



Board Report

File #: 2024-0512, **File Type:** Contract

Agenda Number: 13.

CONSTRUCTION COMMITTEE SEPTEMBER 18, 2024

SUBJECT: G LINE IMPROVEMENTS PROJECT

ACTION: APPROVE RECOMMENDATION

RECOMMENDATION

CONSIDER:

- A. ESTABLISHING a Life-of-Project (LOP) budget for the G Line Improvements Project in the amount of \$668,450,000; and
- B. AUTHORIZING the Chief Executive Officer to negotiate and execute project-related agreements, including Early Works Packages (EWPs), the Phase 2 Supplement and contract modifications, up to the authorized Life-of-Project budget.

ISSUE

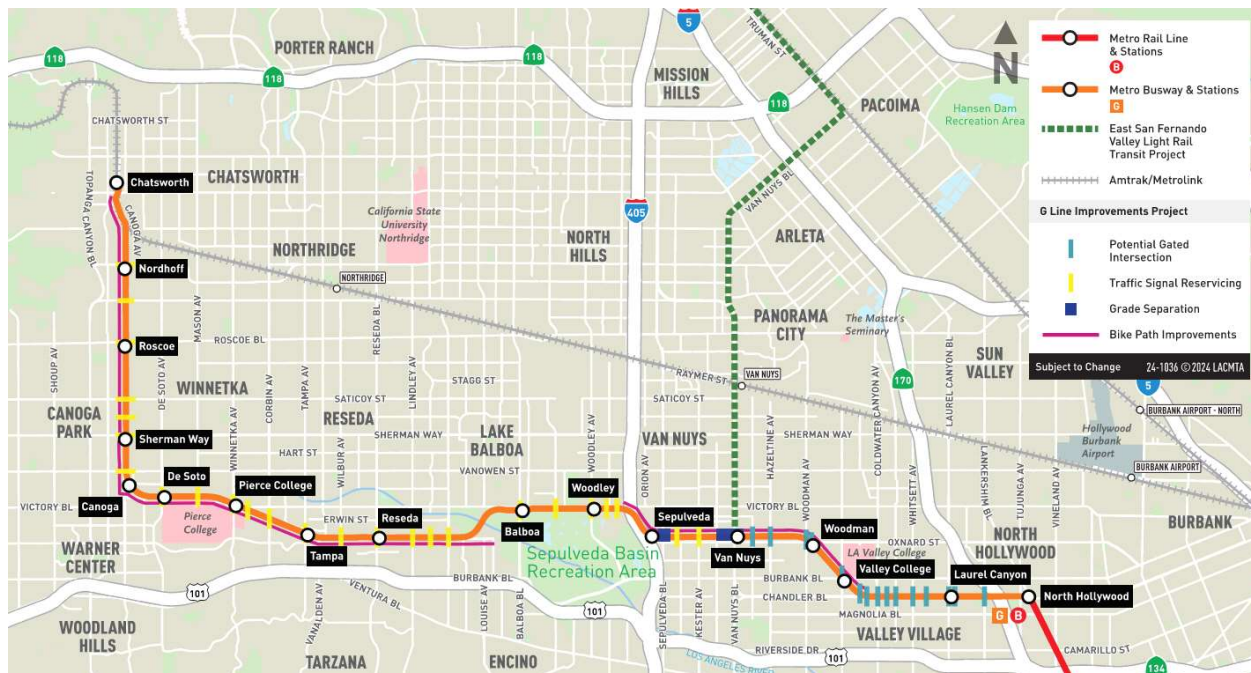
On August 25, 2022, the Board authorized a Preconstruction Budget for Phase 1 of the G Line Improvements Project, which included preconstruction services (design through 85%, value engineering, and estimating and price build-up). Since that time, Metro staff have worked with the Progressive Design Build (PDB) partner to collaboratively advance the design, complete field investigations, undergo constructability reviews and explore scope refinement and value engineering opportunities. A number of scope refinements were presented to the Board in November 2023 and align with the current project planning. The Project is nearing completion of Phase 1 of the PDB contract and is now ready to establish the LOP budget. Establishment of the LOP budget is a required next step to keep the Project on track for successful completion.

