations. Similarly, at Wilshire/La Cienega Station and the adjacent tunnel, the Project had to address anomalies discovered along the tunnel alignment and contend with additional water during Station excavation.

In addition to the DSCs outlined above, the Contractor has submitted over thirty RFCs that were not funded in the previous LOP budget Board requests. The Project attempted to resolve some of these RFCs through the use of the Alternate Disputes Resolution (ADR) process, which included a Disputes Review Board (DRB) and the use of a Neutral Evaluator (NE). This ultimately allowed Metro and the Contractor to reach a settlement agreement, which is included in this LOP budget request.

Although most STS claims are resolved within this requested LOP budget increase, there remains a claim from STS that is still a disputed item, which is RFC-12. Within RFC-12, STS continues to claim entitlement to delay compensation for its inability to complete the Project early. Since Metro continues to dispute this claim, the requested amount in this Board Report does not include any amounts for the claim.

Planned Project Completion

The Project has commenced its systems integration phase, leveraging insights gleaned from the recently inaugurated Crenshaw/LAX and Regional Connector Projects. Throughout these systems integration processes, the Project's management team communicated with their mega-project counterparts, actively learning from their experiences and successes.

Additionally, key staff members from Metro who contributed to the systems integration of the Crenshaw/LAX Project are now working on this Project. Furthermore, STS served as a major joint venture partner on the Regional Connector Project and employs the same systems integration team for this Project. This is consistent with OIG recommendations on construction best practices, fostering a culture of reporting lessons learned to those involved in capital projects, thereby ensuring the utilization of all insights to enhance each project throughout its planning, design, development, and construction phases.

The Project maintains a robust partnership with Metro Operations, facilitating multiple weekly meetings to review ongoing project scopes, particularly at the existing Wilshire/Western Station interface. The Project is coordinating the receipt of critical materials from the Metro Red (B) Line Yard and reviewing support measures for testing and startup.

Although The Project's systems integration phase is in its initial stages, proactive measures are underway to ensure its successful and timely completion. The Project anticipates the substantial completion date of July 5, 2025.

### Economic Benefits of the Project

The economic benefits of the Project have been calculated using the REMI TranSight modeling tool using year of expenditure dollars (YOE\$). The model extends the economic impacts previously calculated by LAEDC beyond the construction phase and into the operations and maintenance phases and accounts for economic activity in addition to construction. This allows benefits such as travel time savings, emissions reductions, leisure time savings, and safety impacts, in addition to the economic stimulus from the public investment to be incorporated, as well as the impact from permanent operating jobs created after the Project is placed in service. REMI is the leading software solution for evaluating the total economic effects of transportation policy and is used by various other large transportation agencies in the nation as well as the Southern California Association of Governments (SCAG). The total Project investment (including capital, interest, and operations and maintenance expenditures) is estimated to generate about \$5.2 billion in direct, indirect, and induced economic output for the Los Angeles regional economy through FY 2047. These figures consider this segment of the Project in isolation. The potential economic benefits that the Project creates for other components of the transportation network by increasing passenger trips and connectivity are not separately estimated. The Project is also expected to generate 30,600 construction jobs and 34,000 non-construction jobs (Each job is equivalent to a full-time position for a one-year period).

Metro's Project Labor Agreement (PLA) and Construction Careers Policy (CCP) are applicable to the Project's design/build contract (C1045). The Contractor is committed to complying with the PLA/CCP workforce requirements. As of March 2024, the Contractor is achieving the 40% Targeted Worker Goal (from economically disadvantaged areas) at 63.69%, the 20% Apprentice Worker Goal at 20.14%, and the 10% Disadvantaged Worker Goal at 11.66%. Female participation is at 3.97%, equivalent to a grade of C, and is anticipated to continually increase as construction progresses.

### **DETERMINATION OF SAFETY IMPACT**

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

### **FINANCIAL IMPACT**

FY24's budget provides the necessary funds under Project 865518 Purple (D Line) Extension Project Section 1 and in Cost Center 8510 (Construction Project Management).

