



Board Report

File #: 2026-0266, File Type: Informational Report

Agenda Number: 18.

CONSTRUCTION COMMITTEE MAY 20, 2026

SUBJECT: EAST SAN FERNANDO VALLEY LIGHT RAIL TRANSIT PROJECT

ACTION: APPROVE RECOMMENDATION

RECOMMENDATION

AUTHORIZE the Chief Executive Officer to:

- A. ESTABLISH a Life-of-Project (LOP) budget in the amount of \$3,998,675,309 for the East San Fernando Valley Light Rail Transit Project (Project);
- B. AMEND the Progressive Design-Build Contract No. PS89616000 with San Fernando Transit Constructors (SFTC), a Joint Venture (JV) of Skanska USA Civil West California District, Inc. (Skanska) and Stacy and Witbeck, Inc., to implement the Phase 2 Supplement of the Project in the amount of \$1,988,038,124 increasing the total contract value from \$442,916,240 to \$2,430,954,364; and
- C. AWARD and EXECUTE all project-related agreements and modifications to existing contracts within the authorized LOP Budget.

ISSUE

Staff is seeking the Board's approval for two items: (1) establishing a LOP budget in the amount of \$3,998,675,309 for the Project; and (2) to execute a modification to implement the Phase 2 Supplement of the Progressive Design-Build Contract PS89616000 to SFTC. The LOP budget is inclusive of all previously awarded contracts, expenses incurred to date, and activities to be performed by the contractor and professional services contracts for the Project.

BACKGROUND

The Project extends north from the Van Nuys Metro G-Line station to San Fernando Road, a total of 6.7 miles of dual track light rail transit (LRT) system with 11 at-grade center platform stations. The Board certified the Final Environmental Impact Statement/ Environmental Impact Report (EIS/EIR) in December 2020, and the Federal Transit Administration (FTA) signed a Record of Decision in January 2021 for the project. Included in the Final EIS/EIR, the Project was defined as the Initial Operating Segment (IOS). An additional extension of the LRT system 2.5 miles to the north on share

rail right of way also was included in the Final EIS/EIR. Per the Board's request, additional studies (ESFV Shared ROW Study) were conducted to address concerns raised by local cities and Metrolink regarding traffic and safety. In December 2025, the Board directed staff to select and move forward with a new environmental clearance effort for new crossing gates along the Metrolink system and a new Pacoima Metrolink Station with a mobility hub in lieu of extending the light rail 2.5 miles. This 2.5 mile segment is not the subject of this Board action.

The Project provides a dual track street running light rail transit system along the middle of Van Nuys Boulevard from Oxnard Street to San Fernando Road. This includes 11 at-grade center platform stations, 10 traction power substations, and a maintenance and storage facility (MSF) for LRT vehicles. This Project is the subject of this board action.

On May 10, 2022, the FTA issued Metro a Letter of Intent (LOI) to obligate funding for the Project under the Expedited Project Delivery (EPD) Pilot Program. Metro and the FTA signed the Full Funding Grant Agreement (FFGA) on the Project alignment on September 6, 2024. The FFGA was executed on September 13, 2024, for a total Award Budget of \$3,573,279,911 with a Federal assistance amount of \$893,319,978.

Through the Preliminary Engineering (PE) phase of the Project, design refinements resulted in updates to the project description. In October 2023, the Metro Board approved an Addendum to the EIR assessing design refinements and updated Project elements developed during Preliminary Engineering. In July 2023, a letter regarding the Environmental Determination for East San Fernando Valley Transit Corridor Reevaluation was received from the Federal Transit Administration in compliance with NEPA and no further studies would be required.

On February 23, 2023, the Board approved the award of a Progressive Design-Build (PDB) contract to San Fernando Transit Constructors (SFTC), a joint venture of Skanska USA Civil West California District, Inc., and Stacy and Witbeck Inc., for Phase 1 Preconstruction Services in the amount of \$30,979,750. Phase 2 of the PDB contract includes Design, Construction, Testing and Commissioning of the Project. A Preconstruction Phase-of-Project Budget (Preconstruction Budget) in the amount of \$496,856,000 was also established at the February 23, 2023, Board meeting.

On April 14, 2023, Notice to Proceed (NTP) was issued to SFTC for Phase 1 work which includes validation of base design, value engineering, and a framework for negotiating and reaching a Phase 2 Contract Price. The implementation of Early Works Packages (EWPs) concurrently with Phase 1 work advanced design efforts and utility adjustment work from the Phase 2 scope of work to support contract price negotiations and project schedule.

In July 2024, the Board approved an increase to the Preconstruction Budget to \$879,731,000. Budget items included awarded phases of construction contracts, EWP's, priority Real Estate acquisition and relocation, third party agreements, Metro labor, and encumbered and forecasted costs for professional services.

In February 2025, the Board approved a second increase to the Preconstruction Budget to \$1,487,826,000 to continue supporting Real Estate acquisitions and relocation activities, utility relocation work, and project support costs.