BACKGROUND

The Project seeks to improve transit ridership through safety enhancements and improvements designed to increase operating speeds, which will benefit customers and the surrounding communities of the San Fernando Valley.

The Project is using the PDB delivery method, which was selected to provide Metro with the opportunity to collaborate with the contractor on value engineering exercises, participate in constructability reviews and negotiate scopes of work to maintain affordability for the Project. Under

traditional delivery methods such as Design-Bid-Build, the scope is set at the time of bid with a contract price submitted to Metro, and the ability to collaborate with the contractor on scope and price is diminished, which can lead to late changes that ultimately impact the project cost and schedule. Using a two-phase PDB delivery method and appropriate allocation of risk and contingency early in the preconstruction process, Metro benefits by firming up pricing for elements of the project in collaboration with our construction partner, which supports greater cost certainty and value for money.



Throughout Phase 1, the Project underwent constructability reviews, and value engineering and cost estimating exercises to manage and reduce risk, identify cost drivers, and address affordability issues. The result is a refined project that meets the stated objectives of reduced travel time and increased safety with intentional improvements.

DISCUSSION

To date, the Project has been funded under the approved Preconstruction Phase-of-Project Budget of \$149,683,000. The proposed \$668,450,000 LOP budget for this project is the total project cost. This proposed LOP budget includes all incurred and forecasted costs for the project, including Metro labor and non-labor costs, support services, environmental/planning, design, preconstruction services, utilities, ROW, construction, and required contingencies. A full breakdown can be found in Attachment A Funding and Expenditure Plan.

PDB Phase 2 Cost Estimating and Negotiations

The LOP budget aligns with the refined scope presented at the November 2023 Board meeting. At this meeting staff presented value engineering and scope alternatives including the elimination of the aerial station at Sepulveda and reducing the number of gated intersections to 13, with traffic signal

reservicing at the remaining crossings. Stormwater capture scope was also removed due to both cost exceeding funding and inability to meet infiltration rates per Measure W grant requirements.

As the scope was refined, negotiation with VTP included an extensive price build-up process that included three rounds of estimating, reconciliation, and negotiation between Contractor's Opinion of Probable Construction Cost (OPCC) and Metro's Independent Cost Estimate (ICE). The final round of estimating yielded a VTP estimate for Phase 2 scope of \$502M, and an ICE estimate for Phase 2 scope of \$452M, a 10.9% variance. Final negotiations resulted in a reduced estimated cost for Phase 2 scope of \$468,474,169 a 4% variance from the ICE.

Due to various scope elements being at different levels of design, the project is proceeding with three main design/construction packages:

1. Grade Separations, Station & Bike Path - these scope elements are furthest in design and will be ready to start construction this fall under a large EWP. This is the largest portion of the latest estimates at approximately \$300M.
2. Gated Intersections - Estimates for gated intersections scope are still preliminary and range between \$110M (ICE) and \$122M (VTP). The primary cause of the difference in estimates is due to gated intersections design pricing. As a result of not being able to come to an agreement on price, in collaboration with VTP, Metro staff have determined a partial off-ramp for the design services of the gated intersections is appropriate. As design advances, detailed estimates for construction will be generated by VTP and Metro ICE, value engineering, and project affordability will drive the design progression. Staff will start Gated Intersections Design this fall by contracting the design through an existing Supplemental Engineering Services (SES) contract.
3. B Line Fiber - During the Phase 1 preconstruction activities, it was determined that there is insufficient fiber availability from North Hollywood B Line station to both the Bus Operations Control Center (BOC) and Rail Operations Control Center (ROC) to bring online new systems being installed under the G Line project and the East San Fernando Valley Light Rail Project. Therefore, the LOP includes approximately \$35M for the cost associated with design and construction of new backbone fiber through B Line tunnels to Union Station. This fiber upgrade also will improve systemwide fiber availability and resiliency. Staff are coordinating closely with Metro Operations on their project to upgrade the Cable Transmission System (CTS) for the A, B, and D Lines. The scope of their project involves the construction of a new backbone CTS fiber optic cable network to replace the existing legacy network to support the additional bandwidth required for existing system upgrades and future rail expansion projects.

