



Board Report

File #: 2021-0773, File Type: Program

Agenda Number: 1.

REVISED
CONSTRUCTION COMMITTEE
MAY 19, 2022

SUBJECT: LINK UNION STATION PROJECT

ACTION: APPROVE RECOMMENDATIONS

RECOMMENDATION

APPROVE:

- A. The California High Speed Rail Authority Project Management Funding Agreement (PMFA) in the amount of \$423.335 million for the Link US Phase A Project and authorize the CEO to execute the Project Management Funding Agreement (PMFA) pursuant to Senate Bill 1029; and
- B. A Partial Preconstruction Phase Life of Project Budget in the amount of \$297.818 million, including \$121.382 million for the new Preconstruction Work and \$176.436 million for work previously approved by the Board since 2015.

ISSUE

The California High Speed Rail Authority Board of Directors unanimously approved the PMFA in the amount of \$423.335 million for the Link US Phase A Project on April 27, 2022 pursuant to Senate Bill 1029. Subsequently, the California State Department of Finance approved the PMFA On May 11, 2022 pursuant to Chapter 152, Statutes of 2012. Staff is requesting the Board to approve the PMFA for the Link US Phase A Project and authorize the CEO to execute the PMFA. Staff is also requesting approval of a Partial Preconstruction Life of Project Budget in the amount of \$297.818 million, including \$121.382 million of the new Preconstruction Work and previously board-approved pre-construction work totaling \$176.426 million dating back to 2015.

BACKGROUND

The Link Union Station (Link US) Project will transform how commuter and intercity rail operates in Southern California with run-through capability at Los Angeles Union Station (LAUS) providing one-seat rides from San Luis Obispo to San Diego, increasing commuter and intercity rail services by up to 60%, and accommodating future high-speed rail service. The Link US Project is planned to be implemented in two phases:

1. Phase A would include construction of the full viaduct structure over the US-101 freeway that

accommodates up to nine (9) new run-through tracks, track, signal, and communication work in the throat area, run-through platform, quiet zone ready improvements at Main Street grade crossing, active transportation improvements and preliminary engineering design for Phase B. The Phase A improvements has received full funding commitments of \$950.398 million.

2. Phase B would include raising the rail yard up to 15 feet for the run-through track viaduct structure, new platforms, a newly expanded passageway with retail and passenger amenities, 2 new outdoor plazas, escalators and elevators to all platforms, optimization of the throat with a new lead track and opportunity for a world class terminal station. Phase B is fully funded for planning, environmental and preliminary engineering, but it is not funded for final design and construction. Staff is working with the funding partners to seek federal, state, and local funds for the design and construction of Phase B.

CEQA & NEPA

Under a separate funding agreement with CHSRA, LACMTA 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 National Environmental Policy Act (NEPA) environmental clearance as early as August 2023, with California High Speed Rail Authority (CHSRA) as the NEPA Lead Agency.

DISCUSSION

On April 27, 2022, the California High Speed Rail Authority Board of Directors unanimously approved the PMFA in the amount of \$423.335 million for the Link US Phase A Project pursuant to Senate Bill 1029, subject to review and approval by the California State Department of Finance (DOF)(refer to Attachment A- CHSRA ~~Draft~~ Final Resolution Link US Phase A PMFA). Subsequently, the CHSRA submitted the PMFA to DOF on April 29, 2022 and the DOF approved the PMFA of the Link US Project Phase A pursuant to Chapter 152, Statutes of 2012 on May 11, 2022 (refer to Attachment B- State DOF Proposition 1A Agreement Approval). Consequently, staff is requesting the Board to approve the PMFA for the Link US Phase A Project and authorize the CEO to execute the PMFA . In partnership and collaboration with CHSRA and Southern California Regional Rail Authority, the Link US PMFA for Phase A will grant CHSRA the following rights and benefits:

1. HSR station in the heart of downtown Los Angeles with a run-through track bridge structure that will fully accommodate the future HSR tracks in Los Angeles Union Station.
2. The right to build all necessary improvements to allow HSR operations and operate two (2) HSR tracks on the LACMTA Railroad Right of Way consistent with a consensus design for the corridor within certain sections of the Valley and River Subdivisions and without impairing functionality or the uses of, or the maximum capacity associated with, the operations by other existing rail operators on the existing tracks in the Railroad Right of Way. This right is also subject to the requirements of all existing or modified Shared Use Agreements (as they may be further modified) that govern the use and operation of such existing tracks within the Railroad Right of

Way. CHSRA will be responsible for the full construction costs of HSR tracks and all facilities to be constructed on LACMTA property for the HSR rail service. If separately funded, LACMTA, in partnership with CHSRA, has the option to construct two HSR tracks in the corridor and subject to the restrictions identified above.

3. The right to operate four (4) HSR trains per hour per direction on the four-track shared corridor. The Parties jointly and cooperatively commit to identify and pursue funding, if needed, for an additional (fifth) track in the LACMTA-owned Right-of-Way, needed to accommodate future uses by other passenger rail and/or freight operators. When the State makes further investments in the corridor beyond the Funds to be provided under this PMFA, CHSRA will coordinate with LACMTA on further agreements for an expansion of operating rights beyond four (4) trains per hour per direction.
4. Non-exclusive inter-city operating rights on the Railroad Right of Way subject to the approval by the United States Surface Transportation Board (STB). LACMTA will cooperate and support CHSRA's efforts to obtain such STB approval. CHSRA will exercise its operating rights along this route, with the understanding that a more detailed operating plan will be required, along with follow-on agreements for maintenance and operations and any required amendments to the existing Shared Use Agreements between or among CHSRA and SCRRRA, BNSF Railway and Union Pacific Railroad (UPRR) which will need to be negotiated in good faith prior to any exercise of such operating rights by CHSRA.
5. Cooperation and support for CHSRA in negotiating such maintenance and operations agreements and amendments to the Shared Use Agreements with SCRRRA, BNSF Railway and UPRR as may be needed to allow for HSR operations on two (2) HSR tracks based on an approved HSR operating plan provided by CHSRA, and without limiting the operating rights and requirements for construction and operation of rail projects already approved by LACMTA's Board.

CMGC Project delivery

The Link US Project Phase A will be delivered utilizing the Construction Manager General Contractor (CMGC) project delivery approach that the Board previously approved on December 5, 2019. The CMGC project delivery method enables Metro to engage a CM/General contractor during the final design process in collaboration and partnership with Architectural/Engineering (A/E) Designer to develop the project scope, optimize the design, improve quality, assess the market conditions to determine and manage costs, and share risks as summarized in the Attachment C - Lifecycle of the CMGC Project Delivery Method.

There are two phases to the CMGC project delivery method, Preconstruction and Construction, and the staff recommended action seeks budget approval for the Preconstruction Phase only:

1. **Preconstruction Phase**, when the CM/General Contractor and designer work side by side to review constructability, undertake value engineering, conduct site investigations, assess market conditions, provide current contractor pricing, risk assessments and construction schedule at each successive prescribed design intervals to finalize the design. The goal of the CMGC project delivery method is to design and construct to budget.

