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Metropolitan Transportation
Authority
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Los Angeles, CA

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FINANCE, BUDGET, AND AUDIT COMMITTEE
NOVEMBER 19, 2026

SUBJECT: WESTSIDE PURPLE LINE EXTENSION SECTION 2

ACTION: APPROVE RECOMMENDATION

RECOMMENDATION

AMEND the Life-of-Project (LOP) budget for the Westside Purple (D) Line Extension Section 2 Project (Project) by $296,000,000 from $2,574,969,299 to $2,870,969,299 using the fund sources as summarized in Attachment A and consistent with the provisions of the Board-adopted Measure R and Measure M Unified Cost Management Policy (Attachment B).

ISSUE

The Project is in its ninth year of construction and is 95% complete as of September 2026. To date, the Project has experienced unexpected conditions and unanticipated additional cost obligations that have drawn down the Project Contingency below the 3% Project reserve threshold which means there may be insufficient funds to cover the remaining costs required for Project completion.

The LOP budget increase request accounts for costs of settlement of a time-related claim that has been in negotiations with the Design-Build contractor, provides additional funding that is needed for additional construction costs, real estate, and professional services impacted by schedule delays, and provides contingency to account for potential future impacts and risks to the Project.

BACKGROUND

The Project is the second of three sections of the nine-mile Purple (D) Line Extension. The Project runs westward from the recently opened Wilshire/La Cienega Station (that is part of the Section 1 Project) through Beverly Hills to Century City. The Project is located entirely underground, primarily following Wilshire Boulevard, and includes the design and construction of approximately 2.59 miles of double-track heavy rail subway and two new stations, as well as the purchase of 20 heavy rail vehicles. The Beverly Dr Station is within the jurisdiction of the City of Beverly Hills, and the Century City Station is within the jurisdiction of the City of Los Angeles.

At its January 2017 meeting <https://boardagendas.metro.net/board-report/2016-0971/>, the Metro Board approved the LOP Budget of $2,440,969,299 for the Project, excluding Finance Charges of $88,700,000. Metro awarded a 3,100-calendar day Design-Build Contract (C1120) to Tutor

Perini/O&G (TPOG) and issued Notice to Proceed on April 26, 2017.

At its July 2023 meeting <https://boardagendas.metro.net/board-report/2023-0316/>, the Board authorized a $134,000,000 or 5.5% increase to the LOP budget. The 2023 LOP budget increase assumed the most favorable outcome for the issues and risks identified at that time. The 2023 LOP budget increase did not account for any time-related impacts due to excusable and compensable delays to the Design-Build Contract at that time. Furthermore, as indicated in the July 2023 Board Report, the FTA performed an independent 50% risk assessment in early February 2023. The assessment concluded that the budget (at that time) was insufficient. The FTA assessment model identified a shortfall of $232 million at the 65% confidence level for the Project in 2023. When in 2023 the Board authorized an amended LOP increase of $134 million, it resulted in a funding gap of $98 million as compared to the FTA assessment model value for the 65% confidence level for the Project.

DISCUSSION

Findings

According to the policy adopted by the Board at its September 2012 meeting, the Board is required to be notified of the drawdown on Project contingency funds below the 3% Project reserve threshold to cover Project costs. The Metro Board was notified of the dip below the threshold via the February 2025 Monthly Project Status Report.

The Project's Contingency drawdowns to date can be categorized into the following three major categories:

1. Previously Undefined Scope -$265,140,000
2. Professional Services -$127,670,000
3. Third Party Requirements -$80,160,000

All Contract Modifications and Change Orders have been subject to oversight from the Office of the Inspector General (OIG) and included in both the Program Management Major Project Status Reports and the Program Management Quarterly Change Reports regularly issued to the Board.

As of September 2026, the Project's remaining unallocated contingency is $6,737,389. This is insufficient to support the Project through the end of construction.

The table below outlines the contingency drawdowns, and the remaining contingency as of September 2026:

SUMMARY (CONTINGENCY) DOLLAR IN MILLIONS	
Description	**Amount**
Original 2017 LOP Contingency	$ 345.71
Amended July 2023 LOP	$ 134.00
Total LOP Contingency	***$ 479.71***
Total Contingency Drawdowns	$ 472.97
Remaining LOP Contingency [(1)]	***$ 6.74***

[(1)] *Includes Non-FFGA Contingency $6.74M*

A significant cost exposure that also developed since the 2023 LOP budget increase is a secondary tunnel liner which added approximately $75 million to the cost exposure to the C1120 Contract. This scope entailed procurement of special materials, disposal of previously procured material and construction and installation of a special secondary liner in both running tunnels.

Another significant cost exposure that developed since the 2023 LOP budget increase is a time-related claim that was submitted by TPOG. The original submitted amount for the claim was over $200 million. Additionally, the contractor submitted other claims and notices of intent to claim that increased the potential value of the disputed issues to over $357 million. The time-related claim was reviewed with TPOG, discussed and a final settlement amount of $151 million was negotiated as final compensation for the disputed issues.

Lessons Learned

• Metro has applied lessons learned and more collaborative forms of project delivery (Progressive Design-Build and CM/GC) to move away from specifying rain days by month as historical data and projections by month were prone to inaccuracy, especially given the increasing unpredictability of weather patterns.
• Metro to better define requirements for permanent design of new utilities to avoid disputes / delays with City and contractor (significant cause of storm drain / sewer delays at CCS).
• Metro has implemented new geotechnical procedures (not available at time PLE 2 contract awarded to TPOG) to better identify subsurface obstructions and avoid/minimize potential claims by contractors.
• Confirm rates of liquidated damages and cap on liquidated damages are sufficient (but risk of higher bid price).
• New Master Cooperative Agreement with City of Los Angeles (not available at time PLE2 contract awarded to TPOG) will enable expedited reviews by City for Metro projects and expedited dispute resolution, where necessary.

Summary
The settlement also resulted in a revision to the C1120 Contract milestone dates. The revised

forecast for substantial completion shifts from Spring 2027 to Fall 2027.

In addition to the C1120 Contract, there are other time-related cost exposures to the Project that have accrued or might be expended in the future. These costs include real estate and professional services, as well as the replenishment of the contingency in the Project LOP, based on open risks and potential Project time adjustments before the planned Revenue Service Date.

In summary, the table below provides a breakdown of potential future cost exposures:

SUMMARY (COST EXPOSURES) **DOLLAR IN MILLIONS**	
Description	**Amount**
Construction	$ 37.59
Third Party	$ 9.47
Professional Services/ROW/ Vehicles	$ 97.94
Cost for Negotiated Claim	$ 151.00
Total Cost Exposures	***$ 296.00***
Remaining FFGA Contingency	$ -
Proposed LOP Increase	$ 296.00
Coverage of Cost Exposures	***$ 296.00***

Project staff will continue to assess ongoing and future Project risks and the potential impact they may have on the Project, while continuing to manage risks to control costs and schedule.