Construction Support Service Contract (CSSC)

On July 22, 2021, Metro awarded a five-year cost plus fixed fee contract, Contract No. PS70129 with PMA Consultants LLC to provide Construction Support Services for the Project, for a not-to-exceed amount of \$17,273,075.56, with two (2) one-year options, \$3,498,933.58 for Option 1 and \$3,498,933.75 for Option 2 for a combined not-to-exceed amount of \$24,270,942.89. The recommended LOP accounts for an approximate \$6M increase to this contract to cover an increase

in estimating resources, other support staff and other direct costs, including the establishment of the integrated project management office (IPMO) shared by Metro and VTP staff.

Supplemental Engineering Services (SES) Contract

Gated Intersections design was anticipated to be progressed through AFC under the Progressive Design Build Contract. VTP submitted a cost and schedule proposal to perform the design for \$26M. The independent cost estimate for the same scope was \$14M. As a result of not being able to come to an agreement on price, in collaboration with VTP, Metro staff have determined a partial off-ramp for the design of this scope is appropriate. Staff will progress the design work under an existing SES contract with VTP performing the necessary coordination and construction work. No additional funding authorization is required for the proposed approach at this time and performing the scope under the SES will not impact the quality of the work or the project schedule.

Project Schedule

Upon approval of the LOP budget, staff will proceed with executing an EWP that will include construction of Van Nuys and Sepulveda Grade Separations and Bike Path Improvements. Construction start is anticipated in October 2024. The EWP will increase the contract duration by 34 months. Construction Substantial Completion for this work Summer 2027. This date is approximately 6 months beyond the milestone previously presented to the Board, however, it is still consistent with Measure M and SB-1 funding milestones. Revenue Operations are scheduled for Winter 2027/28, prior to 2028 Olympic Games.

Community Outreach

Metro has developed and continues to build valuable partnerships with local and regional jurisdictions and stakeholders including the City of Los Angeles, County of Los Angeles, Metro Service Council, local area Neighborhood Councils and chambers of commerce, local elected officials, and community and special interest groups. Staff is increasing outreach efforts as construction nears and will continue to engage stakeholders, through direct field visits, pop-up outreach at G Line stations, bike path and community events, presentations, collateral material distribution, and regular in-person and virtual community update meetings. Community presentations and informational materials will be provided in English and Spanish, and bilingual staff and professional language interpreters will be available at community meetings. Staff will continue to participate in outreach events to engage with community members in the project area, including Van Nuys, Reseda, Canoga Park, and the West Valley.

DETERMINATION OF SAFETY IMPACT

Approval of these recommendations will increase safety along the G Line through the installation of safety improvements including grade separations and railroad-style four-quadrant gates.

FINANCIAL IMPACT

This is a multi-year Project. Upon approval of the Life of Project (LOP) budget, staff will manage the

Project within the Board approved fiscal year budgets. It is the responsibility of the Project Manager and Chief Program Management Officer to budget for this project in future fiscal years.

Impact to Budget

Based on the negotiated value for Phase 2, staff recommends the establishment of a project LOP of \$668,450,000.

The Project is currently funded through a State SB1 Local Partnership Program grant (\$63,877,000), a Metro local funds match from tax measures Measure M - Highway (\$286,000,000), Measure W funding (\$3,043,000). The State SB1 Local Partnership Program grant value includes an \$11,123,000 reduction from the previously awarded Local Partnership Program grant to address the reduction in gated intersections and bike path improvements.

Staff have identified funding to close the funding gap through Proposition C funds (\$315,530,000), as shown in Attachment A Funding and Expenditure Plan.

Proposition C 25% funds are not eligible for Bus and Rail Operations. Staff will continue to seek state grants for the project to help offset the impacts of the LOP increase.

