

SOUTHWEST

Green Line LRT Extension



Metropolitan Council

May 30, 2018



Today's Topics

- Revised Project Budget and Schedule
- Third Amendment to Cooperative Funding Agreement with HCRRA
- Fourth Amendment to 2017 CTIB Capital Grant Agreement



SWLRT Revised Project Budget and Schedule

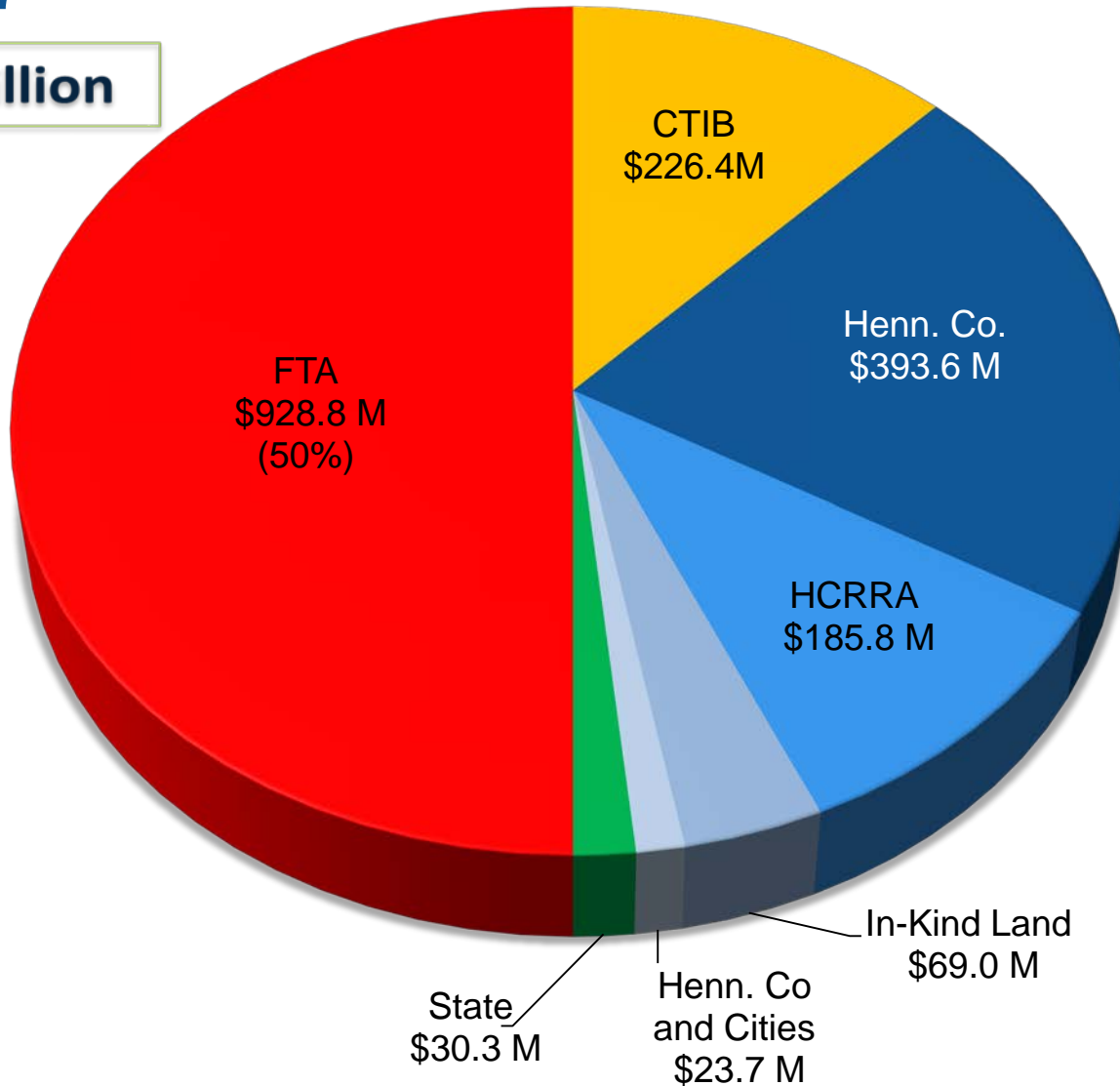
SWLRT Project Budget: Background

- Existing \$1.858B project budget was developed in August 2016 based on 90% design plans
- In 2016, revenue service was anticipated to be 2021 and is now anticipated to be 2023
- \$1.858B was submitted to FTA when project applied to enter Engineering
 - FTA approved entry in Engineering in December 2016
 - FTA established federal participation maximum of \$929M
 - Any additional cost increase to project is borne solely by local project partners

