

# Item

Program Management

# Project Budget and Schedule Status

## Transit Project Delivery

Finance, Budget & Audit Committee

Construction Committee

May 15&16, 2013



**Metro**

# Construction Bid Trends

May 2013



**Metro**

# Construction Bid Trends

- Metro has seen significant cost increases in construction bids for its projects over the last year.
- On average, the bids have been 20% higher than estimated. This has been the case particularly on projects >\$5 million.
- Nationwide other government agencies and companies in the private sector are also experiencing the same increases in the cost of construction bids.

# Construction Bid Trends

## California's Current Construction Market

- During 2012, nine new light rail or highway projects totaling over \$3 billion were started.
- With an initial \$6 billion in contracts for high-speed rail looming on the horizon, as well as Metro's multi-billion dollar Measure R program, the rail construction sector in California is very robust.

# Construction Bid Trends

## *Design-Build Construction Market Conditions*

- The current nationwide construction bid market place for large civil design-build projects is dominated by a limited number of large contractors.
- These contractors are well-organized, stable and bring in local firms for each project on an as-needed basis.
- They have great breadth and depth of resources and favorable relationships with large banks and insurance companies that give them market advantages over smaller regional contractors.
- Many of these large contractors have a backlog of projects.



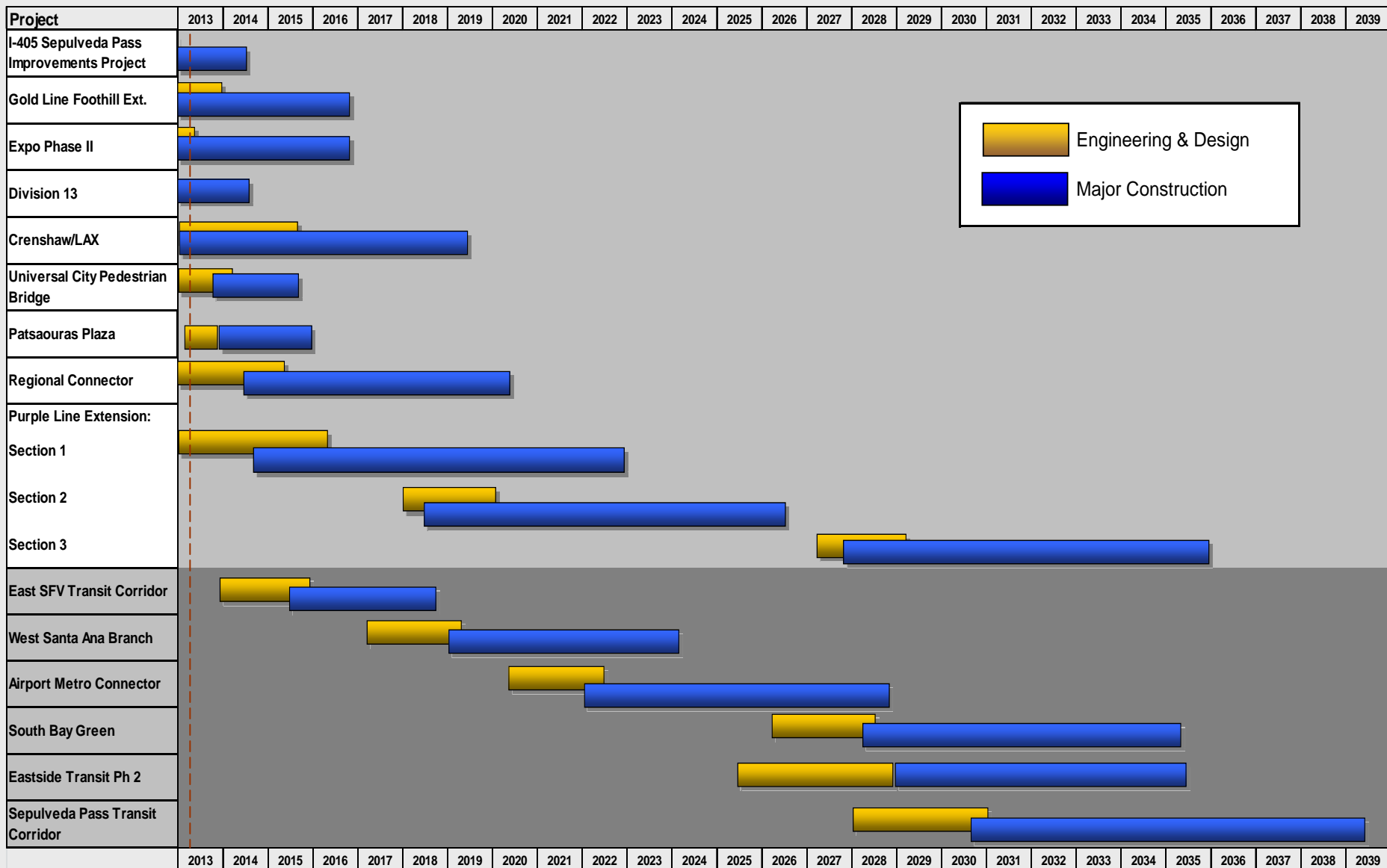
# Construction Bid Trends

## Next Steps

Staff will continue to:

- Monitor the trends
- Work with the construction industry to determine reasons for the increases
- Develop potential mitigation measures
- Make appropriate adjustments to Metro's estimates

# Project Schedules\*



\*Project schedules are not accelerated. Projects in the shaded area are in the Planning phases.