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 for the recommended actions is local Measure R 35% Transit Capital. These funds are not Subregional Equity Program funds nor eligible for operating costs.

#### 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 \$225,000,000 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 Projects.

To comply with the Policy of the Metro Board of Directors, Metro staff has evaluated potential offsetting cost reductions, including scope reductions, value engineering, a shorter segment, and has determined these are not feasible. The source of funds to address the LOP budget increase is Measure R Transit Capital (35%). The Measure R ordinance includes \$4,074,000,000 that can be expended on the Project, and the Board has approved transfers of Measure R to the Westside Subway Extension totaling \$415,391,156. Before the proposed LOP budget increase to the Project, the Board approved \$4,110,355,492 of Measure R for the Westside Subway Extension Sections 1, 2, and 3, and for Division 20.

This report identifies additional funding resources consistent with the Policy approved by the Board in 2018. In summary, the Policy was developed in recognition that some projects would need

additional funding, and the Policy provides a consistent and equitable process to ensure that financial impacts are limited to the local area where the project is located and do not have a region-wide impact.

The Policy defines a cascading list of actions that can be taken. Since the Project is so far along, actions such as value engineering or changes in scope are no longer feasible. Additional funding is the only option.

### **EQUITY PLATFORM**

The Project is located in the Cities of Los Angeles and Beverly Hills and is not within any Equity Focus Communities. However, once the Project is completed, it will directly and positively impact the surrounding communities of color as well as EFC populations who work on the westside. The completed Project will provide opportunities such as improved mobility and access to not only employment on the Westside but also other parts of the City, improving the overall quality of life. The LOP budget increase will support the completion of the Project so that EFC populations can benefit from improved mobility.

The Contract has Disadvantaged Business Enterprise (DBE) goals of 17.0% for construction and 20.3% for design. The current level of participation as of February 2024 is 18.91% for construction and 22.34% for design.

### **IMPLEMENTATION OF STRATEGIC PLAN GOALS**

This recommendation supports Strategic Plan Goal #1 - Provide high-quality mobility options that enable people to spend less time traveling.

### **ALTERNATIVES CONSIDERED**

The Board may choose not to move forward with amending the LOP budget. This is not recommended as Metro cannot complete the Project according to the current schedule.

### **NEXT STEPS**

Upon approval by the Board, the LOP budget will be amended 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 for \$225 Million

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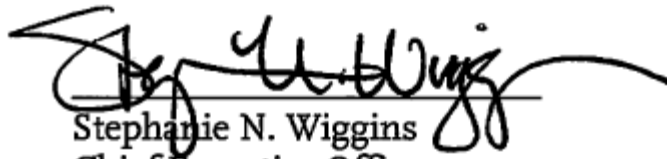
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**ATTACHMENT A**  
**PURPLE (D LINE) EXTENSION PROJECT SECTION 1**  
**Funding/Expenditure Plan**  
**(Dollars in Millions)**