Metro Cost Benefit Analysis and Economic Impact

At its July 2025 meeting <https://boardagendas.metro.net/board-report/2025-0543/>, the Board approved a methodology framework for a Cost Benefit Analysis (CBA) to be conducted on Metro capital projects at key milestones to support investment and funding decisions, such as increases to LOP budgets.

As part of the CBA, a Benefit Cost Ratio was conducted to compare monetized costs of the Project, including the latest LOP capital cost, as well as anticipated maintenance and operating costs, to a set of monetizable benefits of the Project. While not all Project benefits and costs are monetizable, the Metro BCR analysis does include monetized values of travel time savings, accident cost savings, emission cost savings, and active transportation health benefits over a 20-year operating period, through 2047.

Regional economic benefits also are included, which are created from the Metro investment in the

Project construction and operation and from the expected increase in ridership that provides access to jobs and personal consumption. The economic benefits from the increased ridership and mobility extend beyond the effects of construction, operations and maintenance spending, which were previously calculated by LAEDC, (on behalf of Metro), and reported publicly by Metro.

Together, the CBA and evaluation of regional economic impact find that with an increased LOP Budget, the PLE2 segment performs as follows:

- For every dollar invested, the Project is expected to produce approximately $6.97 in monetizable benefits for the region over 20 years after starting revenue service.
- The total Project investment (on capital, operations and maintenance) is estimated to generate an annual average of [1,016] new jobs and about $9.0 billion in economic output for the Los Angeles County economy through FY 2047 (in 2026 dollars). The economic output is due to direct spending on construction and operations, indirect spending on supporting industries (materials and services), and induced spending by the workers that are supported by the Project.
- The Project improves regional mobility, as it expands the heavy rail system and results in an estimated 20,300 new daily additional rail boardings in 2035. This increase is expected to provide access to employment and create an annual average of 13,094 new jobs. The increased employment is expected to generate additional economic activity and sales of goods and services, increasing economic output in Los Angeles County. The improved mobility will also increase personal consumption and the sale of goods and services. Total economic output is estimated to increase by 80 billion from 2028 to 2047 due to the Project's mobility improvements.

DETERMINATION OF SAFETY IMPACT

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

FINANCIAL IMPACT

Adoption of the recommended action would increase the Project's LOP budget by $296 million, funded by Measure R 35% through the proposed funding strategy below.

Impact to Budget

Funds required for fiscal year 2027 are included in the FY27 Adopted Budget.

Since this is a multi-year capital Project, the Chief Program Management Officer and the Project Manager are responsible for budgeting costs in future fiscal years.

The sources of funds for the recommended actions are Federal New Starts and local Measure R

35% Transit Capital. These funds are not Subregional Equity Program funds and are not eligible for operating costs.

Multi-year Impact

The sources of funds for the Project are capital funds identified in the recommended Funding/Expenditure Plan as shown in Attachment A. With respect to the requested $296,000,000 increase, Attachment B shows the Measure R and Measure M Unified Cost Management Policy (the Policy) analysis and funding strategy required for cost increases to Measure R projects.

This report identifies additional funding resources consistent with the Policy approved by the Board in 2018. Attachment B provides a detailed discussion of the Policy. In summary, the Policy was developed in recognition that some projects would need additional funding. The Policy provides a consistent and equitable process to ensure that any financial impacts are limited to the local area where the Project is located and does not have a region-wide impact.

To comply with the Policy of the Metro Board of Directors, Metro staff has evaluated potential offsetting cost reductions, including scope reductions, value engineering, and shortening segments. Because the Project is so far along, these actions are no longer feasible. Additional funding is the only option.

The source of funds to address the LOP budget increase is Measure R 35 Transit Capital. The Measure R ordinance includes $4,074,000,000 that can be expended on the Project, and the Board has previously approved transfers of Measure R from other Measure R projects to the Westside Subway Extension totaling $415,391,156, making a total of $4,489,391,156 of Measure R for the Westside Subway Extension Sections 1, 2, and 3, and for Division 20. Measure R has been fully programmed to these projects, but $296,000,000 of Measure R from Division 20 can be made available for the Project by programming Proposition A 35 to Division 20 as a replacement. Division 20 is eligible for Proposition A 35 because it is mostly above ground and not new subway, which is prohibited from use due to The Act of 1988.

EQUITY PLATFORM

The Project will enhance service frequency, reliability and accessibility for communities relying on the Metro transit system for housing, employment, education, healthcare and entertainment. This extension of the Purple (D) Line specifically extends access, via the opening of the Beverly Dr and Century City stations for riders of the system that travel along or connect to the Red (B) and Purple (D) Line Corridors. The Project expands community development and economic growth in Los Angeles and neighboring cities. By way of each new station, streamlining of public transit to Beverly Hills and Century City will also create more opportunities to explore the Westside to existing, new Metro customers and global visitors alike.

The U.S. Department of Transportation (USDOT) has issued an Interim Final Rule (IFR) that makes changes to the DBE Program and DBE regulations at 49 C.F.R. Part 26, effective October 3, 2025. During this transition period, certain provisions contained in the contract documents related to contract goals, enforcement, and counting of participation have been paused. To the extent

provisions are not impacted by the application of the IFR, said provisions, such as prompt payment to all subcontractors, prior Metro written approval for termination and substitution of DBE firms, and adding subcontractors, remain effective.

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.

As part of these ongoing efforts, this item is expected to contribute to further reductions in VMT. This item supports Metro's systemwide strategy to reduce VMT through investment activities that will improve/benefit and further encourage transit ridership. Metro's Board-adopted VMT reduction targets were designed to build on the success of existing investments, and this item aligns with those objectives.

Specifically, this Project will result in a reduction of Vehicle Miles Traveled (VMT) on the highway system, leading to decreased roadway congestion, pollutant emissions, and fossil fuel consumption. "The Locally Preferred Alternative (LPA) will have a beneficial effect on the regional transportation network by reducing VMT, Vehicle Hours Traveled (VHT), and peak-hour trips compared to both existing conditions and future projections. For example, in 2035, the LPA (Century City Constellation Option) is expected to result in approximately 581,000 fewer regional VMTs compared to the No Build Alternative." (Source: Westside Subway Extension, Final Environmental Impact Statement/Environmental Impact Report (EIS/EIR), January 2012).

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

ALTERNATIVES CONSIDERED

The Board may choose not to move forward with amending the LOP budget. This is not recommended as Metro will be unable to provide funding to complete the Project according to the current schedule, as demonstrated by the FTA's risk assessment.

The LOP Budget may be partially amended at this time; however, this is also not recommended since doing so would require the Project to return to the Board at a later date for approval of an additional LOP Increase.

NEXT STEPS

Upon Board approval, the LOP budget will be amended as recommended.

