

Metropolitan Council
Beth El Synagogue, 5224 W. 26th Street, St. Louis Park, MN 55416

Meeting of the Southwest Corridor Management Committee

May 20, 2015

Members Present	Chair Adam Duininck	Brian Lamb	Terry Schneider
	Jan Callison	Matt Look	Jake Spano
	Steve Elkins	Scott McBride	Nancy Tyra-Lukens
	Jason Gadd	Peter McLaughlin	Marion Green (Alt)
	Linda Higgins	Jennifer Munt	Peter Wagenius (Alt)
	James Hovland	Will Roach	
Members Absent	Keith Bogut	Betsy Hodges	Jennifer Munt
	Dan Duffy	Jeff Jacobs	

1. CALL TO ORDER

Chair Adam Duininck called the May 20, 2015 special meeting of the Southwest Corridor Management Committee to order at 10:05 a.m. at the Beth El Synagogue. Chair Duininck welcomed Steve Elkins, who is the new SWLRT CMC member representing the Metropolitan Council.

2. APPROVAL OF MINUTES

Chair Duininck presented the May 6, 2015 SWLRT Corridor Management Committee meeting minutes for approval. Mayor James Hovland made a motion to accept the minutes, Commissioner Jan Callison seconded it, and the motion was then unanimously approved.

3. PROJECT COST REDUCTION EVALUATION

Chair Duininck thanked the city and county staff along with the policy makers that have been engaged on this process to keep the project on track. The purpose of today's meeting it to go over the potential cost reduction list that SPO staff have put together. He asked that the discussion today be kept at a higher level, and at the next CMC meeting, discussion will be on what items should be moved forward to eliminate.

Mr. Mark Fuhrmann reported on the potential cost reduction evaluation, which was put together by the project office staff. On May 6, there were meetings with CTIB, CMC and Met Council who all have stated they are in support of the current SWLRT project and want it to move forward. It was also stated that they would like to keep the budget at \$1.653B. When looking at the ideas, we have kept the scoping principles in mind, which include: design has to be safe and secure; continue to maintain our medium-high FTA rating; no further schedule delays; and to actively engage the impacted stakeholders. We were instructed to come up with the slate of potential ideas that equal or exceed \$341M. To date there were three formal meetings held with the project partner staff to review the ideas, along with many informal discussions. The items were then analyzed based on the criteria of the evaluation matrix. Mr. Fuhrmann went through the categories on the matrix. Of the slate of 50 ideas, two were identified as needing an additional schedule delay beyond 2020, which were also included in the matrix.

Mr. Fuhrmann reported we are still on track and if we can move through this process by July 8, we will then update our project with FTA with our September New Starts submittal. This would give us federal consideration for our FFGA by the end of 2016.

Commissioner Callison asked if development potential was evaluated for the stations, and what the lost opportunity would be if the station wasn't there? Mr. Fuhrmann said we have developed some sub matrices that review the New Starts project justification criteria, including economic development.

Mayor Tyra Lukens asked what the break down is for the ridership impact? Whether they are passengers getting off at a station for employment, shopping, or going someplace else? Mr. Fuhrmann stated that the ridership numbers are passenger boardings at that given station. We do not have trip purpose data at this time.

Mr. Jim Alexander went through the areas for the potential cost savings, which include:

Park and Rides. The cost savings, ridership impacts, and other areas of the matrix were shown. All of the park and rides on the project have been included on the list as potential cost reductions. Commissioner Callison asked about the ridership impact, whether it is for the station or system wide. Also, are additional trips being created? Mr. Craig Lamothe stated that the ridership impact that is listed on the matrix is done as if the park and ride is not there. Commissioner McLaughlin asked if these are then additive or isolation. If a park and ride or station is eliminated, there will be some migration to another station or park and ride. Mr. Lamothe said these are in isolation. Additional model runs will be needed once the scenario is chosen. These figures represent a worst case scenario of loss of ridership with the park and rides.

