



**Expo**

**Exposition Metro Line  
Construction Authority**


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**DATE: JANUARY 11, 2007**

**TO: BOARD OF DIRECTORS**

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

**ACTION: APPROVE PHASE 2 FY07 BUDGET**

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**RECOMMENDATION**

Adopt the proposed Phase 2 FY07 Budget for the Exposition Metro Line Construction Authority (Authority) contingent upon the Metro Board amending their FY07 Budget for Phase 2.

**SUMMARY**

In November 2005, the Metro Board programmed \$15 million over 3 years for planning and environmental work for Phase 2 of the Exposition Light Rail Transit Project (Project). However, no detailed cost estimates had been developed for the planning and engineering work at that point in time.

In May 2006, the Metro Board approved the FY07 Budget, which contained \$1.5 million of these programmed funds to start the environmental work for Phase 2. When this budget amount was developed by the Metro Planning staff, they anticipated that the environmental consultant would not be selected until later in FY07, and had not planned on such an aggressive schedule for the Phase 2 project.

After the FY07 Budget was approved, Metro and the Authority developed an organizational structure, which delineated roles and responsibilities for the Phase 2 Project. It was agreed that the Authority would award and manage the Phase 2 work, including the environmental consulting contract. Authority staff developed a compressed procurement schedule for the environmental consultant for Phase 2 and an aggressive timetable for completion of all planning and preliminary engineering work for this project. As a result, Authority staff determined that the

\$1.5 million budgeted by Metro staff would not be sufficient to fully fund FY07 activities for Phase 2.

## **DISCUSSION**

When the Metro Planning staff recommended to the Metro Board that \$15 million be programmed over 3 years for planning and environmental work for Phase 2 of the Project, no detailed cost estimates had been developed to support this amount. Once the environmental consultant contract is negotiated for both Stage 1 and Stage 2, Authority staff will develop a more detailed project budget that fully funds all Phase 2 planning and engineering activities. Once these cost estimates are complete, the Authority will request that Metro program any additional funds for FY08 and FY09 to fully fund all environmental and preliminary engineering work for Phase 2. A detailed project budget for Phase 2 environmental and engineering work will be developed and discussed with Metro and presented to the Authority Board at a future date.

In the meantime, Metro has budgeted \$1.5 million for FY07 to start environmental work for Phase 2; however, Metro staff did not anticipate the aggressive schedule put together by Authority staff, nor did they anticipate having a consultant ready to start work in January 2007. As a result, the \$1.5 million budgeted by Metro for Phase 2 will not be sufficient to fully fund all activities for this fiscal year.

The Authority staff has developed cost projections for FY07 that take into consideration the aggressive timetable to complete Stage 1 of the environmental work and the rapid mobilization of the environmental consultant. Staff has determined that to fully fund all activities for this fiscal year, a budget amount of \$2.5 million is needed. Authority staff will request that Metro amend its FY07 budget and increase the amount budgeted for Phase 2 from \$1.5 million to \$2.5 million to fully fund all Phase 2 activities for this fiscal year. As part of the \$15 million programmed by Metro, \$5 million was programmed for this fiscal year, but staff budgeted only \$1.5 million. Thus, a budget amendment increasing FY07 funding from \$1.5 million to \$2.5 million would still be well within the programmed amount.

## **FY07 Budget**

The Authority staff reviewed Metro's \$1.5 million budget request for FY07 and has made some revisions and additions which has increased the amount necessary to fully fund all activities to \$2.5 million for this fiscal year, as shown in Attachment A. As part of its \$1.5 million budget, Metro had estimated that only \$1.35 million would be needed for the environmental consultant for this fiscal year. This was based on an assumption that the consultant would not be selected until later in the year and that the consultant would not mobilize as rapidly. With the selection of the consultant in November 2006 by the Board, and

with work starting in January 2007, the \$1.35 million for the consultant for FY07 will not be sufficient. Authority staff is estimating that \$1.8 million may be needed to fully fund all consultant activities for FY07.

Metro did budget \$200,000 for very limited Metro staff time from the Planning and Real Estate departments, but did not budget anything for legal, procurement, contract management, outreach or financial services associated with Phase 2. Again, Metro staff did not anticipate the aggressive schedule pursued by the Authority. The Authority has reviewed these costs and has projected that additional staff costs, together with legal and other consulting services, will total over \$500,000. This is a \$300,000 increase over Metro's projected budget for staff costs.

Lastly, Metro did not budget any funds for rent for the integrated project office occupied by staff and the consultant, nor did they budget anything for general office supplies, computers, phones or other miscellaneous costs. The Authority is anticipating that these costs will total over \$100,000 for FY07.

As a result, the Authority is anticipating that consultant costs, staff costs and office supplies/rent will exceed the \$1.5 million budgeted by Metro staff for this fiscal year. Authority staff is anticipating that the expenses will be \$2.5 million for FY07, and will ask Metro staff to amend the FY07 budget to program the additional funds needed to fully fund all Phase 2 activities for FY07.

### **FINANCIAL IMPACT**

Once the Authority approves the FY07 Budget for Phase 2, Authority staff will request that Metro amend their FY07 budget to reflect this updated number. Once the Authority and Metro Boards approve the revised FY07 Budget for Phase 2, all expenditures in this fiscal year will have to fall within the approved budget amount. The proposed \$2.5 million FY07 Budget for Phase 2 will be contingent upon the Metro Board amending the FY07 Budget to reflect this revised amount.

### **NEXT STEPS**

Authority staff will work with Metro staff to amend the FY07 Budget to fully fund all Phase 2 activities and will work with Metro staff to develop an overall project budget for Phase 2 planning and engineering efforts.

### **ATTACHMENT(S)**

A. Phase 2 Projected FY07 Budget

# Attachment A

## Phase 2 Projected FY07 Budget

	Jan 07-June 07
<b>Staff</b>	
Authority Staff	\$ 196,400.00
Includes Full Time Project Manager and Support from Contracts, Engineering, Finance, Community Relations and other Authority Staff	
Metro	\$ 205,000.00
Support from Planning Dept and Real Estate	
Legal/Specialty Consultants	\$ 120,000.00
<b>Staff Subtotal</b>	<b>\$ 521,400.00</b>
<b>Environmental Consultant</b>	<b>\$ 1,800,000.00</b>
<b>General Office Costs</b>	
Office/Supplies	\$ 12,000.00
Computers/Furniture	\$ 25,000.00
Rent	\$ 54,000.00
Postage/Advertising/Misc	\$ 15,000.00
Utilities	\$ 5,000.00
<b>Subtotal Office Costs</b>	<b>\$ 111,000.00</b>
<b>Contingency</b>	<b>\$ 67,600.00</b>
<b>Total</b>	<b>\$ 2,500,000.00</b>