ATTACHMENTS

Attachment A - Funding/Expenditure Plan
Attachment B - Measure R and Measure M Unified Cost Management Policy Analysis
Attachment C - Projected Breakdown of Cost Allocation for $296,000,000

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ATTACHMENT A

FUNDING/EXPENDITURE PLAN

WESTSIDE PURPLE LINE EXTENSION SECTION 2 PROJECT

(DOLLARS IN MILLIONS)

Capital Project 865522	Prior LOP (July 2023)	Current LOP	Prior Expenditures	FY27	FY28	Total	% of Total
Uses of Funds							
Construction	1,660.3	1,699.3	1,544.3	121.8	33.2	**1,699.3**	59.2%
Right-of-Way	331.7	342.1	315.9	26.2	-	**342.1**	11.9%
Vehicles	42.0	49.1	7.1	42.1	-	**49.1**	1.7%
Professional Services	504.2	618.3	513.9	69.2	35.2	**618.3**	21.5%
Project Contingency	32.5	157.7	-	157.7	-	**157.7**	5.5%
Subtotal Capital Project	**2,570.6**	**2,866.6**	**2,381.3**	**417.0**	**68.3**	**2,866.6**	**99.8%**
Planning/Environmental	4.3	4.3	3.4	0.9	-	**4.3**	0.2%
Total Project Cost*	**2,575.0**	**2,871.0**	**2,384.7**	**418.0**	**68.3**	**2,871.0**	**100.0%**
Sources of Funds**							
Section 5309 New Starts	1,187.0	1,187.0	996.7	190.3		**1,187.0**	41.3%
Section 5309 New Starts - American Rescue Plan Act of 2021	58.4	58.4	58.4			**58.4**	2.0%
Congestion Mitigation & Air Quality Program (CMAQ)	169.0	169.0	169.0			**169.0**	5.9%
Federal TIFIA Loan Proceed (Repaid with Measure R 35%)	307.0	307.0	307.0			**307.0**	10.7%
Measure R - Transit Capital (35%)	798.8	798.8	798.8			**798.8**	27.8%
Measure R -Transit Capital (35%) from Division 20		296.0		227.7	68.3	**296.0**	10.3%
Repayment of Capital Project Loans (Fund 3562)	54.8	54.8	54.8			**54.8**	1.9%
Total Project Funding	**2,575.0**	**2,871.0**	**2,384.7**	**418.0**	**68.3**	**2,871.0**	**100.0%**

*Does not include $88.7 million in finance charges.

**Timing of funding sources is subject to change.

ATTACHMENT B

Westside Purple Line Extension Section 2 Project

Measure R and Measure M Unified Cost Management Policy Analysis

Introduction

The Measure R and Measure M Unified Cost Management Policy (the Policy) was adopted by the Metro Board of Directors in July 2018. The precursor Measure R cost management policy was adopted in March 2011. The purpose of the Policy is to inform the Metro Board of Directors regarding cost increases to Measure R- and Measure M-funded projects and the strategies available to close a funding gap. The Westside Purple Line Extension Section 2 Project (the Project) is subject to this policy analysis.

The life of project (LOP) budget for the Project was approved by the Board on January 26, 2017, at $2,440,969,299. On July 20, 2023, the Board authorized a $134,000,000 increase to the LOP budget. The Project is subject to the Policy analysis now due to a proposed $296,000,000 increase to the LOP budget. This request assumes the most favorable outcome for current project issues and risks. This analysis recommends trade-offs required by the Policy to identify the funds necessary to meet the cost increase.

Measure R and Measure M Unified Cost Management Policy Summary

The adopted Policy stipulates the following:

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

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

Scope Reductions

The project cost increases were due to contractor claims, additional construction scope, and the need to replenish contingency funds for the Project. The additional construction scope includes a secondary tunnel liner that involves the procurement of special materials, the disposal of previously procured materials, and installation costs that were evaluated and deemed necessary. Any scope modifications to previously established portions of the project would have required renegotiation of the scope, which would not have ensured success and could have delayed the progress of activities. Additionally, the Project is 95% complete. Because of this, scope reductions were not feasible.

New Local Agency Funding Resources

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

The Project is eligible for Measure R funding and is allocated a portion of the total $4,074,000,000 of funding that is identified for the “Westside Subway Extension” in the Measure R sales tax ordinance Expenditure Plan. Additionally, the Board also approved transfers of Measure R to the Westside Subway Extension totaling $415,391,156 from Crenshaw/LAX, increasing the available Measure R Westside Subway Extension programming to $4,489,391,156 for Sections 1, 2, and 3, and for Division 20.

The Project is located in the Westside subregion and has station locations in the cities of Beverly Hills and 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 Subregional Equity Program (SEP) in the Westside subregion. The Measure M Expenditure Plan includes $160,000,000 for the Westside SEP. The subregion could allocate a portion of the funding for the Project, which requires notice to and approval by the subregion. Metro staff has previously recommended that the Measure M Subregional Equity Program (SEP) be used to address cost increases in the respective subregion. Staff recommended the South Bay and Central City Area subregions allocate a portion of the SEP to address a $90,000,000 cost increase on the Crenshaw/LAX Transit Project, and the San Gabriel Valley subregion allocate $126,000,000 for Gold Line Foothill 2B. Metro staff has also recommended that the Central City Area and Westside Cities subregions use the SEP to reimburse $84,571,156 for a Westside Extension Section 1 cost increase, and the Central City Area utilize SEP funding to address an $11,900,000 shortfall on the Eastside Light Rail Access project (Board item #2020-0931). However, motion #2021-0435 from June 2021 states that, henceforth the Policy is amended to eliminate the Subregional Equity Program from consideration to address project funding shortfalls during construction. Because of this motion, the SEP is not considered for the Project cost increase.

Local Agency Contributions

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

Measure M, Measure R, and Propositions A and C provide “local return” funding to Los Angeles and Beverly Hills. Los Angeles will receive an estimated $4.3 billion of local return over the ten years FY 2027 to FY 2036, while Beverly Hills is expecting $36 million that is eligible for transit use and could contribute a portion to the Project. However, prior Board actions relating to the Twenty-Eight by '28 Initiative and funding for the cost increases to Gold Line Foothill 2B, Crenshaw/LAX Transit, Westside Subway Section 1, and Eastside Access did not support the use of local return. It is presumed these funds would similarly not be available for the cost increase to the Project.

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

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

Additional State or federal discretionary funding (where Metro would compete for the funding) is not possible, given that the Project is 95% complete.

Value Engineering
The Project is 95% complete; therefore, there is no opportunity for value engineering to address the cost increase.

Other Cost Reductions within the Same Transit or Highway Corridor or the Same Sub-region
The city and subregion have existing funding programs that have funding amounts yet to be programmed to the subregion or spent. The SEP is discussed above in the section "Subregional Programs."

The city of Los Angeles also receives funding through the Call-For-Projects, the competitive grant program funded and managed by Metro for the benefit of LA County cities, transit operators, and State highway projects last held in 2015. At times the funding for certain projects in the Call-For-Projects is "de-obligated" if not spent within a reasonable timeframe, and this can be a funding source for other uses. Currently, there is no meaningful amount of de-obligated funds available unless the city chooses to terminate an existing project and all other projects are moving through their respective development process.