DISCUSSION

Since the execution of the Phase 1 of the PDB Contract in early 2023, Metro has been working with the PDB Contractor on defining scope, managing risk, and establishing cost and schedule certainty to support the submittal of a firm fixed price proposal for Phase 2 from the contractor.

Development of Opinion of Probable Cost (OPC) estimates identified construction costs trending higher than the initial project costs included in the FFGA budget, specifically in the areas of complex utility relocations, traffic control plans, and the MSF. During the EWP negotiations, the team also identified market conditions as a risk and cost driver that resulted in higher costs among all work items.

Utilizing the collaboration of the PDB delivery model, the contractor and Metro teams worked together to evaluate Value Engineering concepts that lead to design refinements, resizing of MSF, and more efficient phasing of construction in coordination with site access constraints. In addition, Metro agreements with third parties including LADWP and LADOT will support further schedule savings and reduction of overall project risk. While the final negotiated contract value has resulted in an increased budget beyond the original forecast, the efforts listed above were able to drive the contractor's cost down by over \$150M during final negotiations.

During this time, several EWPs were executed to advance Phase 2 PDB activities, such as final design, early material procurement, utility relocations, and real estate activities critical to meet construction schedules.

At this time, both Metro and the PDB contractor have agreed to a final fixed firm price to implement Phase 2 of the PDB contract, bringing the total Project cost to \$3,998,675,309. This includes the previously approved Preconstruction Budget of \$1,487,826,000.

This LOP encompasses all project costs, including costs which are not eligible for Federal reimbursement. A funding source separate from the ESFV Project funding plan, Measure M inflation funding, has been identified to support these non-eligible costs and included in Attachment A - Funding and Expenditure Plan.

DETERMINATION OF SAFETY IMPACT

This Board action will not have any negative impact on established safety standards.

FINANCIAL IMPACT

Upon Board approval, budget will be added to the existing LOP Budget for Project 865521- East San Fernando Valley Light Rail Transit Corridor, in Cost Center 8510 - Construction Project Management.

As this is a multi-year capital project, the Chief Program Management Officer and the Project Manager will be responsible for budgeting costs for future years.

Impact to Budget

The sources of funding for the Project include local Measure R and Measure M, federal and state grants as shown in Attachment A - Funding and Expenditure Plan. These funds are not eligible for bus and rail operations.

Multiyear Impact

The Project has \$3,574,773,281 of capital funding programmed in the Metro financial forecast based on the federal EPD Award Budget (the Metro programmed funding differs from the Award Budget as it excludes federally eligible finance charges and includes non-federally eligible expenses incurred prior to the EPD grant award), which is comprised of Measure M and Measure R designated for the Project, Measure R and Proposition C transferred to the Project per a Metro Board action in October 2023 (#2023-0558), additional Proposition A and Proposition C, and a local agency contribution by the City of Los Angeles. Additional programmed funding includes awarded state Transit and Intercity Rail Capital Program (TIRCP), Traffic Congestion Relief Program Funds (TCRP), Regional Improvement Program Funds (RIP), and Local Partnership Program grants, and the federal EPD grant.

The proposed LOP is a \$423,902,028 cost increase in comparison to the EPD Award Budget and is subject to the Metro Uniform Cost Management Policy (Policy). The Policy requires that funding shortfalls are addressed through: 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 Policy analysis (Attachment E) has found that the cost increase must be addressed from other or additional countywide funding resources. The Project cost increase is proposed to be funded from the Measure M 35% Contingency Subfund for eligible inflation adjustments and Proposition C 25%, pursuant to the Uniform Cost Management Policy. Funding from Measure R 35% Capital Project Contingency for eligible inflation adjustments was also evaluated as part of the Uniform Cost Management Policy analysis but is not recommended due to limited Measure R funding capacity. The recommended funding sources are not eligible for Metro transit operations funding.

EQUITY PLATFORM

The additional funding will support continued community and small business engagement efforts led by Metro Community Relations (CR) staff in conjunction with the implementation of construction activities:

- **Elected Representatives and City Representatives:** To date, Metro CR staff have met with representatives from the City of Los Angeles Neighborhood Councils and Council District Offices, on upcoming construction, mitigation plans/efforts, and outreach efforts to the local community. Metro has held several quarterly community construction update meetings, presented at various community and school meetings, tabled at various special events, and presented at various

business association meetings. The Construction Relations team is currently conducting bilingual door-to-door outreach of small businesses along the Project alignment.