Capital Project 865518	Current LOP Budget (May 2021)	Proposed LOP Budget Revision	Prior Expenditures	FY24	FY25	FY26	LOP Budget Forecast	% of Total
<b>Uses of Funds</b>								
Construction	2,093.3	2,359.1	1,805.7	347.8	196.1	9.6	2,359.1	70.3%
Right-of-Way	203.0	210.9	188.6	10.0	10.0	2.3	210.9	6.3%
Vehicles	108.3	108.3	31.7	28.2	30.4	18.0	108.3	3.2%
Professional Services	616.5	623.2	511.3	53.5	43.6	14.9	623.2	18.6%
Project Contingency	68.4	13.0	-	5.0	6.6	1.3	13.0	0.4%
<b>Subtotal Project</b>	<b>3,089.5</b>	<b>3,314.5</b>	<b>2,537.3</b>	<b>444.5</b>	<b>286.7</b>	<b>46.1</b>	<b>3,314.5</b>	<b>98.8%</b>
Environmental/Planning	39.4	39.4	39.4	-	-	-	39.4	1.2%
<b>Total Project Cost</b>	<b>3,128.9</b>	<b>3,353.9</b>	<b>2,576.7</b>	<b>444.5</b>	<b>286.7</b>	<b>46.1</b>	<b>3,353.9</b>	<b>100.0%</b>
<b>Sources of Funds</b>								
Section 5309 New Starts	1,250.0	1,250.0	937.8	291.9	20.4	-	1,250.0	37.3%
Section 5309 New Starts - American Rescue Plan Act of 2021	66.4	66.4	66.4	-	-	-	66.4	2.0%
Congestion Mitigation & Air Quality Program (CMAQ)	12.2	12.2	12.2	-	-	-	12.2	0.4%
Section 5339 Alternatives Analysis	0.5	0.5	0.5	-	-	-	0.5	0.0%
Measure R 35% (TIFIA Loan Proceeds)	749.3	749.3	749.3	-	-	-	749.3	22.3%
Measure R - Transit Capital (35%)	909.4	1,109.8	688.9	130.6	244.3	46.1	1,109.8	33.1%
Measure R 35% from Crenshaw*	83.6	83.6	83.6	-	-	-	83.6	2.5%
Local Agency Transit Project Contributions	75.3	75.3	31.3	22.0	22.0	-	75.3	2.2%
Repayment of Capital Project Loans (Fund 3562)**	(20.4)	0.0	0.0	-	-	-	0.0	0.0%
Transportation Development Act (TDA) - Admin	-	4.1	4.1	-	-	-	4.1	0.1%
Regional Improvement Program Funds (RIP)	2.6	2.6	2.6	-	-	-	2.6	0.1%
<b>Total Project Funding</b>	<b>3,128.9</b>	<b>3,353.9</b>	<b>2,576.7</b>	<b>444.5</b>	<b>286.7</b>	<b>46.1</b>	<b>3,353.9</b>	<b>100.0%</b>

\* Board Report Item 2021-0222

\*\* The remaining \$20.4M million of Capital Project Loans were fully repaid in FY23.

## **ATTACHMENT B**

### **Westside Purple Line Extension Section 1 Project**

#### **Measure R and Measure M Unified Cost Management Policy Analysis**

##### **Introduction**

The Measure R and Measure M Unified Cost Management Policy (the Policy) was adopted by the Metro Board of Directors in July 2018. The precursor Measure R cost management policy was adopted in March 2011. The purpose of the Policy is to inform the Metro Board of Directors regarding cost increases to Measure R- and Measure M-funded projects and the strategies available to close a funding gap. The Westside Purple Line Extension Section 1 Project (the Project) is subject to this policy analysis.

The life of project (LOP) budget for the Project was last approved by the Board on May 20, 2021, at \$3,128,879,593. The Project is now subject to the Policy analysis due to a proposed \$225,000,000 increase to the LOP budget. Funding for the cost increase is needed through FY 2026. The Project anticipates the revenue service date to extend through the summer of 2025. This analysis recommends trade-offs required by the Policy to identify the funds necessary to meet the cost increase.

##### **Measure R and Measure M Unified Cost Management Policy Summary**

The adopted Policy stipulates the following:

If a project cost increase occurs, the Metro Board of Directors must approve a plan of action to address the issue before taking any action to permit the project to move to the next milestone. Shortfalls will first be addressed at the project level prior to evaluation for any additional resources using these methods in this order as appropriate:

- 1) Scope reductions;
- 2) New local agency funding resources;
- 3) Value Engineering;
- 4) Other cost reductions within the same transit or highway corridor;
- 5) Other cost reductions within the same subregion; and finally,
- 6) Countywide transit or highway cost reductions or other funds will be sought using pre-established priorities.

##### **Scope Reductions**

The scope increases to mitigate unavoidable unforeseen conditions were evaluated and deemed necessary. Delays caused by the mitigation of these anomalies have impacted follow-on construction activities. Due to the delays related to the San Vicente Anomaly which affected the Project's revenue service date (RSD), the Project requires the continuation of engineering, construction, and project management services. In addition, extensions to the existing temporary construction easement (TCE) agreements are also required. These TCE agreements are anticipated to be above and beyond the current real estate budget. As the project is nearing completion, scope reductions were not feasible.