Funding Sources

June 2017

\$1.858 Billion



SWLRT Project Cost Drivers

- Schedule delays
- Construction
- Right-of-Way
- Project Management

SWLRT Project Budget: Cost Drivers

- Schedule Delays
 - Freight rail negotiations
 - Additional environmental analysis
 - Civil rebidding

SWLRT Project Budget: Cost Drivers

- Construction
 - Commodity cost increases since August 2017
 - Diesel fuel prices rose \$2.56 to \$2.99 or 17% increase
 - Raw steel prices index increased from \$621 to \$867 per ton, a 40% increase
 - Metro unemployment rate ticked downward 3.4% to 3.2% in April
 - Shared corridor protection wall added

SWLRT Project Budget: Cost Drivers

- Right-of-Way
 - Property values escalation
 - Increase of business relocations

SWLRT Project Budget: Cost Drivers

- Project Management
 - Extend consultant services to 2023
 - Extend agency project staff to 2023
 - Extend project office lease to 2023

SWLRT Project Budget: Cost Drivers

- Eden Prairie Town Center:
 - Eden Prairie voted May 15 to commit local funding for the Eden Prairie Town Center Station
 - Station added back into opening day project scope using \$6.1 million federal CMAQ grant & funds committed by the City of Eden Prairie
 - Including the station adds \$7.7M to project budget

Steps Taken to Mitigate Cost Increases

- Council made changes to the civil contract specifications:
 - Provided contractor with greater flexibility for scheduling construction activities
 - lowered project mobilization risk
- Propose lower contingency to reflect 100% completion and bid opening of largest construction bid package:
 - 20% in 2016 to 14% in 2018*
- Re-allocate maintenance/storage functions to existing facilities on Blue and Green Lines

* Pending FTA approval

Steps Taken to Mitigate Cost Increases: OMF Site

- Re-allocate LRV maintenance functions to existing system facilities
- Operations and maintenance capacity:
 - Modification to Franklin facility for additional maintenance capacity
 - Interior modifications to Lowertown to support maintenance
- Revised plans for the Hopkins site to include a rail support facility, pocket track, stormwater ponding, parking

Revised Project Budget and Schedule

- Revised project budget: \$2.003B
 - Represents 7.8% (or \$145 million) increase from 2016 budget
 - Requires increased local funding commitment from Hennepin County and HCRRA of \$204M
- Revised project schedule: 2023 (revenue service)

