



OPERATIONS COMMITTEE
JANUARY 20, 2005

SUBJECT: DIVISION 1 EXPANSION PROJECT

ACTION: APPROVE INCREASE TO THE LIFE OF PROJECT BUDGET

RECOMMENDATION

- A. Approve an approximate \$4.02 million increase to the life of project budget for the Division 1 Expansion project, thereby increasing the life of project budget from \$7.5 million to approximately \$11.5 million.
- B. Amend the FY05 budget to add \$2.8 million of federal funds as appropriated for this project by the Bus Operations Subcommittee (BOS) and \$700,000 of local match.

ISSUE

The Division 1 Expansion life of project (LOP) budget of \$7.5 million was approved by the Board during the FY05 budget approval in June 2004. However, in February 2004 Metro was appropriated additional Federal 5307 funding for the project by the Bus Operations Subcommittee (BOS). The additional funding was requested from BOS to accommodate a substantial increase in the purchase price of the expansion property and to start Phase II of the expansion project including fueling and maintenance building upgrades.

Since BOS funding is allocated to Metro on a Federal fiscal year basis, the additional BOS funding of \$3.5 million was not available to Metro until October 2004. As such, the additional \$3.5 million was not added to the LOP during budget approval in June 2004. The LOP must now be adjusted to reflect the additional \$3.5 million in BOS/Local Match funding, plus 5% contingency on the total project budget, for a total LOP increase of approximately \$4.02 million.

DISCUSSION

Metro operates a bus maintenance and operations facility in Central Los Angeles known as Division 1. As of December 2004, the facility has a design capacity of 170 40-foot coaches with a current mixed fleet of 181 diesel and CNG buses. The division is over capacity, and all employee parking is currently situated off-site in adjacent properties. In order to increase the capacity of the facility to accommodate additional standard and high capacity articulated buses required by the Consent Decree, Metro is expanding the facility by purchase of a 3-

acre adjacent property and vacation of the adjacent Industrial Street. The expansion will provide for an increase of up to 100 coaches and on-site employee parking.

Metro is planning to conduct the Division 1 Expansion project in phases, with Phase I being CEQA/NEPA environmental clearance, acquisition of the adjacent property, paving, utilities, fencing, and expansion of the fueling island. This first phase of the project is required to accommodate additional standard buses required by the Consent Decree, which will be assigned to Division 1 in December 2004. Other future phases of development and expansion at the facility will include pit extensions, vacation of Industrial Street, expansion of the Transportation building, and possibly joint development of the adjacent property to include a parking structure and possible commercial element.

Phase I of the expansion project is currently ongoing, and construction work on improvement of the expansion property and the Division 1 fuel island commenced in November 2004. This work is scheduled to be complete by March 2005.

Funding for future phased improvements as discussed above will be requested at the BOS meeting in February 2005, and as such these funds have not been considered in this LOP increase request. These funds, if approved and appropriated by BOS, would be allocated to a new capital project for Division 1 Improvements and would be considered by the Board as part of the FY06 budget approval process.

FINANCIAL IMPACT

This action will amend the LOP by approximately \$4.02 million, resulting in an increase from \$7.5 million to approximately \$11.5 million. This LOP increase includes the \$3.5 million in BOS/Local Match funds as approved by BOS, plus a contingency reserve of 5% of the total project budget, for a total LOP increase of \$4.02 million.

The action will also amend the FY05 annual budget by \$3.5 million, resulting in an increase from \$1,485,000 to \$4,985,000. The funds will be budgeted in CP #2305072 Division 1 Expansion Project in Cost Center 3341. The FY05 budget amendment will be funded with \$2.8 million of federal funds appropriated to this project by the BOS and \$700,000 in local match. See Attachment A for the detailed LOP budget status

Since this is a multi-year project, the Deputy Executive Officer will be responsible for budgeting funds for this project in future years.

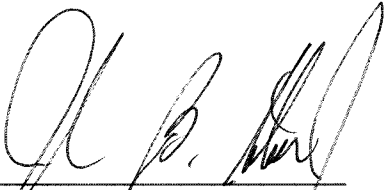
NEXT STEPS

If the requested LOP increase is approved, the LOP will be revised to match the funding allocated to date by the BOS for the Division 1 Expansion Project. If additional BOS funds are appropriated in the future for other phases of Division 1 improvements, the funding would be allocated into a new Capital Project and would be considered by the Board during future budget approval actions.

ATTACHMENT(S)

A. Division 1 Expansion Project: Life of Project Budget Status

Prepared by: Tim Lindholm, Project Manager, Facilities-Operations



John B. Catoe, Jr.
Deputy Chief Executive Officer



Roger Snoble
Chief Executive Officer

**DIVISION 1
LIFE OF PROJECT BUDGET STATUS**

Expenses	Inception to Date Expenditures	Encumbrance	Balance of Project Costs	Total Forecasted Expenditures	Board Approved Life of Project Budget	Over/(Under) budget
Acquisition of Land	\$ 7,550,700	\$ 1,150,000	\$ 1,847,000	\$ 10,547,700	\$ 7,500,000	\$ (3,047,700)
Services	\$ 15,200		\$ -	\$ 315,200	\$ -	\$ (315,200)
Salaries & Benefits	\$ 369,000		\$ 68,100	\$ 137,100	\$ -	\$ (137,100)
Contingency 5%				\$ 527,385		\$ (527,385)
Total	\$ 7,934,900	\$ 1,150,000	\$ 1,915,100	\$ 11,527,385	\$ 7,500,000	\$ (4,027,385)

The Division 1 Expansion life of project (LOP) budget of \$7.5 million was approved by the Board at the time of FY05 budget approval in June 2004. Since then, Metro was appropriated additional Federal 5307 funding for the project by the Bus Operations Subcommittee. The additional funding was requested from BOS to accommodate a substantial increase in the purchase price of the expansion property and to start Phase II of the expansion project including fueling and maintenance building upgrades.

Since BOS funding is allocated to Metro on a Federal fiscal year basis, the additional BOS funding of \$3.5 million was not available to Metro until October 2004. As such, the additional finding \$3.5 million was not added to the LOP during budget approval in June 2004, and the LOP must now be adjusted to reflect the additional BOS funding. The LOP increase also includes a contingency reserve adjustment of 5% of the total project budget.