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

Countywide Cost Reductions and/or Other Funds

Regional or countywide funding could be considered if new local agency resources are not allocated to the Project cost increase. These funds are programmed for other uses in Metro's 2025 Short Range Transportation Plan financial forecast during the timeframe when funds are needed for the Project cost increase. Eligible sources of countywide funding, including operations-eligible funds, are limited due to the restriction on using Proposition A and C for the Project and include General Fund and Lease Revenues. To address the restriction on Proposition A and C for the new subway, Metro has previously implemented multi-project funding swaps where Proposition A and or C was programmed on a project, and an equal amount of Measure R was then programmed on the subway project with the cost increase. Countywide funds would be considered if new local agency resources are not utilized for the cost increase.

State and Federal Funding (Formula)

Metro receives quasi-formula funding through the Congestion Mitigation & Air Quality Program (CMAQ), Regional Transportation Improvement Program (RTIP), Local Partnership Program (LPP), and Surface Transportation Block Grant Program (STBGP) (Formerly RSTP). The approved funding plan, prior to the current LOP increase, includes $168.9 million of CMAQ, and no STBGP, RTIP, and LPP are allocated. There is currently no capacity in the RIP or LPP. The RIP has been allocated to projects submitted in Metro's 2026 RTIP. Future RIP funds are not available until 2032 and cannot be requested until the 2028 RTIP. The current cycle of the LPP was allocated for other purposes during 2025. And Metro has advanced the 2026 LPP formula funds for the Games projects. CMAQ and STBGP program guidelines after the 2021 corrective action now require any new project or new project phase funded with CMAQ and/or STBGP funds to be subject to a formal nomination and competitive project selection process. The next nomination process will not be completed until the end of 2027.

Recommendation

Metro staff recommends the use of $296,000.000 of Measure R Transit 35% for the proposed LOP budget increase. The Project and other components of the subway are currently allocated a maximum amount of Measure R allowed in the Expenditure Plan. Therefore, we recommend swapping Proposition A 35% funds with Measure R 35% for the Division 20 project. This is done to address the ordinance restrictions on the amount of Measure R funding by project and the use of Proposition A on new subway projects. The following table shows the proposed transfers of Measure R and Proposition A funds.

Strategy to Address Westside Purple Line Extension Section 2 Funding Gap
($ in millions)

Fund Sources / PROJECTS	Additional Proposition A 35%	Measure R 35%	Changes
Division 20	$ 296.0	$ (296.0)	$ -
Purple Line West Side Extension Section 2		$ 296.0	$ 296.0
Balance	$ 296.0	$ -	$ 296.0

ATTACHMENT C

WESTSIDE PURPLE LINE EXTENSION SECTION 2 PROJECT
Projected Breakdown of Cost Allocation for $296 million

Amount	Descriptions
$37,593,249	**Construction** Tunnels, Stations, Trackwork, Systems, Special Conditions, and Systems Integration Testing.
	Professional Services
$9,465,394	MOA/MCAs
$97,941,357	**All Other Professional Services/ROW/ Vehicles** * Metro Staff at Gateway and at multiple field offices who perform oversight in various disciplines. * CMSS : Construction management support services procured to support Metro staff in oversight of specific areas of project construction disciplines such as field inspectors, resident engineers and other construction support. * DSDC - SecoTrans: Systems design support during construction. * PMSS/PCSS - KKCS/Triunity: Project management support services including project controls estimating and scheduling. * Legal Services: County Counsel and procured legal services to assist project management. * Labor Compliance Monitoring: Consultant companies monitor the construction contractor compliance with project labor agreement and DBE requirements. * QA Test Lab Services: Consultant companies provide materials verification testing and inspections services. * Extension of Office Space Lease.
$151,000,000	**Unallocated Contingency for Time Related Claims**
$296,000,000	**Total Increase**

Board Report 2026-0591

November 2026

Life of Project (LOP) Budget Adjustment

Recommendation

AMEND the Life-of-Project (LOP) budget for the Westside Purple (D) Line Extension Section 2 Project (Project) by $296,000,000 from $2,574,969,299 to $2,870,969,299 using the fund sources as summarized in Attachment A and consistent with the provisions of the Board-adopted Measure R and Measure M Unified Cost Management Policy (Attachment B).

The recommended $296 million budget increase will:

- Provide funding for the negotiated $151 million settlement of the Contractor's delay claim.
- Provide $145 million in funding due to extending the Project timeline through the revised Substantial Completion date and final street restoration.

Issue, Background, and Summary

- The Project is 95% Complete as of September 2026.
- The Project has recently negotiated the settlement of a delay-related claim which includes the establishment of new/revised Substantial Completion date for construction.
- The extension of Project completion and the resolution of existing obligations and construction contract changes requires additional funding.
- Given this proposed budget action and revised new milestone dates, agreed to in the settlement, the Project is forecast to open for Revenue Service in Fall 2027.

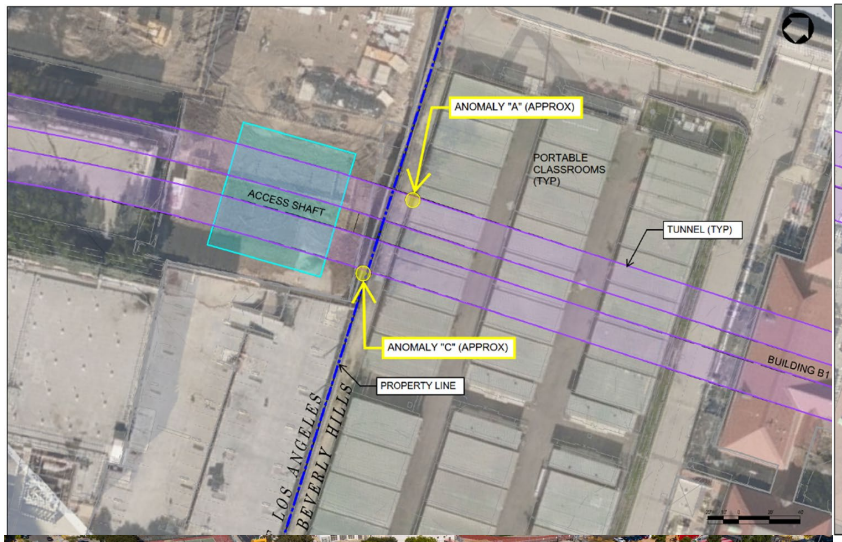
Project Cost Narrative

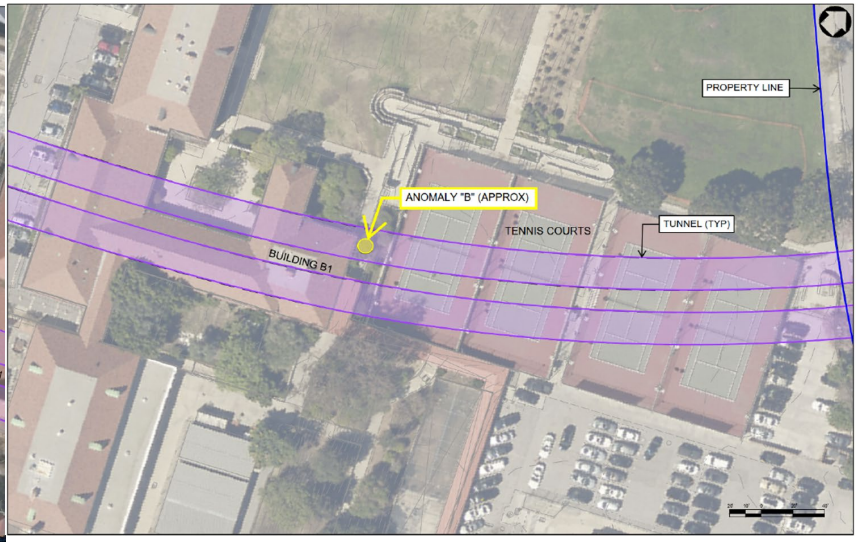
- The Project is technically complex. Below are some of the factors that have contributed to cost growth of the project.

