



ADVISORY INFORMATION

Date September 14, 2011
Prepared:
Subject: **Central Corridor Light Rail Transit (Green Line): Contingency Commitment**

Proposed Action:

That the Metropolitan Council authorize the Regional Administrator to

- 1) Exercise the contract option with Siemens to purchase 16 additional Central Corridor Light Rail Transit Green Line (CCLRT) Light Rail Vehicles, and
- 2) Authorize the use of \$58.1 million in CCLRT Project Contingency and Bid underrun funds towards the purchase of 16 CCLRT light-rail vehicle options, other 2011 time sensitive Project Enhancements and Pre-Revenue Operations start-up costs.

Summary of Committee Discussion / Questions:

Mark Fuhrmann gave a presentation on the item. Councilmember Schreiber asked whether there might be an opportunity to invest contingency funds on a short-term basis prior to expenditure to help project cash flow. Fuhrmann explained that this action is a request to commit funds. A separate Council action was approved to issue General Obligation Grant Anticipation Notes to manage CCLRT cash flow requirements. Councilmember Commers asked whether the proposed purchase of the 16 light-rail vehicles would result in Green Line operations being fully equipped. Fuhrmann responded that it would. Councilmember Đoàn requested that he be provided with a list of the project enhancements being proposed for utilizing contingency funds. Fuhrmann responded that he would provide the information to Councilmembers.

A motion was then made by Councilmember Smith, seconded by Đoàn, and approved unanimously.

T Transportation Committee

Meeting date: September 12, 2011

Metropolitan Council Meeting: September 28, 2011

ADVISORY INFORMATION

Date: August 26, 2011
Subject: Central Corridor Light Rail Transit (Green Line):
Contingency Commitment
District(s), Member(s): All
Policy/Legal Reference: Minnesota Statutes Chapter 117 and M.S § 473.405
Met Council 3-3 Expenditures Policy
Staff Prepared/Presented: Brian Lamb, General Manager, 651-349-7510
Mark Fuhrmann, Deputy Gen Mgr, 651-602-1942
Rich Rovang, CCLRT Project Director, 651-602-1941
Division/Department: Metro Transit / Central Corridor Project Office

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Background

The CCLRT Project's Full Funding Grant Agreement (FFGA) budget includes \$155 million of Project Contingency. The use of Project Contingency towards Project Enhancements requires action of the Met Council. Federal Transit Administration (FTA) hold-point requirements are imposed on these Contingency Funds, which can be released when percentage milestones are achieved throughout construction.

In addition to this Project Contingency, the CCLRT Construction contract bids also underran estimates by a total of \$34 million due to favorable construction market conditions. The use of this \$34 million of bid underruns requires action of the Met Council, Counties Transit Improvement Board (CTIB), Hennepin County Regional Railroad Authority (HCRRA), and Ramsey County Regional Railroad Authority (RCRRA), but there are no FTA hold-point restrictions on the use of these funds. (See Met Council Business Item 2010-371.)

The project has achieved the 20% constructed milestone, which equates to a total of \$63.4 million of available contingency dollars and includes the \$34 million in bid underruns. Project Enhancement nominations have been solicited from Project Partners. Staff has identified those unfunded Project Enhancements that are time sensitive and require a funding decision in 2011.

The total of those Project Enhancements is \$58.1 million and includes:

- \$53.7 million in CCLRT light-rail vehicle options;
- \$2.3 million in 2011 Project Enhancements which include additional marketing for businesses, Minneapolis traffic signal improvement, St. Paul

alley improvements, and University of Minnesota street lighting enhancements; and

- \$2.1 million in Pre-Revenue Operations start-up costs.

If the Met Council authorizes these contingency commitments of \$58.1 million, there will be a total of \$5.3 million remaining in the FTA 20%-constructed contingency hold-point that has not been reserved or committed and an overall contingency balance of approximately \$84 million.

Rationale

Staff has identified that these items are time sensitive and can not be feasibly implemented at a later date without significant cost impacts. In particular, the 16 light-rail vehicle options must be exercised by September 29, 2011 at the base unit cost to avoid the activation of contractual escalation totaling at least \$3.4 million.

Funding

The funding for this total authorization of \$58.1 million will be \$24.1 million from CCLRT Project Contingency and \$34 million of bid underruns.

Known Support / Opposition

Business items will be taken to CTIB, HCRRA, and RCRRRA for the use of the \$34 million of bid underruns. Informational items have been taken to CTIB and the Central Corridor Management Committee (CCMC). There is no known opposition at this time.