

Management and Transportation Committees

Special Meeting date: May 23, 2018

For the Metropolitan Council Special meeting of May 30, 2018

Subject: Southwest Light Rail Transit (SWLRT) Green Line Extension Revised Budget

District(s), Member(s): All

Policy/Legal Reference: Federal Title 23 CPR, Part 771, FTA New Starts Process

Staff Prepared/Presented: Brian Lamb, General Manager, 612-349-7510
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Division/Department: Metro Transit/Green Line Extension Project Office

Proposed Action

That the Metropolitan Council take the following actions related to Southwest Light Rail Transit project:

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

Background

The Southwest LRT Project Office (SPO) advanced project engineering to 90% design, published the Final Environmental Impact Statement and received the Record of Decision from the FTA in 2016.

On August 10, 2016, the Council approved the project scope and budget of \$1.858 billion, estimated revenue service year of 2021 and authorized staff to submit the Application to Enter Engineering, which was approved by the FTA in December 2016.

The Council issued an Invitation for Bids (IFB) for the Civil Construction Contract in February 2017. In August 2017, the Council received 4 bids ranging from \$796.5 million to \$1.080 billion. In September 2017, the Council rejected all four bids for price and responsiveness. The Council, in consultation with Hennepin County, re-issued the Invitation for Bids in October 2017 with changes. The Council made changes to the contract specifications to provide the contractor greater flexibility to schedule construction activities as well as lower their risk for project mobilization.

In August 2017, the SPO began working closely with the FTA to evaluate the changes to the design of the project since the publication of the Project's Final Environmental Impact Statement and the FTA's Record of Decision. The Supplemental Environmental Assessment was published on February 23, 2018. On May 16, 2018, the Council voted on the Supplemental EA and findings that the changes reviewed in the Supplemental EA do not have potential significant environmental effects.

On May 3, 2018, the Council received two bids in response to the re-issued Civil Construction Contract IFB. Staff are reviewing the bids for responsiveness and responsibility. The Council expects to award the heavy construction contract in late summer 2018.

Rationale

Approval of the revised budget is necessary to advance the project and to submit the application for the Full Funding Grant Agreement later this year. In addition to the civil construction contract, there are other factors causing the project budget to change due primarily to project delays and market factors. They include:

- Completion of design and engineering since the project budget was set at \$1.858 billion and the project entered Engineering in 2016, based on 90% plans.
- Number of business displacees for critical acquisitions increased from the initial estimate in 2016 of 100 to over 170.
- Opening day shifting from 2021 to 2023 means Council will need to retain consultant support, contractors and agency staff longer.
- Corridor protection wall and other costs that were a result of the freight rail agreements.
- Eden Prairie Town Center Station added back using a \$6.1 million federal CMAQ grant and matching local funds that the City of Eden Prairie will secure.

Staff worked diligently to off-set rising project costs by identifying cost reductions that would not trigger additional delays:

- Changing the civil contract specifications to provide the contractor with greater flexibility scheduling construction activities as well as lower their risk for project mobilization.
- Reallocate the functions of the planned Operations and Maintenance Facility for Hopkins, by moving maintenance/storage functions to existing facilities on the Blue Line and Green Line. The Hopkins OMF site will now include a rail support facility, pocket track and staff will work with the City of Hopkins to identify other project related public uses for the OMF site such as storm water management and parking.
- Removing the Hennepin County in-kind land value that was used to match federal funds and off-set an outstanding local funding gap in 2015.
- Assuming a reduced contingency to reflect the advancement of design and awarding the Civil Construction Contract: 20% to 14%.

Together these adjustments, described in the table below, bring the project budget to \$2.003 billion. This represents a 7.8% (or \$145 million) increase in the project budget since 2016.

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

Thrive Lens Analysis

Construction of the Green Line Extension will increase the region's prosperity as it will provide access to 80,900 forecasted jobs and a new transportation option for 55,800 forecasted residents within ½ mile of the planned new stations in addition to the 145,300 forecasted jobs and 35,600 forecasted residents in downtown Minneapolis.

Funding

The Council will be submitting an application later this year to the Federal Transit Administration for a Full Funding Grant Agreement in the amount of \$2.003 billion including \$928.5 million of Federal funding. In June 2016, \$928.5M of local funding was committed. The Council is asking Hennepin County and the Hennepin County Regional Railroad Authority (HCRRA) to cover the remaining local funding gap of \$204 million. Hennepin County and the HCRRA will be considering this at upcoming board meetings. Funding for the Eden Prairie Town Center Station will be secured by the City of Eden Prairie or it will be removed from the Project budget.

The proposed action does not serve to modify the Metropolitan Council's Capital Improvement Plan (CIP). Modifications to the CIP will be included in a future business item and routed through the Transportation and Management Committees.

Known Support / Opposition

Hennepin County Board and HCRRA Board is expected to take action on May 31, 2018.