Mayor Schneider asked if the cost is for eliminating the park and ride or is it an additional amount from what is shown on the budget. Mr. Alexander stated that with each of these individual items, it is a deduct that would occur if that item was removed. Commissioner McLaughlin asked if the \$23 – 25M savings for deleting Mitchell Road Park and Ride is part of the elimination of Mitchell Road Station? Mr. Alexander said for the Mitchell Road Park and Ride, it would be a \$23 – 25M scope element removed. If we were to end at Southwest Station, that would then include the \$23 – 25M savings from the Park and Ride.

Commissioner McLaughlin asked if all the park and rides would be surface lots or are there some that are still structured. Mr. Alexander stated that it would remain a structure if it was already a structure, but it would be a lesser of a structure. For Mitchell as an example, the top level would not be built. These structures could be built out in the future then as long as the foundation is suitable to support that ultimate buildout.

Stations. Mr. Alexander went over the cost saving potential for elimination of certain stations in Eden Prairie and Minneapolis. The numbers on the matrix for the scope cut would also include the pedestrian and bicycle amenities, which was part of the original scope.

Commissioner Matt Look commented that of the \$341M that needs to be cut, half of which is coming from FTA, or about \$170M. With the proposed cuts showing stations being deferred to a later date, it would then be 100% locally funded. Commissioner Look suggested to build the system with the \$341M included so we can take advantage of the FTA match and not use as much local money.

Commissioner Callison stated there are choices on the matrix of deletion or deferring. If you defer a station, would we be able to use contingency for it, or would it have to come back and be entirely local money used. Mr. Alexander said under that assumption, the New Starts project would pay for the build out portion, but the rest of it would be funded through other means of non project funding. Mr. Alexander stated that FTA has stated that we need to identify the scope, and contingency use is not available to use on items outside the scope.

Mayor Schneider asked if we did defer a station, and then came back and used it as an extension of the line, couldn't we resubmit for new funding? Mr. Fuhrmann reported that we have looked at other peer cities, and an example is Phoenix who built their main line of 20 miles, and deferred the west and east end. They have secured a federal TIGER grant for the east end, the west end they are funding locally. So these options are available, but are up to the policy makers and funding partners how they want to come back and build a smaller scope project to ultimately build out.

Commissioner McLaughlin asked about use of contingency to fund a station that is deferred, such as what CCLRT did with the infill stations. Mr. Fuhrmann stated that with CCLRT, FTA was willing to fund the build out of stations at a later time should contingency become available, but with SWLRT, FTA has told us any items that are partially built or deferred, they are not willing to allow contingency to fund the build out.

Councilmember Steve Elkins asked where we will be in engineering when we send our revised scope to FTA? Mr. Fuhrmann stated that under current FTA guidelines, we are to fix and finalize the scope and budget upon FTA approval to enter engineering. Our schedule currently calls that to be Q2 2016, when we will be approaching 90 - 95% of the design when we receive approval to enter engineering.

Mayor Schneider asked regarding contingency, with 50% from FTA and 50% from our local funding sources, can we use the local 50% of the contingency how we want? Mr. Fuhrmann stated with his experience, FTA looks at the contingency as one unit. They do not look at it as the federal portion and the local portion.

Mayor Hovland asked if it is possible to secure FTA support for the entire project, but we commit our funding at \$1.653B, even though the overall project eventually may cost \$2B? Could we work with FTA if we save money now on deferring some stations, and have them offer us pre committed funds that would allow us to build out this line? FTA could then use the money elsewhere until we are able to gather our resources to complete the line in whole. Mr. Fuhrmann stated that due to the way New Starts federal statute is written, FTA is required by Congress to clearly identify what the scope, schedule and budget of the project is. Once scope, schedule and budget are finalized, the law requires FTA to send to Congress for approval, which must have these items match up. FTA must then conduct a financial capacity assessment for our ability to fund the construction and to fund the 20 year into the future operation of LRT without diminishing our funding for our base bus and rail system.

Councilmember Spano asked if under a new Transportation Funding package, it's possible for FTA to change the contingency use. When does the current transportation funding package end and we would see a new one with new rules? Mr. Fuhrmann said that MAP 21 is a two year term that expired last Sept. 30, which Congress has extended to July 31. Mr. Fuhrmann is not sure how the future transportation package will be.