- **Community Members:** The Project has established a Construction Relations and Mitigation Program that includes a Community Leadership Council (CLC), a volunteer stakeholder council. The CLC meets regularly with the Project team and has been instrumental in providing direct feedback and community advocacy over the past two years. Some highlights of its work include advocacy for expansion of the BIF program to the ESFV LRT Project, planting more native trees on the project alignment, shared right-of-way alternatives, a refreshed parking study, numerous partnerships with Metro CRMP to host workshops and community events. The Project also plans to implement a Community Based Organization (CBO) Partnership program during Phase 2 of the Project that aligns with Metro's CBO Partnering Strategy.
- **Small Businesses:** Metro CR staff visited, informed and provided the small businesses along the alignment bilingual project information along with small business mitigation programs available to businesses along the Project corridor: Eat Shop Play (ESP), Business Interruption Fund (BIF), and Business Solution Center (BSC). The BIF formally launched on this Project first quarter of 2024 and ESP launched in October 2024. The BSC program is being re-imagined targeting specific business support services to meet the needs of the business community and is anticipated to launch Summer 2026.
- **Cultural Competency Plan (CCP):** The CCP includes a comprehensive strategy for engagement with the local community utilizing a multi-layered approach focused on a career academy, small business opportunities, and project internal culture and training. Training will encompass the entire team, including vendors and subcontractors. The CCP supports an accountability framework to track the progress of each task and goal through the utilization of technology in order to develop the highest standards of resources and programs for the community. The CCP was developed by the contractor in collaboration with Metro. The CCP will be implemented and maintained by the contractor and representatives from Program Management, and Community Relations assigned to the ESFV project will oversee the implementation of the plan.

Through the implementation of construction mitigation programs and continued outreach efforts, assistance to small businesses during construction will be achieved and the phasing of construction will be developed to minimize impacts to adjacent businesses and residents. Engaging the community through the CCP will increase cultural awareness of communities throughout the limits of construction along Van Nuys Boulevard, supporting mobility needs and business and employment opportunities.

While SFTC made a 19.33% Disadvantaged Business Enterprise (DBE) commitment on Phase 1 - Pre-Construction of the project, the U.S. Department of Transportation (USDOT) has issued an Interim Final Rule (IFR) that makes changes to the DBE Program, including suspension of goals, counting of participation, and enforcement, effective October 3, 2025. As such, the DBE commitment is not a factor in the staff recommendation.

The Diversity & Economic Opportunity Department (DEOD) has established a zero percent (0%)DBE goal for the Phase 2 Supplement of this project. The USDOT has issued an Interim Final Rule (IFR) that makes changes to the DBE Program, including suspension of goals, counting of participation,

and enforcement, effective October 3, 2025. SFTC submitted a voluntary Small Business Enterprise (SBE) participation plan listing 15% SBE (11% Metro Certified, 4% State Certified) involvement in the Phase 2 Work. This is noteworthy, as small businesses play a critical role in the economy by driving job creation, fostering innovation, and strengthening local communities.

The construction of the Project includes a 40% Targeted Worker goal, 20% Apprentice Worker goal, and 10% Disadvantaged Worker goal consistent with Metro's Project Labor Agreement/Construction Careers Policy (PLA/CCP). These goals are intended to expand access to employment opportunities for residents of economically disadvantaged communities and ensure that the economic benefits of Metro's investments reach local workers.

VEHICLE MILES TRAVELED OUTCOME

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

The Final Environmental Impact Statement/Final Environmental Impact Report for the East San Fernando Valley Transit Corridor Project was certified by the Board in December 2020 and a Record of Decision issued by the Federal Transit Administration in January 2021. VMT for the project has already been analyzed for this item through the East San Fernando Valley Transit Corridor, DEIS/DEIR. The Final Environmental Impact Statement/Final Environmental Impact Report for the East San Fernando Valley Transit Corridor Project was certified by the Board in December 2020 and a Record of Decision issued by the Federal Transit Administration in January 2021. VMT summary can be found in Appendix G Transportation Impacts Report published in 2020. VMT was forecasted with Metros Travel Demand Model using traffic counts collected in 2011, 2012, and 2013. Year 2040 was chosen for definition of future baseline conditions. The result of this analysis was that the number of transit trips would reduce the number of trips by auto in general due to mode Preference changes by commuters. A VMT reduction of 54,207 was calculated for the project.

*Based on population estimates from the United States Census and VMT estimates from Caltrans' Highway Performance Monitoring System (HPMS) data between 2001-2019.

IMPLEMENTATION OF STRATEGIC PLAN GOALS

The Project supports the following strategic goals:

Strategic Goal 1: Provide high-quality mobility options that enable people to spend less time traveling.

The purpose of the Project is to provide high-capacity transit service in the San Fernando Valley.

Strategic Goal 2: Deliver outstanding trip experiences for all users of the transportation system.

The at-grade light rail system will attract bus ridership and improve the trip experience for users of the transportation system.

Strategic Goal 3: Enhance communities and lives through mobility and access to opportunity.

With 11 stations, including connections to Metro G-Line and Metrolink, the ESFV enhances mobility to the community.

Strategic Goal 4: Transform LA County through regional collaboration and national leadership.

Collaboration with the elected officials, citizens, and Metro patrons of San Fernando Valley continues to positively impact the Project.

ALTERNATIVES CONSIDERED

The Board may choose not to move forward with establishing a Life of Project Budget and/or Phase 2 of the Progressive Design-Build Contract. This is not recommended as Metro will incur undesirable schedule delays and cost increases if this action does not move forward. Furthermore, delays to the Project will have detrimental effects on the available Federal and State Grant funding dollars.

NEXT STEPS

Upon Board approval, Metro staff will amend the contract to implement the Phase 2 Supplement of Contract No. PS89616000 with SFTC to begin the remaining Phase 2 work.

