



Date of Memo: September 10, 2024
Current Meeting: September 18 & 19, 2024
Board Meeting: September 25, 2024

BOARD MEMORANDUM

TO: Indianapolis Public Transportation Corporation (IPTC) Board of Directors
THROUGH: President and Chief Executive Officer Jennifer Pyrz
FROM: Director of Capital Projects Matt Duffy
SUBJECT: Consideration and approval of a contribution increase to Citizens Energy Group’s (Citizens) utility relocations on the Purple Line Bus Rapid Transit Project

ACTION ITEM A – 2

RECOMMENDATION:

It is recommended that the Board of Directors authorize the President and Chief Executive Officer to increase IPTC’s contribution to Citizens’ Purple Line utility relocation costs from a previously approved \$3,000,000 maximum to a revised maximum of \$4,000,000.

BACKGROUND:

The original Agreement between Citizens, City of Indianapolis Department of Public Works (DPW), and IPTC regarding stormwater management was approved by the Board at its May 28, 2020 meeting. It provided for the design and construction of stormwater drainage facilities within the Purple Line BRT Project and includes provisions for IPTC’s Purple Line Contractor to complete a combined storm sewer separation project and IPTC’s reimbursement of a portion of Citizens’ utility relocation costs.

At the time the Agreement was signed, the cost of Citizens’ relocation work was estimated at \$3,800,000 with contingency. The Agreement stipulates that Citizens’ pay the first \$2,400,000 of costs incurred and that IPTC pay the next \$1,400,000. If costs exceeded the combined total of these two costs, Citizens and IPTC agreed to meet to determine a fair and reasonable allocation of costs for the additional work. IPTC has not yet paid any of these additional costs.

Amendment No. 1 was approved by the Board at its May 27, 2021 meeting and modified the section of the Agreement related to utility relocation costs. Per the amendment, an option was added whereby IPTC could pay its share of relocation costs first, with Citizens reimbursing IPTC in the event that final costs are less than the \$3,800,000 estimate. The amendment also provided an option for IPTC to pay up to \$2,000,000 of the initial relocation work costs (\$600,000 more than IPTC’s anticipated share), with all costs over \$1,400,000 reimbursed. These options were not exercised and Amendment No. 1 was removed from the Agreement in its entirety by Amendment No. 2.

Amendment No. 2 was approved by the Board at its December 9, 2021 meeting and modified IPTC’s cost share for the relocation work. The estimated cost of the relocation work had increased to \$8,051,012. IPTC agreed to maintain its 63/37 cost split for the work and increased our cost share from \$1,400,000 to \$2,406,640 with the caveat that our contribution would cover construction labor and material costs only. The Board of Directors approved of IPTC contributing up to \$3,000,000 for the reimbursement of utility relocation costs.

DISCUSSION:

Citizens’ utility relocations have been completed on the project. As with the Purple Line construction bids, and many transportation infrastructure projects over the past few years, actual utility relocation costs have come in over budget.

The overages were a result of increased material and labor costs. Amendment No. 2 provided that, if the estimated costs of the relocation work were exceeded, Citizens and IPTC would confer and determine a reasonable allocation for the additional costs. Known relocation costs to date are \$11,133,000, which is \$3,082,000 over the estimate provided in Amendment 2. Citizens' invoicing has not yet been finalized.

IPTC is requesting that the Board approve an increase of \$1,000,000 in contribution to cover the additional relocation costs. This would increase IPTC's overall contribution for utility relocation costs on the Purple Line BRT project to a maximum of \$4,000,000. Citizens has requested a 50/50 split of the overage. IPTC is in the final stages of reviewing the relocation expenses to determine appropriateness and is assessing whether construction changes at Citizens' request or due to relocation delays may be deducted from this maximum amount.

It should be noted that Citizens is legally required to conduct these relocations at their own cost. However, IPTC has chosen to contribute to the costs, to date, as part of a good faith effort to move the project forward and be a good community partner.

ALTERNATIVES:

The Board could choose not to support this contribution. This would result in further negotiation with Citizens related to the shares of utility relocation costs and could impact discussions on other critical projects.

FISCAL IMPACT:

This contribution is funded through local Capital funds unprogrammed from the Purple Line project budget.

DBE/XBE DECLARATION:

Not applicable

STANDING COMMITTEE DISCUSSION/RECOMMENDATION:

This action will be reviewed by the Finance Committee on September 18, 2024 and by the Service Committee on September 19, 2024.