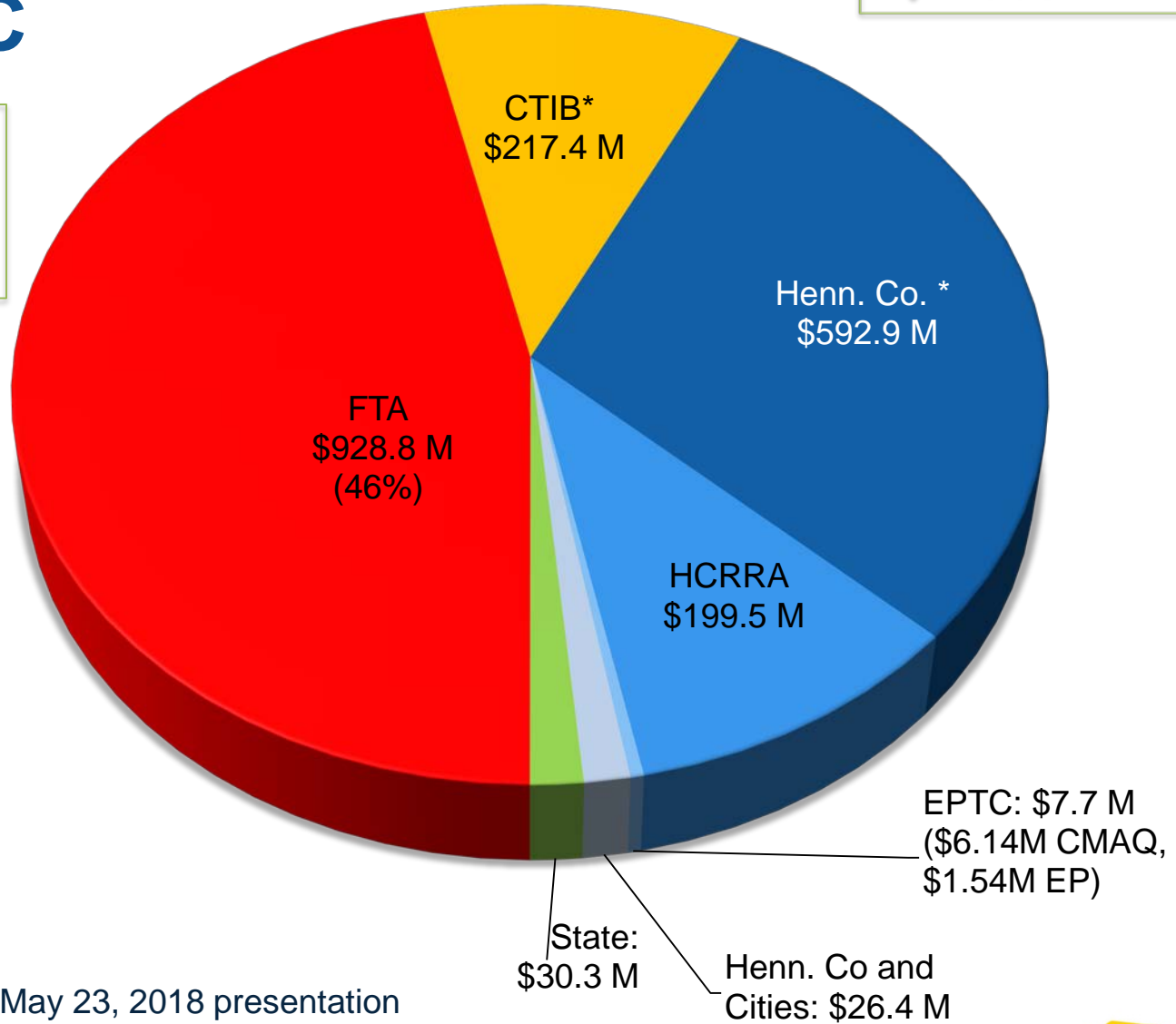
Revised Project Budget

Element	2016	2018	Details
Construction	\$984M	\$1,127M	<ul style="list-style-type: none"> • Increase in construction costs • Reallocate OMF functions in Hopkins to existing facilities, replace with rail support facility, pocket track and stormwater pond, work with the City of Hopkins to identify other project related public uses for the OMF site such as storm water management & parking • Add Eden Prairie Town Center, previously deferred • Include additional corridor protection / Northstar tail track extension
Right of Way	\$252M	\$219M	<ul style="list-style-type: none"> • Increase in relocations from estimate of 100 to 170+ • Remove County in-kind land value
LRV	\$126M	\$122M	<ul style="list-style-type: none"> • Adjust to reflect actual contract costs
Project Management	\$496M	\$535M	<ul style="list-style-type: none"> • Extend project duration, need to retain consultant support, contractors and agency staff longer • Additional environmental review
TOTAL	\$1,858M	\$2,003M	