Councilmember Elkins asked what is the level of contingency on FTA requirement by the time we get to 90% engineering? Mr. Fuhrmann said with our experience it is 20%. We are a little heavy and are now showing 27%. When FTA conducts their final risk assessment prior to approving entry into engineering, we expect it to come down, but it will not happen until early 2016. We cannot call upon any contingency savings at this time to help with the \$341M problem.

Commissioner Look asked the totals on the matrix for the deferred and eliminations. Mr. Fuhrmann said that this has not been done yet, but we could report back next time to.

Mr. Peter Wagenius stated that the Kenilworth alignment that was chosen was said to have huge benefits for north Minneapolis, which included economic development and connectivity to stations for the north

side residents to access jobs along the Southwest corridor. Showing two and three stations in Minneapolis deferred or eliminated is extraordinary. For Royalston Station, bus connectivity was the main station where residents were to connect. Mr. Wagenius handed out a map showing the bus connections to Royalston station, which shows the multiple bus lines funneling down to 7th and Royalston. If the Royalston station did not exist, how are people in North Minneapolis going to connect to SWLRT? What is the transfer point for Royalston Station and 21st St. Station?

Chair Duininck mentioned that we have tasked the SPO to come up with the list of ideas for potential cost savings items. This meeting today is to go over this list at a high level, not to go into detail. Mr. Lamothe said the argument for this alignment remains the same for north Minneapolis as it is the best way to get to jobs in the southwest corridor. What has changed is we need to recognize that we are building out a system and as we continue to plan for this build out, the future plans need to be recognized in the modeling. Moving from a 2030 to a 2040 horizon, the ridership for this corridor has gone up to 36,000 from 34,000 when it was modeled last summer. With the new modeling, there is the Blue Line extension, Penn Avenue ABRT, as well as the other ABRTs which now have to be factored into our ridership model. They are now taking shorter trips or walking up to ABRT or Blue Line and making transfers at the Interchange/Target Field Station.

Mr. Alexander went over the other potential cost savings ending at Southwest Station and the moving of Eden Prairie Town Center Station approximately 1,500 feet to the east; the other option would end the line at Golden Triangle Station. The impacts were shown of deleting Penn, Royalston, 21st and the Eden Prairie stations and how things would get distributed.

Commissioner Callison asked about developable acreage, as the zoning for the 21st Street Station would be unfriendly to redevelopment. How much can we rely on this analysis for access to jobs, as this is not a job heavy area. Mr. Lamothe said this is pivoting off of the developable acreage. We are using the 500+ acre number that came from the TSAAP that identified the total over the entire corridor. What this says is if 21st St. is deleted, you are still able to develop 100% of those identified acres. For access to jobs, this is based off of that forecasted number in 2040 that the jobs in this corridor are suppose to grow by about 83,000 jobs, if you were to eliminate 21st St. Station, you still have access to 100% of those jobs.

Councilmember Spano asked for clarification on the decreases in ridership with these station eliminations, and are they within the realm that does not change the Cost Effectiveness Index (CEI)? Mr. Lamothe said the loss in ridership in any one of these, there is a corresponding loss in capital costs or cost savings. The rating for the CEI is unchanged because of those different components.

Mayor Tyra-Lukens asked about ending at Golden Triangle, would this be a 6,600 person drop in ridership? Mr. Lamothe said the ridership loss at Golden Triangle also has the capital and operating costs which factor into the formula that calculates the CEI. There is a drop in ridership, and a drop in operating and capital costs. This maintains the same rating for cost effectiveness. The variables haven't changed, and the rating is contained at its current level. The cost effective rating is currently at a medium, which is one of six project justification ratings.

Landscaping, Art and Furnishing Category. Mr. Alexander reported that this entails elements around the stations or along the alignment. These ideas include station and OMF art, both reducing by 50% or 100%; reducing landscaping system-wide by 50% or 75%. Mayor Hovland asked for an example of elimination of station site furnishings. Mr. Alexander said an example is a station that has a park and ride with bike amenities such as a bike rack of some sort. Another example is reducing benches that might be around the station area.

