

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

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.

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.



ADVISORY INFORMATION

Date November 10, 2010
Prepared:
Subject: Central Corridor Light Rail Transit: Project Contract Under Runs

Proposed Action:

That the Metropolitan Council preserve the construction contract budget under run for the Central Corridor Light Rail Transit (LRT) Project for the Civil East, Civil West, Systems, Operation and Maintenance Facility and Light Rail Vehicles contract awards in the aggregate amount of \$34 million separate and apart from the project base contingency amount of \$152 million. Furthermore, expenditure of any of the \$34 million will require approval of project lead funding partners Counties Transit Improvement Board (CTIB), Ramsey County Regional Railroad Authority (RCRRA), Hennepin County Regional Railroad Authority (HCRRA) and the Metropolitan Council.

Summary of Committee Discussion / Questions:

Mark Fuhrmann presented the item. A motion was made by Councilmember Peterson, seconded by Councilmember Leppik, and passed unanimously.



Transportation Committee

Meeting date: November 8, 2010

Metropolitan Council Meeting: December 8, 2010

ADVISORY INFORMATION

Date: October 28, 2010

Subject: Central Corridor Light Rail Transit: Project Contract Under Runs

District(s), Member(s): All

Policy/Legal Reference: Council Policy 3.1, Financial Planning and Budget

**Staff Prepared/Presented: Brian Lamb, General Manager, 612-349-7510
Mark Fuhrmann, Deputy General Manager,
651-602-1942**

Division/Department: Metro Transit/ Central Corridor Project Office

Proposed Action

That the Metropolitan Council preserve the construction contract budget under run for the Central Corridor Light Rail Transit (LRT) Project for the Civil East, Civil West, Systems, Operation and Maintenance Facility and Light Rail Vehicles contract awards in the aggregate amount of \$34 million separate and apart from the project base contingency amount of \$152 million. Furthermore, expenditure of any of the \$34 million will require approval of project lead funding partners Counties Transit Improvement Board (CTIB), Ramsey County Regional Railroad Authority (RCRRA), Hennepin County Regional Railroad Authority (HCRRA) and the Metropolitan Council.

Background

The Federal Transit Administration (FTA) requires all New Starts project sponsors to include contingency in the project budget estimate as the project progresses through preliminary engineering, final design and execution of the Full Funding Grant Agreement. Central Corridor LRT has done so with a contingency budget of \$152 million as part of the overall project budget of \$956.9 million. Staff believes this contingency amount to be adequate given the market risk of higher than budgeted construction bid prices has been eliminated.

The Council has awarded major Central Corridor LRT contracts for Civil East, Civil West, Systems and Light Rail Vehicles in 2010 with scheduled award of the Operation and Maintenance Facility (OMF) contract on December 8, 2010. In aggregate, the contracts awarded to date and the apparent low bid for the OMF contract result in a construction budget under run of \$34 million.

Rationale

The Federal Transit Administration has conducted its financial capacity assessment of the Council and the Central Corridor Project and found the Council has the financial commitments in hand to fully execute delivery of the Central Corridor LRT Project including \$152 million of contingency. The \$34 million budget under run is not included in the budgeted \$152 million contingency.

Staff is not recommending a reduction in the overall budget of \$956.9 million. Any change in the project budget, up or down, as the processing of the Full Funding Grant progresses, would require a revised financial plan. This under FTA regulations would initiate a new FTA financial capacity assessment that experience shows would cause a

three to five month delay in receipt of the grant into the latter half of 2011 placing more risk on the Council and local funding partners.

The Council as the federal grantee and the fiduciary steward for the project is responsible for managing the project budget and delivery of the project within budget. It is prudent at this time to set aside the \$34 million apart from the project contingency and conserve these funds. Any financial obligation of all or a portion of the \$34 million will require approval by the CTIB, RCRRRA, HCRRA and the Metropolitan Council.

Funding

No new funding is requested.

Known Support / Opposition

The lead local funding partners support this recommendation.