Multiyear Impact

The proposed LOP is a cost increase in comparison to the prior cost estimate included in the Measure M Ordinance, and the Project is subject to the Metro Uniform Cost Management Policy (Policy). The Policy requires that funding shortfalls are addressed in the following order.

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.

The first and third steps in the Policy are to evaluate scope reductions and value engineering. The PDB process has already identified and incorporated scope reductions and value engineering. The second step of the Policy is to look at new funding resources, including discretionary grants and funding along the corridor. However, the project if LOP is approved, is about to enter into construction and this would make the Project ineligible for most state discretionary grants (The project does not have federal environmental clearance and is not eligible for federal funding). In addition, the large cost increase will make the project uncompetitive for state funding, as the state has provided Local Partnership Program funding and does not generally participate in cost increases. The fourth and fifth steps are to look at cost reductions for Metro projects along the corridor or subregion. There are no Metro projects along the corridor or in the subregion that are at a point in their development and have the flexibility to be downsized within their current phase. The final step of the Policy is to use countywide funding, including formula grant funding that is available for projects throughout Metro's

service territory. The primary state formula funding for Metro (as discussed herein) are the Local Partnership Program and State Transportation Improvement Program. Metro will continue to work with the state to obtain funding from these programs for the Project. Metro must overcome the fact that the Project has already received state funding and has experienced a cost increase. In the absence of available state funding, the funding plan for the Project relies on countywide Proposition C 25% funding and this is currently identified as the main funding source to address the cost increase. The Proposition C 25% is currently programmed for several other Metro projects and programs and its use may result in the need to incur debt to fund the cost increase for the Project.

EQUITY PLATFORM

The Project seeks to improve transit passenger experience and pedestrian safety through the construction of grade separations, vehicle and pedestrian crossing gates, first/last mile improvements, and ADA-accessible features along the entire G Line alignment.

Additional consideration will be given to the potential impacts created by bus and bike detours, and lessons learned will be drawn from the recent A Line and L Line bus detours, such as proper and timely notification provided in multiple languages, concise and prominently located signage, and having Metro Ambassadors to facilitate and minimize impacts related to the disruption. Staff is currently increasing outreach efforts as construction nears and will continue to engage stakeholders, including those in EFCs about the proposed scope changes and construction activities through direct field visits, pop-up outreach at G Line stations, bike path and community events, presentations to the Metro Service Council, local area Neighborhood Councils and chambers of commerce, briefings for local elected officials, collateral material distribution, and regular in-person and virtual community update meetings. Community presentations and informational materials will be provided in English and Spanish, and bilingual staff and professional language interpreters will be available at community meetings. Staff will continue to participate in outreach events to engage with community members in the project area, including Van Nuys, Reseda, Canoga Park, and the West Valley.

Valley Transit Partners made a 18.35% Small Business Enterprise (SBE) commitment and a 3.73% Disabled Veteran Business Enterprise (DVBE) commitment for the Phase 1 (Pre-Construction) Work. The current level of SBE participation is 20.81% and the DVBE participation is 4.28%, exceeding the commitments by 2.46% and 0.55%, respectively. Phase 2 of the PDB contract has an SBE goal of 24% and a DVBE goal of 3%.

IMPLEMENTATION OF STRATEGIC PLAN GOALS

Strategic plan goal # 1, Metro will expand transportation options, improve the quality of its transit network and assets, and take steps to manage demands on the entire network.

Strategic plan goal #5, Metro will provide responsive, accountable, and trustworthy governance within the Metro organization.

ALTERNATIVES CONSIDERED

The Board may not approve this LOP and request that Staff off-ramp the Progressive Design Contractor and competitively bid scopes of work in an attempt to obtain lower costs for this project. Staff does not recommend this alternative because an off-ramp would require additional time for procurement and would jeopardize the project's ability to deliver the project on time and within the funding milestones set in Measure M and in the SB-1 grant.

NEXT STEPS

Upon approval of the LOP budget, staff will proceed by taking the actions described in this report. Construction start is anticipated for Fall of 2024.