Councilmember Spano asked about reducing landscape system wide. Does the project envision this to be targeted in certain areas more than others? Mr. Alexander said if it was a 50% reduction, we would look at it system wide. If this item is pursued, we would need to further look at the specifics of the items. Mayor Hovland asked if it is possible to develop a fund around these stations, where developers would contribute and the fund would take care of the landscaping needs. Would this be possible from a legal standpoint under state law? Mayor Schneider said there may be some other options for the cities to participate in some of the costs as well as the development community. This isn't tied into what cuts we have to make.

Operations. Mr. Alexander stated SPO staff met with our Operations staff for potential items to cut. Potential items include: to cut the fleet from 32 down to 30 vehicles; reducing the OMF storage capacity; and eliminate the enclosed parking at the OMF for non revenue vehicles. For items that we are already moving forward with include: replacing duct bank with cable trough along the alignment; modified track and station at Shady Oak; and an LRT bridge structure at Glenwood.

Commissioner McLaughlin asked the rationale for moving from 32 to 30 vehicles, and wasn't it originally at 29? He feels with the possible elimination of stations, the spare ratio and the gap train needs to be further explored. Mr. Alexander said when Met Council took on SWLRT project, it was figured to have 29 vehicles. As we further analyzed this and developed the budget, the number was moved to 32 based on the capacity of getting out to Mitchell. Mr. Alexander said there are many factors that determine the fleet size. Our operations staff have said if we reduce this down to 30, they feel there may be some impact of meeting the capacity of the ridership. Commissioner McLaughlin would also like to see some options for additional cuts of vehicles and their implications, which we will come back with at a future CMC meeting.

Councilmember Gadd asked how reducing the size of the OMF and storing less vehicles would increase or decrease the operational cost? Mr. Alexander said our Operations staff feel that because there is more limited vehicles to operate, there is more of a demand of shifting cars around to meet the demand. The spare ratio starts going down, and they are to infill when a train is out of service. Also the operator cost of shifting around to meet the demand.

Commissioner Look asked the probability to be able to use the current OMF that we have, since this is an extension of the line. Mr. Alexander said in regards to a system wide approach on OMF, for the acreage of property we currently have at the Franklin Facility and the St. Paul OMF, there is not enough acreage to build out. Another factor is to be able to bring the vehicles in and out for revenue service. There are constraints and challenges to get all the vehicles out in the morning out of one facility. Mr. Alexander said we don't have the number of businesses that we needed to relocate for the SWLRT OMF, but we could bring this number back. We did go through an extensive search for the OMF site, which was brought to the CMC and it was approved to go to Hopkins.

Trail Structures. This includes underpasses and bridges. Councilmember Spano said some of the reasons the city wanted to keep these was pedestrian safety. For safety implications, what was envisioned instead of these items that are cut? Mr. Alexander said the pedestrian crossings in the Opus area would be a marked roadway crossing; for eliminating the underpass to Louisiana Station, the alternative route would be a crossing by the trail; at Beltline, the crossing would happen just west of the station; and a crossing at the west end of Penn Station. Everything would be at grade, with striping. Similar designs would be used as our existing systems where there are crossings over track. It could be flashing lights and audible signal warning signs for the train.

Mr. Wagenius asked what outreach with the Minneapolis Park Board happened to let them know about the possible cuts? Mr. Alexander stated that the three previous meetings we have held with our partners did include Michael Schroeder from the Park Board.

Additional Revenue Service Delays. Mr. Alexander went through these, which include two items that would add at least an additional year delay. The first item is the CP Rail swap, which is currently on the south side of the corridor. This would change the design to move the line to the other side of the CP rail line. Mr. Alexander explained what the route would look like with this swap. The other item is the deletion of the Kenilworth South tunnel. This would then require an 81' wide right of way, having freight, LRT and the trail all at grade. Right of way would be impacted for this. This option would actually have an additional cost to the project. Commissioner McLaughlin asked if the potential savings is net of the delay? Mr. Alexander said yes, both items would have a \$50M cost exposure included in these numbers for that one year delay.

Mr. Alexander provided a summary of the categories and their potential cost savings. There were maps shown with the location of the items. There is also two versions of the matrix provided today. One is listed by category, and the other is listed by cost. This may help members to go through the list of 50 potential items for scope reduction.

