

TRANSPORTATION COMMITTEE REPORT relative to a new independent cost estimate and construction schedule for the proposed LA Streetcar Project.

Recommendations for Council action:

1. RECEIVE and FILE the document entitled City of Los Angeles, Restoration of Historic Streetcar Service, Independent Cost Estimate & Cost Methodology Report, Class C Cost Estimate, dated September 17, 2014, and an updated cost and project schedule with cover memo dated May 26, 2015, prepared by AECOM formerly known as URS Corporation under contract to the Los Angeles Department of Transportation (LADOT).
2. APPROVE an amendment to the Council adopted Summary Project Management Plan for the streetcar project to include an exception allowing Los Angeles Streetcar, Inc. (LASI) to competitively contract with a firm to conduct preliminary engineering (30%) using existing funds under LASI's control, with the completed preliminary engineering plans subject to final approval by the City.
3. DIRECT the City Engineer, in coordination with the LADOT, to:
 - a. Provide ongoing regular peer review of the streetcar preliminary engineering (30%) work planned to be conducted by a separate consulting firm under contract to LASI.
 - b. Establish a project cost estimate target of \$250 million or less inasmuch as the project is financially constrained and this amount is the maximum project cost eligible for federal Small Starts grant funding.
 - c. Complete the final review and sign off on the completed preliminary engineering work if it is acceptable or recommend that the City reject the work if it is not acceptable.
4. INSTRUCT the City Clerk to place on the agenda for the first regular Council meeting on or after **JULY 1, 2015**, or shortly thereafter, the following instructions:
 - a. Resolve that position authority for one Principal Civil Engineer, Class Code 9489, to oversee the preliminary engineering work to be conducted by LASI's consultant on behalf of the City, and full year funding of \$167,138 in the Bureau of Engineering, for the period July 1, 2015 through June 30, 2016 is APPROVED and CONFIRMED.
 - b. Transfer \$167,138 from the Measure R Local Return Fund No. 51Q, Downtown LA Streetcar-AB1290 Funds Project Account No. 94K690, to the Bureau of Engineering, Fund No. 100/78, Account No. 001010, Salaries, General, for salary costs of one Principal Civil Engineer for the period July 1, 2015 through June 30, 2016.
 - c. Transfer \$137,321 within the Measure R Local Return Fund No. 51Q, from the Downtown LA Streetcar Project Account No. 94K690 to the Reimbursement of General Fund Costs, account number to be determined, for Fiscal Year 2015-16.
 - d. Authorize the City Engineer to hire a consultant to complete a third party cost estimate at the completion of the 30 percent preliminary engineering work at an

estimated cost not-to-exceed \$120,000.

- e. Transfer \$120,000 from Measure R Local Return Fund No. 51Q, Downtown LA Streetcar Project Account No. 94K690 to a new account within the Engineering Special Services Fund No. 682/50, entitled Downtown LA Streetcar PE Cost Estimate, for the cost to hire a consultant to complete a third party cost estimate at the completion of the 30 percent preliminary engineering work.
 - f. Instruct the City Engineer to report to Council once the work is completed to share whether or not the preliminary engineering documents were formally accepted by the City Engineer along with any major findings from the plans.
 - g. Authorize the General Manager, LADOT, to make any technical corrections or clarifications as necessary to the above instructions in order to effectuate the intent of this action.
5. INSTRUCT LADOT, in coordination with the City Administrative Officer (CAO) and the City Engineer, to report to Council with the following items prior to requesting the Federal Transit Administration (FTA) to evaluate and rate the project for grant funding:
- a. Recommended significant changes to the project including modifications to the route, project delivery method, etc.
 - b. Recommended reasonable financial plan for the streetcar project that funds the full cost of construction.
 - c. Project update, if a reasonable financial plan that funds the full cost of construction cannot be developed and/or the project is no longer eligible for Small Starts funding.
6. DIRECT the CAO, in coordination with the City Engineer and the LADOT, to report with a recommended consultant firm, estimated costs, and a proposed funding source to provide financial analyst services for the streetcar project including assistance in developing a potential public-private partnership.
7. DIRECT the CAO, City Engineer, and LADOT to report to the Transportation Committee in five months relative to the 30% preliminary engineering process for the project, which is intended to further refine the project description and arrive at a more accurate cost estimate; the impacts of routing, headways, number of streetcars and speed on ridership; and, updated options for addressing the funding shortfall for this project.

