



**OPERATIONS COMMITTEE
MAY 18, 2006**

PROJECT: FY07 BUS MIDLIFE PROGRAM

ACTION: ESTABLISH LIFE OF PROJECT BUDGET

RECOMMENDATION

Establish a life-of-project budget of \$17,058,404 for the FY07 Bus Mid-Life Rebuild Program.

RATIONALE

In January 2005 the Board adopted the FY06 Financial Standards, which require that all capital projects with expenditures greater than \$5 million be approved separately by the Board. The bus rebuild program is a recurring project with an authorized not-to-exceed amount for each fiscal year. For FY06, the approved annual not-to-exceed amount was \$12,000,017.

Requested funding for the Bus Midlife Program is based on the amount of labor hours and parts required to overhaul a bus with and without completing an engine package change out. The funding requested for FY07 will enable Central Maintenance to perform 200 bus overhauls and 125 engine change outs. There is a scope of work detailing each task involved in the Bus Midlife program which ensures that unless there is a significant fluctuation in the cost of parts, the proposed budget will be expended in full in FY07.

The Bus Midlife Program was initiated in FY04 and provides preventive, mid-life maintenance service to Metro buses over five years old. The maintenance services provided include engine package change-outs, fuel cylinder replacements, suspension work, body repair, painting, and interior refurbishment including graffiti abatement and wheel chair lift maintenance.

The Bus Midlife Program improves the safety, performance, and reliability of Metro buses. The improved overall condition of the program's vehicles also helps to reduce maintenance costs and the amount of maintenance work performed at the Metro Bus Operating Divisions.

The program promotes efficient use of Central Maintenance's resources due to the fact that each bus series will go through the same pre-selected process. Labor, material and facilities can be scheduled according to the Midlife plan, verses reacting to unplanned problems as they arise. The planned maintenance program also enables Central Maintenance to manage demand for heavy bus repairs

FINANCIAL IMPACT

This request is for approval of an FY07 project and will have no impact on the FY06 budget. This capital project is proposed to be funded in the FY07 capital program with local funds.

In FY07, \$9.4 million will be allocated for parts, \$5.5 million will be allocated for labor and \$2.1 million for allocated overhead. A detailed financial plan is included in Attachment A.

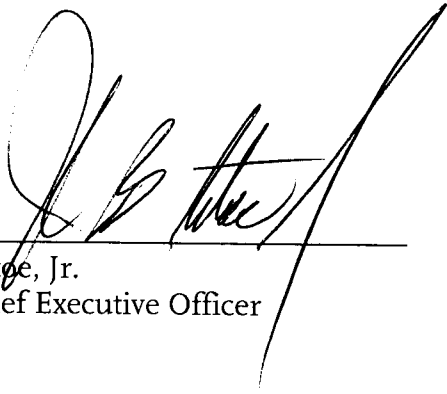
ALTERNATIVES CONSIDERED

Not proceeding with the current proposal will negatively impact the safety, performance, and reliability of Metro buses. The improved overall condition of the program's vehicles also helps to maintain the life of asset and reduce major maintenance work performed at the Metro Bus Operating Divisions.

ATTACHMENT

A. Funding Plan

Prepared by: Milo Victoria, Deputy Executive Officer, Central Maintenance



John B. Catoe, Jr.
Deputy Chief Executive Officer



Roger Snoble
Chief Executive Officer

ATTACHMENT A

FY07 BUS MIDLIFE PROGRAM (CP 203004)

Sources of funds (\$millions)	FY06	FY07	FY08	FY09	FY10	FY11	Total
FY07 CP Local Funds		17.058					17.058
							0.000
							0.000
Total	0	17.058	0	0	0	0	17.058

Uses of funds (\$millions)	FY06	FY07	FY08	FY09	FY10	FY11	Total
Acquisition							0.000
Pro Services							0.000
Labor		7.640					7.640
Parts/Material		9.419					9.419
							0.000
Total	0	17.058	0.000	0.000	0.000	0.000	17.058