# Crenshaw/LAX Transit Corridor



## BUDGET

	Original	Current	Forecast
Total Cost (\$ mil.)	1,749	1,762.9	1,762.9

- Continuing blackout period for Design-Build Contract C0988.

## SCHEDULE

	Original	Current	Forecast
Rev. Operation	Dec 2018	Dec 2018	July 2019

- Design-Build contract award rescheduled for June agenda.

## POTENTIAL RISKS

- With the additional project requirement to proceed with a Best and Final Offer (BAFO) for Design-Build Contract C0988 and the requirement to have sufficient project schedule contingency at award of a construction contract, the revenue operations date will be extended to July 2019.
- If the Leimert Park Station option, shell only or complete station, is included in the Contract C0988 award, additional time would be required to construct the station and therefore the revenue operations date would be extended another two or three months.
- CPUC suspension of 164-D process may delay approval of crossing applications.
- Buy America compliant material issues for Edison and Southern California Gas.
- Market conditions may lead to higher construction costs.



# Purple Line Extension – Section 1

(La Cienega)



 <b>BUDGET</b>	*Original	Current	Forecast
Total Cost (\$ mil.)	TBD	2,471	2,471

- Based on the March 2013 Financial Plan update. Does not include Planning or Finance costs

\*Original budget to be adopted upon receipt of the FFGA

 <b>SCHEDULE</b>	*Original	Current	Forecast
Rev. Operation	TBD	Dec 2022	Dec 2022

- Contract award for the Wilshire/La Brea Advanced Utility Relocation Contract was issued on May 13, 2013
- RFQ responses for Section 1 contract were received in February and are still being evaluated

\*Original schedule to be adopted upon receipt of the FFGA

## POTENTIAL RISKS

- CEQA and NEPA lawsuits filed by Beverly Hills Unified School District and the City of Beverly Hills
- Buy America provisions as mandated by FTA . Potential cost and schedule impacts are still being assessed.
- Market conditions may lead to higher construction costs

# Regional Connector



 <b>BUDGET</b>	*Original	Current	Forecast
Total Cost (\$ mil.)	TBD	1,375	1,375

- Based on the March 2013 Financial Plan update. Does not include Planning or Finance costs

\*Original budget to be adopted upon receipt of the FFGA

 <b>SCHEDULE</b>	*Original	Current	Forecast
Rev. Operation	TBD	May 2020	May 2020


- Receipt of RFP for the Design/Build Contract is June 25, 2013

\*Original schedule to be adopted upon receipt of the FFGA

## POTENTIAL RISKS

- CEQA and NEPA lawsuits filed by Bonaventure Hotel, Japanese Village Plaza, and Thomas Properties Group
- Buy America provisions as mandated by FTA. Potential cost and schedule impacts are still being assessed.
- Market conditions may lead to higher construction costs

# I-405 Sepulveda Pass Improvement Project

 <b>BUDGET</b>	Original	Current	Forecast
Total Cost (\$ mil.)	1,034	1,070.7	1,149.4

- Seeking Board approval for an additional \$78.7 million in May 2013

 <b>SCHEDULE</b>	Original	Current	Forecast
Con. Complete	May 2013	June 2014	June 2014


- Project will open an approximate 2.5 miles of General Purpose Lane in the south end by the end of June 2013

## POTENTIAL RISKS

- Contractor performance, Area 5 Change Work, MSE Wall Failure re-work, and Area 4 (Sunset) work are the critical issues
- Utility relocations and adequacy of Provisional Sums
- Change Orders and Claims Risk
- Additional Professional Services

# Patsaouras Plaza Busway Station



 <b>BUDGET</b>	Original	Current	Forecast
Total Cost (\$ mil.)	16.8	16.8	TBD

- Budget forecast to be revised based on results of re-bid.

 <b>SCHEDULE</b>	Original	Current	Forecast
Con. Complete	June 2014	Dec 2015	Dec 2015

- Re-bid scheduled for June 2013

## POTENTIAL RISKS

- Bids came in over budget, therefore they were cancelled. VE and debriefs have been completed to reduce costs. Plan is to repackage and re-solicit the project. Draft revised package due from consultant May 6, 2013.