### New Local Agency Funding Resources

Local funding resources (i.e., specific to the affected corridor or subregion) are considered in the next step as opposed to countywide or regional sources so as not to impact the funding of other Metro Board-approved projects and programs or subregions in the County.

The Project is eligible for Measure R funding and is allocated a portion of the total \$4,074,000,000 of funding that is identified for the “Westside Subway Extension” in the Measure R sales tax ordinance Expenditure Plan. The Board has also approved transfers of Measure R to Westside Subway Extension totaling \$415,391,156 from the Crenshaw/LAX project. Prior to the proposed LOP increase to the Project, the Board has approved \$4,110,355,492 of Measure R Westside Subway Extension programming for Sections 1, 2, and 3, and for Division 20.

The Project is located in the Central City and Westside subregions and has station locations in the cities of Beverly Hills and Los Angeles. Local funding resources from both subregions and the cities could be considered for the cost increase.

### *Subregional Programs*

Measure M has funding for a transit-eligible Subregional Equity Program (SEP) in the Central City Area and Westside Cities subregions. The subregions could allocate a portion of the funding for the Project, which requires notice to and approval by the subregions. Metro staff has previously recommended that the Measure M Subregional Equity Program (SEP) is used to address cost increases in the respective subregion. Staff recommended the South Bay and Central City Area subregions allocate a portion of the SEP to address a \$90,000,000 cost increase on the Crenshaw/LAX Transit Project, and the San Gabriel Valley subregion allocates \$126,000,000 for Gold Line Foothill 2B. Metro staff has also recommended that the Central City Area and Westside Cities subregions use the SEP to reimburse \$84,571,156 for a Westside Extension Section 1 cost increase, and Central City Area utilize SEP funding to address an \$11,900,000 shortfall on the Eastside Light Rail Access project (Board item #2020-0931). However, motion #2021-0435 from June 2021 states that, henceforth the Policy is amended to eliminate the Subregional Equity Program from consideration to address project funding shortfalls during construction. Because of this motion, the SEP is not considered for the Project cost increase.

### *Local Agency Contributions*

The Cities of Los Angeles and Beverly Hills have Project stations and are expected to contribute funding to the Project as part of the 3% local agency funding assumption included in the Measure R ordinance and is a requirement of the Measure M ordinance. However, the cities are generally not responsible for cost increases to the Project, and the 3% contributions are not considered a source of funding for the Project cost increase.

Measure M, Measure R, and Propositions A and C provide “local return” funding to Los Angeles and Beverly Hills. Los Angeles will receive an estimated \$3.8 billion of local

return over ten years from FY 2023 to FY 2032 while Beverly Hills is expecting \$32 million that is eligible for transit use and could contribute a portion to the Project. However, prior Board actions relating to the Twenty-Eight by '28 Initiative and funding for the cost increase to Gold Line Foothill 2B, Crenshaw/LAX Transit, Westside Subway Section 1, and Eastside Access did not support the use of local return. It is presumed these funds would similarly not be available for the cost increase to the Project.

#### *State and Federal Funding (Discretionary)*

The FTA has previously granted the Purple Line Subway Extension Section 1, Section 2, and Section 3 projects \$1.25 billion, \$1.187 billion, and \$1.3 billion, respectively, through the New Starts program. The March 2021 federal American Rescue Plan Act increased the New Starts grant on all three sections by \$218,284,002. In addition, through federal budgetary action, FTA provided an additional \$59,583,554 for Section 1, and has accelerated much of all three sections' New Starts funding compared to the scheduled payments in the Full Funding Grant Agreement.

Metro used the additional New Starts to address \$66,428,844 of a \$150,000,000 cost increase for Section 1 in May 2021, a \$75,000,000 cost increase for Division 20 in February 2022, an \$80,000,000 cost increase for Division 20 in April 2023, the \$134,000,000 cost increase for Section 2 in July 2023, but no further capacity remains.