The CM/General Contractor is engaged for preconstruction services to provide open book construction cost estimates throughout the design development. The CMGC process is intended to enable Metro and the General Contractor to successfully negotiate a construction contract at the completion of the design, within the approved budget. However, since the CMGC project delivery method is not a competitive construction bid and if for whatever reason the General contractor's pricing significantly exceeds the project budget, the process provides flexibility to off-ramp the CM/General Contractor at each design interval or any time for convenience throughout the Preconstruction Phase. Therefore, if the off-ramp is exercised, Metro can take advantage of all the work already performed by the CM/General Contractor and pivot to a different project delivery method with competitive construction pricing such as a design-bid-build.

2. **Construction Phase**, when the General Contractor has the first right to perform the Construction Work under a supplemental construction contract. After the final design has been completed and if the General Contractor has successfully negotiated a construction contract with Metro, the General Contractor builds the project. Staff will need to complete the NEPA environmental work by Summer 2023 before the Construction work can begin.

Partial Preconstruction Phase Life of Project Budget

Staff is seeking approval of a Partial Preconstruction Life of Project (LOP) Budget in the amount of \$297.818 million, which includes \$121.382 million of new Preconstruction Work and Preconstruction work totaling \$176.426 million approved by the Board since 2015 for environmental, planning, preliminary engineering, third party, soft costs and real estate acquisitions for Phase A (refer to Attachment D - Link US Partial Preconstruction Phase LOP Budget). This approval will enable the Link US Project Phase A to proceed with the first phase of the CMGC project delivery method, the Preconstruction Phase. Subject to Board approval in June 2022 of the CM/General Contractor, CM/General Contractor will collaborate with the Link US team to refine the preliminary engineering design to budget, work with Designer to develop the final design and prepare construction pricing as summarized in the Attachment B Lifecycle of the CMGC Project Delivery Method. With the approval of the Partial Preconstruction Phase LOP Budget, staff will provide the Board with the accountability identified in Board Motion by Directors Garcetti, Butts and Dupont Walker on January 25, 2018 (refer to Attachment E- Motion on Board Delegated Authority).

The new Preconstruction Work consists of NEPA environmental, preliminary engineering, final design, third-party work, real estate acquisitions, including early demolition, and all associated soft costs (legal, CMGC Project management, permit, etc.) as categorized in Table 1. The third-party work includes work performed by the City of Los Angeles, Metrolink, Amtrak, BNSF, LOSSAN, Caltrans, utilities, and other regulatory and jurisdictional agencies.

Table 1 - Link US Partial Preconstruction Phase LOP Budget (all amounts in millions)

Activity/Phase	Board Authorized Amount from Inception to October 2019	Board Authorized Amount in June 2021	New Preconstruction Work	TOTAL Partial Preconstruction Phase LOP Budget Request
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PA&ED Phase: Planning/Environmental/Preliminary Engineering, Third Party Work and Related Soft Costs	\$ 80.431	-	\$ 4.000	\$ 84.431
PS&E Phase: Final Design, Third Party Work, project management and all related soft costs	\$ 14.915	-	\$ 61.409	\$ 76.324
R/W Phase: Real Estate Acquisitions and Early Demolition	\$ 4.416	\$ 76.674	\$ 55.973	\$ 137.063
TOTAL	\$99.762	\$ 76.674	\$ 121.382	\$ 297.818

Development of the Life of Project Budget

As early as Fall of 2023, staff will return to the Board when the project is ready to start the second phase of the CMGC project delivery method, the Construction Phase. Staff will request the Board to supplement the Partial Preconstruction Phase LOP Budget for some Early Construction Work during the Preconstruction Phase. Under the CMGC project delivery method, the establishment of the Life of Project (LOP) Budget will be reassessed throughout the life of the project by phases. Therefore, after the final design for the Main Construction Work of the Link US Project Phase A is complete and a collaborative risk analysis with the CM/General Contractor is performed along with construction pricing and scheduling with appropriate contingencies in accordance with Metro's Best Practices Study, staff will return to the Board to seek approval for the LOP Budget as early as Spring 2024.

DETERMINATION OF SAFETY IMPACT

The Link US project is being planned and designed in accordance with Metro and Metrolink standards, state and federal requirements. Approval of the Preconstruction Budget for Phase A of Link US project will have no impact on safety.

FINANCIAL IMPACT

The Link US Phase A Partial Preconstruction Phase LOP Budget in an amount of \$297.818 million is fully funded with \$51.672 million in Measure R 3% Commuter Rail funds, \$18.726 million in California High Speed Rail planning funds, and \$227.42 million in State Transit Intercity Rail Capital Program (TIRCP) funds. Staff will return to the board for approval for the Life of Project budget once negotiations with the General Contractor for the Phase A Main Construction Work are successfully concluded. The anticipated cash flow is shown in Attachment D Link US Phase A Partial Preconstruction Phase LOP Budget.

This is a multi-year project and the Project Manager, Cost Center Manager and Chief, Program Management Officer are responsible for budgeting for future year expenditures.

Impact to Budget

There is no impact to the FY22 budget as the amount of \$63.1 million is included in the approved FY22 budget for cost center 2415 under Link US 460089. The funding sources for the Partial Preconstruction LOP Budget are not eligible to be used for Metro bus/rail operating or capital budget expenses.

EQUITY PLATFORM

The Link US Project will provide better transit connectivity and increase rail service capacity by as much as 60%. Project equity benefits and impacts include:

1. Foster livable and healthy communities by increasing access to transit and reducing reliance on automobiles, resulting in a reduction in greenhouse gas emissions and other harmful air pollutants. In addition, the Link US run-through tracks will reduce the times that Metrolink and Amtrak trains idle at LAUS, saving as much as five minutes for each ride and resulting in fewer emissions from Diesel locomotives.
2. Inclusive engagement practices to communicate the expected outcomes and benefits of the Link US Project to the populations with limited English proficiency (LEP). Project fact sheets, frequently asked questions (FAQs) and the Executive Summary of the FEIR were provided in other languages including Spanish, Japanese, Chinese, Vietnamese and Korean.
3. Improve access to opportunities by providing multi-modal transit options and increasing connectivity for transit-dependent populations. The improved rail service will also provide better access for the diverse communities along the Antelope Valley and San Bernardino Metrolink lines, where annual household income, automobile availability, and employment levels are lowest compared to the Metrolink system as a whole. The Link US Project will enable more frequent Metrolink and Amtrak services and accommodate future high-speed rail services, all of which expand access to jobs and services from other parts of the Southern California region and beyond for LA County residents. Further, it is estimated that the Link US Project will generate 4,500 jobs during construction and will result in over 200 permanent jobs.
4. Improve the quality of life for low-income residents, including those at the William Mead Homes, the first affordable housing project in the City of Los Angeles constructed in the 1950s and located within the Metro Equity Focused Areas, by:
 - a. A new sound wall that will be designed to reduce noise from both existing train operations and future increases in train operations; and,
 - b. Quiet-zone ready safety improvements at the railroad crossing on N. Main Street. A quiet zone would significantly reduce the train horn noise in the area.
5. Improve accessibility and user experience for passengers at LAUS by:
 - a. Replacing all ramps between the passageway and the train platforms with ADA compliant elevators and modern escalators.
 - b. Including additional transit amenities including restrooms, waiting areas, retail, etc.