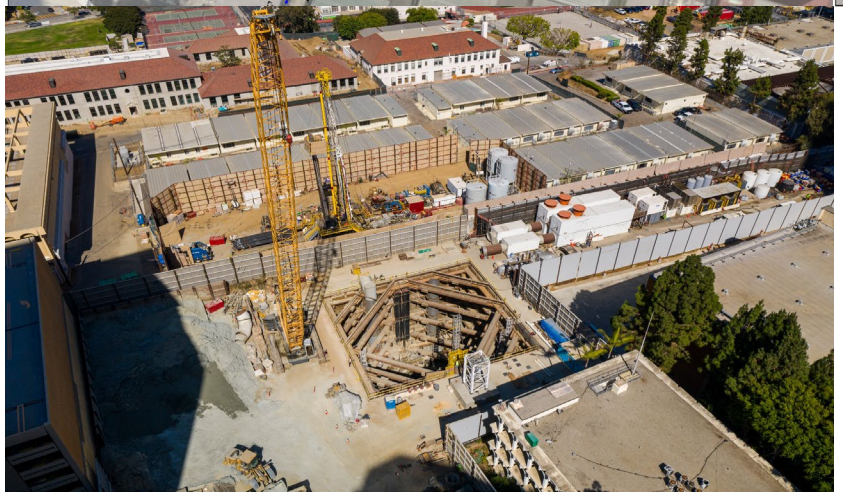
Topic	Overall Cost Impact
TBMs vs BHHS Oil Wells	$35M
CCS Entrance Rotation & JMB Development	$50M
CCS Storm Drain Adjustment & Station Excavation	$60M
Tunnel Seismic Lining	$100M
COBH MOA Items	$40M

