

COMMUNICATION FROM CHAIR AND MEMBER, TRANSPORTATION COMMITTEE relative to recommended project delivery method and summary project management plan for the LA Streetcar project.

Recommendation for Council action:

CONCUR with the action taken by the Budget and Finance Committee at its meeting held September 9, 2013, relative to recommended project delivery method and summary project management plan for the LA Streetcar project, as amended to:

1. Revise the Summary Project Management Plan attached to the September 5, 2013 report to Council from the City Administrative Officer (CAO), Los Angeles Department of Transportation (LADOT), and City Engineer, to delete references to the recommended Streetcar Executive Committee; and to instead stipulate that LADOT will coordinate with the Bureau of Engineering (BOE), other City departments and project stakeholders to discuss issues related to management and delivery of the project, and that the City's Street and Transportation Project Oversight Committee, which includes representation by the Mayor's Office, Chief Legislative Analyst (CLA) and the CAO, will provide overall policy and management oversight for the project.
2. Direct the CAO, LADOT, and City Engineer to report to the Budget and Finance and Transportation Committees after submission of the project development letter but prior to the request to Federal Transit Administration (FTA) for rating and evaluation of the project with a status report on the independent cost estimate, streetcar cost estimate, including utility costs and the streetcar funding plan.

Fiscal Impact Statement: The CAO, LADOT, and the City Engineer state that the recommendations of their report do not commit 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 already committed to use local Measure R funds towards streetcar operations. To the extent that final capital costs exceed funds available from the CFD and federal grant funding (if approved by the FTA), the City will need to identify an additional funding source to eliminate the funding shortfall. This additional local funding must be identified before the FTA will award grant funding for the project to the City.

Community Impact Statement: None submitted.

SUMMARY

In their report to Council dated September 5, 2013, the CAO, LADOT, and the City Engineer request the approval of various actions relative to the recommended project delivery method and Summary Project

Management Plan for the LA Streetcar project. The preliminary project construction cost was estimated to be \$125 million. Current cost estimates range from \$153 million to \$162 million (includes Grande Avenue extension). The cost of utility relocation ranges from \$79.3 million to \$165.8 million, for a total project cost of \$232.3 million to \$327.8 million.

The CAO, DOT, and City Engineer believe that the City should contract for the project management and for the project management and design consultant, and use the construction management / general contractor method for input during design and for construction of the project. The feasibility of employing the Design-Build-Operate-Maintain and Design - Build - Finance - Operate – Maintain project delivery methods will continue to be explored.

The report goes on to discuss the project management partnership structure and project financial risk and liability. According to the CAO, LADOT, and the City Engineer, the City will contribute 100 percent of the funding for the ongoing operations—less passenger revenues. The City will also be responsible for any potential cost overruns for construction and/or operations, and all liability issues. Further, if the project is approved for federal grant funding, the City will be designated as the responsible party by the FTA to deliver and operate the streetcar over the life of the project. It is stated that the voter-approved CFD is expected to generate an estimated \$62.5 million in tax revenues for construction of the project. The report then details the critical next steps necessary to complete the project, including submitting an application to the FTA for grant funding.

Report authors also state that an independent economic analysis of the Streetcar project estimates the streetcar project will generate \$1.1 billion in additional development, \$24.5 million in additional annual tourism spending, \$47 million in additional revenues to the City over 25 years and more than 9,000 new jobs.

At the Transportation Committee meeting held September 11, 2013, the Committee Chair and member discussed this matter with representatives of the 14th Council District Office, LADOT, CAO, and BOE. Community stakeholders expressed support for the project. The Council Office representative stated that high-end cost estimates are absolute worst case scenarios. It was stated that the cost of relocating existing utilities should take into account that the aged infrastructure may have exceeded its useful life. Statements were also made concerning the project's economic and tourism benefits. Approval of recommendations of the CAO, LADOT, and City Engineer are necessary to select a project manager and to complete an independent cost analysis of the project. Funding previously allocated by the CRA is available for this purpose.

A representative of the LADOT went on to discuss the project cost and program management structure. Staff requested that the Committee approve a revision to their report to delete the formal board structure. In response to questions raised by the Committee Chair and member, LADOT staff stated that the FTA requires a detailed funding plan prior to awarding grant funds. Should the project cost exceed budgeted funds, the City of Los Angeles would be responsible for locating additional funds to close the gap. The actions before the Committee today are required for staff to proceed with the project development phase and to prepare a funding plan required by the FTA. Acceptance of any grant funds requires Council approval, the request for which is not included in staff's report.

The Committee Chair stated that staff should report to the Budget and Finance and Transportation Committees with a project cost estimate after submission of the project development letter but prior to the request for the FTA to rate and evaluate the project. The Committee Chair and member concurred with the action taken by the Budget and Finance Committee, including the recommendation that no additional City funds, including Measure R funds, be expended for the LA Streetcar Project beyond those already committed to the Project. The Committee members also recommended that Council approve the

amendment to the Summary Project Management Plan to delete references to the recommended Streetcar Executive Committee, and that staff report back on project cost as mentioned above.

Respectfully Submitted,

TRANSPORTATION COMMITTEE

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

-NOT OFFICIAL UNTIL COUNCIL ACTS-