ATTACHMENTS

Attachment A - Funding and Expenditure Plan

Attachment B - Procurement Summary

Attachment C - Contract Modification / Change Order Log

Attachment D - DEOD Summary

Attachment E - Measure R and Measure M Unified Cost Management Policy Analysis

Prepared by:

Greg Gastelum, Senior Executive Officer, Program Management, 213-218-8479

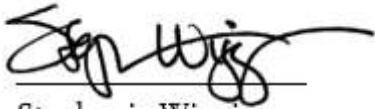
Kevin Grady, Deputy Executive Officer, Project Controls, 213-294-1439

Mat Antonelli, Deputy Chief Program Management Officer, 213-893-7114

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

Reviewed by:

Tim Lindholm, Chief Program Management Officer, 213-922-2797

A handwritten signature in black ink, appearing to read 'Step Wiggins', written over a horizontal line.

Stephanie Wiggins
Chief Executive Officer

Attachment A
ESFV Funding & Expenditure Plan

(\$ in millions)	Proposed LOP Budget	Prior Years	2026	2027	2028	2029	2030	2031	2032	2033
USE OF FUNDS										
Construction Costs	2,597.429	186.271	229.380	433.982	459.980	470.595	397.625	316.501	102.995	0.100
ROW/Land Existing Improvements	313.467	177.686	40.817	42.000	35.000	10.700	4.800	2.464	-	-
Vehicles	187.946	0.449	0.316	21.444	11.205	16.807	41.551	59.759	36.416	-
Professional Services	472.909	101.731	42.997	55.743	53.288	56.064	54.707	57.184	39.969	11.225
Unallocated Contingency	284.300	-	-	9.045	34.888	73.653	63.962	47.164	38.765	16.823
Prior Planning/Environmental Costs (865521)	61.493	61.493	-	-	-	-	-	-	-	-
Additional Planning Expenses (405521/465521) ⁽¹⁾	21.369	24.732	(3.363)	-	-	-	-	-	-	-
Additional Project Expenses ⁽²⁾	59.763	0.043	0.071	1.200	11.200	12.000	13.000	14.650	6.000	1.600
TOTAL USES	\$ 3,998.675	\$ 552.404	\$ 310.218	\$ 563.413	\$ 605.561	\$ 639.819	\$ 575.645	\$ 497.722	\$ 224.144	\$ 29.748
SOURCES OF FUNDS										
Federal Revenue										
Section 5339 Alternatives Analysis	0.968	0.968	-	-	-	-	-	-	-	-
Section 3005(b) Expedited Project Delivery Grant	893.324	171.560	30.000	-	236.980	203.439	251.344	-	-	-
Federal Revenue Subtotal	894.292	172.528	30.000	-	236.980	203.439	251.344	-	-	-
Local Revenue										
Prop A - Rail Development Account (35%)	47.593	-	-	23.847	13.023	-	-	9.438	1.285	-
Measure R - Transit Capital (35%) ⁽³⁾	250.500	32.195	-	16.139	-	110.616	-	28.418	63.132	-
Measure R - Highway Projects (20%) ⁽⁴⁾	49.417	-	-	-	29.999	19.418	-	-	-	-
Prop C - Discretionary (40%)	110.000	-	-	-	-	96.693	-	13.307	-	-
Prop C - Transit-Related Highway (25%)	416.210	1.330	-	-	-	83.242	57.286	183.006	65.842	25.505
Local Agency Transit Project Contributions	82.560	-	-	-	82.560	-	-	-	-	-
Measure M -Transit Construction (35%) ⁽⁵⁾	1,020.835	266.536	-	47.330	100.809	52.406	192.071	263.553	93.886	4.244
Local Revenue Subtotal	1,977.115	300.061	-	87.316	226.391	362.375	249.357	497.722	224.144	29.748
State Revenue										
Transit and Intercity Rail Capital Program (TIRCP)	805.000	-	280.218	476.097	48.684	-	-	-	-	-
Traffic Congestion Relief Program Funds (TCRP)	27.000	27.000	-	-	-	-	-	-	-	-
Other State Revenue	18.185	18.185	-	-	-	-	-	-	-	-
Regional Improvement Program Funds (RIP)	202.139	34.630	-	-	93.504	74.005	-	-	-	-
SB1 - Local Partnership Program	74.944	-	-	-	-	-	74.944	-	-	-
State Revenue Subtotal	1,127.268	79.815	280.218	476.097	142.189	74.005	74.944	-	-	-
TOTAL SOURCES	\$ 3,998.675	\$ 552.404	\$ 310.218	\$ 563.413	\$ 605.561	\$ 639.819	\$ 575.645	\$ 497.722	\$ 224.144	\$ 29.748

(1) The negative amount in FY26 reflects an accounting adjustment that moves costs for a feasibility study to a separate phase of the project.

(2) These costs are tracked separately to distinguish project expenditures not eligible for federal reimbursement, including real estate goodwill, and to ensure transparency in the use of non-federal funds.

(3) Includes transfer of surplus Measure R funding of \$182.0M.