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- c. Improving wayfinding to allow more seamless transfer of transportation services by including new static and modern dynamic signage installations within the Project limits to be designed in English and Spanish and other accommodations to assist those with hearing and/or visual impairments.

Utilization of the Partial Preconstruction Phase LOP Budget will enable equitable opportunities to increase transportation access disparities by providing multi-modal transit options to Equity Focus Communities (EFCs) in Los Angeles County transit users in the future. Staff is working with these EFCs, at their request, to develop opportunities that address their transportation priorities and mobility needs. As existing or new opportunities are developed throughout the Preconstruction Budget, equitable mobility options will be evaluated and incorporated into the project. This Preconstruction Budget does not have a direct equity impact, rather it will allow for Metro to promote the state's goals of reducing greenhouse gas emissions and traffic-related air pollution, promoting the development of a multi-modal transportation system, and providing clean, efficient access to destinations that can reduce transportation disparities.

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 and reduce train idling at Los Angeles Union Station (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 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 City of Los Angeles, SCRRA, LOSSAN Authority, Caltrans, CHSRA, CalSTA, FRA and Amtrak.

ALTERNATIVES CONSIDERED

The Board may choose not to move forward with approval of the Partial Preconstruction Phase LOP Budget. This is not recommended because the preconstruction work is fully funded, and we will incur schedule delays and corresponding costs if the project does not move forward. Furthermore, this may impact grant funding agreements with Caltrans for TIRCP funds and CHSRA.

NEXT STEPS

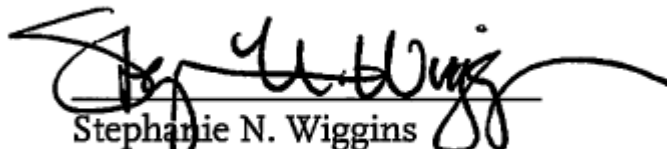
After Board approval, staff will

1. Work with CHSRA to receive an executed PMFA by June 2022.
2. Return to the Board in June 2022 to seek approval for CMGC contract award.
3. Complete the NEPA environmental work by Summer 2023.
4. Return to the Board by Fall 2023 for Early Construction Work.

Attachment A - CHSRA ~~Draft~~ Final Resolution Link US Phase A PMFA
Attachment B - State DOF Proposition 1A Agreement Approval
Attachment C - CMGC Capital Project Lifecycle
Attachment D - Link US Phase A Partial Preconstruction LOP Budget
Attachment E - Motion on Board Delegated Authority

Prepared by: Vincent Chio, Senior Director, Regional Rail, (213) 418-3178
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Stephanie N. Wiggins
Chief Executive Officer



CALIFORNIA HIGH-SPEED RAIL
RESOLUTION #HSRA 22-07

Approval of the Project Management and Funding Agreement for the Los Angeles Union Station (Link US) Project, a major capital investment for High-Speed Rail

Authorization to Submit the Project Management and Funding Agreement to the Department of Finance for Review and Approval as required by Senate Bill 1029, Statutes of 2012

Whereas, the California High-Speed Rail Authority (Authority) is responsible for the development and implementation of intercity high-speed rail service pursuant to California Public Utilities Code sections 185030 *et seq.*;

Whereas, the Safe, Reliable High-Speed Passenger Train Bond Act for the 21st Century, chapter 20 (commencing with section 2704) of Division 3 of the Streets & Highways (S&H) Code (Proposition 1A) was approved by the voters of the State in November 2008;

Whereas, Proposition 1A authorized bonds for purposes of developing a high-speed train system (as defined in the proposition);

Whereas, in 2012 the Authority entered into a Memorandum of Understanding with various other agencies in Southern California (2012 MOU) to implement early investments that would provide near-term benefits but that ultimately would be required for Authority operations in the future, and the Link US Project at Los Angeles Union Station was the highest priority project listed in the 2012 MOU due to its tremendous mobility and connectivity benefits for Southern California;

Whereas, in the Budget Act of 2012 (Senate Bill 1029), based on that 2012 MOU, the Legislature appropriated \$500 million in Proposition 1A bond proceeds to fund the types of early investments identified in the 2012 MOU;

Whereas, in September 2019, the Authority entered into a Memorandum of Understanding with the Los Angeles County Metropolitan Transportation Authority (LACMTA), the lead agency implementing the Link US Project, and the California State Transportation Agency to work cooperatively to access Proposition 1A funds for the Link US Project and to enter into a Project Management and Funding Agreement;

Whereas, California S&H Code section 2704.08(d) requires a detailed funding plan (Funding Plan) and preparation of a corresponding independent consultant report for a corridor or usable segment thereof prior to expenditure of the Proposition 1A bond proceeds;

Whereas, the Authority prepared a Funding Plan to utilize Proposition 1A bond proceeds for the Link US Project (Incremental Capital Investment (#2) within the Burbank to Los Angeles and Los Angeles to Anaheim Corridor pursuant to S&H Code section 2704.08(d), and engaged an independent consultant that prepared a report to the Authority Board pursuant to S&H Code section 2704.08(d)(2) both of which were completed and approved by the Board in April, 2020, through resolution #HSRA 20-01;

Whereas, Board Resolution #HSRA 20-01 directed the Chief Executive Officer (CEO) to begin to negotiate with LACMTA a Project Management and Funding Agreement (per Senate Bill 1029), and any other needed agreements, and to return to the Authority Board for authorization to enter into such agreement; and to ensure the recommendations made by the Authority's independent consultant are addressed in the Project Management and Funding Agreement;

Whereas, the Funding Plan calls for an Authority contribution of \$423.335 million in Proposition 1A bond proceeds towards the costs of the Link US Project (Phase A) to complete final design, right-of-way acquisition, and construction activities;

Whereas, the Authority has negotiated a Project Management and Funding Agreement (as required by SB 1029) with LACMTA;

Whereas, in Senate Bill 1029, the Legislature also requires that the Project Management and Funding Agreement be approved by the Department of Finance;

Therefore, it is resolved:

- The Authority approves the Project Management and Funding Agreement for the Los Angeles Union Station "Link US" Project.
- The CEO is authorized to submit the Project Management and Funding Agreement to Department of Finance for review and approval, and to finalize and execute the Project Management and Funding Agreement upon Department of Finance approval.

Vote: Richards; Miller; Pena; William; Camacho; Perea; Ghielmetti

Yes: 7

No: 0

Absent: Schenk; Escutia

Date: April 28, 2022

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DEPARTMENT OF
FINANCE

ATTACHMENT B

Gavin Newsom ■ Governor

915 L Street ■ Sacramento CA ■ 95814-3706 ■ www.dof.ca.gov

May 11, 2022

Brian P. Kelly
Chief Executive Officer
California High-Speed Rail Authority
770 L Street, Suite 620
Sacramento, CA 95814

RE: Approval of the Project Management and Funding Agreement for the Los Angeles Union Station Project

Dear Chief Executive Officer Kelly,

This letter is to notify the California High-Speed Rail Authority (Authority) of Department of Finance approval of the Project Management and Funding Agreement (PMFA) submitted pursuant to Chapter 152, Statutes of 2012, or the Los Angeles Union Station Project (Project).