Additional State or federal discretionary funding (where Metro would compete for the funding) is not probable, given that the Project has experienced cost increases, and the design/build contract has already been awarded.

#### Value Engineering

The requested Project cost increases are primarily due to the discovery of unexpected conditions in the path of construction. Value Engineering principles have been utilized to the extent possible to address the problems that were encountered. Efforts were made to select the best value option for each situation that balanced the need for a cost-effective solution while minimizing the potential impacts on project completion dates. If the obstructions had not been discovered and removed before the arrival of the tunnel boring machines (TBMs), the cost of extracting the damaged machines through the street surface above would have been considerably higher. Any attempt to identify and negotiate agreeable value engineering may result in further delays and potential additional costs.

#### Other Cost Reductions within the Same Transit or Highway Corridor or the Same Sub-region

The city and subregion have existing funding programs that have funding amounts yet to be programmed to the subregion or spent. The SEP is discussed above in the section "Subregional Programs."

The city of Los Angeles also receives funding through the Call-For-Projects, the competitive grant program funded and managed by Metro for the benefit of LA County cities, transit operators, and State highway projects last held in 2015. At times the

funding for certain projects in the Call-For-Projects is "de-obligated" if not spent within a reasonable timeframe, and this can be a funding source for other uses. Currently, there is no meaningful amount of de-obligated funds available unless the city chooses to terminate an existing project and all other projects are moving through their respective development process.

The subregions receive Measure M funding for other transit capital projects - Sepulveda Pass Transit Corridor, Crenshaw Northern Extension, West Santa Ana Branch, Vermont BRT, and Lincoln Blvd BRT. These projects have not been completed or have not completed their respective environmental processes. It is too early to determine if they could be delivered with excess or surplus funding that could provide funding for the Project cost increase.

#### Countywide Cost Reductions and/or Other Funds

Regional or countywide funding could be considered if new local agency resources are not allocated to the Project cost increase. These funds are programmed for other uses in Metro's 2020 Long Range Transportation Plan financial forecast during the timeframe when funds are needed for the Project cost increase. Eligible sources of countywide funding, including operations-eligible funds, are limited due to the restriction on using Proposition A and C for the Project and include General Fund and Lease Revenues. To address the restriction on Proposition A and C for the new subway, Metro has previously implemented multi-project funding swaps where Proposition A and or C was programmed on a project and an equal amount of Measure R was then programmed on the subway project with the cost increase. Countywide funds would be considered if new local agency resources are not utilized for the cost increase.

#### *State and Federal Funding (Formula)*

Metro receives quasi-formula funding through the Congestion Mitigation & Air Quality Program (CMAQ), Regional Improvement Program (RIP), Local Partnership Program (LPP), and Surface Transportation Block Grant Program (STBGP) (Formerly RSTP). The approved funding plan, before the current LOP increase, includes \$12.2 million of CMAQ, but no STBGP, RIP, and LPP are allocated. However, there is currently no capacity in the RIP or LPP. The RIP has been allocated to projects submitted in Metro's RTIP, and the next cycle of the LPP is planned to be used for other purposes. CMAQ and STBGP program guidelines after the 2021 corrective action now require any new project or new project phase funded with CMAQ and/or STBGP funds to be subject to a formal nomination and competitive project selection process. As a result, programming additional CMAQ and STBGP to the Project would be more difficult and require additional time.

#### **Recommendation**

Metro staff recommends using \$225 million of local Measure R 35% Transit Capital for the proposed LOP budget increase.