Mayor Schneider asked if the project has excess right of way that they condemned and have to dispose of at some point, and is the value of the land factored into the current cost as a credit? Mr. Lamothe said we are analyzing an assessment of what property might be available. It would end up being credited back with the land being sold off post project for redevelopment. The money would go back to FTA, CTIB, HCRRA and the State. It doesn't solve the immediate issue of being at a certain budget to enter engineering. Mayor Schneider asked if we had a commitment from a city to acquire that piece of property that will eventually be excess property, can that be added in? Mr. Lamothe said this would be outside of the project discussion.

Commissioner McLaughlin said our mix of funding has been straight forward. With the new infill stations we had on the Green Line, which was done outside of that formula, as there were local dollars used. They also used a federal match for these, which might be worth exploring.

Commissioner Look asked what the cost of the OMF station is? Mr. Lamothe said the construction cost, minus the design cost is approximately \$100M. Commissioner Look asked if not building an OMF station would be a failure to launch the line, also, if having a global OMF, rather than building a new OMF every time we have a line would work? Mr. Alexander said our Operations staff said without an OMF, we would not be able to operate the line. It was concluded that a new OMF is needed for the Green Line Extension, as well as the Blue Line Extension in order to accommodate the service we are required to meet. Mr. Fuhrmann stated that there was a study commissioned to look at the system programmatic needs to support light rail operations and maintenance. This study did show a requirement for the four facilities. We are now asking the functionality and support needed for those four. This will tell if we can go with lighter maintenance.

Mayor Schneider said system wide, what is the cost differential for the various stations. There are four different station types and is there a way to standardize that to make one station type throughout the line. Mr. Alexander said typically that will be done with the stations for the canopies and layout of the station. Stations such as Penn will have vertical circulation and a bridge to get over to Penn Avenue. That cost will go up for these types of stations.

Commissioner McLaughlin stated he feels value engineering would be a standard thing to do at this stage. He also mentioned if the finance charge assumption is at 3%, or \$65M, perhaps this could be

reduced. Mr. Fuhrmann stated that the \$65M estimate for future financing is part of the financial plan that FTA must review and approve. This will be sent to them in September. We can ask them in the near term if they are will allow us to reduce the 3% assumed. FTA does look at this closely when they do their financial capacity assessment.

Mr. Wagenius asked the geography of the cost overruns, he would like to know the locations of the cost increases so they can be related to the cost reductions we make. Mr. Fuhrmann stated that we don't keep track of the overruns city by city, but have attempted to color code by host jurisdiction where the items reside, whether by city or along the entire corridor. Mr. Wagenius asked if the \$341M cost is not evenly distributed over the project components, such as a particular bridge or station that may be responsible for more than its fair share of costs and needs to be redesigned. Mr. Fuhrmann said our engineering and cost estimating staff have identified where those hot spots are and what we have to do to address or reduce those costs. Such as bad soils, we are obligated to remediate the bad soils whether they are in one city or another city. Also the bridge to get to Town Center Station up to Golden Triangle Station is embodied in those cost increases.

Commissioner Callison stated that we have been working on this project for the past 15 years and have made decisions all along and they have all contributed to the point we are today. With the information and trying to segregate it more will not be helpful.

4. PROJECT OPTIONS WORK PLAN DELIVERABLES SCHEDULE

Mr. Fuhrmann stated that we have been meeting with the Community Advisory Committee and Business Advisory Committees on this topic of cost reductions to the project. The upcoming CMC meetings scheduled will be June 3, and a special meeting on June 24. Following that we hope to bring forward a recommendation for CMC on July 1 and a recommendation to the Met Council on July 8.

Chair Duininck mentioned that the upcoming CMC meetings may need more than the 90 minutes scheduled. An email will go around canvassing members on their time availability for the June 3 meeting. Councilmember Spano stated that if we could get the information at least one day earlier than the meeting to review it would be helpful. Chair Duininck mentioned we will need to get the scenarios narrowed down as we need to run the model again to get a sense for the impacts.

5. ADJOURNMENT

Meeting adjourned at 12:00 p.m.

Respectfully Submitted,

Dawn Hoffner, Recording Secretary