(4) Reflects \$49.417 million allocated from Measure R Highway (20%) I-5 North Capacity Enhancement.

(5) Measure M funding of \$810.5 million, inclusive of inflation adjustments from Contingency Funds.

PROCUREMENT SUMMARY

**EAST SAN FERNANDO VALLEY LIGHT RAIL TRANSIT LINE PROJECT
PHASE 2 SUPPLEMENTAL PROGRESSIVE DESIGN-BUILD
CONTRACT NO. PS89616000**

1.	Contract Number: PS89616000			
2.	Contractor: San Fernando Transit Constructors (SFTC), a Joint Venture (JV) of Skanska USA Civil West California District, Inc. (Skanska) and Stacy and Witbeck, Inc.			
3.	Mod. Work Description: Phase 2 Supplement			
4.	Contract Work Description: East San Fernando Valley Light Rail Transit Line Project			
5.	The following data is current as of: April 16, 2026			
6.	Contract Completion Status		Financial Status	
	Contract Awarded:	02/23/2023	Contract Award Amount:	\$ 30,979,750
	Phase 1 Notice to Proceed (NTP):	04/14/2023	Total of Modifications Approved:	\$ 411,936,490
	Original Complete Date:	10/31/2025	Pending Modifications (including this action):	\$1,988,038,124
	Current Est. Complete Date:	09/30/2031	Current Contract Value (with this action):	\$2,430,954,364
7.	Contract Administrator: Robert Romanowski		Telephone Number: 213.922.2633	
8.	Project Manager: Greg Gastelum		Telephone Number: 213.922.2168	

A. Procurement Background

This Board Action is to amend the Progressive Design-Build Contract with San Fernando Transit Constructors to implement Phase 2 for the completion of construction of the East San Fernando Valley Light Rail Transit Line Project. This Contract Modification will be processed in accordance with Metro's Acquisition Policy and the contract type is a firm fixed price.

On February 23, 2023, the Board awarded a Progressive-Design Build (PDB) Contract No. PS89616000 (File #2022-0865) with San Fernando Transit Constructors (SFTC), a Joint Venture (JV) of Skanska USA Civil West California District, Inc. (Skanska) and Stacy and Witbeck, Inc. The contract award for pre-construction services (Phase 1) was \$30,979,750 for a period of performance of 30 months. The construction phase of this contract was initiated on August 29, 2024, with the Chief Executive Officer's approval of Identified Early Works Package (EWP) 03 in the amount of \$32,841,918, which accelerated the advanced utility adjustment portion of Phase 2. The Phase 2 includes the scope, cost, risk, and schedule of all the construction work.

B. Cost/Price Analysis

The Phase 2 amount shown below includes all previously negotiated Early Works Packages, Contract Modifications, and resolves all Change Orders issued to date (refer to Attachment C – Contract Modification/Change Order Log), as well as implementing Phase 2 for the completion of construction of the East San Fernando Valley Light Rail Transit Project Line. The amount has been determined to be fair and reasonable based upon fact finding, the independent cost estimate (ICE), cost analysis, technical evaluation, and negotiations.

Proposal Amount	Metro ICE	Negotiated Phase 2 Amount
\$2,399,974,614	\$ 2,358,151,945	\$2,399,974,614

CONTRACT MODIFICATION / CHANGE ORDER LOG

**EAST SAN FERNANDO VALLEY LIGHT RAIL TRANSIT LINE PROJECT
PHASE 2 SUPPLEMENTAL PROGRESSIVE DESIGN-BUILD
CONTRACT NO. PS89616000**

Mod. No.	Description	Status (Approved or Pending)	Date	\$ Amount
1	Revise Incorporated Documents	Approved	08/01/2023	\$0
2	Early Works Package 01 (EWP 01)	Cancelled		\$0
3	Revise Sections 23.2 and 23.4 and Exhibit 14 Parts D & E (Waivers)	Approved	12/11/2024	\$0
4	Additional Load Flow Analysis Report for 810vdc	Approved	10/29/2024	\$116,009
5	Revise and Reissue Federal Wage Determination	Approved	11/12/2024	\$0
6	Design Potholing	Approved	11/20/2024	\$3,034,495
7	Modify Exhibit 6 - Worksite	Approved	12/23/2024	\$0
8	Specify Delay Compensation Rate for and within EWP 03 – UA 4/6	Approved	04/01/2025	\$0
9	Modification to Early Works Package (EWP) 04 – Authorization to Continue with Final Design for Firm Fixed Price	Approved	05/30/2025	\$118,030,568
10	Incorporate Tall Faregates into the Design Documents	Approved	11/12/2025	\$0
11	Revise GR Section 01 56 39 for Tree Establishment Period in EWP 06	Approved	10/31/2025	\$36,512
12	Incorporate the Work Self-Performed by (DWP-PS) (3-mile Underground) into Design Work Schedule	Approved	11/20/2025	\$918,581
13	Incorporate VE items (Encapsulation, Crossover Design, Defer Vertical Conveyance, and Paving Pattern) into the Phase 2 Work	Approved	11/12/2025	\$250,000