# Division 13 Bus Maintenance Facility



## BUDGET

	Original	Current	Forecast
Total Cost (\$ mil.)	95	104.2	104.2

- Board approved LOP budget increase at April 2013 Board meeting.

## SCHEDULE

	Original	Current	Forecast
Con. Complete	July 2014	July 2014	July 2014

- Off-site utility relocations in progress
- Demolition and removal of most Hazardous Materials completed (90%)
- Foundation construction started March 2013
- Contractor requesting additional schedule to complete project based on underground delays. Negotiations in progress.

## POTENTIAL RISKS

- Utility relocations within City ROW
- Removal of remaining Hazardous Materials
- Possible unforeseen site conditions during underground construction
- Fossilized bone find in storm drain trench

# Universal City Station Pedestrian Bridge

## BUDGET

	Original	Current	Forecast
Total Cost (\$ mil.)	19.5	19.5	22

- Forecasted increase in Construction costs due to: Elevator/Escalators, Bridge steel truss, and construction cost mark-ups

## SCHEDULE

	Original	Current	Forecast
Con. Complete	N/A	Sept 2015	Sept 2015

- Advertised on March 25, 2013
- Contract award is anticipated in Sept. 2013

## POTENTIAL RISKS

- Design of the bridge is impressive, open 3 dimensional truss comparatively costly.
- Value Engineering has been performed and incorporated in the design.
- Pending the results of the bid if the lowest proposal is higher than the remaining budget, Metro will negotiate with NBC Universal to share the increase in cost.

# Gold Line Foothill Extension (Phase 2A)



## BUDGET

	Original	Current	Forecast
Total Cost (\$ mil.)	690	741	741

- No issues to report

## SCHEDULE

	Original	Current	Forecast
Rev. Operation	Nov 2016	Nov 2016	Nov 2016

- No issues to report

## POTENTIAL RISKS

- Scope growth/betterments
- Third party impacts
- Acquisition of property for Irwindale and Duarte parking facilities



## RECENT ACTIVITIES/ISSUES


- Design
  - 79 of 82 design packages approved for construction
- Site Work
  - Grading and utility relocation throughout alignment
  - Continue freight track construction (3.5 mile shared corridor)
- At-Grade Crossings
  - 1 of 14 crossings completed
  - Continuing Dalton, California, and Azusa Avenues
- Stations
  - Continued construction Duarte, Monrovia, and Arcadia Stations
- Bridges
  - Completed 3 of 24 bridges
  - Continued construction on 13 other bridges
- Maintenance Facility
  - Completed site grading
  - Installing building foundations and utilities




# Exposition Phase I & Phase II



## PHASE I

 <b>BUDGET</b>	Original	Current	Forecast
Total Cost (\$ mil.)	640	932	941.3

- Budget may be impacted by additional \$9.3 million forecast costs plus any contractor claims or other unknowns.
- Pursuing additional cost savings which include third party reimbursable and other cost savings (\$3.1 million).

 <b>SCHEDULE</b>	Current	Forecast
ROD – La Cienega	Complete	Complete
ROD – Culver City	Complete	Complete

- Revenue Operations to Culver City began June 20, 2012.

### POTENTIAL RISKS

- Change Orders/Claims
- Third party overruns
- Professional Services Costs

## PHASE II

 <b>BUDGET</b>	Original	Current	Forecast
Total Cost (\$ mil.)	1,511	1,511	1,511

- Maintenance Facility bids came in \$6M over budget for this line item. Looking at scope reductions/modifications to reduce costs.

 <b>SCHEDULE</b>	Original	Current	Forecast
Rev. Operations	Nov 2016	Nov 2016	Nov 2016

**Begin Maint. Facil. Constr.**                      **June 2013**      **June 2013**

### POTENTIAL RISKS

- Legal appeal of Certified Environmental Document
- CPUC Rehearing of Grade Crossing Approval
- Maintenance Facility construction contract not awarded yet
- Issues with 5 minute headway requirement in Santa Monica segment



On target



Possible problem



Major issue

# Exposition Phase I & Phase II



## RECENT ACTIVITIES/ISSUES

### PHASE I

- Project Budget
  - Budget may be impacted by \$9.3 million forecasted overrun plus any contractor claims or other unknowns
  - Continue to pursue third party reimbursable costs and other potential savings (\$3.1 million)

### PHASE II

- Waiting on ruling from Administrative Law Judge on CPUC Evidentiary Hearings on the Project grade crossing approvals
- Supreme Court heard oral arguments on Environmental Document on May 8<sup>th</sup>
- Bikeway Contract
  - Finalized contract provisions with the design build contractor
  - Funding agreement with City of Santa Monica is still pending.
  - Received limited release of funding from Metro for City of Los Angeles portion of the bikeway
- Kiewit was the lowest responsible bidder on the Maintenance Facility at approximately \$100M. This is \$6M over the budget line item for this work. Looking at scope reductions/modifications to reduce costs.