

City of Alexandria, Virginia

MEMORANDUM

DATE: MAY 31, 2019
TO: POTOMAC YARD METRORAIL IMPLEMENTATION WORK GROUP
FROM: MARK B. JINKS, CITY MANAGER 
SUBJECT: POTOMAC YARD METRORAIL STATION SOUTHWEST ACCESS OPTIONS UPDATE

ISSUE: Cost of Southwest Access Options

RECOMMENDATION FOR PYMIG CONSIDERATION: That the City request WMATA to direct its contractors (Potomac Yard Constructors) to further advance the design of a modified Idea #1 including elimination of the escalator in the southwest pavilion.

BACKGROUND: I would like to provide an update to the Potomac Yard Metrorail Implementation Work Group (PYMIG) on the status of the evaluation of potential options for enhanced access to the Potomac Yard Metrorail Station from the southwest. As you are aware, the State has made an additional \$50 million in funding available for this specific purpose in the State's Amazon HQ2 incentive package. I appreciate the hard work, countless hours and thoughtful feedback that PYMIG members and the community have provided in support of the Potomac Yard Metro Station over the past months and years.

City and WMATA staff developed three concepts for providing additional access to the station from the southwest, in consultation with PYMIG. Images of the three ideas are included in the attached document. It would be preferable if construction of the enhanced station access could be accomplished without materially increasing the City's construction costs (i.e., cost less than the \$50 million in State funding) or delaying the projected in-service date the station. In order to determine if any of the concepts meet these criteria, WMATA directed its design/build contractor, Potomac Yard Constructors (PYC), to further develop the concepts so that preliminary pricing and construction timing information could be provided. PYC has recently submitted preliminary pricing of these three options to WMATA. This memo includes an overview of this cost and budget information as well as my recommendation for moving forward.

I. Enhanced Southwest Access Cost Estimates

The pricing information provided by the contractor is preliminary and not intended to be final costs. While the contractor did advance the design enough to provide pricing information, there are still unknowns that will have to be resolved before contract change order level prices can be provided. If the City chooses to proceed with one of the concepts, WMATA would then negotiate the change order contract cost with the contractor. The potential impact on the construction schedule, if any, would be part of the negotiations and would be settled before a notice to proceed date could be determined.

The numbers below are change order budget numbers for each of the ideas estimated based on the preliminary price information provided to WMATA. These budget numbers include allowances for items not included in the preliminary pricing, construction contingencies, and project management/administration costs.

Alternative Concept (\$ in millions)	Total Estimated Budget Increase
Idea #1 (South Access Pavilion with Bridge to North Entrance)	\$75 m
Idea #2 (E. Glebe Ramp with Moving Walkway to North Entrance)	\$90 m
Idea #3 (Southwest Access Pavilion with Small Mezzanine)	\$100 m

While staff had expected the pricing for Idea #3 could exceed the available funding, it now appears that each of these concepts is considerably higher than the \$50 million in State funding that is available to construct this additional access to the Station.

The amended DSUP that was approved by City Council in December 2018 included a pedestrian ramp from the north entrance extending down and to the south, landing at E. Glebe Road. Images of this ramp are included in the attachment. At the time of the DSUP approval, WMATA did not have a formal price from the contractor for this ramp but estimated the cost to be about \$15 million. This estimate was provided before any engineering was performed on this ramp. The intention was that this additional cost would be covered by the overall project construction contingency. For purposes of comparison, WMATA has developed an estimate for this ramp using similar price information provided for the alternatives listed above. Based on these same pricing parameters, the estimated additional budget required for this ramp is \$25 million.

II. Enhanced Southwest Entrance Schedule Impacts

The contractor has not yet provided any specific information related to schedule changes associated with these access options, because the timing of notification of any change order is unknown. However, WMATA has indicated that Idea #3 could delay the project by as much as 8 to 12 months. WMATA has indicated that Ideas #1 and #2 should not have a significant delay and may allow for the operational opening of the station (from the north entrance), even if the enhanced south access point was not yet completed.

