



**OPERATIONS COMMITTEE
MARCH 17, 2005**

SUBJECT: DIVISION 4 EXPANSION PROJECT

ACTION: APPROVE INCREASE TO THE LIFE OF PROJECT BUDGET

RECOMMENDATION

Increase the Life of Project for the Division 4 Expansion Project by \$910,000, increasing the Life of Project Budget from \$1,611,000 to \$2,521,000.

RATIONALE

The Board approved the Division 4 Expansion Project Life of Project (LOP) budget of \$1,611,000 during the FY05 budget approval process in June 2004. Since then, all project design activities have been completed, and construction cost bids have been received. The cost bids from the lowest successful bidders were higher than originally budgeted, due to recent and severe cost increases in construction materials such as steel and concrete.

Metro operates the Division 4 facilities, located at 7878 Telegraph Road in the city of Downey, California. Division 4 is responsible for the repair and maintenance of the Metro fleet of non-revenue automobiles and trucks. New Metro non-revenue vehicles are also prepared for service at this facility. The site is also the location of offices for the service facility as well as those of the Metro Gateway Service Sector. The Division 4 site currently has a design capacity of 65 parking spaces for employees and 258 parking spaces for Metro non-revenue vehicles.

Due to the planned closure of Metro's South Park (Location 14) Non-Revenue facility, and Metro's desire to centralize non-revenue maintenance at one single location, the maintenance capacity of Division 4 facilities must be expanded to accommodate additional non-revenue vehicles. In addition, the project includes several enhancements to the maintenance facility that will increase the efficiency of maintenance and service operations at the facility.

The proposed Project would construct a new repair building north of the existing Maintenance Building to provide additional maintenance bays, as well as a new car wash facility that would be located on the west side of the existing Maintenance Building. Vehicles serviced at the facility are currently either washed manually within the facility or sent out to independent contractors for washing and detailing. Installation of a new

automatic car washer will significantly improve the efficiency of service operation, thereby saving labor dollars for manual washing by division employees.

In addition, the adjacent vacant parcel north of the current Division 4 site would be cleared, paved and striped to accommodate non-revenue vehicles parking and storage needs. This additional parking and storage area would be necessary due to consolidation of Metro non-revenue maintenance locations and closing of other Metro facilities such as South Park. The expanded parking area has been designed in compliance with stringent storm water discharge design criteria required by the City of Downey and County of Los Angeles. Storm water drainage from the facility will be routed towards an un-paved infiltration trench for percolation back into the groundwater table, a design concept consistent with the Metro Board's direction to include sustainable principles and best management practices into design and construction of new or expanded Metro facilities.

The total number of vehicles that could be maintained and stored at Division 4 after expansion is approximately 500, an increase of approximately 250 additional vehicles. The current number of employee parking spaces would be adequate after completion of the proposed Project.

All design and planning work has been completed, and proposed work has been separated into two construction contracts, one for paving and site improvements and one for Division 4 maintenance improvements. The construction contract for the paving and site improvements was awarded in January 2005. If this LOP increase request is approved, the construction contract for the Division 4 maintenance improvements will be awarded in July 2005 with construction completed in December 2005.

FINANCIAL IMPACT

This action will increase the Life of Project budget by \$910,000 from \$1,611,000 to \$2,521,000. The funding for this project will be local funds programmed as part of the FY06 capital process. The additional \$910,000 of funding will be added to the Division 4 Expansion Project CP#202092 in Cost Center 3341. Please see Attachment A for a detailed breakdown of the proposed LOP budget.

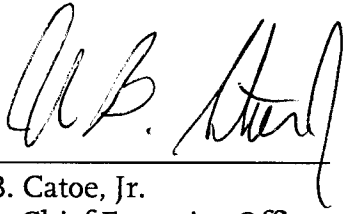
ALTERNATIVES CONSIDERED

The Board of Directors may choose not to authorize an increase to the Life of Project budget for this project. This alternative is not recommended, since rejection of the LOP increase would prohibit award of the Phase II construction contract for maintenance building expansion and installation of an automatic car washer. Without the Phase II improvements, the centralization of non-revenue maintenance at one single location will not be feasible.

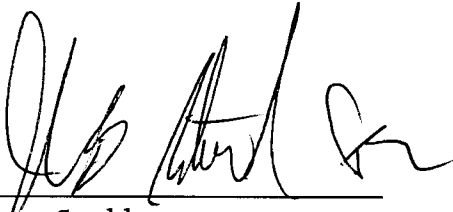
ATTACHMENTS

A. Division 4 Expansion Project: Life of Project Budget Status

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John B. Catoe, Jr.
Deputy Chief Executive Officer



Roger Snoble
Chief Executive Officer

ATTACHMENT A

Expenses	Inception to Date Expenditures	Encumbrance	Balance of Project Costs	Total Forecasted Expenditures	Board Approved Life of Project Budget	Over/(Under) budget
Acquisitions	\$ 15,000	\$ 1,233,033	\$ 1,248,033	\$ 2,207,033	\$ 1,496,500	\$ (710,533)
Services	\$ 2,688	\$ -	\$ 2,688	\$ -	\$ -	\$ -
Salaries & Benefits	\$ 95,600	\$ -	\$ 95,600	\$ 114,500	\$ 114,500	\$ -
Construction Contingency (10%)	\$ -	\$ -	\$ -	\$ 199,467	\$ -	\$ (199,467)
Total	\$ 113,288	\$ 1,233,033	\$ 1,346,321	\$ 2,521,000	\$ 1,611,000	\$ (910,000)

The Division 4 Expansion Project life of project (LOP) budget of \$1,611,000 was approved by the Board at the time of FY05 budget approval in June 2004. Since then, all project design activities have been completed, and bids have been received. The cost bids from the lowest successful bidder were higher than originally budgeted, due to recent and severe cost increases in construction materials such as steel and concrete. Due to the higher than budgeted bid prices, this request is to increase the Board approved LOP of \$1,611,000 by \$910,000, for a new revised LOP of \$2,521,000.