Fiscal Impact Statement: The CAO, City Engineer, and LADOT report that there is no impact to the budget as the above recommendations do not commit the City to expend any additional funds for the streetcar project. The Community Facilities District (CFD) tax funds will be used by the City as the local match for federal grant funding (if approved by the FTA), and the City has committed to use approximately \$295 million in local Measure R funds over the next 30 years for streetcar operations. An additional funding source must be identified by the City to eliminate the projected construction funding shortfall. The FTA will not consider the project for Small Starts grant funding unless the estimated project cost is reduced to below \$250 million and the City submits a balanced financial plan for construction that does not contain a funding shortfall.

Community Impact Statement: None submitted.

(Budget and Finance Committee waived consideration of this matter.)

SUMMARY

In their report to Council dated June 4, 2015, the CAO, City Engineer, and LADOT present recommendations concerning the LA Streetcar Project: authorizing LASI to contract with a firm to conduct preliminary project engineering, designating the City Engineer as project leader and establishing a project cost estimate target of \$250 million or less, various funding appropriations, and directions for reports regarding project construction and design prior to seeking grant funding from the FTA. Other key findings of the report are:

- The total estimated cost to construct the project is \$281,589,228.
- The project currently has a \$144.1 million construction funding shortfall based on the new cost estimate prepared by AECOM, and assuming federal approval of a \$75 million Small Starts grant to go along with \$62.5 million in local CFD funding.
- The FTA has advised the City to develop a reasonable financial plan that funds the full cost of construction before requesting the FTA to evaluate and rate the project for potential grant funding.
- The AECOM cost estimate is a preliminary Class C cost estimate based on a minimal level of design (5%) and includes an overall 30% project contingency as required by the FTA.
- AECOM has identified a number of potential cost reduction strategies that the City should evaluate as the project moves forward.
- The CAO, in coordination with the Bureau of Engineering and LADOT, is exploring potential interest in a public-private partnership to help finance and construct the project.
- The revised project schedule estimates the completion of construction and the start of service to the public in December 2020.

At its special meeting held June 16, 2015, the Transportation Committee discussed this matter with representatives of the CAO, City Engineer, and LADOT. Staff discussed cost estimates, design and construction timeline, and upcoming project milestones. Additional work is needed to find cost reduction opportunities and how to finance the project funding shortfall.

The Councilmember from the 14th District was in attendance to express support for the project and the CAO-City Engineer-LADOT report. The Streetcar was described a critical economic engine for the region and it was noted that the current cost estimate is lower than previous estimates due to revised utility relocation costs. Support for the project was also expressed by members of the community during the public comment period. It was stated that the Streetcar circulator will provide a needed first and last mile gap solution with area transit, linking the convention center with other Downtown amenities, and ultimately with Union Station and other neighborhoods.

Committee members discussed FTA grant requirements, the project route, how to bypass traffic congestion to improve the projected speed of the streetcar, and gauging interest in forming private-public partnerships to build and/or operate the Streetcar. Committee recommended that Council approve the recommendations of the CAO-City Engineer-LADOT report. Committee further recommended that Council instruct the CAO, City Engineer, and LADOT report in five months relative to the 30% preliminary engineering process for the project, which is intended to further refine the project description and arrive at a more accurate cost estimate; the impacts of

routing, headways, number of streetcars and speed on ridership, and, updated options for addressing the funding shortfall for this project.

Respectfully Submitted,

TRANSPORTATION COMMITTEE

A handwritten signature in black ink, appearing to be 'D. Parks', written over the printed name 'D. Parks'.

| <u>MEMBER</u> | <u>VOTE</u> |
|---------------|-------------|
| BONIN: | YES |
| KORETZ: | YES |
| LABONGE: | YES |
| PARKS: | ABSENT |
| KREKORIAN: | YES |

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-NOT OFFICIAL UNTIL COUNCIL ACTS-