III. Cost Implications

With the cost estimates of the three Potomac Yard Metrorail station Southwest access options being priced at \$75 million, \$90 million and \$100 million, respectively, and with only \$50 million available from the Commonwealth of Virginia, this results in a significant net increase in costs to the City of \$25 million, \$40 million, or \$50 million in added construction costs. If the City chose to proceed with one of these three options, these additional costs would need to be borrowed. To understand the full financial implications of this additional debt, the City calculated the interest costs from long term borrowing of these additional costs. This then increases the net long-term costs to the City for these three options to \$49 million, \$78 million or \$98 million in added debt service. The financial and schedule impacts of the three options are summarized in the following table.

POTOMAC YARD METRORAIL STATION
SOUTHWEST ACCESS OPTIONS
(\$ IN MILLIONS)

	Southwest Access Pavilion with Bridge to North Entrance	E. Glebe Ramp with moving walkway to North Entrance	Southwest Access Pavilion with small South Mezzanine
Baseline Project Budget	\$320m	\$320m	\$320m
Addl. Cost of Option	\$75m	\$90m	\$100m
State Revenue Utilized	\$50m	\$50m	\$50m
New Project Budget	\$345m	\$360m	\$370m
Addl. Debt Service Impact	\$49m	\$78m	\$98m
Schedule Impact Delay	0 to 6 months	0 to 6 months	8 to 12 months

These additional borrowing costs are material increases which neither the project budget nor the City budget can absorb. If these additional costs were added to the project budget, the net effect would be borne by the City's General Fund and therefore crowd out other City capital investments or funding of programs and services. In effect, this could result in a project with neighborhood/localized benefits crowding out projects with citywide benefits. For example, if City capital projects had to be reduced, that could negatively impact planned investments in schools, parks, transit, or other transportation improvements. On the operating side, for example, funding for education, public safety, human services, or parks and recreation could be negatively impacted by higher debt service costs for added Southwest Access projects costs. In addition, these net debt service costs to the City would add to the City's already increasing debt burdens, at a time when overall substantial construction market price inflation will likely result in materially increased costs of priority capital projects already planned for the City government and the Alexandria City Public Schools.

PYMIG is aware that there are construction contingency monies in the current project budget, as well as included in the costs above for the southwest access options. It is important to note that in this early stage of the project, there remain project construction cost risks (soil issues, time delays, change orders, etc.) that the City would be liable to fund. Any redirection of these contingency funds would result in the need to increase the project budget in the future if additional costs are identified. Best practices in project management dictate that construction contingencies are a critical element to project budgeting.

IV. Modified Idea #1

While all of the estimated costs for the additional access options significantly exceed the available funding, staff believes that the cost of Idea #1 may be able to be reduced through value engineering and further design refinement. Specifically, the entry pavilion at Glebe Road in this option includes an escalator in addition to the elevators and stairs. In contrast, the entry pavilion for Idea #3 included stairs and elevators only. If the escalator were removed from Idea #1, considerable savings would occur. In addition, further refinement of the design could eliminate some of the remaining unknowns and lower the cost estimate and allowances. It is possible that these refinements might bring this option close to or within the \$50 million State funding available, as well as reduce the potential that this option would impact the construction schedule.

V. Recommendation and Next Steps

Staff's recommendation to PYMIG is that the City request WMATA to direct PYC to further advance the design of Idea #1, reflecting elimination of the escalator in the pavilion, and work with staff to evaluate whether the cost for this alternative can be reduced to be close to or within the \$50 million of State funding available, and without delay to the scheduled station opening.

Staff will be ready to discuss the information contained in this memorandum with PYMIG and the community at the upcoming June 10 PYMIG meeting. This recommendation then will be docketed for public hearing at the City Council meeting on Saturday, June 22, 2019, to be followed by consideration and action by Council at the Legislative Meeting on Tuesday, June 25, 2019.

If Council approves this recommendation, WMATA would direct PYC to further the design and negotiate a price for a Modified Idea #1 by the fall. At that time, Council can determine if this alternative can proceed within the available funds and existing project schedule. In the meantime, PYC will proceed with design and construction of the Station in the approved DSUP plan so that no impact to the existing project schedule will occur.

I acknowledge and share the frustration that the market cost of southwest access is so much greater than the available funding. Staff is committed to proceeding with the design and construction efforts necessary to complete the Potomac Yard Metrorail Station, which is such a high priority to the entire Alexandria community.

