

Plenty of risks lurking for Southwest LRT

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Officials put price tag for possible extra costs as high as \$150 million

Metropolitan Council Chairwoman Susan Haigh vowed Wednesday that the Southwest light rail transit line budget will remain at \$1.25 billion despite having to absorb \$75 million to \$125 million in expected costs for relocating a freight rail line in St. Louis Park.

Any increase in the Southwest line's budget could hurt its chances to qualify for federal money needed to cover half the construction costs, Haigh explained at a meeting of the Southwest Management Committee at St. Louis Park City Hall on Wednesday.

The Federal Transit Administration ranks the cost effectiveness of projects when doling out funding. A low ranking means a project will not qualify for federal money.

"We're going to make sure that [the cost of the freight rail relocation] won't hurt our cost-effectiveness rating," Haigh said after the meeting.

To absorb up to \$125 million in freight rail relocation costs, something else in the project will have to be cut.

In early September, the FTA gave the Southwest LRT project the OK to move to preliminary engineering. But it ordered the freight rail costs included in the price of the LRT project.

In addition, in August, the city of St. Louis Park asked the Minnesota Court of Appeals to get involved in a dispute over whether project officials should conduct more studies to assess environmental and community impacts of relocating freight traffic. City officials believe the impact and costs have been underestimated.

The cost of relocating freight rail lines wasn't the only potential risk to the financial viability of the Southwest LRT project that officials outlined.

Chris Weyer, Southwest LRT project director, told the committee that \$70 million to \$150 million in other potential risks are lurking. They include the cost of building bridges over Highway 100, Excelsior Boulevard and Interstate 494; "unknown utility conflicts"; as well as "unidentified contaminated materials."

"This is the time to identify all these [project cost risks] and try to mitigate them," Weyer said.

Another issue is the timing of federal financing.

Mark Fuhrmann, head of transit projects for Metro Transit, told the committee that the FTA has said budget constraints could mean federal payments will be doled out over a longer period of time.

Project officials have been working under the assumption they would get \$200 million annually from the FTA in the two peak construction years of 2015 and 2016, Fuhrmann said.



A consultant found that while there is room to fit both freight rail and light rail transit tracks along the Kenilworth Corridor near 29th Street and St. Louis Avenue in Minneapolis, a minimum separation of 50 feet between tracks and residences is best — and so about 33 townhomes in the Cedar Lake Shores development (like the one above) would need to be acquired to make way for the Southwest Corridor LRT. (File photo: Bill Klotz)

But payments may be half that.

“That does push our federal funding assumptions out two extra years, through 2020 instead of 2018,” Fuhrmann told the management committee.

And that delay means the Met Council must sell more debt over a longer period for the project, Fuhrmann said, which could add millions to the cost of financing that debt.

That’s another cost that — if not contained or reduced — could make it tougher for the FTA to approve the full funding grant agreement for the Southwest project, Haigh said. “The idea is we have to keep it within budget.”

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