



Expo

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DATE: JANUARY 11, 2007

TO: BOARD OF DIRECTORS

FROM: RICHARD D. THORPE *RT*
CHIEF EXECUTIVE OFFICER

ACTION: ADOPT PHASE 1 FY07 MID-YEAR BUDGET ADJUSTMENT

RECOMMENDATION

Adopt the proposed amendments to the Phase 1 FY07 Budget.

SUMMARY

When the Board approved the FY07 budget in May 2006, expenditure projections were developed just as the design-build contractor was mobilizing, and before Annual Work Plans and Master Cooperative Agreements were negotiated with Third Parties. As a result, staff is recommending transferring funds between categories to fully fund all activities for FY07. These transfers will have no impact on the overall \$118 million budget adopted for FY07, as expenditures for the remainder of FY07 are projected to be within this budget amount.

DISCUSSION

Staff has reviewed year-to-date expenditures and projected expenditures for the remainder of FY07. It is expected that expenditures for FY07 will be within the Board approved budget of \$118 million for this fiscal year. However, because of expenditure increases in certain categories and underruns in other categories, it is necessary to amend the FY07 budget to transfer funds between these categories to fully fund all FY07 activities. These proposed transfers are within the FY07 budget and consistent with the overall \$640 million project budget adopted by the Board.

Staff reviewed all of the budget categories to determine year-to-date expenditure levels, and looked at the projected expenditure forecasts for each category to

ensure that expenditures remain within the \$118 million FY07 budget approved by the Board. As shown in Attachment A, most of the categories remain on budget or are showing underruns for FY07 while a few categories have increased, necessitating this mid-year adjustment. The Design-Build Contract category is projected to have at least a \$2 million underrun based on negotiations with the contractor on the cost of the Contractor Controlled Insurance Program (CCIP) and the removal of earthquake insurance from this coverage. Staff is recommending that this \$2 million be transferred to the Third Party category to cover higher than anticipated costs in Annual Work Plans with various agencies. As a result, the transfer of \$2 million from the Design-Build Contract category to the Third Party Category is necessary to fully fund all Third Party Annual Work Plans for this fiscal year.

As part of this budget assessment, it was determined that Utility Relocation costs, which were budgeted at \$4 million for FY07, will be much lower than anticipated. The Authority had budgeted funds to relocate utility pipelines that are being relocated by the utility companies at their own cost. This has resulted in a projected cost savings of approximately \$1.6 million in this category.

An assessment of the Professional Services/Consultants category indicates that expenditures by Carter-Burgess and other specialty consultants will be less than originally anticipated. However, these savings are offset by the budget amendment approved by the Board in September 2006, which allocated additional funds to DMJM to cover increased staffing and special studies. As a result, there should be no net increase to the Professional Services/Consultant category.

Lastly, the Board authorized the expenditure of \$1.5 million in Contingency to cover advance payments on the Universal Fare System which were not originally anticipated for this fiscal year. This action depleted much of the contingency for this fiscal year. As a result, staff is proposing that \$1.5 million be transferred from the Utility Relocation category to Contingency to fund any unanticipated expenditures for the remainder of the fiscal year.

FINANCIAL IMPACT

All of the proposed transfers are within the \$118 million Board approved fiscal year budget and the overall \$640 million budget adopted by the Board.

NEXT STEPS

Staff will continue to monitor the FY07 budget and update the Board on any changes.

ATTACHMENT(S)

A. FY07 Mid-Year Budget Adjustment

ATTACHMENT A

FY07 Mid-Year Budget Adjustment

Budget Expenditure Plan	Adoped FY07 Budget	Proposed Revised FY07 Budget	Adjustment
Metro Staff	\$1,996,036	\$1,996,036	\$0
Expo Authority Staff/Administation	\$4,129,734	\$4,129,734	\$0
Professional Services/Consultants	\$7,785,000	\$7,785,000	\$0
Third Party/Master Cooperative Agreements	\$2,933,000	\$5,033,000	\$2,100,000
Real Estate	\$20,312,893	\$20,312,893	\$0
Utility Relocation	\$4,020,000	\$2,420,000	(\$1,600,000)
Design-Build Contract	\$75,445,000	\$73,445,000	(\$2,000,000)
Universal Fare Collection	\$0	\$1,500,000	\$1,500,000
Contingency	\$2,000,000	\$2,000,000	\$0
TOTAL	\$118,621,663	\$118,621,663	\$0