## ATTACHMENT C

### Westside Purple Line Extension Section 1 Project Projected Breakdown of Cost Allocation for \$225 million

Amount	Description
\$194,000,000	<p><b>Construction</b> Tunnels, Stations, Trackwork, Systems and Systems Integration Testing (D/B Contract C1045)</p>
\$8,000,000	<p><b>ROW, Land, Existing Improvements</b> Extension of Temporary Construction Easement (TCE) lease agreements.</p>
\$10,000,000	<p><b>Professional Services</b></p> <ul style="list-style-type: none"> <li>o EMSS - WSP: Engineering management support services providing design review support and assessment of engineering issues during construction.</li> <li>o CMSS - WEST: Construction management support services procured to support Metro staff in oversight of specific areas of project construction disciplines such as field inspectors, resident engineers and other construction support.</li> <li>o Legal Services: County Counsel legal services to assist project management.</li> <li>o Third Party Coordination - City of Beverly Hills: Provides engineering, construction support and legal services for City Staff and Consultants associated with the D/B Contract C1045.</li> </ul>
\$13,000,000	<p><b>Unallocated Project Contingency</b> Amount not yet allocated to a specific line item but is required for anticipated unknown cost increases.</p>
<b>\$225,000,000</b>	<b>Total Increase</b>