Funding Sources With EPTC

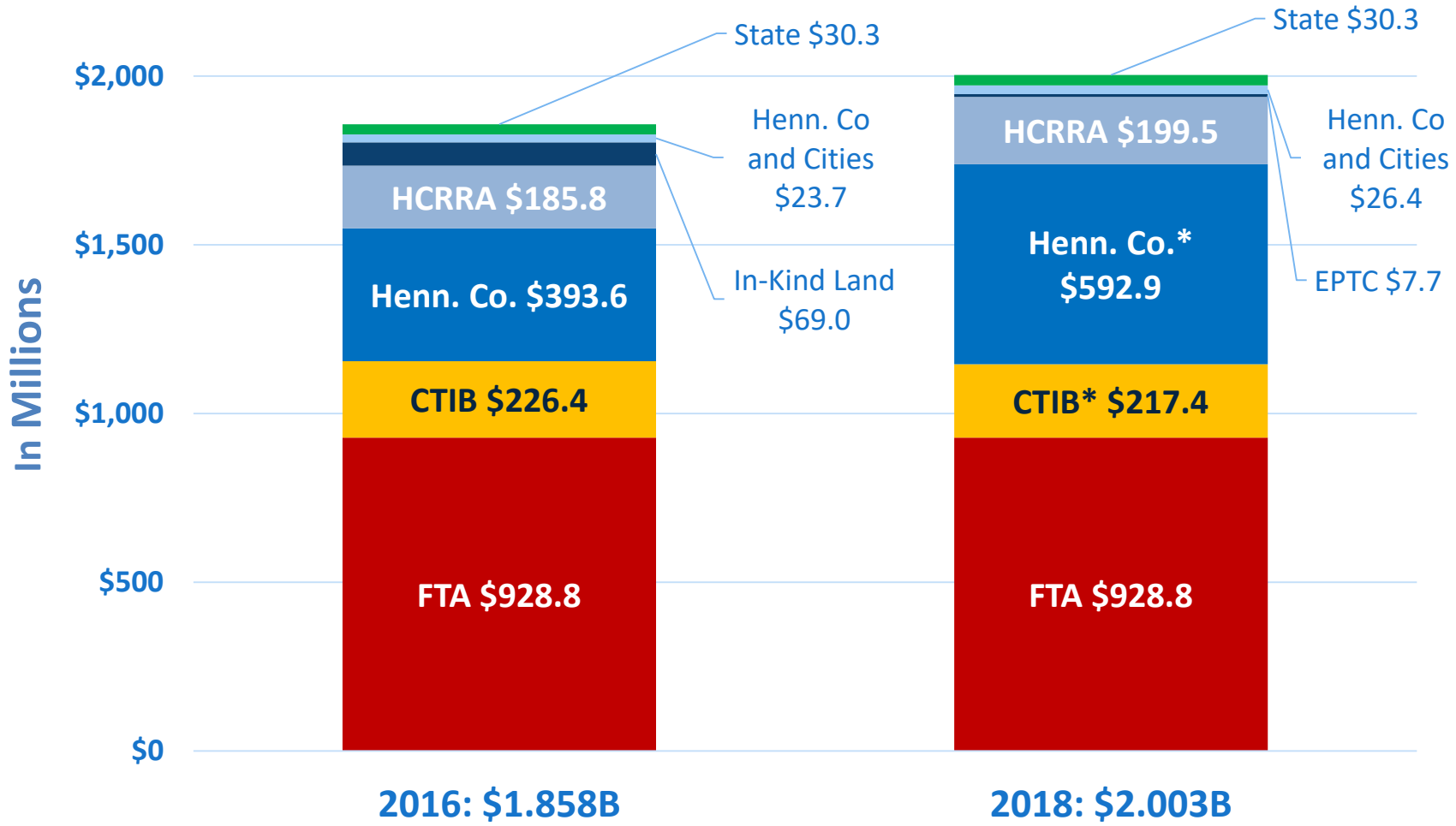
\$2.003 Billion

**\$928.8 Million
Local Funds
Committed**



*Numbers updated from May 23, 2018 presentation

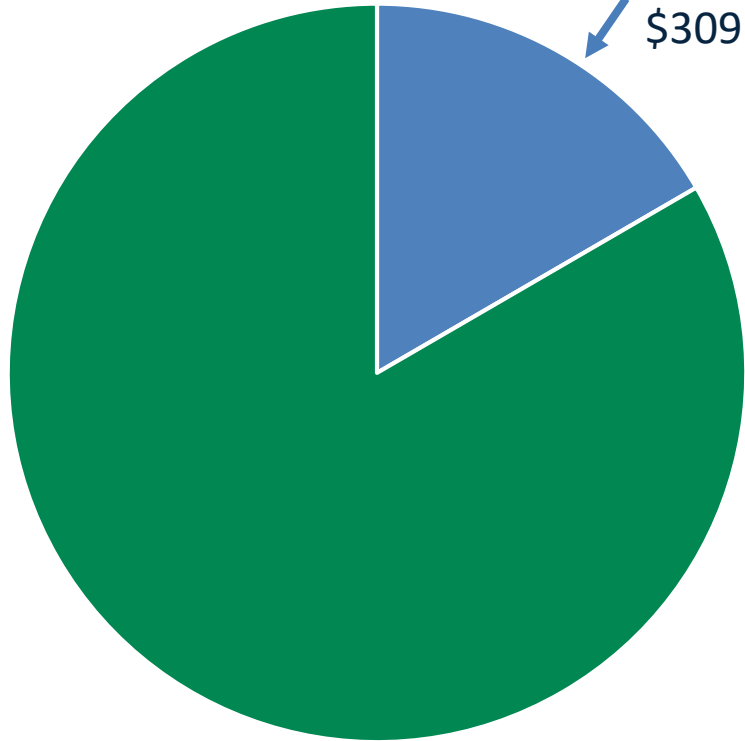
SWLRT Budget Adjustments



*Numbers updated from May 23, 2018 presentation

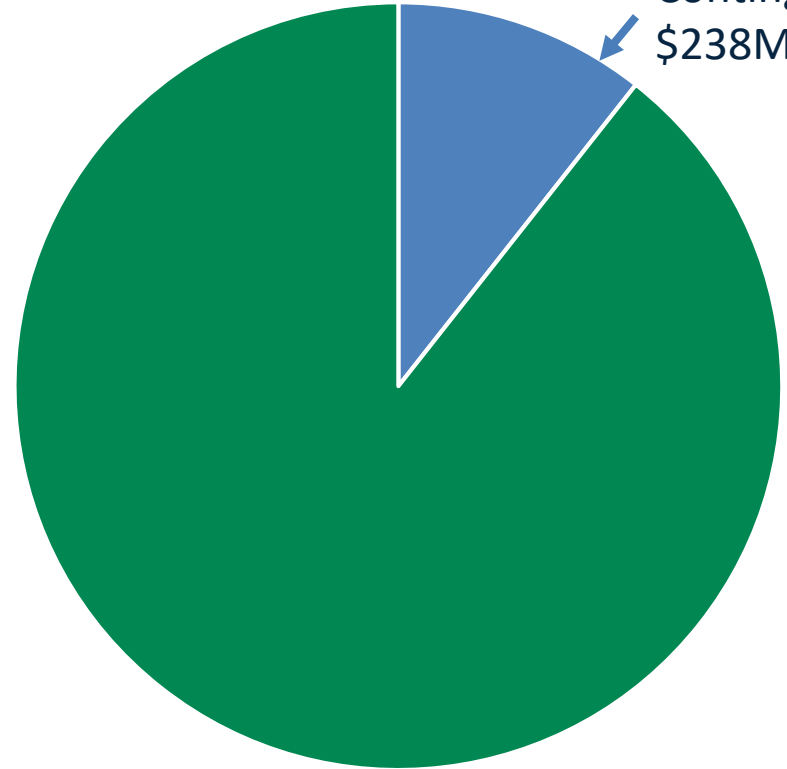
SWLRT Project Budget Contingency

2016: \$1.858B



■ Contingency

2018: \$2.003B



*Proposed
Contingency:
\$238M (14%)

■ Contingency

* Pending FTA approval

May 2018

Executive Change Control Board

- Purpose:
 - Ensure orderly and appropriate coordination of significant changes to project budget
 - Bring the project in under-budget
- Hennepin County will have shared oversight with the Council on major decisions including contingency spending
- Change order ECCB approval > \$350K