Chapter 152 appropriated \$1.1 billion in Proposition 1A funding for the construction of locally-sponsored "bookend" projects that will eventually be part of the California's High-Speed Passenger Rail system. Of this amount, \$500 million was designated for a broad list of projects in Southern California. The Authority has reached an agreement to provide \$423.4 million to fund a portion of the Project, which will be matched with \$527 million from other private, local, and state funding sources.

Chapter 152 made distribution of the bookend funds to local project sponsors contingent upon Finance approval of a PMFA between the local project sponsor and the Authority. The Authority submitted the PMFA to Finance on April 29, 2022. Finance has completed a review and approves the PMFA.

For any further questions, please contact me at (916) 322-2263.

Sincerely,

Teresa Calvert
Program Budget Manager

cc: Toks Omishakin, Secretary, California State Transportation Agency

Attachment C: CMGC Capital Project Lifecycle

INITIATE	PRELIMINARY ENGINEERING & ENVIRONMENTAL APPROVAL		ROW ACQUISITION & CMGC PROCUREMENT	FINAL DESIGN & EARLY WORKS	MAIN CONSTRUCTION	PROJECT CLOSEOUT
STAGE 1	STAGE 2	STAGE 3	STAGE 4	STAGE 5	STAGE 6	STAGE 7
Project Initiation	Identify Preferred Alternative & Begin Preliminary Design	Environmental Clearance, Prepare for Construction	Right-of-Way Acquisition & CMGC Procurements	Final Design & Early Construction	Main Construction, Testing & Commissioning	Project Closeout
Define initial concept, framework, cost and schedule	15% Preliminary Engineering	35% Preliminary Engineering	Right-of-Way Acquisition/Early Demolition	Final Design (Constructability, Value Engineering, Building Information Model)	Start of Main Construction	Construction completed and transfer completed project from contractor to Agency
Initial scope evaluated in programmatic environmental impact statement with 5%	Risk Assessment, define preliminary scope, cost and schedule	Final (EIR/EIS) Environmental Clearance	Procure CMGC Contractor & CMGC Support Services (RFQ/RFP/Award)	Site Investigation, Construction Phasing Plan and subcontracting plan	Manage shared risks, cost and schedule	Detailed project documentation complete
Identify potential Risk	Draft Environmental Impact Report (EIR/EIS)	Determine and Seek Approval of Project Delivery Method	Third party agreements/work - railroads, local jurisdictions, utilities	Design/Construction Schedule & Cost Estimates for each design milestone	Minimize scope creep, change order and/claims	Revenue Service
	Evaluate Range of Alternatives & Identify Preferred Alternative	Identify Right of Way and Utility Relocations	Environmental permits - federal agencies	Independent Cost Estimates to validate cost estimates & shared risk assessment	Substantial Completion	
		Risk Assessment, Scope, cost, schedule	Risk assessment	Third Party Agreement & Work and Advance utility relocation	Ready for track and systems	
			Refine Scope, cost, schedule	Negotiate Firm Fixed Price (FFP) for Early & Main Construction. If negotiation for FFP is successful, award early and main construction work within Board approved LOP	Track & Systems Testing and Commissioning	
				*If negotiation of FFP is unsuccessful, pivot to Design Bid Build or other project delivery method	Pre-revenue testing	

Pre-Construction Phase

Construction Phase

Attachment D - Link Union Station Phase A Project Partial Preconstruction LOP Budget

Use of Funds	Total	2015 Thru FY 21	FY 22	FY 23	FY 24	FY 25
Planning, Environmental and Preliminary Engineering Services including Third Party and Soft Costs	\$ 84.431	\$ 80.431	\$ 1.000	\$ 2.500	\$ 0.500	
Right of Way Activities (Acquisitions, Early Demolition, etc.)	\$ 137.063	\$ 0.200	\$ 55.600	\$ 71.263	\$ 10.000	
Final Design Phase	\$ 76.324	\$ 4.000	\$ 6.500	\$ 22.000	\$ 24.000	\$ 19.824
<i>Final Design Engineering Services</i>	\$ 40.000	\$ 2.000	\$ 4.000	\$ 12.000	\$ 13.000	\$ 9.000
<i>Preconstruction Services</i>	\$ 18.324		\$ 0.500	\$ 6.000	\$ 6.000	\$ 5.824
<i>Third Party and Soft Costs (Agreements, Utility Relocation, Agency, Legal, etc.)</i>	\$ 18.000	\$ 2.000	\$ 2.000	\$ 4.000	\$ 5.000	\$ 5.000
Partial Preconstruction LOP Budget	\$ 297.818	\$ 84.631	\$ 63.100	\$ 95.763	\$ 34.500	\$ 19.824

Source of Funds	Total	2015 Thru FY 21	FY 22	FY 23	FY 24	FY 25
CHSRA ARRA and Other Funds (PA&ED, PS&E)	\$ 18.726	\$ 14.807	\$ 1.650	\$ 0.350	\$ 1.919	
CalSTA TIRCP Funds (PA&ED, PS&E and ROW)	\$ 227.420	\$ 25.154	\$ 60.450	\$ 93.413	\$ 30.581	\$ 17.822
LACMTA Measure R Funds	\$ 51.672	\$ 44.670	\$ 1.000	\$ 2.000	\$ 2.000	\$ 2.002
Total Funding for Partial Preconstruction LOP Budget	\$ 297.818	\$ 84.631	\$ 63.100	\$ 95.763	\$ 34.500	\$ 19.824



Metro

Board Report

Los Angeles County
Metropolitan Transportation
Authority
One Gateway Plaza
3rd Floor Board Room
Los Angeles, CA

File #: 2017-0924, **File Type:** Motion / Motion Response

Agenda Number: 31.1.

REGULAR BOARD MEETING JANUARY 25, 2018

Motion by:

GARCETTI, BUTTS, AND DUPONT-WALKER

Board Delegated Authority

In January 2017, the MTA Board approved a one-year pilot to delegate the CEO the authority to execute project agreements up to the Life-of-Project (LOP) budget for the Crenshaw/LAX, Regional Connector, and Purple Line Extension Section 1 & 2 projects.

The one-year contract authority pilot program appears to be effective, and MTA states that the pilot has generated an estimated of over \$20 million in cost savings.

The pilot program allows quick decision-making to avoid potential delays, allows for DBE's to receive adequate compensation, and avoids delays in payments.

An additional benefit also includes the lowering of cost risk factors when interested bidders submit their proposals.

Currently, MTA Chief Program Management Officer provides a monthly project status update at MTA Construction Committee that includes a Change Activity list for each capital transit project.

Each change consists of one line item with a brief description and cost.

Additional details on the justification for each change are required to enhance transparency, Los Angeles County voters expect every tax dollar is accounted for in a transparent manner.

With the flexibility of executing project agreements up to the Life-of-Project (LOP) budget, it should also come with greater responsibilities in accountability.