WESTSIDE PURPLE LINE EXTENSION SECTION 2

TBMs vs BHHS Oil Wells







HDD boreholes found 3 anomalies;
2 proved to be oil wells

MODs to TPOG: $2.1M
Metro cost to BHUSD: $22.4M
Overall Cost Impact: $35M

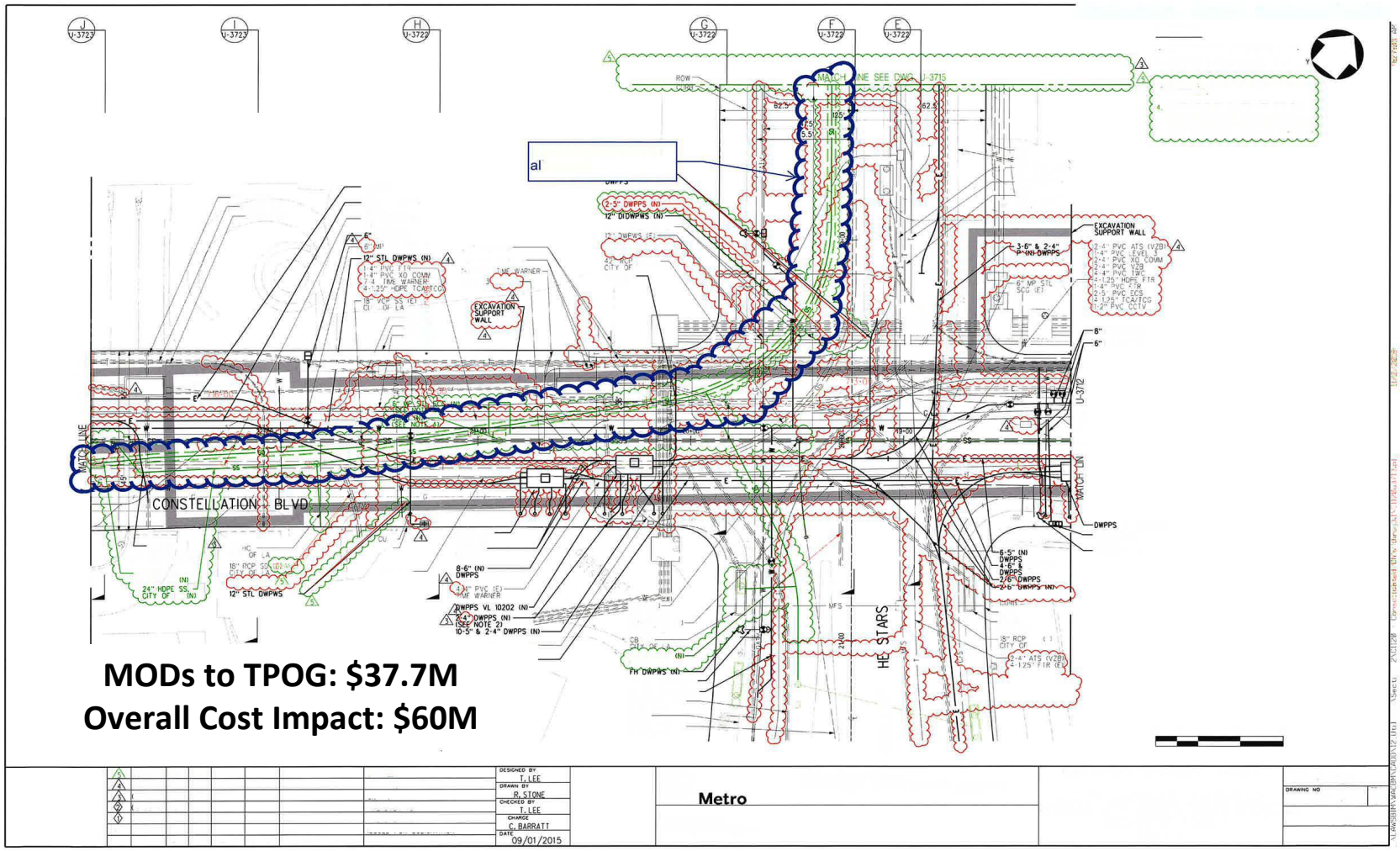
Metro

CCS Entrance Rotation & JMB Development



Aerial View of Constellation Blvd – CCS Entrance & JMB Development

CCS Storm Drain Adjustment & Station Excavation



MODs to TPOG: $37.7M
Overall Cost Impact: $60M

Storm Drain at Constellation & Avenue of the Stars

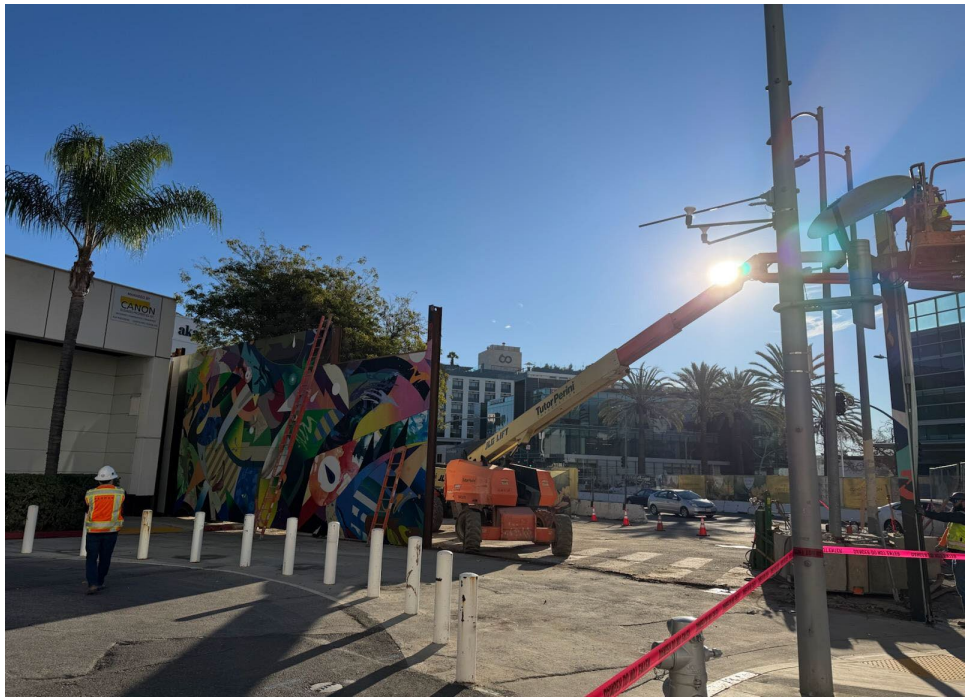
Tunnel Seismic Lining



MODs to TPOG: $74.4M
Overall Cost Impact: $100M

BL Reach 5 tunnel Seismic Lining

COBH MOA Items



Removal of Noise Barrier Wall on N. Canon

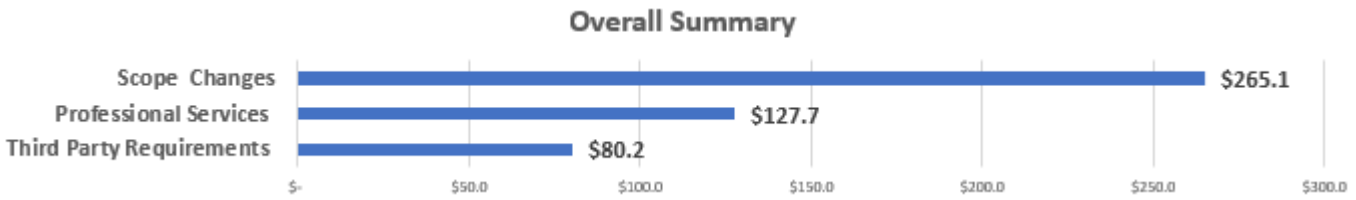


Sound Enclosure for Utility Work on Wilshire

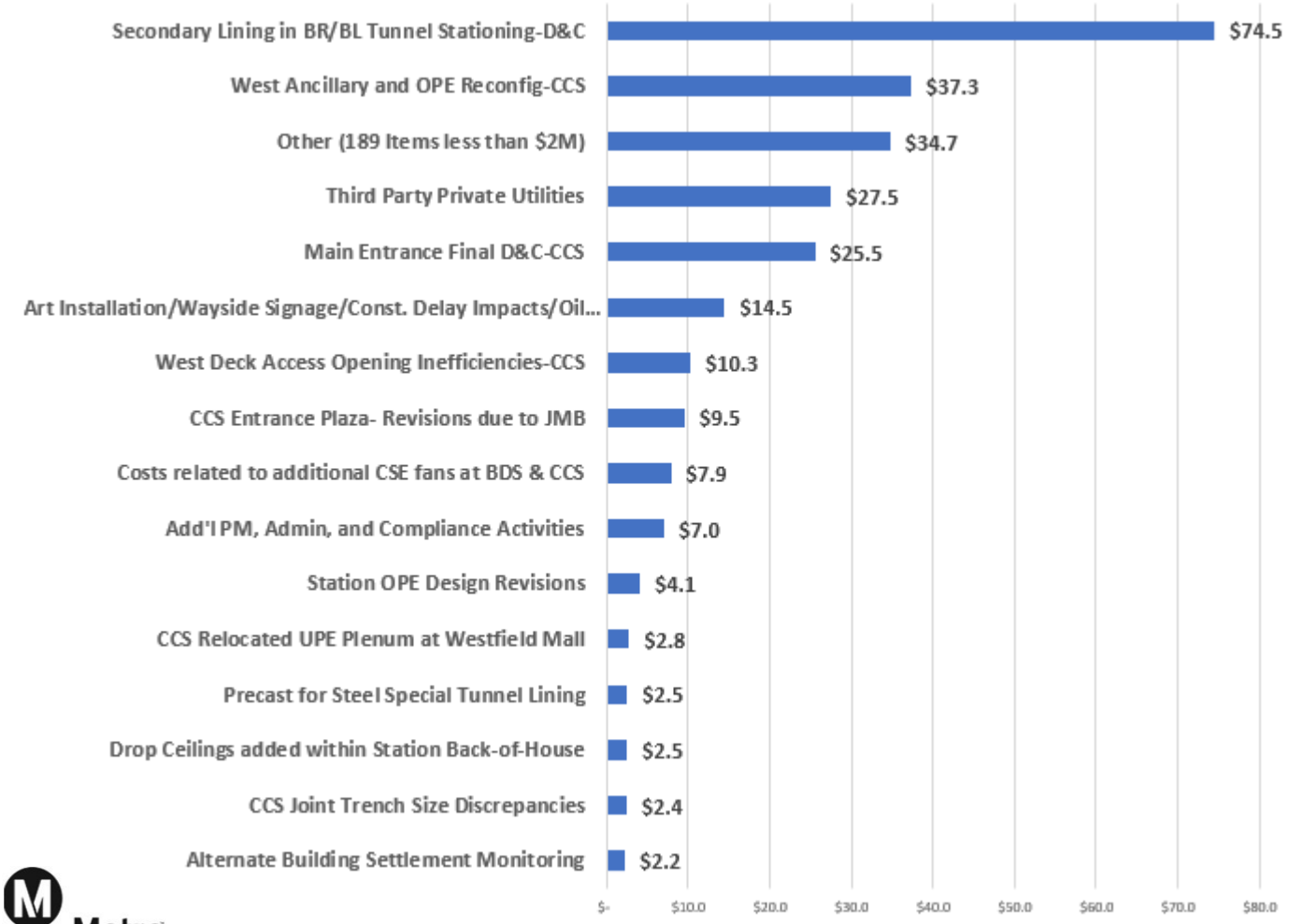
MODs to TPOG: $30.7M
Overall Cost Impact: $40M

