



**ITEM ID:** 2024-271-0

**TRANSMITTAL DATE:** October 4, 2024

**MEETING DATE:** October 11, 2024

**TO:** Contracts, Operations, Maintenance, and Safety Committee

**FROM:** Justin Fornelli, Chief, Program Delivery

**SUBJECT:** Goodwill Agreement with Builders FirstSource - Atlantic Group, LLC for the SCORE Simi Valley Double Track Project

### **Issue**

Approval is needed to negotiate and execute a Goodwill Agreement with Builders FirstSource - Atlantic Group, LLC for compensation resulting from the direct business operations impacts during the Authority's construction of the SCORE Simi Valley Double Track Project.

### **Recommendation**

It is recommended that the Committee recommend the Board authorize the Chief Executive Officer to negotiate and execute a Goodwill Agreement between the Authority and Builders FirstSource - Atlantic Group, LLC for a not-to-exceed amount of \$676,000 for compensation resulting from the direct business operations impacts during the Authority's construction of the SCORE Simi Valley Double Track Project.

### **Strategic Commitment**

This report aligns with the Strategic Business Plan commitment of:

- **Advancing Key Regional Goals:** We will grow the role of regional rail in addressing climate change, air quality, and other pressing issues by advancing toward zero emissions, making rail a compelling alternative to single-occupant automobiles and advancing equity-focused opportunities for all communities throughout Southern California. The SCORE Simi Valley Double Track Project would enable additional capacity and service improvements on Metrolink's Ventura County Line (VCL).

## **Background**

The key components of the SCORE Simi Valley Double Track Project (Project) are:

- Install 2.2 miles of second mainline track immediately adjacent to the existing mainline track
- Construct a second side platform at the Simi Valley Station with a connecting pedestrian underpass
- Install pedestrian safety equipment, warning devices, and new track panels at five existing grade crossings

An existing industry spur track is located within the limits of the Project, which is used for normal business operations by Builders FirstSource - Atlantic Group, LLC (Builders FirstSource). Builders FirstSource is a building materials supplier that utilizes the industry spur track to receive and ship deliveries of raw lumber materials, as well as finished building products.

During the Authority's construction of the Project, the industry spur track must be taken out of service in order to construct the new second mainline track. The loss of the industry spur track will have a direct impact to Builders FirstSource's normal business operations. The Authority estimates that the industry spur track will be out of service for a maximum of six months while the Authority constructs the Project's second mainline track segment at the industry spur track location, along with the reinstatement of the industry spur track to normal operation.

## **Discussion**

In early 2023, the Authority, in conjunction with VCTC, approached Builders FirstSource to inform them of the Project and discuss the business operations impacts that would occur, along with potential mitigation measures that would be deployed, during Project construction. Builders FirstSource informed the Authority that trucking via road would be the preferred mitigation measure.

In mid-2023 the Authority engaged an independent appraiser, Donna Desmond Associates, to undertake a Goodwill Appraisal. The Goodwill Appraisal estimated the cost of implementing the mitigation measures that Builders FirstSource would deploy while the industry spur track is out of service for a maximum of six months. The Goodwill Appraisal also discounted the railroad costs that would have been incurred during the six-month period.

In December 2023, the Goodwill Appraisal was completed and determined that \$676,000 was a fair and reasonable estimate of the direct business operations impacts during the Authority's Project construction. In April 2024, the Goodwill Agreement, which included the Goodwill Appraisal, was submitted to Builders FirstSource. Builders FirstSource agreed that a not-to-exceed amount of \$676,000 was a fair and reasonable compensation.

## **Budget Impact**

The amount for which contract authority is requested (\$676,000) will be covered by the Adopted SCORE Program Capital Budget and funded with TIRCP funds granted by CalSTA through the SCORE Program.

## **Next Steps**

Upon Board Authorization, the Goodwill Agreement will be negotiated and executed between the Authority and Builders FirstSource - Atlantic Group, LLC.

Prepared by: Chris Haskell, Senior Manager, Program Delivery

Approved by: Justin Fornelli, Chief of Program Delivery