SUBJECT: MOTION BY GARCETTI, BUTTS, AND DUPONT-WALKER

Board Delegated Authority

WE THEREFORE MOVE that the Board direct the CEO to:

A. Include the following information in the form of quarterly report to the Board:

1. Provide a detailed description and explanation of each change order above \$500,000 issued and executed;
2. Provide details of the timeline for each change order and/or claim that is submitted and approved. Including the date of contractor submission and MTA execution;
3. Include the contract modification and/or change order amount that was submitted and what was approved by MTA staff and/or the CEO; and
4. Issue the first quarterly report to the Board by April 2018.

B. Include the following pre-conditions to ensure accountability:

- All MTA transit and regional rail capital projects program-wide must establish a Life of Project budget at the beginning of the project in order to be eligible for inclusion in this policy.

WE FURTHER MOVE that the Inspector General:

- C. Perform periodical random spot-check audits of these projects to ensure to the Board that the system and policy are performing in the manner described in the recommendation.



Board Report

File #: 2017-0827, **File Type:** Program

Agenda Number: 31.

**CONSTRUCTION COMMITTEE
JANUARY 18, 2018**

**SUBJECT: BOARD DELEGATED AUTHORITY FOR LOP
BUDGET MANAGEMENT**

ACTION: APPROVE RECOMMENDATIONS

RECOMMENDATION

CONSIDER:

- A. RECEIVING AND FILING report on the Board delegated authority to the Chief Executive Officer (CEO) one-year pilot program authorizing negotiation and execution of project related agreements, including contract modifications, up to the Life-of-Project (LOP) budgets on Crenshaw/LAX, Regional Connector, Westside Purple Line Extension Section 1 and Section 2 Projects; and
- B. AUTHORIZING the Chief Executive Officer to negotiate and execute project related agreements, including contract modifications, up to the authorized Life-of-Project Budget on all transit and regional rail capital projects program-wide.

ISSUE

On January 26, 2017, the Board of Directors delegated the CEO authority, for a pilot period of one-year, to execute project related agreements including contract modifications up to the LOP budget on the four mega transit corridor projects currently in progress - Crenshaw/LAX, Regional Connector, Westside Purple Line Extension Section 1 and Section 2 Projects. The Board also directed staff to provide monthly reports, which included any pending project-related agreements, change orders, contract modifications and any significant changes to project contingency. This report summarizes the results and impacts of this one-year pilot program, and recommends the continuation and expansion of the program.

DISCUSSION

Metro construction projects are often fast-moving, challenging and complex. Quick decision-making is required to take advantage of opportunities to keep the project moving and avoid costly delays. These opportunities require actions to be taken by project management to direct contractors through execution of contract modifications. As Metro projects have grown in size and complexity over the years, the authorization levels delegated to staff and the CEO have not kept pace with the demands

of the projects. On a large mega-project, the CEO's authorization level is often exceeded, thus requiring Board approval of an action.

The need to bring a contract modification to the Board for approval can add at least two months in the authorization process for all actions including time sensitive actions that may impact the project schedule critical path. By continuing the current Board delegated authority to the CEO, contractors will have the opportunity to start time-sensitive critical work immediately. Time is critical to achieving a successful project completion date and any time delay to a project can have exponential cost risks, including extended overhead payments due the contractor should the project be delayed.

In the most recent Los Angeles Construction Market Analysis Update received by the Board in September 2015, contractors working on Metro projects have indicated that the time in processing changes is a significant cost and schedule risk. As a result the contractors have had to include contingencies in their contract prices to address this risk. Any extended time in processing changes also puts subcontractors, including Disadvantaged Business Enterprises (DBEs), at risk of not receiving timely payment for work performed.

Under the current pilot program, changes and modifications are thoroughly reviewed and evaluated by a number of Program Management and Vendor/Contract Management (V/CM) executive management staff as follows:

- Up to \$500,000 by Director, Contract Administration and Project Manager;
- Above \$500,000 up to \$1M by Executive Officer, Vendor/Contract Management (V/CM) and Deputy Chief Program Management Officer;
- Above \$1M up to \$5M by Chief V/CM Officer and Chief Program Management Officer; and
- Above \$5M are elevated to the CEO for approval.

Based on the cumulative contract value, including changes and modifications executed under the Pilot Program, there was an overall increase in DBE participation across all four mega transit corridor projects during the one-year pilot period. Continuing forward, staff will review each change and modification for DBE participation to ensure opportunities for DBEs are maximized.

Results of the Program

As approved by the Board at the January 26, 2017 meeting, staff has implemented the pilot program and provided monthly reports to the Board. Staff also conducted an analysis to assess the program results and impact during the one-year pilot period.

Avoidance of Schedule Delays

Based on the data collected during the one-year pilot period, cumulatively among the four mega transit construction projects, change items were elevated to the CEO for expeditious action needed rather than waiting for the process for Board approval. This delegation resulted in projects avoiding schedule delays of up to 6 months and their related cost impacts. Metro staff has estimated that the pilot program has cumulatively generated cost savings that ranges from \$22.5M to \$30M, measured by project schedule delay avoidance. These cumulative cost savings are approximated using the average cost to the Crenshaw/LAX, Regional Connector, Westside Purple Line Extension Section 1 and 2 Projects for schedule delays range from \$3.3 to \$5 million per month for a total of \$6.6 to \$10

million per action for a 2-month delay.

By example, in July 2017, Regional Connector Project was faced with an unexpected need to replace the three screw conveyers to the tunnel boring machine (TBM) as they had been damaged after striking unforeseen site conditions during the first of two mining drives. The tunnel boring activity is on the critical path for the entire project. The estimated cost for the task was in excess of \$1 million. Replacement was accomplished during the ten-week preparation period prior to launching the second drive. The task of overseas procurement, followed by the placement and fitting of the new screws into the TBM assembly was accomplished during the scheduled reset and made possible by the CEO authorizing the procurement and associated installation labor under the pilot program. Without the pilot program, a substantial delay to schedule, at a cost of \$5 million per month, would have been experienced owing to the lead-time connected with the development and approval of regular Board actions.

By another example, in late May 2017, Westside Purple Line Extension (PLE) Section 1 Project identified an opportunity to increase the project schedule float by advancing the excavation work at the Wilshire/La Brea Station, which is on the critical path of this project schedule. Those work activities estimated in excess of \$10 million were elevated to the CEO for review and approval. For this specific change, a prompt turn-around was needed to take advantage of the opportunity to increase the project schedule float. Any prolonged process to implement this change would have resulted in a lost opportunity to gain back float. Without the pilot program, at least two-thirds of the float savings could not have been realized. With the pilot program in place, the change was elevated for the CEO approval and for the work to begin in the field. With the pilot program in place for this specific change, 130 days were added to the project schedule float.