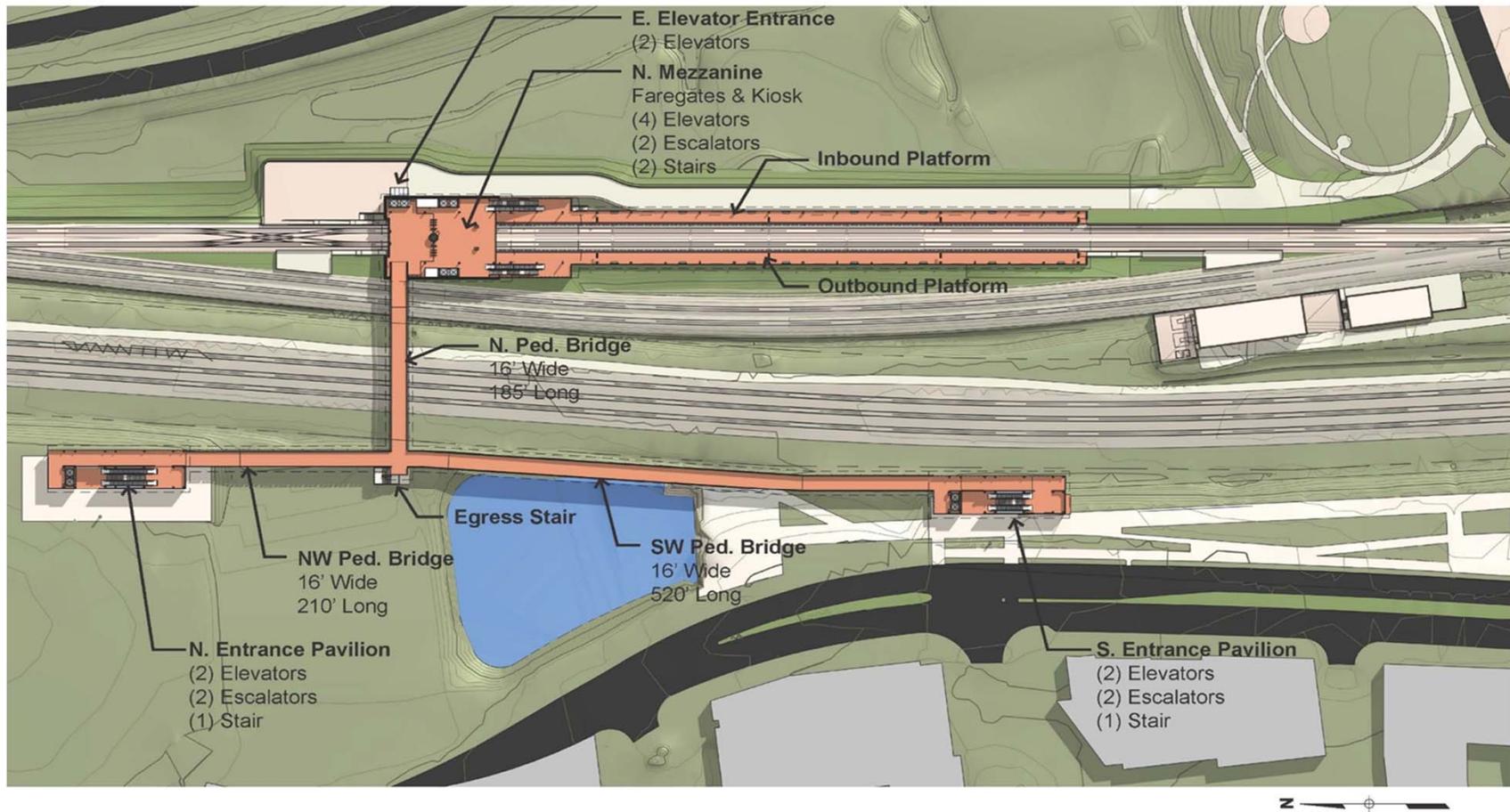
Attachment: Southwest Access Options

cc: Emily Baker, Deputy City Manager
Daphne Kott, Design Division Chief, Department of Project Implementation

