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TO: BOARD OF DIRECTORS

THROUGH: PHILLIP A. WASHINGTON *PAW*
CHIEF EXECUTIVE OFFICER

FROM: RICHARD CLARKE *RFC*
CHIEF PROGRAM MANAGEMENT OFFICER

PAULETTA TONILAS *P.T.*
CHIEF COMMUNICATIONS OFFICER

SUBJECT: GOLD LINE FOOTHILL EXTENSION PHASE 2B
PROJECT STATUS

ISSUE

The Gold Line Foothill Construction Authority (Construction Authority) has announced that bids for the design-build contract to construct the Gold Line Foothill Extension Phase 2B Project from Azusa to Montclair have been fully evaluated. All of the bids were substantially more than the project estimate. In response, the Authority is completing an evaluation of the technical elements and risk factors that have resulted in increased project costs.

To move the project forward, the Construction Authority is proposing to phase the project and initially build as much of the alignment as possible within the current life of project budget. An option in the contract would include a second phase that would then build the final terminus in Montclair when funding is secured.

DISCUSSION

Engineering and construction industries are currently experiencing upward trends in costs due to recent global events such as tariffs on imported goods and a significant increase in the number of large, resource intensive projects that are being implemented in the western United States. Adding to these concerns, the Gold Line Foothill Extension Project Phase 2B has a duration of eight years and

a segment that includes a shared corridor with both freight and commuter rail operations, which contributes to the risk and pricing.

Given these trends and risks, bids received for the design-build Mainline Contract were much higher than expected as compared to the project estimate. As a result, the Construction Authority has developed a plan to accommodate the project budget and construct an initial eight-mile segment in Phase 1 from Azusa to Laverne. Phase 2 would be an option to build the remaining 4.3 miles of the line to Montclair. This gives the Construction Authority time to work with Metro and other agencies to identify potential additional funding sources required to complete the line, consistent with the Metro Board-approved Funding Agreement.

NEXT STEPS

The Construction Authority has begun its communications rollout of the project approach this week through meetings with the corridor cities. At the Construction Authority Board Meeting next Tuesday, November 13, they will present the phased approach including an updated project budget and schedule.

Metro staff will continue to evaluate the industry trends and keep the Board informed as to risk factors and their impacts both on the Foothill Extension Phase 2B project and potential impacts on Metro's other mega projects that are currently in environmental and design phases. As trends and risks are identified, staff will continue to evaluate ways to manage scope and risks and work with corridor partners to address these challenges proactively. This will also be factored into the report I will present to the Board on the 28 X 2028 Initiative.