Additional Program Benefits

In addition to allowing the projects to expedite execution of changes rather than incurring delays due to a lengthy approval of changes, there were additional positive program benefits realized, which are summarized as follows:

- Provides staff with the flexibility, responsibility and authority to manage the fast moving projects consistent with the need for quick decision-making and approvals. This is consistent with the Inspector General Office's Capital Project Construction Management Best Practices Study that was presented to the Board in April 2016, which recommended that project/construction management staff in charge be empowered and responsible for the change control process, with support from co-located professional contract administrators. This approach creates streamlined and effective project management allowing for project decisions to be formalized quickly, thus avoiding schedule delays.
- Maintains transparency as projects are still required to seek Board approval for any action requiring LOP budget approval or increase. The Board receives project updates through detailed Monthly Project Status Reports, monthly updates on the project status to the Construction Committee, and the Annual Program Evaluation (APE) presentation.
- Keeps the big picture focus on overall project budget management as opposed to detailed change orders. Since inception of the pilot program through early December 2017, a total of fifteen (15)

project actions were or will be addressed at the CEO level rather than requiring Board approval, one of which is pending CEO approval and execution.

- Maintain consistency with industry best practices for effective project management. The timely processing of contract modifications is a key element of project successes. With the significant increase in number and size of projects and the accelerated implementation schedule for delivering Metro's Capital Program, including the projects on the 28 by 2028 initiative presented at the November 30, 2017 Board meeting, a streamlined project management is integral to successful project delivery. This approach is consistent with other national transit agencies including San Jose, Seattle, and Denver.

ALTERNATIVES CONSIDERED

The alternative to staff recommendation is to not extend the delegated authority to other transit capital and regional rail projects program-wide. However, this is not recommended as capital projects will benefit from streamlined and efficient project management.

NEXT STEPS

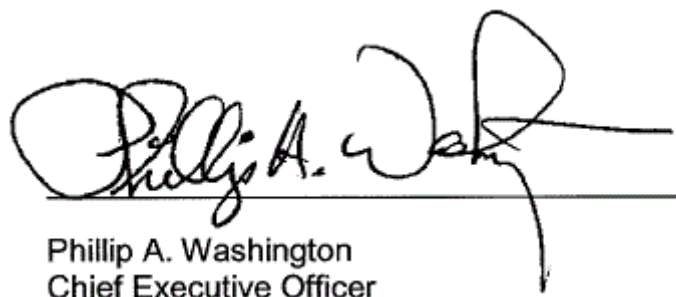
Staff will make the necessary changes to the policies and procedures to reflect this expanded delegation of authority to include all transit capital and regional rail projects program-wide. Monthly reports will be provided to the Board reflecting project related agreements and contract modifications executed under this delegated authority.

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Phillip A. Washington
Chief Executive Officer

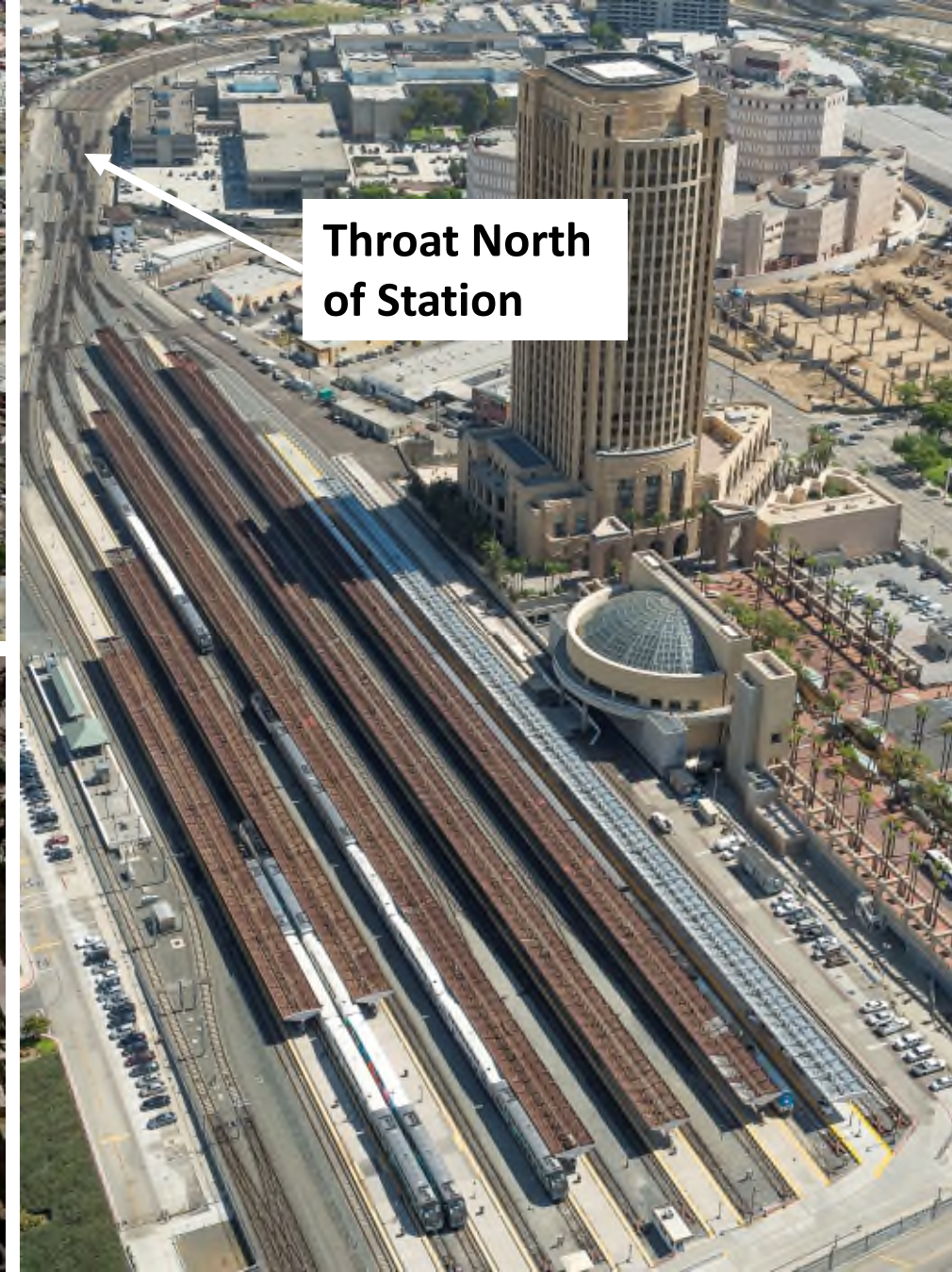
Link Union Station (Link US) Project



Concept Rendering – subject to change

Construction Committee
May 19, 2022





Stub-ended tracks

Throat North of Station



Los Angeles Union Station Today

Built in 1939 | Union Station is a stub end station and has not been modernized since it was built

Link US Project is implemented in two phases, Phase A and Phase B



The major component of Phase A is the run-through bridge structure

Phase A - Funded

SEGMENT 1 – THROAT AREA

1. Rail signal, communications and track work
2. Utility relocation

SEGMENT 2 – COMMERCIAL & CENTER ST

1. Property acquisition
2. Utility relocation
3. Street and ATP improvements

SEGMENT 3 – VIADUCT & RUN-THROUGH

1. Viaduct structure over US-101 (full width) and south of US-101 to 1st Street.
2. Two run-through tracks from Union Station Platform 4 to mainline tracks
3. Signal and communication