Next Steps

- Hennepin County
 - ✓ May 17: Commissioner briefing
 - ✓ May 22: County Board & HCRRA meetings
 - May 31: County Board & HCRRA actions (special meetings)
- Metropolitan Council
 - ✓ May 23: Joint Management/Transportation Committee recommendation
 - ✓ May 24: Corridor Management Committee
 - ✓ May 30: Business Advisory Committee
 - May 30: Council action (special meeting)

2018 Major Project Milestones

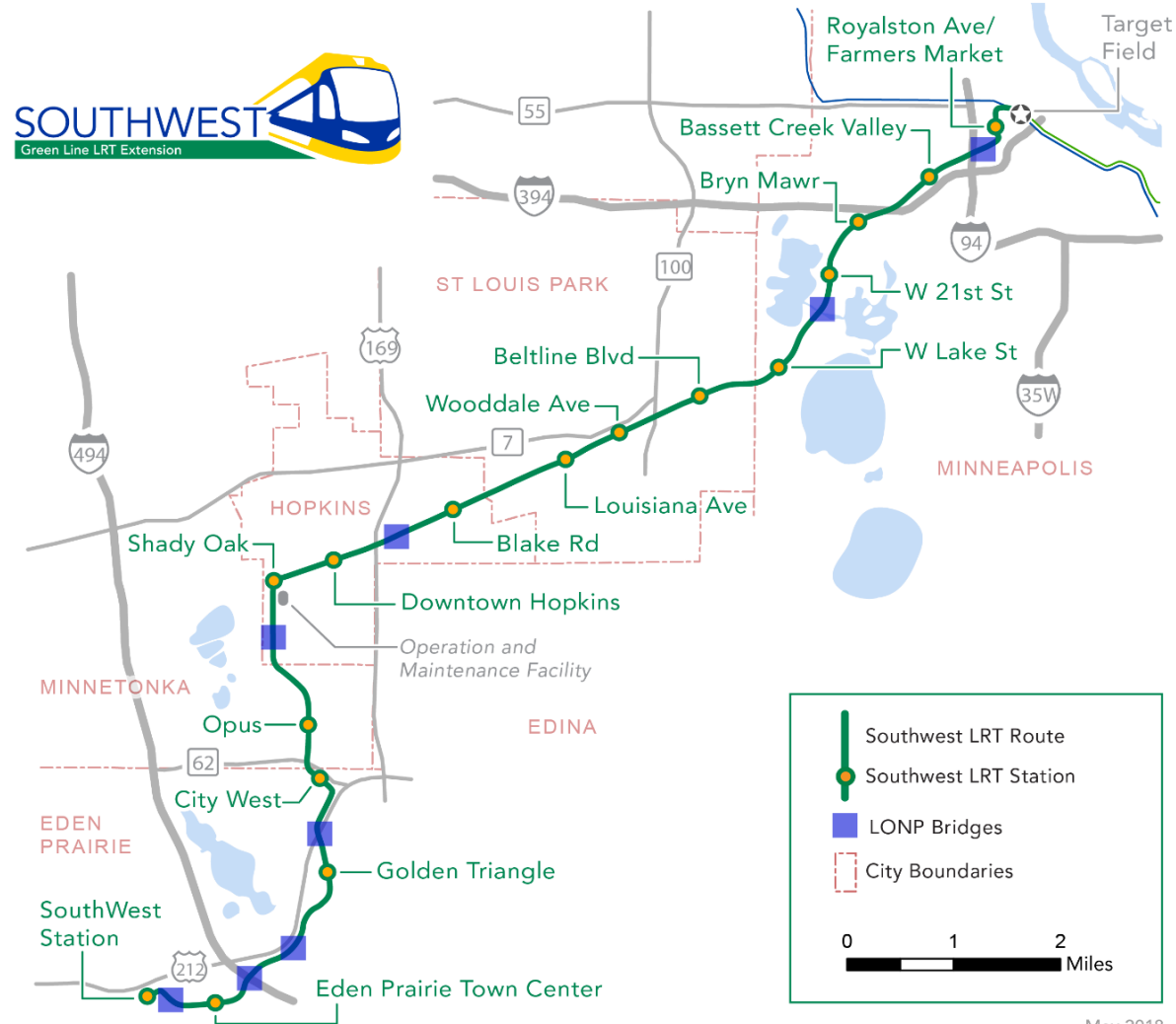
Month	Milestone
February	<ul style="list-style-type: none"> ✓ Published Supplemental Environmental Assessment ✓ Published Quality Management Services for Civil Construction RFP
March	<ul style="list-style-type: none"> ✓ Congressional Funding of CIG program ✓ Public Comment Period for SEA
April	<ul style="list-style-type: none"> ✓ Freight Rail Agreements/Surface Transportation Board Filing
May	<ul style="list-style-type: none"> ✓ Open Civil Construction Bids ✓ FTA Environmental Finding/Met Council Environmental Declaration ✓ Request FTA & Hennepin County Letter of No Prejudice (LONP)
July	<ul style="list-style-type: none"> • FTA & Hennepin County Approve LONPs
August	<ul style="list-style-type: none"> • Met Council Awards Civil Construction Contract
September	<ul style="list-style-type: none"> • Begin mobilizing for Civil Construction • Apply for Full Funding Grant Agreement

