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SEPTEMBER 20, 2018

TO: BOARD OF DIRECTORS

FROM: PHILLIP A. WASHINGTON PAW
CHIEF EXECUTIVE OFFICER

SUBJECT: LETTER OF NO PREJUDICE UPDATE – WPLE SECTION 3

ISSUE

Yesterday, I received correspondence from the Federal Transit Administration (FTA) approving our request for a Letter of No Prejudice (LONP) to incur costs in the amount of \$491.64 million for tunnel construction of the Westside Purple Line Extension (WPLE) Section 3 Project. The approval includes a condition that Metro cannot issue a Notice to Proceed under the construction contract that is the subject of the LONP until FTA completes the environmental review that it currently is undertaking. On behalf of our agency, I conveyed our sincere appreciation to Acting Administrator, K. Jane Williams for the FTA's full support for the WPLE Section 3 Project.

In addition, Frontier-Kemper Constructors Inc, the tunnel contractor, has also agreed to extend the validity of their bid price from October 3, 2018 to December 3, 2018. This is significant as their bid price was well under the Engineer's Estimate, permitting us to realize a potential savings of \$130 million. Currently, we anticipate the FTA environmental review related to the WPLE Section 3 Project to be completed in November of this year. Upon completion of their review, Metro will be able to issue the tunnel contractor a Notice to Proceed.

BACKGROUND

The WPLE Section 3 Project consists of approximately 2.56 miles of twin-bored tunnels and two underground stations located at Westwood/UCLA and Westwood/VA Hospital. This transit line, which is estimated to have over 40,000 boardings daily, will provide a high-capacity, high-speed, dependable alternative for commuters traveling between downtown Los Angeles and the Westside – which is among the most densely populated areas in the United States.

Consistent with Board policy, our agency has been working with the FTA to secure federal funding for this project through the Capital Investment Grant (CIG)

Program, which is the federal government's primary method of funding new rail transit projects. The multi-year funding agreement through which the CIG Program funds transit projects is achieved through a Full Funding Grant Agreement (FFGA) – which outlines the terms and flow of dollars (year over year) that will be committed to a transit project through the annual congressional appropriations process. We are seeking an FFGA in the amount of \$1.3 billion of New Starts funding for the WPLE Section 3 Project.

DISCUSSION

As I shared in a Board Box on August 21, 2018, Acting Administrator Williams called me last month and informed me that our WPLE Section 3 Project has been cleared by her agency to enter into the New Starts Engineering phase, a key step towards securing a FFGA through the CIG Program. According to the Acting Administrator, this was the first major transit project that she had cleared to enter into the New Starts Engineering phase. This communication from Acting Administrator Williams was a welcome development that was a direct result of our positive working relationship with FTA professional staff at their headquarters in Washington, DC, FTA's Region IX offices and the local FTA office here in Los Angeles County.

The correspondence we shared with the FTA on August 30, 2018 more narrowly tailored our original LONP request that our agency submitted to the FTA on September 11, 2017, which sought \$786 million for early work activities for the WPLE Section 3 Project. The letter we shared with the FTA late last month reduced our request by \$294 million, seeking an LONP in the amount of \$491.64 million, which would primarily cover our tunnels contract for this project. Our agency was eager to secure this LONP from the FTA due to the fact that the tunnel bids we received for this project were set to expire on October 3, 2018 and that they were well under the Engineers Estimate, permitting us to realize a savings of \$130 million.

NEXT STEPS

Staff will continue to work with the FTA to enable completion of their environmental review by November of this year. This will enable Metro to issue a contract award to the tunnel contractor by December 3, 2018.

ATTACHMENT

Attachment A – September 19, 2018, FTA LONP correspondence for the WPLE Section 3 Project.



U.S. Department
of Transportation
**Federal Transit
Administration**

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SEP 19 2018

Mr. Phillip A. Washington
Chief Executive Officer
Los Angeles County Metropolitan Transportation Authority
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Los Angeles, CA 90012

Dear Mr. Washington:

The Federal Transit Administration (FTA) has completed its review of the letter from the Los Angeles County Metropolitan Transportation Authority (LACMTA), dated August 30, 2018, requesting a Letter of No Prejudice (LONP) to incur costs in the amount of \$491.64 million for tunnel construction for the Westside Purple Line Extension Section 3 project (Project), including associated professional services. The FTA approves the request, with the condition that LACMTA cannot issue a Notice to Proceed under the construction contract that's the subject of this LONP until FTA completes the environmental review that it currently is undertaking pursuant to 23 CFR § 771.130(c).

With this approval, LACMTA may incur costs for tunnel construction and associated professional services as described in the LONP request. As with all pre-award authority, all Federal requirements must be met prior to incurring costs in order to retain eligibility of the costs for future FTA grant assistance. The authority to incur costs provided in this letter does not constitute an FTA commitment that future Federal dollars will be approved for the Project. This LONP expires five years from the date of this letter, or upon approval of a construction grant agreement for the Project, whichever occurs first.

Please note that the LACMTA undertakes the LONP work at its own risk, and that the Project must still progress through further steps in the CIG program to be eligible for consideration to receive CIG funding.

Please contact Ms. Charlene Lee Lorenzo of our Los Angeles Metropolitan Office at (213) 202-3952 or charlene.leelorenzo@dot.gov, with any questions you may have about proceeding under the authority to incur costs provided in this letter.

Sincerely,

Edward Carranza, Jr.
Acting Regional Administrator