



Board Report

File #:2015-1759, File Type:Contract

Agenda Number:

EXECUTIVE MANAGEMENT COMMITTEE JANUARY 20, 2016

**SUBJECT: RED LINE SEGMENT 2 CLOSE-OUT AND RED LINE SEGMENT 3
CLOSE-OUT**

ACTION: AUTHORIZATION FOR INCREASE THE LIFE OF PROJECT BUDGETS

RECOMMENDATION

- A. Increase the Life of Project budget for Project 809081, Red Line Segment 2 Close-out in the amount of \$336,697, increasing the previous authorization amount of \$31,510,403 to \$31,847,100.
- B. Amend the FY 16 budget to add \$187,500 to Project 809081, Red Line Segment 2 Close-out.
- C. Increase the Life of Project budget for Project 809082, Red Line Segment 3 Close-out in the amount of \$556,900, increasing the previous authorization amount of \$3,639,000 to \$4,195,900.
- D. Amend the FY16 budget to add \$62,500 to Project 809082, Red Line Segment 3 Close-out.

ISSUE

Litigation arising out of the construction of Red Line Segment 2 and Segment 3 is on-going. The remaining litigation is now in the appellate stage. The current LOPs for Segment 2 and Segment 3 do not include amounts necessary for the appellate services now required, and thus are not sufficient to fund the remaining litigation necessary to close out these projects.

The Life of Project Budgets for Project 809081, Red Line Segment 2 Close-Out and Project 809082, Red Line Segment 3 Close-Out need to be increased to fund the above described costs.

FINANCIAL IMPACT

This action will increase the FY16 budget as follows:

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1. Adding \$187,500 to Cost Center 1210, under Project 809081, Red Line Segment 2 Close-out, account 50302 - legal services; and
 2. Adding \$62,500 to Cost Center 1210, under Project 809082, Red Line Segment 3 Close-out, account 50302 - legal services;

These increases will be funded with Proposition A 35%.

This action will increase the Life of Project budget for Project 809081 from \$31,510,403 to \$31,847,100 and the Life of Project budget for Project 809082 from \$3,639,000 to \$4,195,900. Since this is a multi-year project, the Executive Director Program Management will be responsible for monitoring the Life of Project budget and General Counsel will be responsible for budgeting the expense in future years.

IMPACT ON BUS AND RAIL OPERATING AND CAPITAL BUDGET

The funding for this action will come from Proposition A 35%. No other sources of funds were considered because this fund is the appropriate fund for rail close-out project.

The funding for this Life of Project increase is available for rail operating and capital projects.

This activity will not impact ongoing operating costs.

ALTERNATIVES CONSIDERED

The Board can choose not to increase the Life of Project budget for Project 809081, Red Line Segment 2 Close-out and/or Project 809082, Red Line Segment 3 Close-out. This is not recommended as Metro must have funds to pay ongoing litigation costs.

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