**Board Report 2023-0397**

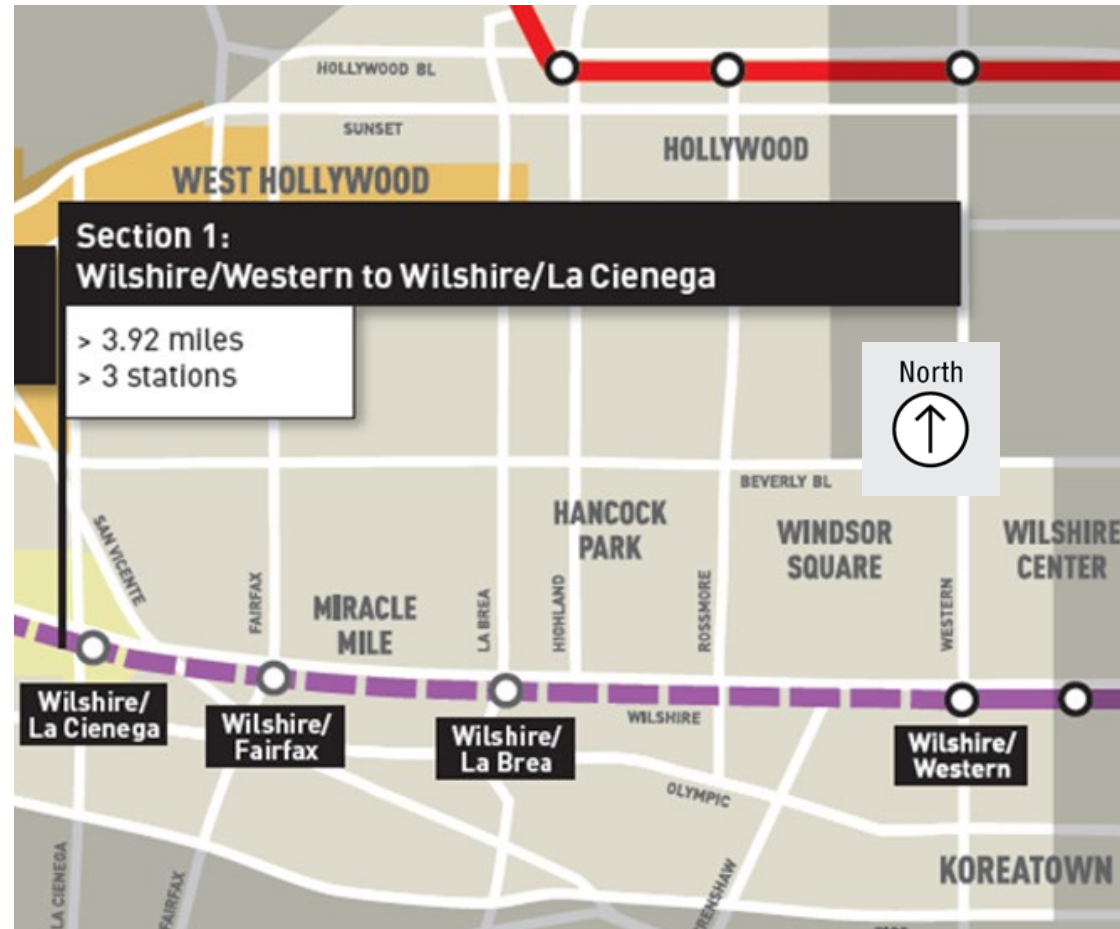
**May 2024**

**Life of Project (LOP) Budget Increase**

# WESTSIDE PURPLE LINE EXTENSION SECTION 1

## BACKGROUND

- The Project is currently 91% complete.
- With the implementation of the pending settlement agreement the anticipated Revenue Service Date (RSD) is Fall 2025.
- Estimated daily linked trips on the project using current year inputs of population and employment are 20,700. This number is expected to grow to 33,700 daily linked trips by 2035.



# WESTSIDE PURPLE LINE EXTENSION SECTION 1

- The Design/Build Contractor submitted a \$480 million claim including 33 Request for Changes (RFCs) that were not funded in previous budget requests.
- The Project has negotiated a pending settlement agreement of \$190 million to address the Contractor's \$480 million claim, excluding RFC 12 (Delay, Schedule Mitigation, and Inefficiency).
- The recommended \$225 million budget increase will:
  - Provide funding for the pending \$190 million settlement of the Contractor's \$480 million claim.
  - Provide \$35 million in funding for Real Estate, Professional Services, replenishing contingency, and the extension of the Project for an anticipated RSD of Fall 2025.



Wilshire/Fairfax Station Porcelain Tile Installation



Wilshire/La Cienega Station LFAT Testing



# WESTSIDE PURPLE LINE EXTENSION SECTION 1

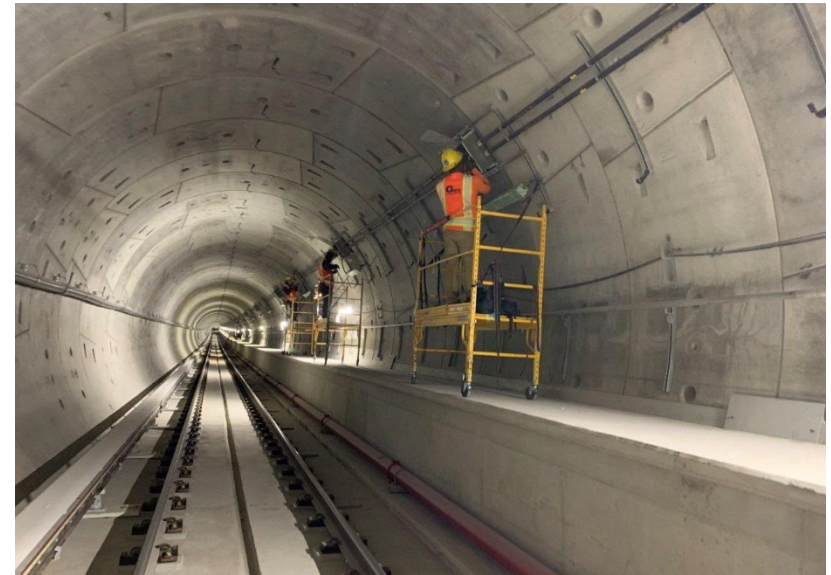
## LESSONS LEARNED

- Due to this Project's experienced DSC's, Program Management has implemented lessons learned for future geotechnical investigations as follows:
  - Conduct routine geotechnical investigations for all projects.
  - Early risk and reward identification based on potentially problematic areas identified in Phase 1.
  - Expand geotechnical investigations.
  - Further geotechnical investigations for certain contracts.
  - Utilize new technologies such as horizontal drilling and universal mapping.
- These geotechnical specification revisions are consistent with the 2023 OIG recommendations in regards to lessons learned and implementation on future underground projects.

## RECOMMENDATION

APPROVE: AMENDING the Life of Project (LOP) budget by \$225,000,000

- Current LOP: \$3,128,879,593
- Revised LOP: \$3,353,879,593



Reach 1 Tunnel Cable Installation



Wilshire/La Brea Station Canopy