14	Additional Phase II Environmental Work at MSF Parcel E-011: Indoor/Ambient Air Sampling and Soil Vapor Sampling	Approved	11/26/2025	\$25,795
15	Incorporate Revised LACMTA Construction Safety and Security Manual (CSSM) Revision 6.0: February 2025 and Modify Section 13.1 (c) Prequalification of Subcontractors	Approved	01/07/2026	\$0
EWP 01	Design Studies	Approved	07/29/2024	\$4,807,602
EWP 02	Initial IPMO	Approved	08/06/2024	\$8,793,508
EWP 03	Utility Adjustment (UA) 4-6	Approved	08/29/2024	\$32,841,918
EWP 04	Final Design	Approved	09/30/2024	\$80,000,000
EWP 05	IPMO (Project Office)	Approved	12/14/2024	\$24,063,661
EWP 06	Utility Adjustment Packages (UA) 2-3-7	Approved	01/03/2025	\$83,500,000
EWP 07	UA 5 Water, Demolition, and Select long lead procurement	Approved	08/19/2025	\$50,017,841
EWP 08	CIDH Piles at Van Nuys-G Line Station	Approved	05/22/2025	\$5,500,000
16	Phase 2	Pending	05/28/2026	\$1,988,038,124
	Modification Total:			\$2,399,974,614
	Original Contract:			\$30,979,750
	Total:			\$2,430,954,364

DEOD SUMMARY

**EAST SAN FERNANDO VALLEY LIGHT RAIL TRANSIT LINE PROJECT
PHASE 2 SUPPLEMENTAL PROGRESSIVE DESIGN-BUILD
CONTRACT NO. PS89616000****A. Small Business Participation**

The Diversity & Economic Opportunity Department (DEOD) has established a zero percent (0%), Disadvantaged Business Enterprise (DBE) goal for the Phase 2 Supplement of this project. The U.S. Department of Transportation (USDOT) has issued an Interim Final Rule (IFR) that makes changes to the DBE Program, including suspension of goals, counting of participation, and enforcement, effective October 3, 2025.

LACMTA encouraged San Fernando Transit Constructors (SFTC) to maintain its support for and engagement with the small business community during Phase 2 Work. In response, SFTC submitted a voluntary Small Business Enterprise (SBE) participation plan listing 15% SBE involvement. This is noteworthy, as small businesses play a critical role in the economy by driving job creation, fostering innovation, and strengthening local communities.

For Phase 1 – Pre Construction and various Early Works Packages, SFTC has engaged 65 certified small businesses to perform work on this project.

B. Local Small Business Enterprise (LSBE) Preference

The LSBE preference is not applicable to federally funded procurements. Federal law (49 CFR § 661.21) prohibits the use of local procurement preferences on FTA-funded projects.

C. Contracting Outreach and Mentoring Plan (COMP)

The Contractor Outreach and Mentoring Plan (COMP) is applicable to the Phase 2 Work and is due 60 Days following execution of the Phase 2 Supplement. San Fernando Transit Constructors is required to identify a minimum of four (4) LACMTA or BART certified small business firms for protégé development.

D. Living Wage and Service Contract Worker Retention Policy Applicability

The Living Wage and Service Contract Worker Retention Policy are not applicable to this contract.

E. Prevailing Wage Applicability

Prevailing Wage requirements apply to Phase 2 of this project, including all Early Work Packages. DEOD will monitor contractors' compliance with the State of California Department of Industrial Relations (DIR), California Labor Code, and, if federally funded, the U S Department of Labor (DOL) Davis Bacon and Related Acts (DBRA).

F. Project Labor Agreement/Construction Careers Policy

This contract is subject to Metro's Project Labor Agreement (PLA) and Construction Careers Policy (CCP) requirements. For PLA-applicable construction contracts, including Early Works Packages (EWPs) exceeding \$2.5 million, the Contractor shall comply with Metro's National Targeted Hiring goals in effect at the time of award.

Federally Funded Projects		
Extremely / Economically Disadvantaged Worker Goal	Apprentice Worker Goal	Disadvantaged Worker Goal
40%	20%	10%

Compliance shall be reported and monitored in accordance with Metro's established PLA/CCP reporting and compliance procedures.

G. Manufacturing Careers Policy

The Manufacturing Careers Policy (MCP) does not apply to this contract. The MCP is required on Metro's Rolling Stock RFPs, with an Independent Cost Estimate of at least \$50 million.

ATTACHMENT E

East San Fernando Valley Light Rail Transit Line 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 intent 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 East San Fernando Valley Light Rail Transit Line Project (the Project) is subject to this policy analysis due to a proposed increase in the Project budget relative to the budget established in connection with Metro's receipt of the Section 3005(b) Expedited Project Delivery (EPD) Grant and execution of the Federal Full Funding Grant Agreement (FFGA).

To date, the Project has been funded under the approved Preconstruction Budget of \$1,487,826,000. The proposed \$3,998,675,309 Life-of-Project (LOP) budget represents the total project cost and includes an increase relative to the FFGA budget, which triggers this Policy analysis. The 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, right-of-way, construction, and required contingencies. A full breakdown is provided in Attachment A, Funding and Expenditure Plan.