ATTACHMENTS

Attachment A - Funding and Expenditure Plan

Prepared by:

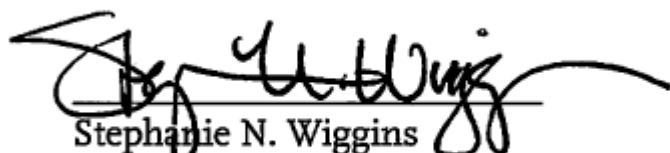
Annalisa Murphy, Senior Director, Program Management (213) 474-6838

Brad Owen, Senior Executive Officer, Program Management (213) 418-3143

Carolina Coppolo, Interim Deputy Chief Vendor / Contract Management Officer (213) 922-4471

Reviewed by:

Tim Lindholm, Interim Chief Program Management Officer, Program Management, (213) 922-7297



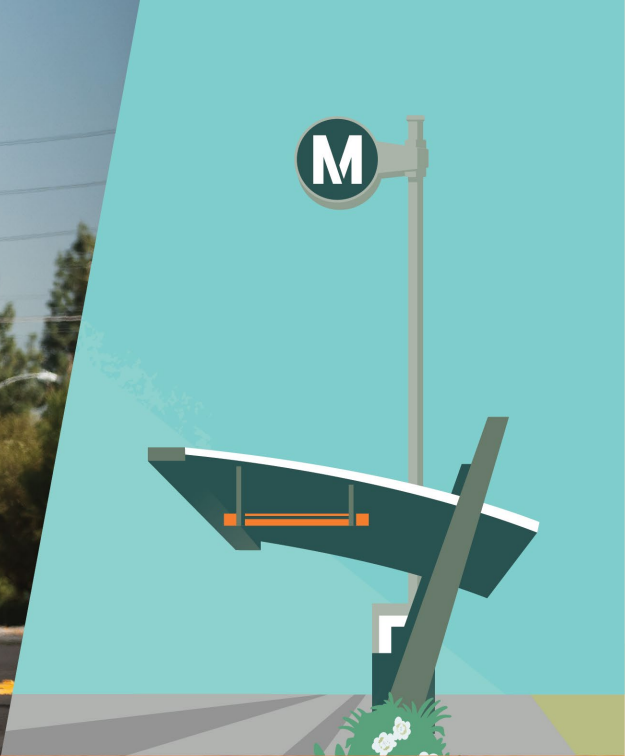
Stephanie N. Wiggins
Chief Executive Officer

Expenditure and Funding Plan
Metro G Line LOP Budget

Use of Funds	Total	Inception Thru FY 24	FY25	FY26	FY27+
Planning, Enviromental and Preliminary Engineering Services	\$ 16.202	\$ 16.202	\$ -	\$ -	\$ -
Right of Way Activities	\$ 2.408	\$ 0.877	\$ 1.532	\$ -	\$ -
Design & Construction	\$ 597.818	\$ 79.131	\$ 132.930	\$ 201.739	\$ 184.018
PDB Phase 1 - Preconstruction Services (Design & other services)	\$ 48.804	\$ 45.354	\$ 3.450	\$ -	\$ -
Final Design + Construction	\$ 468.474	\$ -	\$ 117.119	\$ 187.390	\$ 163.966
Metro Art Budget	\$ 1.487	\$ -	\$ 0.297	\$ 0.595	\$ 0.595
Construction Support Services	\$ 30.831	\$ 9.286	\$ 5.284	\$ 6.974	\$ 9.287
Other Professional Services	\$ 14.646	\$ 6.330	\$ 2.376	\$ 2.376	\$ 3.564
Third Party (COLA AWP & Utility Relocations, etc)	\$ 12.288	\$ 8.924	\$ 0.961	\$ 0.961	\$ 1.442
Agency Costs	\$ 21.287	\$ 9.238	\$ 3.443	\$ 3.443	\$ 5.164
Subtotal	\$ 616.428	\$ 96.210	\$ 134.461	\$ 201.739	\$ 184.018
Unallocated Contingency* (10%)	\$ 52.022	\$ -	\$ 13.005	\$ 20.809	\$ 18.208
Total LOP Budget	\$ 668.450	\$ 96.210	\$ 147.467	\$ 222.548	\$ 202.226
Source of Funds	Total	Inception Thru FY 24	FY25	FY26	FY27+
LACMTA Measure M Funds	\$ 286.000	\$ 93.166	\$ 44.000	\$ 74.417	\$ 74.417
Measure W** (Stormwater Infiltration)	\$ 3.043	\$ 3.043	\$ -	\$ -	\$ -
SB1 LPP (for Construction)	\$ 63.877	\$ -	\$ 63.877	\$ -	\$ -
Proposition C	\$ 315.530	\$ -	\$ 39.590	\$ 148.131	\$ 127.809
Total LOP Funding	\$ 668.450	\$ 96.210	\$ 147.467	\$ 222.548	\$ 202.226