SOUTH ENTRANCE DESIGN IDEA #1

SOUTH ENTRANCE PAVILION W/ BRIDGE

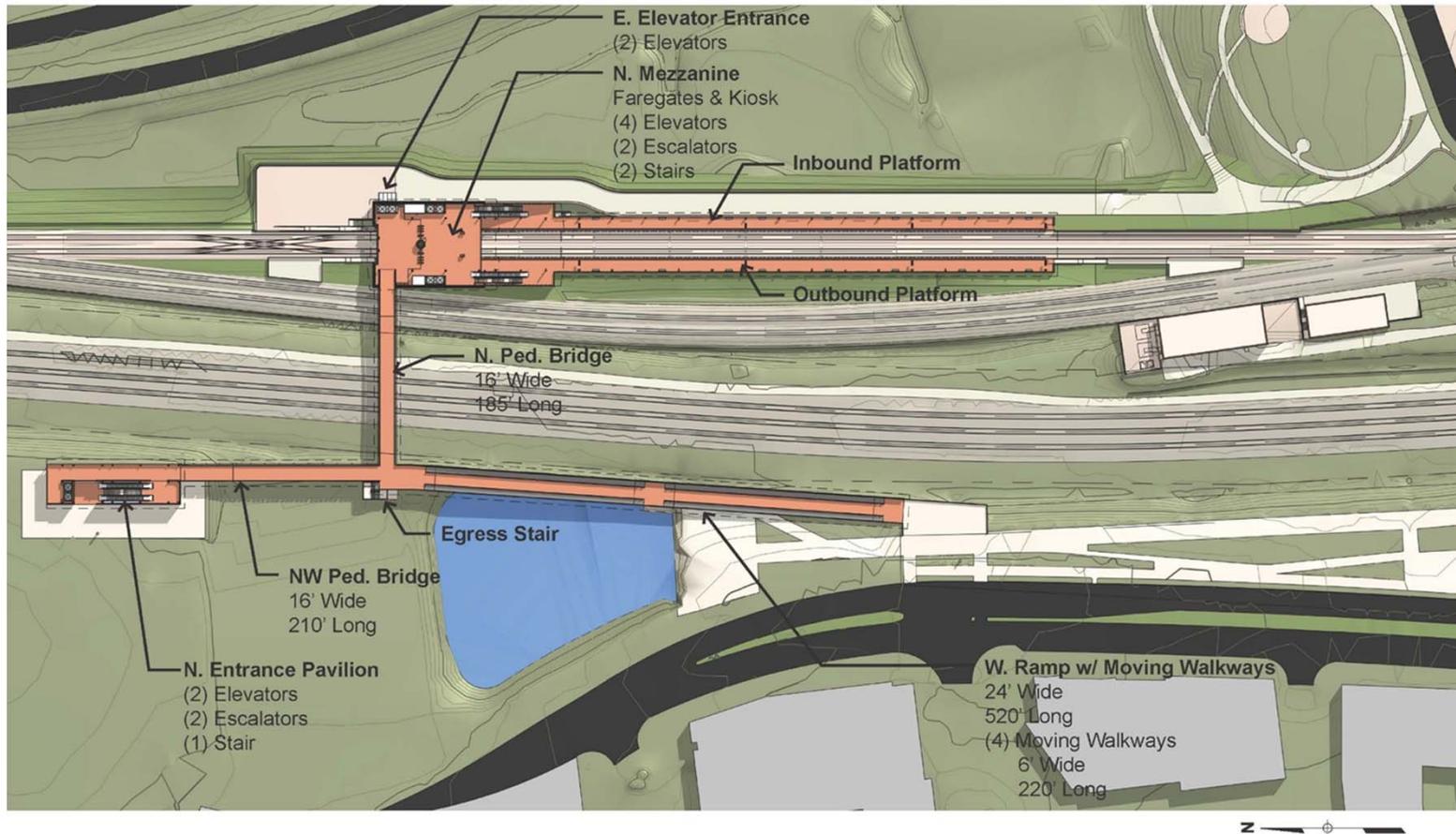
As presented during the
1/14/19 and 3/18/19
PYMIG meetings



