Business Advisory Committee

May 30, 2018
Today’s Topics

• Project Update
  ▪ Revised Project Budget and Schedule
  ▪ Next Steps
  ▪ STB Update

• Legislative Update
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

- FTA $928.8 M (50%)
- Henn. Co. $393.6 M
- HCRRRA $185.8 M
- In-Kind Land $69.0 M
- Henn. Co. and Cities $23.7 M
- State $30.3 M
- CTIB $226.4 M
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
    o Diesel fuel prices rose $2.56 to $2.99 or 17% increase
    o Raw steel prices index increased from $621 to $867 per ton, a 40% increase
    o 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

<table>
<thead>
<tr>
<th>Element</th>
<th>2016</th>
<th>2018</th>
<th>Details</th>
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</table>
| Construction                 | $984M | $1,127M | • 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 | • Increase in relocations from estimate of 100 to 170+  
• Remove County in-kind land value |
| LRV                          | $126M | $122M | • Adjust to reflect actual contract costs |
| Project Management           | $496M | $535M | • Extend project duration, need to retain consultant support, contractors and agency staff longer  
• Additional environmental review |
| TOTAL                        | $1,858M | $2,003M |
$928.8 Million Local Funds Committed

Funding Sources With EPTC

- FTA: $928.8 M (46%)
- CTIB: $229.4 M
- Henn. Co.: $581.0 M
- HCRRA: $199.5 M
- EPTC: $7.7 M ($6.14M CMAQ, $1.54M EP)
- State: $30.3 M
- Henn. Co and Cities: $26.4 M

May 2018
SWLRT Budget Adjustments

2016: $1.858B

- HCRRA $185.8
- Henn. Co. $393.6
- CTIB $226.4
- FTA $928.8
- In-Kind Land $69.0
- Henn. Co and Cities $23.7
- State $30.3

2018: $2.003B

- HCRRA $199.5
- Henn. Co. $581.0
- CTIB $229.4
- FTA $928.8
- EPTC $7.7
- Henn. Co and Cities $26.4
- State $30.3
SWLRT Project Budget Contingency

2016: $1.858B
- Contingency: $309M (20%)

2018: $2.003B
- Proposed Contingency: $238M (14%)

* Pending FTA approval
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
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

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<th>Month</th>
<th>Milestone</th>
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<tr>
<td>February</td>
<td>✓ Published Supplemental Environmental Assessment</td>
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<td>✓ Published Quality Management Services for Civil Construction RFP</td>
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<td>March</td>
<td>✓ Congressional Funding of CIG program</td>
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<td>✓ Public Comment Period for SEA</td>
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<td>April</td>
<td>✓ Freight Rail Agreements/Surface Transportation Board Filing</td>
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<tr>
<td>May</td>
<td>✓ Open Civil Construction Bids</td>
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<td>✓ FTA Environmental Finding/Met Council Environmental Declaration</td>
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<td>✓ Request FTA &amp; Hennepin County Letter of No Prejudice (LONP)</td>
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<tr>
<td>July</td>
<td>• FTA &amp; Hennepin County Approve LONPs</td>
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<tr>
<td>August</td>
<td>• Met Council Awards Civil Construction Contract</td>
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<td>September</td>
<td>• Begin mobilizing for Civil Construction</td>
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<td>• Apply for Full Funding Grant Agreement</td>
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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

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**ROD:** Record of Decision  
**AROD:** Amended ROD  
**LONP:** Letter of No Prejudice  
**FFGA:** Full Funding Grant Agreement
Surface Transportation Board Update
Recent Activities

- Feb 23 FTA and Council issued Supplemental Environmental Assessment
- Feb 27 Judge Tunheim ruled on Lakes & Parks Alliance lawsuit
- March 21 Met Council acted to authorize execution of agreements related to freight rail
  - HCRRA Joint and Cooperative Exercise of Powers Agreement
  - CP Real Estate Purchase Agreement
  - HCRRA Property Transfer Agreement
  - TC&W Settlement Offer
Current Freight Rail Owners, Carriers & Operators

- **Bryn Mawr Station**
  - Property Owner: HCRRA
  - Common Carrier: HCRRA
  - Rail Operator: TC&W/CP

- **Kenilworth Corridor**
  - Property Owner: HCRRA
  - Common Carrier: HCRRA
  - Rail Operator: TC&W/CP

- **Glencoe Junction**
  - Property Owner: TC&W
  - Common Carrier: TC&W
  - Rail Operator: TC&W

- **Bass Lake Spur**
  - Property Owner: CP
  - Common Carrier: CP
  - Rail Operator: TC&W
Proposed Freight Rail Owners, Common Carrier & Operators

Kenilworth Corridor
Property Owner: Metropolitan Council
Common Carrier: HCRRRA
Rail Operator: TC&W/CP

Bass Lake Spur
Property Owner: Metropolitan Council
Common Carrier: HCRRRA
Rail Operator: TC&W

Downtown Hopkins Station

Glencoe Junction
Property Owner: TC&W
Common Carrier: TC&W
Rail Operator: TC&W

Brym Mawr Station

Southerly Connector
Property Owner: Metropolitan Council
Common Carrier: HCRRRA
Rail Operator: TC&W

Bass Lake Spur

Louisiana Ave Station

MN&S Spur
Surface Transportation Board (STB) Petition

- STB petition is required to allow the Council to acquire rights-of-way and physical assets of Bass Lake Spur and Kenilworth Corridors subject to the freight rail easements & existing Trackage Rights Agreements

- STB is the federal regulatory agency responsible for reviewing certain railroad property transfers

- The Council petitioned the STB; typically rules in 30-60 days
Legislative Update
More Information

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