WESTSIDE PURPLE LINE EXTENSION SECTION 2

History of Contingency Drawdowns



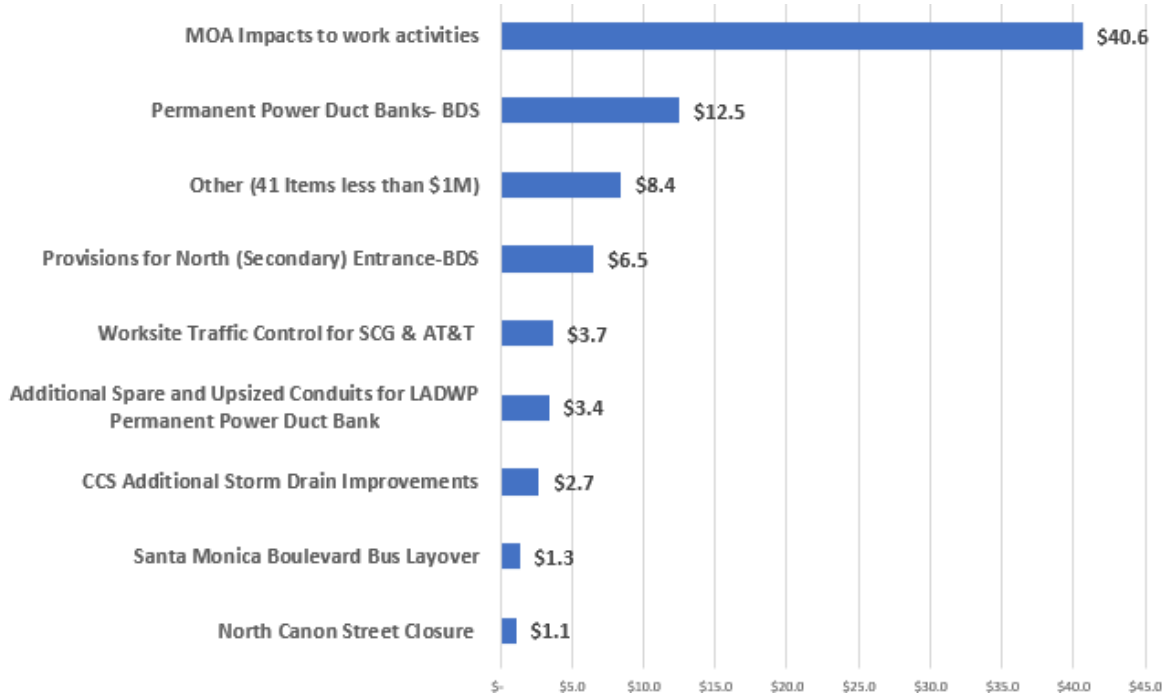
Scope Change ($265.1M)



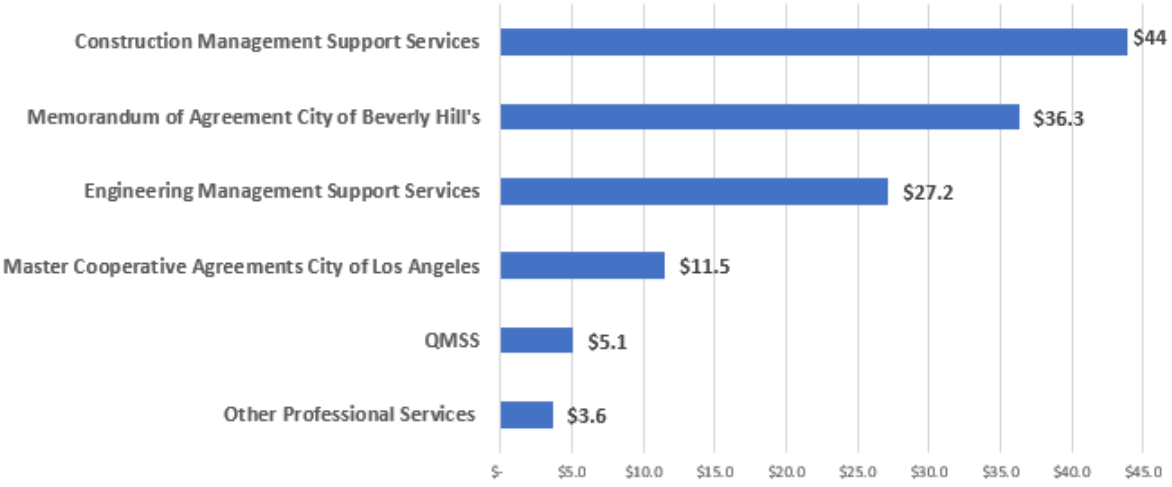
Metro

WESTSIDE PURPLE LINE EXTENSION SECTION 2

Third Party Requirements ($80.2M)



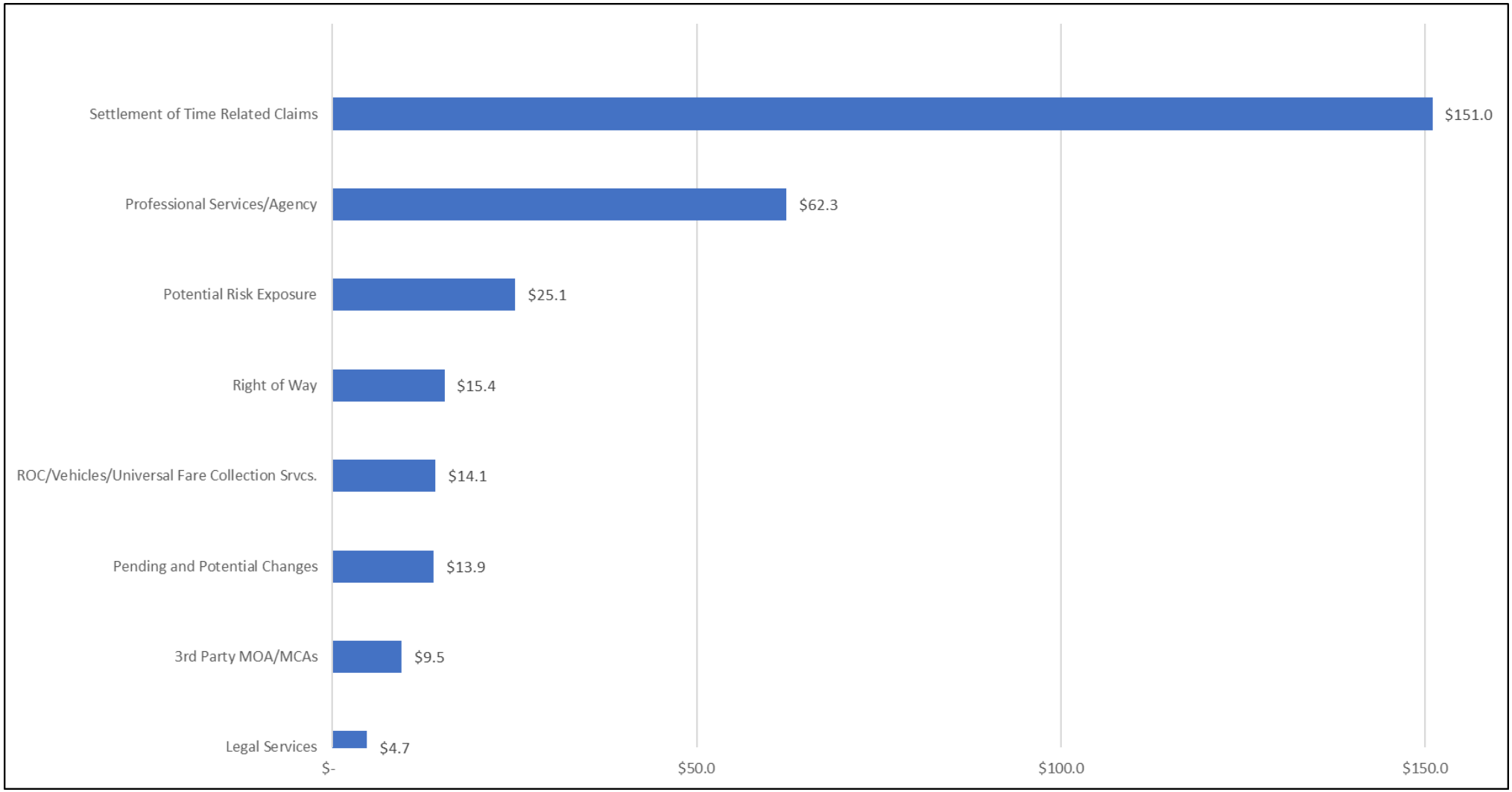
Professional Services ($127.7M)



