

Southwest Light Rail Transit Construction: Metropolitan Council Decision Making

Program Evaluation
March 15, 2023

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Key Findings

- By 2022, the Metropolitan Council had obligated itself to spend more than the funds committed to the project
- Mismatch between entities that fund projects and the entity responsible for construction
- The Council's addition of work after bidding led to increased costs and delays

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Key Findings, continued

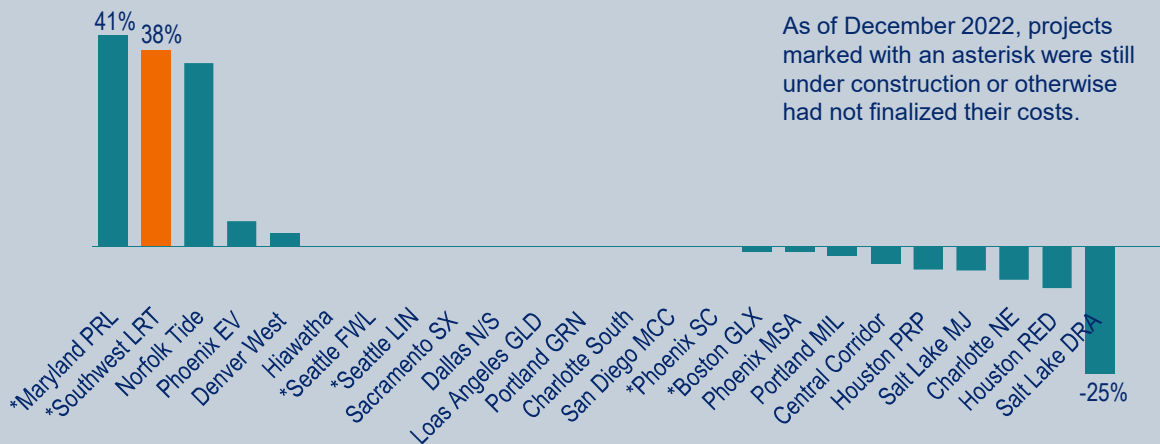
- The Metropolitan Council did not hold its civil construction contractor accountable for project scheduling
- Preconstruction analyses did not predict the Kenilworth tunnel difficulties
- The Council has not been fully transparent about increasing costs and delays

Cost Increases from Start of Construction

(In billions)

	Official Budget	Estimated Budget
May 2018	\$2.00	\$2.00
Aug 2021	\$2.20	\$2.20
Jan 2022	\$2.20	\$2.65 - \$2.75
Mar 2022	\$2.28	\$2.65 - \$2.75
Aug 2022	\$2.28	\$2.77
Dec 2022	\$2.38	\$2.77

Percentage Change in Costs After Start of Construction



Spending Decisions

- Construction costs and delays grew starting in 2020
- Metropolitan Council continued spending while funding was gradually used up
- By 2022, the Council had obligated itself to spend more than the funds committed to the project
 - Insufficient funding to **complete** the project
 - Insufficient funding to **halt** the project

Lack of Accountability

- The Metropolitan Council has little of its own money in the project
- Council decisions to adopt costly changes meant *other* entities would spend more
- Mismatch between the entities that fund projects and the entities responsible for constructing them

Recommendation

- ✓ The Legislature should create a framework where the entity leading light rail construction has some of its own money at stake
 - Implementation is complicated, because all options have pros and cons
 - MnDOT
 - Counties
 - Metropolitan Council

Project Delays

- The Metropolitan Council requested bids for the project before designs were ready
 - Corridor protection barrier
 - Eden Prairie Town Center station
- Incorporating these elements later led to cost increases and delays

Lack of Competitive Bidding

- Because they were added late, the Metropolitan Council built some elements without competitive bidding
- Unknowable whether different decisions would have led to better or worse outcomes

Recommendation

- ✓ The Metropolitan Council should make greater efforts to avoid introducing major project changes once the competitive bidding process concludes

Project Schedules

- The civil construction contractor's schedules did not meet Metropolitan Council requirements
- The Council rejected nearly all schedules, but did not take all actions it could have
- The Council permitted construction to proceed without full agreement on a project schedule

Recommendation

- ✓ On future capital construction projects, the Metropolitan Council should enforce the schedule requirements of the contract

Kenilworth LRT Tunnel

- The Metropolitan Council's preconstruction analyses did not predict the construction difficulties that would occur
- Soil analyses did not raise concerns that soil settlement or boulders would affect tunnel construction

Recommendation

- ✓ The Metropolitan Council should consider additional external reviews for high-risk or high-cost project elements

Transparency

- The Metropolitan Council has not been fully transparent about costs and delays
- By October 2020, its civil construction contractor was projecting a 25-month delay due to tunnel issues
- The Council announced a “potential” delay in January 2021, but did not explain likely scope of cost increases

Transparency, continued

- The Metropolitan Council notified its principal funders, Hennepin County and FTA, of the cost implications of the delays, but not the Legislature or the general public

Recommendation

- ✓ The Legislature should require the Metropolitan Council (or other responsible authority) to inform the Legislature if cost overruns or project delays reach certain thresholds

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