*Unallocated Contingency 10% of cost less expenditures

**Costs associated with stormwater capture design and preconstruction services was funded by Measure W



We're improving speeds and safety
on the G Line.



G LINE (ORANGE) IMPROVEMENTS PROJECT

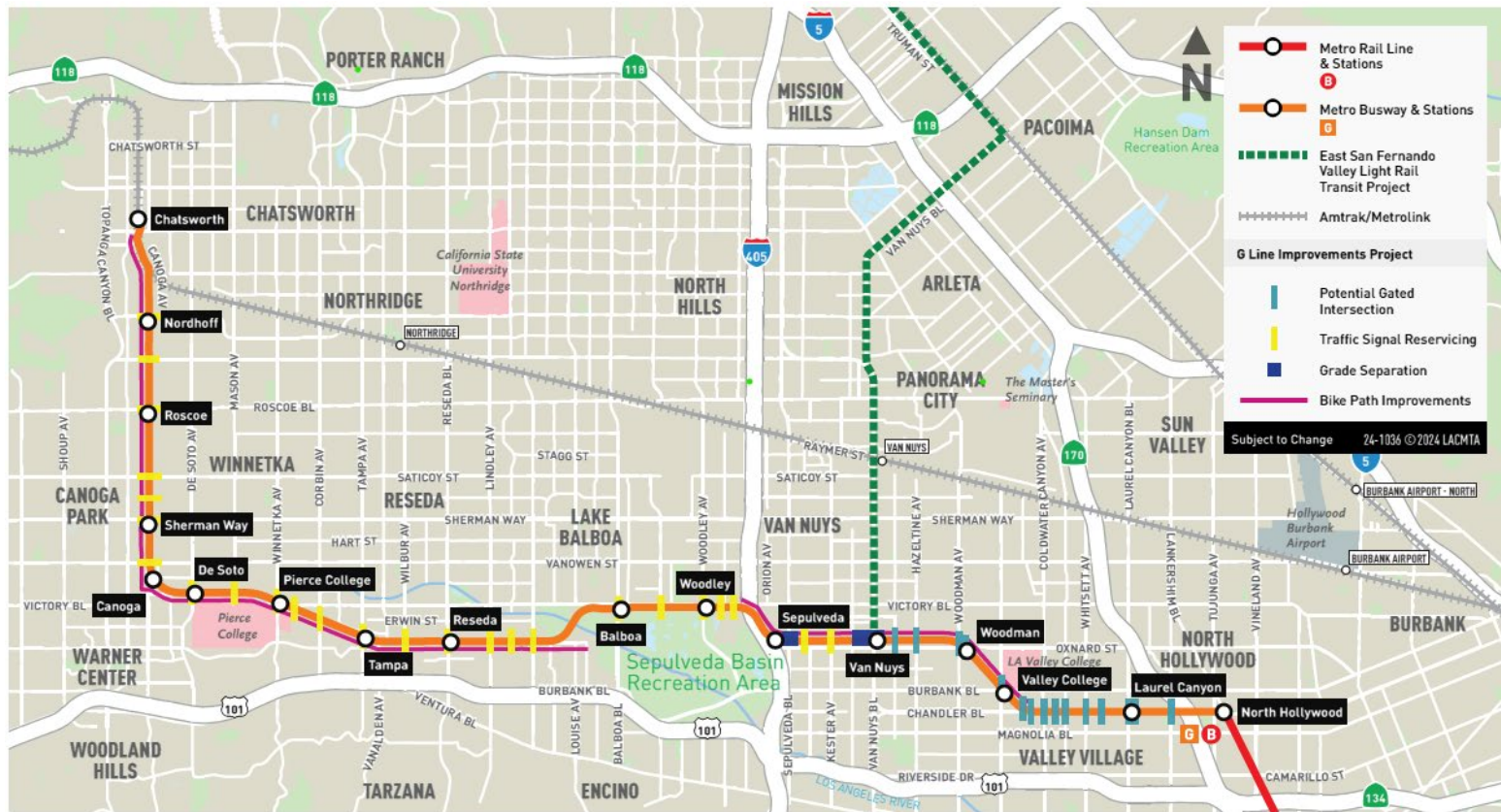
G Line Improvements Project

RECOMMENDATION:

- A. ESTABLISH a Life-of-Project (LOP) budget for the G Line Improvements Project in the amount of \$668,450,000; and
- B. AUTHORIZE the Chief Executive Officer to negotiate and execute project-related agreements, including Early Works Packages (EWPs), the Phase 2 Supplement and contract modifications, up to the authorized Life-of-Project budget



G Line Improvements Project



Impact of Value Engineering on Project Cost

- > Implementation of Value Engineering has reduced total project cost by approx. \$175M from the 30% Independent Cost Estimate

METRO G LINE BRT IMPROVEMENTS			
	(1) Initial Forecast and Funds Available	(2) 30% Design Independent Cost Estimate	(3) LOP post Value Engineering
Planning	\$ 3,497,840	\$ 3,497,840	\$ 3,497,840
Metro Labor	\$ 19,104,751	\$ 19,104,751	\$ 21,287,000
PDB Phase 1 (Pre-Construction)	\$ 43,997,256	\$ 49,521,176	\$ 48,804,000
Final Design + Construction	\$ 344,765,901	\$ 592,433,452	\$ 468,474,170
Professional Services and Other Construction Costs	\$ 57,072,495	\$ 65,991,838	\$ 71,956,988
ROW, Land, Existing Improvements	\$ 2,292,237	\$ 2,292,237	\$ 2,408,000