SOUTH ENTRANCE DESIGN IDEA #2

E. GLEBE RAMP W/ MOVING WALKWAY

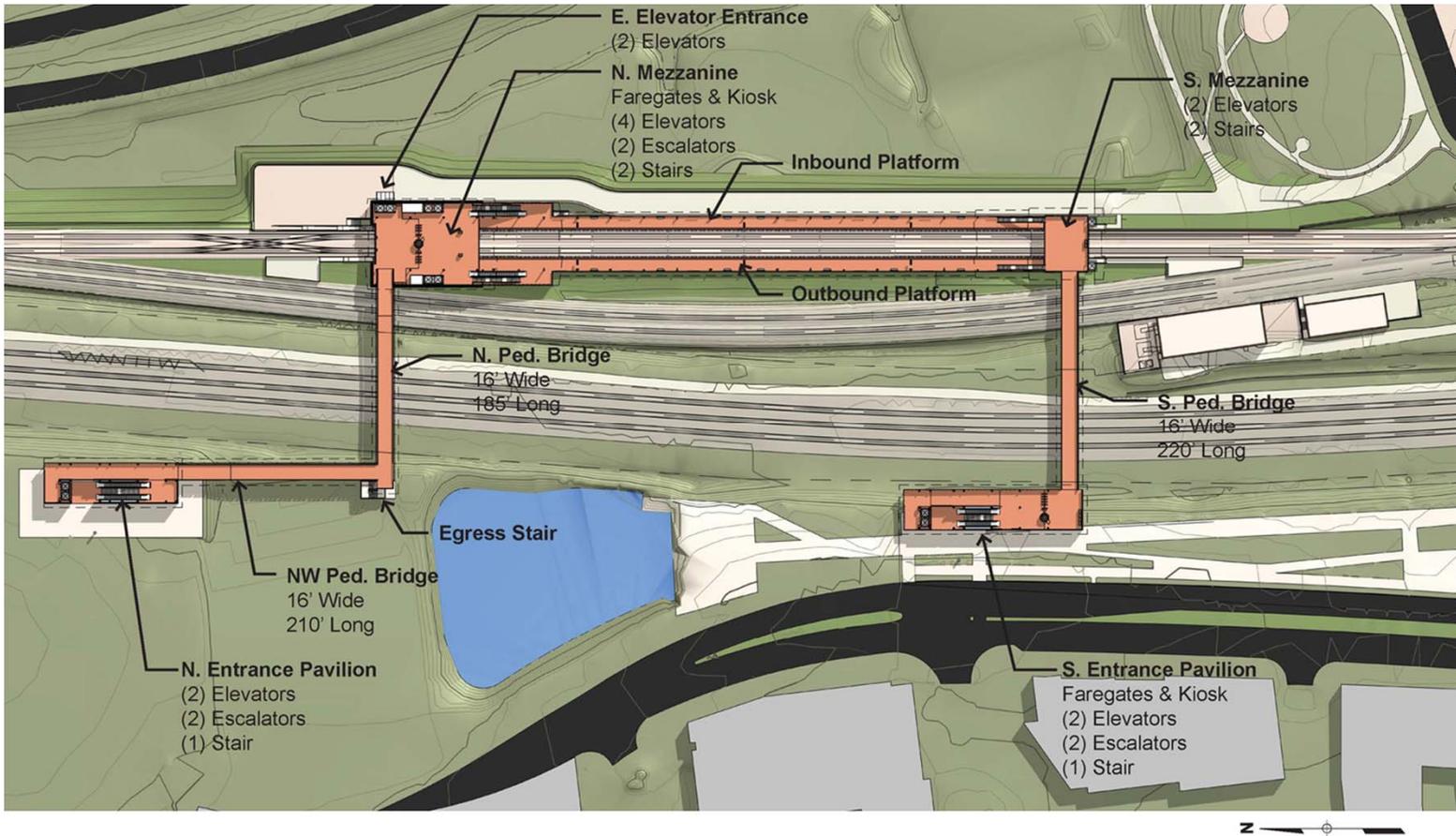
As presented during the
1/14/19 and 3/18/19
PYMIG meetings



SOUTH ENTRANCE DESIGN IDEA #3

SOUTH ENTRANCE PAVILION W/ SMALL MEZZANINE

As presented during the
1/14/19 and 3/18/19
PYMIG meetings



Council Approved DSUP

(with Ramp from E. Glebe Rd. to North Entrance)