Phase B - Not Funded

SEGMENT 4 – RAIL YARD/CONCOURSE AREA

1. Raising of the rail yard, including new platforms and tracks, new stairs, escalators and elevators, and new bridges over Cesar Chavez Avenue and Vignes Street.
2. Proposed modified expanded passageway, including including East and West Plazas
3. Add remaining run-through tracks and new lead track in the throat

Existing Commuter and Intercity Rail Services at Los Angeles Union Station (Pre-Covid)

Carrier	Service	# of Weekday Trains (2020)
Metrolink	Riverside	12
	91 / Perris Valley Line	11
	Antelope Valley	30
	Orange County	23
	San Bernardino	38
	Ventura	33
LOSSAN	Pacific Surfliner	26
Amtrak	Southwest Chief; Coast Starlight; Sunset Limited	5

Total 178

There is a total of 178 commuter and intercity trains every weekday in addition to Metro light rail service and Metro subway service every 15 minutes or less during the peak



Link US Project Full Buildout (Phases A and B)

Up to 9 run-through tracks, 6 new reconstructed platforms



Proposed Commuter and Intercity Rail Services with the Link US Project

New High-Speed Rail Service with the Same Number of Platforms at Los Angeles Union Station

Carrier	Service		# of Weekday Trains (2040)
Metrolink	Riverside	Weekday Trains are expected to almost triple by 2040, with new High-Speed Rail service	22
	91 / Perris Valley Line		23
	Antelope Valley		48
	Orange County		41
	San Bernardino		48
	Ventura		51
LOSSAN	Pacific Surfliner		38
Amtrak	Southwest Chief; Coast Starlight; Sunset Limited and future routes		9
California High-Speed Rail	San Francisco to Los Angeles Union Station		173
Brightline West High-Speed Rail	Las Vegas to Los Angeles Union Station (via Palmdale using High Desert Corridor)		50

CHSRA Project Management Funding Agreement

APPROVE \$423.335 MILLION for Link Union Station Phase A



1. **April 27, 2022**- The California High Speed Rail Authority (CHSRA) Board approved the Project Management Funding Agreement (PMFA) for Link Union Station Project subject to the review and approval by California State Department of Finance (DOF).
2. **May 11, 2022** - The DOF approved the PMFA for the Link Union Station Project.

APPROVE Project Management Funding Agreement

FOR \$423.335 MILLION for Link Union Station Phase A

In Partnership with CHSRA and SCRRA, staff is requesting approval of the CHSRA PMFA that will grant the CHSRA the following rights and benefits:

1. **HSR station in the heart of downtown Los Angeles**
2. At CHSRA's sole cost, **the right to build all necessary improvements to allow HSR operations and operate two (2) HSR tracks on the LACMTA Railroad Right of Way** consistent with a consensus design for the corridor and **without impairing functionality or the uses of, or the maximum capacity and subject to the requirements of all existing or modified Shared Use Agreements** (as they may be further modified) that govern the use and operation of such existing tracks within the Railroad Right of Way. In partnership with CHSRA, has the option to construct two HSR tracks in the corridor and subject to the restrictions identified above.
3. **The right to operate four (4) HSR trains per hour per direction on the four-track shared corridor.** The Parties jointly and cooperatively commit to identify and pursue funding, if needed, for an additional (fifth) track in the LACMTA-owned Right-of-Way, needed to **accommodate future uses by other passenger rail and/or freight operators.** When the State makes further investments in the corridor beyond the Funds to be provided under this PMFA, CHSRA will coordinate with LACMTA on further agreements for an expansion of operating rights beyond four (4) trains per hour per direction.

CHSRA Project Management Funding Agreement

APPROVE \$423.335 MILLION for Link Union Station Phase A

(continue) In Partnership with CHSRA and SCRRA, staff is requesting approval of the CHSRA PMFA that will grant the CHSRA the following rights and benefits:

4. **Non-exclusive inter-city operating rights on the Railroad Right of Way subject to the approval by the United States Surface Transportation Board (STB).** LACMTA will cooperate and support CHSRA's efforts to obtain such STB approval. **CHSRA will exercise its operating rights along this route, with the understanding that a more detailed operating plan will be required, along with follow-on agreements for maintenance and operations** and any required amendments to the existing Shared Use Agreements between or among CHSRA and SCRRA, BNSF Railway and Union Pacific Railroad (UPRR) which will need to be negotiated in good faith prior to any exercise of such operating rights by CHSRA.
5. **Cooperation and support for CHSRA in negotiating such maintenance and operations agreements and amendments to the Shared Use Agreements with SCRRA, BNSF Railway and UPRR as may be needed to allow for HSR operations on two (2) HSR tracks based on an approved HSR operating plan provided by CHSRA, and without limiting the operating rights and requirements for construction and operation of rail projects already approved by LACMTA's Board.**

Link US Funding Plan (established in 2018)

FUNDING SOURCES

Funding Source	Amount (\$ in millions)	Partial Preconstruction Phase LOP Budget Request
State Proposition 1A/High Speed Rail Bonds	\$423.335*	-
State Transit Intercity Rail Capital Program (TIRCP)	\$337.571*	\$227.420
State Transportation Improvement Program (STIP)	\$60.820*	-
Metro Measure R 3%	\$51.672*	\$51.672
Other Metro Local funds	\$13.274**	-
SCRRA JPA Contribution (Non-Metro)	\$40.000*	-
Other HSR Funds	\$18.726*	\$18.726
LOSSAN/Amtrak	\$5.000**	-
Total	\$950.398 *	\$297.818

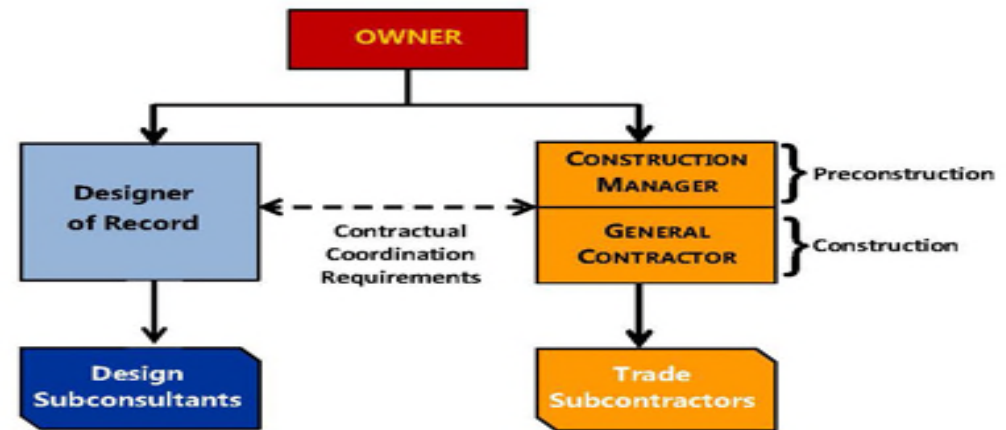
- 1. 98% of the funding for Link US Phase A funding plan as been secured with the CHSRA approval of the PMFA – \$932.124 million (out of \$950.398 million)**
- 2. Staff is working is on securing the remaining 2% or \$18.274 million which is not needed until main line construction begins as early as 2024.**