Total Project Cost excluding unallocated contingency	\$ 470,730,480	\$ 732,841,294	\$ 616,427,998
Unallocated Contingency	\$ 40,269,520	\$ 109,926,194	\$ 52,022,000
Total Project Cost	\$ 511,000,000	\$ 842,767,488	\$ 668,449,998
Available Funding	\$ 391,000,000	\$ 391,000,000	\$ 352,920,000
Delta between funding and Total Project Cost	\$ 120,000,000	\$ 451,767,488	\$ 315,529,998



G Line Improvements Project

SOURCE OF FUNDS	
State SB1 Local Partnership Program	\$63,877,000
Measure M Funding	\$286,000,000
Measure W Funding*	\$3,043,000
Proposition C Funding**	\$315,530,000
Total Project Funding	\$668,450,000

*Measure W Funding covered cost incurred for design and preconstruction services of stormwater capture prior to scope removal

** Staff will continue to exhaust grant funding options to replace Proposition C Funding



Next Steps

Approval of Life of Project Budget will initiate the following:

- > Execute Early Works Package to commence construction on Grade Separations, Station and Bike Path Improvements in Fall 2024
- > Execute Early Works Package for the design of the new fiber backbone through B Line tunnels
- > Commence design of Gated Intersections under a Supplemental Engineering Services Contract
- > Execute change to increase contract value for the G Line Construction Support Services Contract
- > Continue community outreach efforts and stakeholder engagement through construction

