



June 14, 2018

To: Transit Committee

From: Darrell E. Johnson, Chief Executive Officer

Subject: OC Streetcar Project Update

Overview

An update on the OC Streetcar project was provided to the Orange County Transportation Authority Board of Directors on March 26, 2018. Subsequently, several actions have occurred related to the overall project schedule that merit another update.

Recommendation

Receive and file as an information item.

Background

The Orange County Transportation Authority (OCTA), in coordination with the cities of Santa Ana and Garden Grove, is implementing the OC Streetcar project (OC Streetcar), a new east-west double track streetcar between the Santa Ana Regional Transportation Center in the City of Santa Ana and the Harbor Boulevard/Westminster Avenue intersection in the City of Garden Grove. The OC Streetcar includes track, overhead electrical power supply, ten stops in each direction, four traction power substations, and two bridges. In addition, a new maintenance and storage facility will be constructed for the streetcar vehicles, administration, operations, parts storage, and maintenance-of-way.

On May 22, 2017, the OCTA Board of Directors (Board) authorized the Chief Executive Officer to request and enter into a Full Funding Grant Agreement (FFGA) with the Federal Transit Administration (FTA) to secure a federal contribution of \$148.96 million through the Capital Investment Grant (CIG) New Starts Program. The date assumed in the OC Streetcar schedule at that time for FFGA execution was November 2017. Key project activities and procurement schedules were based upon the federal funding commitment being secured by the end of 2017. This assumption was

reasonable at the time given the program and project history, and was made in concurrence with FTA staff and leadership.

Discussion

The federal fiscal year (FFY) 2017 Appropriations Act directed the FTA to spend \$285 million on new project FFGAs, and included a \$50 million single-year appropriation line item for the OC Streetcar. FFGAs are typically processed and executed just prior to construction expenditures being incurred, and may be subject to multiple years of federal appropriations.

Prior to FFGA execution, certain pre-construction expenditures related to long lead time items such as vehicles, utility relocation, and right-of-way (ROW) acquisition are eligible to receive pre-award authority granted by the FTA. This pre-award authority allows expenses incurred prior to the FFGA to be reimbursed after the FFGA is executed. On January 11, 2017, OCTA received pre-award authority from the FTA for pre-construction activities, including streetcar vehicles. The OCTA Board awarded the contract to manufacture and supply eight streetcar vehicles to Siemens Industries, Inc. (Siemens), on March 26, 2018. In accordance with the request for proposals, Siemens' pricing was valid until June 4, 2018. Staff negotiated with Siemens a 45-day extension (July 18, 2018) to the proposal validity date in order to finalize contract documents. Executing the contract after July 18, 2018, could potentially expose OCTA to significant project delays, substantially increased vehicle cost, and vehicle delivery schedule delays related to production schedules.

The FFGA program guidelines provide OCTA the authority to issue the OC Streetcar construction invitation for bids (IFB), open the bids, and award the construction contract. However, to remain eligible for federal construction reimbursement, OCTA cannot issue the construction notice to proceed (NTP) and incur construction contract expenses prior to FFGA execution. On December 11, 2017, the OCTA Board authorized release of the construction IFB to pre-qualified contractors, with a bid submittal date of March 5, 2018. In consideration of requests from the bidders for additional time to prepare bids, lack of Congressional action on the FFY 2018 appropriations bill, ongoing delays with the FTA's FFGA approval process, and City of Santa Ana delays in securing necessary ROW, an addendum was issued revising the construction bid submittal date to April 27, 2018. Subsequently, and for the same reasons stated above, an addendum was issued revising the bid submittal date again, to June 19, 2018. The revised OCTA Board award of the construction contract is now August 13, 2018.

The construction bid submittal adjustments, from March 5, 2018 to June 19, 2018, will allow for better pricing as it is responsive to construction industry feedback for additional time to assess the IFB. The revised construction bid submittal date, as well as adjustments to contractually defined construction durations for significant progress milestones, have moved the targeted revenue service date to August 2021. A revised summary schedule is reflected in the table below.

	Current Expected Date
Construction Bid Opening	June 19, 2018
Vehicle NTP	July 18 , 2018
FFGA Execution	August 01, 2018
Construction Contract Award	August 13, 2018
Construction NTP	October 1, 2018
Milestone 1 – Completion of Maintenance and Storage Facility and Test Track	December 29, 2020
Milestone 2 – Completion of all track	March 29, 2021
Revenue Service Date	August 30, 2021

Federal Funding

In February 2018, the FTA issued the FFY 2019 Annual Report on Funding Recommendations for the CIG Program, which includes the OC Streetcar as one of the next New Starts projects due for a signed FFGA, given the OC Streetcar has an overall project rating of medium-high, and has met the technical readiness requirements. On March 23, 2018, the President signed the FFY 2018 omnibus appropriations bill, which provides \$1.5 billion for New Starts Projects within the FTA's CIG Program. The CIG New Starts funding increase allows for approximately \$400 million for new FFGAs, such as the OC Streetcar.

Although the FFY 2018 omnibus does not specify how the FTA should allocate the CIG New Starts spending increase, the bill does contain language directing the administration to “continue to administer the capital investment grant program in accordance with the procedural and substantive requirements of” the CIG authorizing statute. There is also language requiring that \$2.25 billion (85 percent) of CIG funding be obligated by December 31, 2019. The language, taken with the funding increase, should allow action to be taken on the OC Streetcar FFGA. Despite clear direction from Congress, OCTA has not received any indication from the FTA on when an FFGA will be executed. OCTA continues to work with its Congressional delegation in support of the processing of the FFGA with FTA.

The FFGA is required to be executed in time to execute the construction contract prior to the expiration of bids. Per the construction IFB, bid pricing is valid for 180 days. With the construction bid opening on June 19, 2018, OCTA is required to award and execute the construction contract before expiration of bids on December 16, 2018. However, any delays to a construction NTP beyond October 1, 2018 will produce day-to-day delays in the revenue service date. Further delay in the construction bid opening will have significant delay and escalation in capital and support costs that will need to be considered.

Concurrently, final cost negotiations are ongoing with Siemens to provide the eight streetcar vehicles needed to operate the OC Streetcar service. As stated above, the FTA has granted OCTA pre-award authority for the procurement of the streetcar vehicles, which allows OCTA to incur costs under the vehicle contract and seek federal reimbursement once the FFGA is executed. Based upon a revised proposal validity date, OCTA anticipates executing the vehicle contract with Siemens by July 18, 2018. Any delay in contract execution beyond this date will risk substantial vehicle pricing escalation.

To date, approximately \$32.6 million has been expended on the development and implementation of the OC Streetcar. ROW has been acquired and utilities have, and are being, relocated.

Next Steps

Work continues to progress on key OC Streetcar activities, including final possession of remaining required ROW, procurement of demolition services, coordination with third parties on utility relocation, finalizing the California Public Utilities Commission approvals for the OC Streetcar's safety certification, finalizing the scope of services for the operations and maintenance request for proposals, and continued coordination with the FTA. Staff is working toward execution and NTP for the streetcar vehicle manufacturing contract, and to open construction bids planned to be submitted on June 19, 2018.

Summary

An update on the OC Streetcar project activities is presented for the Board of Directors' review.

Attachment

None.

Prepared by:

A handwritten signature in black ink that reads "Kelly Hart". The signature is written in a cursive, flowing style.

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Approved by:

A handwritten signature in blue ink that reads "James G. Beil". The signature is written in a cursive, flowing style.

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