Letter of No Prejudice (LONP)

- Federal policy:
 - LONP authority allows an applicant to incur costs on a project utilizing non-Federal resources, with the understanding costs incurred subsequent to the issuance of the LONP may be reimbursable as eligible expenses should FTA approve the project at a later date
- May 18: Council submitted a FTA LONP request for the Civil Construction in the amount of \$187.3M
 - Begin construction activities: mobilization, pre-construction inspections, utility relocations, freight rail phasing/shutdowns, winter calendars & highway/road closures

LONP Scope

- Mobilization
- SouthWest Station
- Bridges
 - Prairie Center Dr
 - I-494
 - Valley View Rd
 - Nine Mile Creek
 - 212/Shady Oak Rd
 - Minnetonka/Hopkins
 - Excelsior Blvd
 - Kenilworth Channel
 - Glenwood Ave
- Freight Rail Trackwork
- Kenilworth Tunnel



Overall Project Schedule

	2011-2015	2016	2017	2018	2019	2020	2021	2022	2023
Project Development									
Engineering		ROD		AROD					
Construction				LONP	FFGA				
LRV Design, Production & Testing									
Fare Collection Production & Testing									
Integration Testing									
Revenue Operations									

ROD: Record of Decision

AROD: Amended ROD

LONP: Letter of No Prejudice

FFGA: Full Funding Grant Agreement

Recommendation (2018-127)

- That the Metropolitan Council:
 - Approve the updated SWLRT cost estimate of \$2.003 billion as the project budget; and
 - Acknowledge the revised project schedule that anticipates a revenue service year of 2023.

SWLRT Third Amendment to the Cooperative Funding Agreement with Hennepin County Regional Railroad Authority

Recommendation (2018-128)

- That the Council authorize the Regional Administrator to negotiate and execute the Third Amendment to the Cooperative Funding Agreement with HCRRA for the SWLRT to:
 - Extend the funding agreement to August 31, 2018;
 - Increase the amount of HCRRA's share of project funding by \$4,219,863 (from \$63,269,282 to \$67,489,145); and
 - Further clarify roles and responsibilities regarding use of contingency, liability and insurance in the corridor, financing federal grant reimbursements and costs associated with the unlikely event of a project shutdown and procedures for collaborative decision making.

SWLRT Fourth Amendment to the 2017 CTIB Capital Grant Agreement

Recommendation (2018-129)

- That the Council authorize the Regional Administrator to negotiate and execute the fourth amendment to the 2017 CTIB Capital Grant Agreement for the SWLRT to:
 - Extend the 2017 CTIB grant from May 31, 2018 to August 31, 2018;
 - Increase the spending authority by \$4,431,337 (from \$179,834,921 to \$184,266,258); and
 - Further clarify roles and responsibilities regarding use of contingency, liability and insurance in the corridor, financing federal grant reimbursements and costs associated with the unlikely event of a project shutdown and procedures for collaborative decision making.

More Information

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