Construction Management/General Contractor

Two Phases of CMGC Project Delivery Method

1. The CM/GC project delivery method consists of two phases:

- a) **Preconstruction Phase**
- b) **Construction Phase**



2. The goal of the CMGC project delivery method is to design and construct to budget.

- a) The contractor acts as the (construction manager) consultant during the design process and can offer constructability and pricing feedback on design options and can identify risks based on the contractor's established means and methods. As noted earlier, **this process also allows the owner to be an active participant during the design process and make informed decisions on design options based on the contractor's expertise.**
- b) When the owner considers the design to be complete, the construction manager then has an opportunity to negotiate a price on the project based on the completed design, schedule and risks. **If the owner, designer and independent cost estimator agree that the contractor has submitted a fair price, the owner issues a construction contract and the construction manager then becomes the general contractor.**

CMGC Project Life Cycle (Metro Board approved CMGC 12/5/19)

Staff is requesting Partial Life of Project Budget for Preconstruction Phase

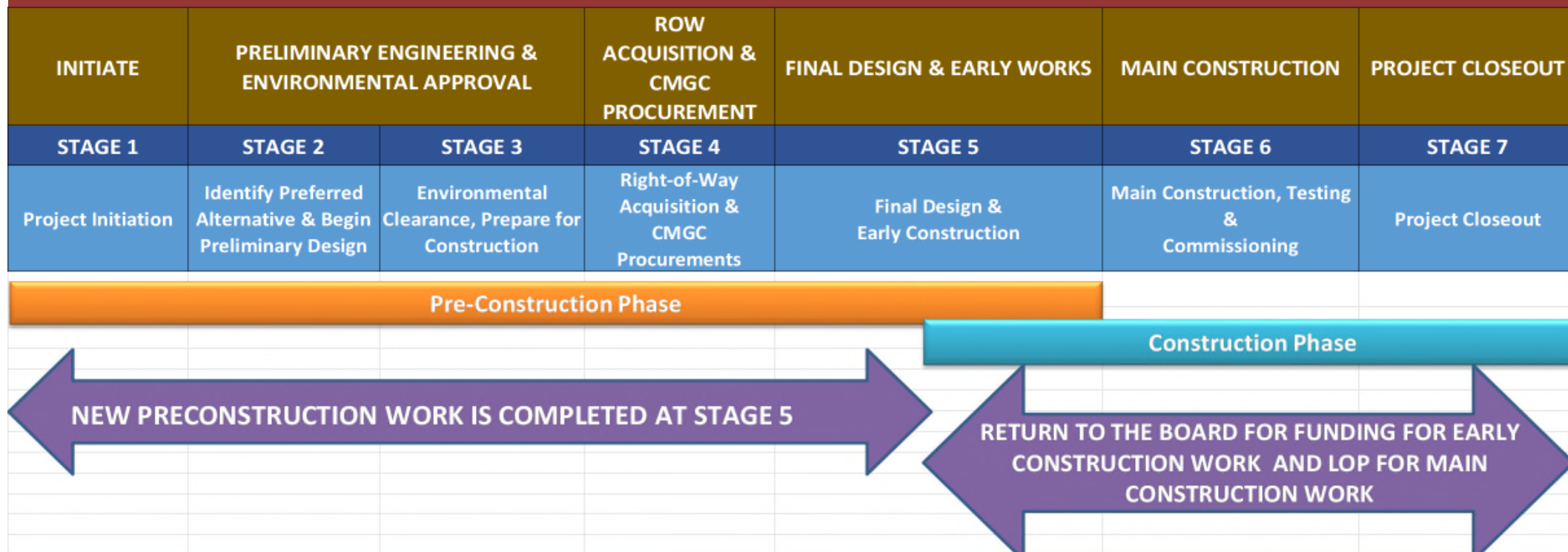
Staff is seeking approval of a Partial Preconstruction Life of Project (LOP) Budget in the amount of \$297.818 million compromising of:

- 1. \$121.382 million of new Preconstruction Work**
- 2. Previously Board approved Preconstruction work totaling \$176.426 million since 2015** for environmental, planning, preliminary engineering design, third party work, soft costs and real estate acquisitions for Phase A. The CEQA FEIR was completed July 2019 and amended in October 2021.

INITIATE		PRELIMINARY ENGINEERING & ENVIRONMENTAL APPROVAL		ROW ACQUISITION & CMGC PROCUREMENT	FINAL DESIGN & EARLY WORKS	MAIN CONSTRUCTION	PROJECT CLOSEOUT
STAGE 1	STAGE 2	STAGE 3	STAGE 4	STAGE 5	STAGE 6	STAGE 7	
Project Initiation	Identify Preferred Alternative & Begin Preliminary Design	Environmental Clearance, Prepare for Construction	Right-of-Way Acquisition & CMGC Procurements	Final Design & Early Construction	Main Construction, Testing & Commissioning	Project Closeout	
Pre-Construction Phase							
					Construction Phase		

CMGC – PRECONSTRUCTION PHASE

Staff is requesting Partial Life of Project Budget for Preconstruction Phase



New Preconstruction Work of \$121.382 million

1. Complete the NEPA Environmental Document by August 2023
2. Continue with Third Party agreements for advance utility relocations (LADWP, Telecomm, Gas, etc.)
3. Continue with Real Estate Acquisitions and on-going engineering support services
4. Continue work on preliminary engineering/final design
5. Prepare for CMGC award for Preconstruction Services subject to Board approval in June 2022

CMGC – PRECONSTRUCTION PHASE

Staff is requesting Partial Life of Project Budget for Preconstruction Phase

Activity/Phase	Board Authorized Amount from Inception to October 2019	Board Authorized Amount in June 2021	New Preconstruction Work	TOTAL Partial Preconstruction Phase LOP Budget Request
<u>PA&ED Phase:</u> Planning/Environmental/Preliminary Engineering, Third Party Work and Related Soft Costs	\$ 80.431	-	\$ 4.000	\$ 84.431
<u>PS&E Phase:</u> Final Design, Third Party Work/Utility Relocation, project management and all related soft costs	\$ 14.915	-	\$ 61.409	\$ 76.324
<u>R/W Phase:</u> Real Estate Acquisitions and Early Demolition	\$ 4.416	\$ 76.674	\$ 55.973	\$ 137.063
TOTAL	\$99.762	\$ 76.674	\$ 121.382	\$ 297.818

All funding has been secured and there is no impact to the FY22 budget as the amount of \$63.1 million is included in the approved FY22 budget for cost center 2415 under Link US 460089.

Next Steps

After Board approval, staff will

- 1. Work with CHSRA to receive an executed PMFA by June 2022.**
- 2. Return to the Board in June 2022 to seek approval for CMGC contract award for preconstruction services only.**
- 3. Complete the NEPA environmental work by Summer 2023.**
- 4. Return to the Board by Fall 2023 for funding for Early Construction Work to supplement the Partial Preconstruction LOP budget.**

QUESTIONS?