Metro

WESTSIDE PURPLE LINE EXTENSION SECTION 2

Proposed LOP Adjustment Details ($296M)



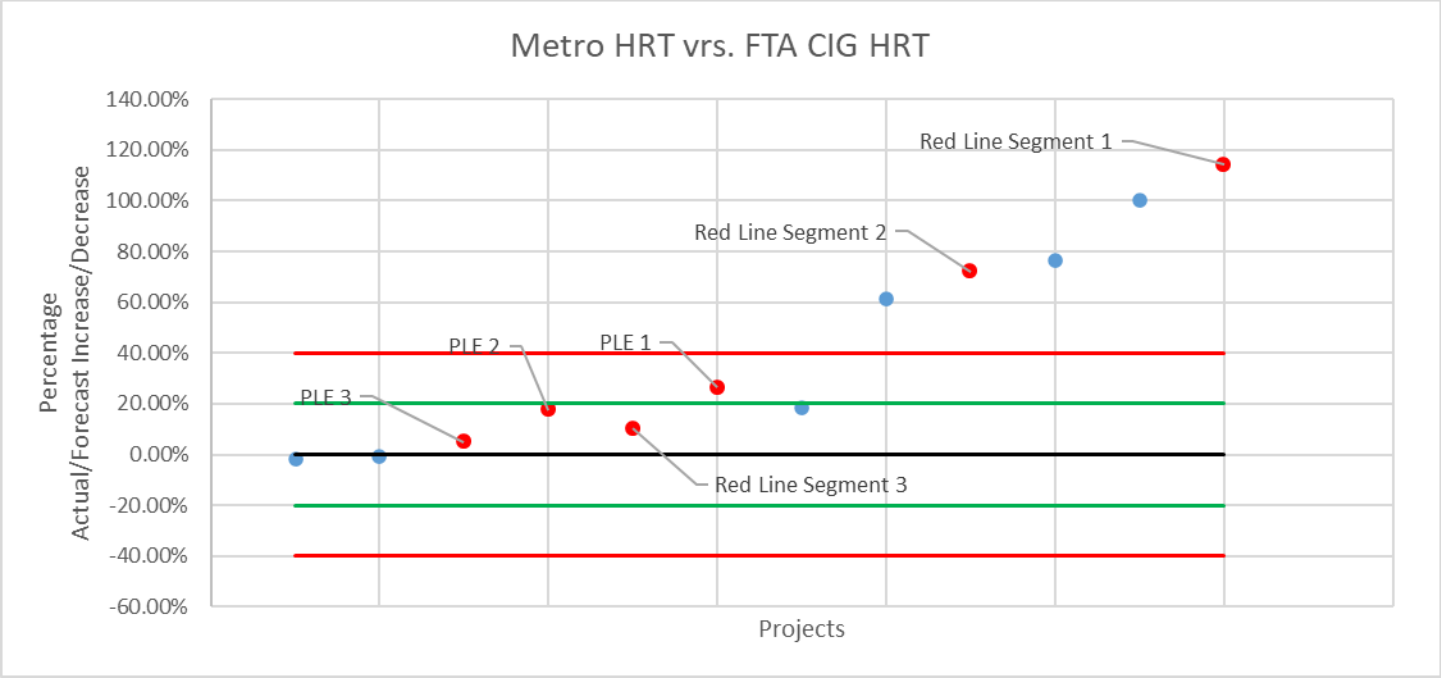
Metro

Lessons Learned

- New Master Cooperative Agreement with City of Los Angeles will enable expedited reviews by City for Metro projects and expedited dispute resolution, where necessary.
- Metro has applied lessons learned and more collaborative forms of project delivery (Progressive Design-Build and CM/GC) to move away from specifying rain days by month as historical data and projections by month were prone to inaccuracy, especially given the increasing unpredictability of weather patterns.
- Metro to better define requirements for permanent design of new utilities to avoid disputes / delays with City and contractor (significant cause of storm drain / sewer delays at CCS).
- Metro has implemented new geotechnical procedures (not available at time PLE 2 contract awarded to TPOG) to better identify subsurface obstructions and avoid/minimize potential claims by contractors.
- Confirm rates of liquidated damages and cap on liquidated damages are sufficient (but risk of higher bid price).

Performance & Strategic Initiatives

- FTA 2020 study shows heavy rail projects averaged 42% cost growth, from base cost, EXCLUDING CONTINGENCY, while PLE2 is approximately 18%
- PLE2 lessons shaped ongoing Strategic Initiatives including:
  - Improving design readiness; Strengthening early systems integration planning; Enhancing program coordination across Section 2 and 3
- Demonstrates Metro's commitment to effective delivery and ongoing improvement



Alternatives Considered

- The Board may choose not to move forward with amending the LOP budget. This is not recommended as Metro will be unable to provide funding to complete the Project according to the current schedule, as demonstrated by the FTA's risk assessment.

- Staff recommends the LOP budget be adjusted as proposed to support successful completion of the project.

Next Steps

- Upon Board approval, the LOP budget will be amended as recommended.

- Continue to monitor construction progress and plan for Revenue Service in Fall 2027.