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 prior to 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 Project cost increase since execution of the Federal Full Funding Grant Agreement is attributable primarily to market-driven construction cost escalation, including labor, materials, and contractor pricing, and not to increases in project scope or additional

project requirements. As part of Phase 1 of the Progressive Design-Build contract, value engineering (VE) concepts were evaluated to identify opportunities to capture cost and time savings. As a result, final design plans will incorporate VE's agreed to be carried forward in line with the project scope defined in the FFGA. There is no opportunity to materially reduce Project scope to address the cost increase without affecting the Board-approved Project or delaying delivery. Accordingly, scope reductions are 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 and Measure M funding and is allocated all the funding that is identified for the Project in the Measure R and Measure M sales tax ordinance Expenditure Plans.

The Project is in the San Fernando Valley subregion and within the City of Los Angeles. Local funding resources from both the subregion and the city could be considered for the cost increase.

Subregional Programs

Measure M has funding for a transit-eligible North San Fernando Valley Bus Rapid Transit Improvements subregional program that is designated for the San Fernando Valley. However, this funding has been entirely programmed for a separate project. There is no Subregional Equity Program (SEP) in the San Fernando Valley subregion. The SEP is a subregional program that has the flexibility to be used on highway or transit capital projects, but none is available for San Fernando Valley.

Local Agency Contributions

The City of Los Angeles has Project stations and is expected to contribute funding to the Project as part of the 3% local agency funding assumption included in the Measure R ordinance and the requirement of the Measure M ordinance. However, the cities are generally not responsible for cost increases to the Project as the local contribution amount is determined at 30% design, and thus 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. Los Angeles will receive an estimated \$3.6 billion of local return over ten years from FY 2026 to FY 2035 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 not assumed that these funds would be available for the cost increase to the Project.

State and Federal Funding (Discretionary)

The Federal Transit Administration (FTA) has granted the East San Fernando Valley project \$893.32 million, through the Expedited Project Delivery Grant.

The state of California has granted \$805 million in TIRCP funding (through multiple awards) and \$27 million from the Traffic Congestion Relief Program. In addition, Metro allocated formula funding to the Project of \$202 million from the Regional Improvement Program and \$74.9 million from the SB1 Local Partnership Program.

Additional state or federal discretionary funding (where Metro would compete for the funding) is not probable, as the Project cost increase does not reflect added scope or new project benefits that would support a competitive grant request. Also, the Project is about to enter construction, and discretionary grants are generally not eligible for projects in construction (i.e., projects that have awarded construction contracts). Because the Project is advancing to Phase 2 under a mutually agreed upon scope in the Progressive Design-Build Contract, additional discretionary funding is not considered a viable source to address the Project cost increase.

Value Engineering

Value engineering opportunities were evaluated throughout project development and Phase 1 of the PDB contract, and feasible measures consistent with the approved project scope have been incorporated into the current estimate. No additional material value engineering opportunities have been identified that would reduce costs without affecting the approved project scope.

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. A portion of these funds are programmed for other uses in Metro's 2025 Short Range Transportation Plan financial forecast during the timeframe when funds are needed for the Project cost increase. Eligible sources of countywide funding for the Project, including operations-eligible funds, are Measure R and Measure M Contingency Funds for inflation adjustments, Proposition A and C, the Metro General Fund, and Lease Revenues. Countywide funds are considered if sufficient new local agency resources are not utilized for the cost increase.

Both Measure R and Measure M have funding designated for the Project.

The Measure R Expenditure Plan includes \$68.5 million for the San Fernando Valley East North-South Rapidways project (now the East San Fernando Valley Light Rail Transit Line Project). In addition, the Board approved programming \$182.0 million of Measure R "surplus" funding to the Project from the San Fernando Valley North-South Rapidways (Canoga Corridor) project (also known as the Orange Line Extension to Chatsworth) and \$49.417 million of surplus Measure R Highway funds from the I-5 Capacity Enhancement from SR-134 to SR-170 project.

The Project is also eligible for “inflation adjustments” to be funded from Measure R Contingency Funds. However, the Board adopted the initial Unified Cost Management Policy in January 2011, and this caps the Measure R funding (to exclude inflation adjustments) unless approved as part of the decision criteria set forth in the Policy. The Board has yet to approve the programming of any Measure R funding for inflation adjustments as actual and forecasted Measure R sales tax receipts are materially lower than estimated in the Expenditure Plan, and Metro has incurred a significant amount of debt to meet the Expenditure Plan funding requirements, resulting in Measure R principal and interest payments that must be met. Because of the limited availability of Measure R, no Measure R Contingency Funds are recommended for the Project cost increase.

The Measure M Expenditure Plan includes \$810.5 million of funding for the Project in 2015 dollars. The Measure M funding can be increased for inflation adjustments if, among other things, less than 2/3rds of the funding is spent prior to FY 2027. Metro staff estimate that, based on the current expenditure plan for the Project, most of the Measure M will be spent after FY 2027, resulting in \$210.3 million of Measure M inflation adjustments that can be used for the Project cost increase.

