



Metro

Metropolitan Transportation Authority

One Gateway Plaza
Los Angeles, CA 90012-2952

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**OPERATIONS COMMITTEE
MAY 18, 2006**

SUBJECT: UNION DIVISION/TERMINAL 31 PROJECT (FORMERLY DIVISION 10 EXPANSION PROJECT)

ACTION: APPROVE INCREASE TO THE LIFE OF PROJECT BUDGET

RECOMMENDATION

Increase the life-of-project budget for the Union Division/Terminal 31 project (formerly Division 10 expansion project) by \$3,946,512, increasing the life-of-project budget from \$1,000,000 to \$4,946,512.

RATIONALE

The Board approved the initial Union Division/Terminal 31 Project life-of-project (LOP) budget of \$1,000,000 during the FY06 budget approval process. At that time, the Union Division Project was only a concept for building a new bus division on Metro-owned property to replace the canceled Division 10 Expansion project, and had not been studied in detail. The initial LOP budget was intended to allow staff to start the concept planning process, with an understanding that staff would return to the Board for additional LOP increases as the project progressed. In FY06, staff completed the planning studies that are required prior to starting the NEPA/CEQA environmental process, and in FY07 staff plans to complete environmental studies and start the preliminary engineering and design process.

As of June 2006, all 11 Metro bus operations and maintenance facilities will be operating with fleet sizes beyond their individual capacities, and there is an urgent and immediate need to provide increased capacity as soon as possible. As such, construction of a new bus operations and maintenance facility in downtown Los Angeles is a high priority project for Metro Operations, and is a key component in the 2004 Bus Division Strategic Assessment Report and Long Range Facilities Plan presented to the Board in March 2004. This project is needed to reduce facility overcrowding across the system, accommodate Metro's larger bus fleet due primarily to the Consent Decree, accommodate operation of the high capacity 45-foot and 60-foot buses, and increase efficiency of the total system by having an additional operating base in the central business area. Further, the project is required as a replacement to the canceled Division 10 Expansion project, which was canceled in 2005 due to rising real estate costs and difficulties with property acquisition.

As currently planned, the facility will be constructed on a roughly 6 acre plot of land consisting of the current Terminal 31 property, RRC parking Lot A, and a vacated Lyon Street. The facility will house and operate a mixed fleet of approximately 200 CNG buses, and will be constructed to accommodate 40-foot, 45-foot, and 60-foot articulated buses. The project will include three levels of bus and automobile parking, plus an administrative building, maintenance shop, and all associated maintenance equipment. Facilities and Treasury staff are also evaluating the incorporation of a Central Cash Counting Facility into the project. The facility has been designed to achieve a Leadership in Energy and Environmental Design (LEED) Silver Rating (at minimum), and will be a modern, sustainable and aesthetically attractive facility.

Prior to starting the environmental studies, preliminary engineering, and design phases for the project, Metro will need to enter into contracts with environmental consultants and architectural/engineering contractors to perform the required services. Further, staff labor time is required to manage the contracts and ensure the project studies and designs are completed on schedule and on budget. For these reasons, additional budget has been programmed for FY07 and an increase to the LOP budget is now required.

FINANCIAL IMPACT

This action will increase the life-of-project budget by \$3,946,512, from \$1,000,000 to \$4,946,512. The total funding of \$4,946,512 will be added to the Union Division/Terminal 31 Project CP#202001 in Cost Center 3341. Please see Attachment A for a detailed breakdown of the proposed LOP budget.

When the Division 10 Expansion project was canceled in 2005, the funding for that project was transferred to the Expo LRT project. However, when the Board approved the Expo funding plan in April 2005, it was agreed that the funds would be re-programmed back into the Bus Division project as soon as the replacement project was defined and the funds were needed. In the meantime, the preliminary work will be funded with Prop C bonds. Upon completion of environmental clearance and preliminary engineering activities, staff will return to the Board of Directors with a total LOP budget and funding plan for construction of the new facility. Staff will continue to develop the project with the assumption that the funds will be Federal CMAQ dollars that were previously allocated to the Expo project but are no longer needed (replaced with State TCR funds). The current schedule shows construction of the new facility starting in approximately January 2008, so staff will require approved funding for construction by approximately July 2007.

Preliminary cost estimates have been completed as a part of the concept planning process, and the total estimated cost to complete the facility (including all hard and soft costs) is approximately \$90 million. Incorporation of the Cash Counting Facility could add an additional \$5 million to the total project cost. During the preliminary engineering phase, staff will endeavor to lower these costs as much as feasible; however, value engineering and detailed cost estimating cannot be completed at this time until the environmental and preliminary engineering processes have been completed.

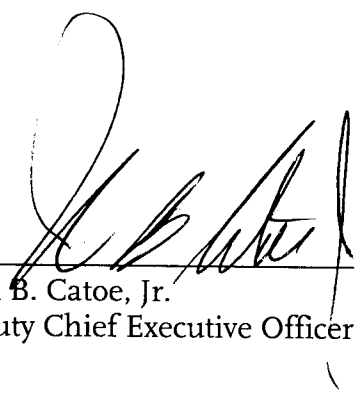
ALTERNATIVES CONSIDERED

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 staff from conducting environmental clearance and preliminary engineering activities for this high priority and much needed bus facility expansion project.

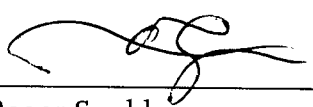
ATTACHMENTS

A. Union Division/Terminal 31 Project: Life of Project Budget Status

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ATTACHMENT A

**CP 202001 Union Division/T31 Location
Funding/Expenditure Plan**

	FY06 Forecast	FY07	Total	% of Total
Uses of Funds				
Project Administration	\$20,000	\$192,600	\$212,600	4.30%
Design/Specifications	\$20,000	\$56,230	\$76,230	1.54%
Construction/Rehab/Renovation	-	\$4,504,682	\$4,504,682	91.07%
Services	\$150,000	-	\$150,000	3.03%
Advertising	-	\$3,000	\$3,000	0.06%
Total Project Cost	\$190,000	\$4,756,512	\$4,946,512	100%
Sources of Funds				
Prop C Bonds	\$190,000	\$4,756,512	\$4,946,512	100%
Total Project Funding	\$190,000	\$4,756,512	\$4,946,512	100%