The \$213.6 million balance of funding needed to address the cost increase would come from Proposition C 25%, which is eligible for use on major components of the Project.

State and Federal Funding (Formula)

Metro receives state formula funding through the Regional Improvement Program (RIP) and SB1 Local Partnership Program (LPP), both of which are already programmed in the approved funding plan. Additional capacity in these programs is not currently available, as available formula funds have been committed through existing programming and future cycles are planned for other priorities.

Additional federal funding is also not considered a viable source. The Project has received federal participation through the Section 3005(b) Expedited Project Delivery Grant, and federal participation is based on the budget established under the executed Federal Full Funding Grant Agreement, rather than the locally updated Life-of-Project budget. The EPD regulations limit the federal share to 25% of a project cost. Because the FFGA budget is finalized and the Federal Transit Administration does not recognize the proposed LOP increase as a basis for increasing federal participation, additional federal funding is not assumed to be available to address the Project cost increase.

Accordingly, additional state or federal formula funding is not considered a viable source to address the Project cost increase, and the funding plan instead relies on proposed Measure R and Measure M Contingency Funds for inflation adjustments, as provided under each Ordinance, and additional Proposition C 25% Transit-Related Streets and Highways funding.

Recommendation

Metro staff recommends using approximately \$210.3 million of Measure M 35% for permitted inflation adjustments and \$213.6 million of Proposition C 25% Transit-Related Streets and Highways for the proposed \$423.9 million Project cost increase. These funding sources are identified in the proposed funding plan and represent the most viable strategy to address the funding gap while maintaining delivery of the Board-approved Project.

The recommended use of these funding sources is consistent with the applicable provisions of the Measure M and Proposition C Ordinances and reflects the funding strategy identified through this Policy analysis.



East San Fernando Valley Light Rail Transit Project

Construction Committee Meeting
May 20, 2026



East San Fernando Valley Light Rail Transit Project

RECOMMENDATIONS

AUTHORIZE the Chief Executive Officer to:

- A. ESTABLISH a Life-of-Project (LOP) budget in the amount of \$3,998,675,309 for the East San Fernando Valley Light Rail Transit Project (Project);
- B. AMEND Progressive Design-Build Contract No. PS89616000 with San Fernando Transit Constructors (SFTC), a Joint Venture (JV) of Skanska USA Civil West California District, Inc. (Skanska) and Stacy and Witbeck, Inc., to implement the Phase 2 Supplement of Project in the amount of \$1,988,038,124 increasing the total contract value from \$442,916,240 to \$2,430,954,364; and
- C. AWARD and EXECUTE all project-related agreements and modifications to existing contracts within the authorized LOP Budget.



East San Fernando Valley Light Rail Transit Project

ISSUE AND DISCUSSION

ISSUE

Establishing a LOP budget in the amount of \$3,998,675,309 for the Project.

DISCUSSION

- Board Approved Preconstruction Budget: \$1,487,826,000
- Capital Funding Programmed: \$ 3,574,773,281
- Proposed Life of Project Budget \$3,998,675,309

CAPITAL FUNDING PROGRAMMED	ADDITIONAL FUNDING REQUESTED	RECOMMENDED LOP AMOUNT
\$ 3,574,773,281	\$ 423,902,028	\$ 3,998,675,309

East San Fernando Valley Light Rail Transit Project

ISSUE AND DISCUSSION

PROGRESSIVE DESIGN-BUILD CONTRACT PS89616000 PHASE 2 SUPPLEMENT

ISSUE

Execute a contract modification to implement the Phase 2 Supplement of Project in the amount of \$1,988,038,124.

DISCUSSION

- Value Engineering assessed during Phase 1 of PDB Contract.
- Scope Refinements maintain alignment with FTA FFGA requirements.
- The Phase 2 Supplement implements all remaining Phase 2 Project Requirements.

CONTRACTOR	PHASE 1 CONTRACT PRICE	PHASE 2 CONTRACT PRICE (\$2,399,974,614)		TOTAL PDB CONTRACT PRICE
	Phase 1	Approved Modifications to Date	Phase 2 Supplement	
San Fernando Transit Constructors	\$30,979,750	\$411,936,490	\$1,988,038,124	\$ 2,430,954,364



MEASURE R AND MEASURE M UNIFORM COST MANAGEMENT POLICY

ISSUE

The cost increase is subject to the Metro Uniform Cost Management Policy.

DISCUSSION

- Scope reductions, Value Engineering must be considered per the Policy
 - these are reflected in the LOP amount.
- Additional local funds, or state or federal grants are not available.
- Metro countywide funding is needed
 - additional Measure M 35% for inflation and Proposition C 25% are recommended

FUNDING SOURCE	AMOUNT (millions)	AVAILABILITY
Measure M Transit 35%	\$210.3	Funding for inflation adjustments allowed by the Ordinance.
Proposition C 25%	\$213.6	Funding and financing for eligible streets-related components.



NEXT STEPS

Upon Board approval of Recommendations:

- Amend Progressive Design-Build Contract No. PS89616000 incorporating Phase 2 Supplement
- Issue Notice to Proceed