



Expo

Exposition Metro Line
Construction Authority

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DATE: SEPTEMBER 7, 2006

TO: BOARD OF DIRECTORS

FROM: RICHARD D. THORPE 
CHIEF EXECUTIVE OFFICER

**ACTION: AUTHORIZE A TRANSFER OF FY07 FUNDS BETWEEN
BUDGET CATEGORIES AND APPROVE THE ANNUAL WORK
PLAN FOR THE CITY OF LOS ANGELES**

RECOMMENDATION

1. Approve the FY07 Annual Work Plan (AWP) for an initial amount not-to-exceed \$1,001,413 with the City of Los Angeles;
2. Authorize the Chief Executive Officer to execute the AWP or substantially the same, on behalf of the Authority; and
3. Authorize the Chief Executive Officer (CEO) to return to the Board at a future date with a full report describing the forecast cost of Third Party/Master Cooperative Agreements and the associated impact on the project budget.

SUMMARY

This action, when added to the Interim Work Order approved at the July, 2006 Board meeting, provides for funding up to the Authority's FY07 Budget for the City of Los Angeles' review and input into the project design and construction processes. The FY07 budget for this work is \$1.3 million.

The FY07 Budget was approved at the May, 2006 Board meeting. Since that time, Authority staff has been negotiating specific work agreements with each of approximately 30 agencies, departments, utilities and other third parties who will review or have oversight responsibilities on various elements of the project. This process of negotiation has resulted in a determination that the original budgeted amount for FY07 for Third Party/Master Cooperative Agreements will be inadequate to fulfill the project's needs. Authority staff is presently undertaking a

comprehensive evaluation of the Third Party/Master Cooperative Agreements budget category and will return to the Board with that evaluation at a future meeting.

DISCUSSION

During the course of rail transit projects such as the Expo LRT project, significant support from several departments of local jurisdictions is required. This support has been typically obtained via Annual Work Programs authorized and funded by the Agency responsible for the project design and construction. Through FY06, several Annual Work Programs have been implemented with the City of Los Angeles. It is the intent of the Authority to continue this practice for the duration of the Project. The action contained herein provides funding for City participation in the project up to the limit of the current approved FY07 Budget for this category.

Authority staff has been conducting extensive negotiations with City of Los Angeles departments over the past several months. It has become clear that both the approved FY07 budget and life of project budget for City of Los Angeles input to the design and construction are not sufficient to meet the needs of the project. Accordingly, Authority staff are undertaking a comprehensive review of all Third Party/Master Cooperative Agreements budgets, both FY07 and life of project, and will return to the Board with a full analysis and recommendations at a future meeting.

Authority staff's efforts to proactively manage these costs include controlling the design review process by conducting pre-reviews and early coordination of design efforts to establish/clarify standards and requirements, reviewing submittals for completeness, ensuring that third party requirements are identified and addressed prior to sending to the third party, reviewing timesheets and work activities with each Third Party organization on a weekly or bi-weekly basis to ensure that hours charged are appropriate, and conducting executive and staff level partnering with third parties.

FINANCIAL IMPACT

The recommended action is within the FY07 project budget.

NEXT STEPS

The CEO will execute the AWP which partially funds the City of Los Angeles' FY07 requirements in order to continue progress on the project.

Authority staff will complete the comprehensive Third Party/Master Cooperative Agreements budget analysis and present the results and recommendations for action at a future meeting.

ATTACHMENT(S)

A. City of Los Angeles Annual Work Plan

This Work Order or Revision:

Change in Scope	_____
Change in Budget	_____
Change in Expiration	_____
Change Requested by	_____
Contingent Approval	_____

This Work Order is released as authorization for work to commence. Any expenditures or reimbursements resulting from this Work Order are subject to the terms set forth in the finalized Master Cooperative Agreement ("MCA") by and amongst the City of Los Angeles (City) and the Exposition Metro Line Construction Authority (Authority) and the Los Angeles County Metropolitan Transportation Authority (inclusive of the terms obligating one party or the other to pay for particular work).

It is stipulated between the parties that the amounts set forth in this Work Order are estimates only of the costs associated with the Scope of Work. Actual Costs shall be determined by the finalized terms of the MCA. In the absence of a **written** Work Order revision issued by the Authority, the Authority shall not be obligated to pay for any work, whether or not described herein, when the cost for such work is in excess of the amount set forth in this Work Order, and the party to whom this Work Order is issued shall not be authorized to perform work in excess of this amount. All billings shall be subject to audit by the Authority and shall note all labor rates, overhead rates, and/or the prices of materials charged.

When a Work Order revision is given on contingent approval, it is to be understood that the conditions or circumstances surrounding the revision are still to be subject to verification and justification. Until these steps are satisfactorily completed, the Authority's responsibility for any change in costs may be limited. As part of the change verification process, the Authority may identify the potentially responsible parties, (i.e., contractor, agency, etc.). The Authority reserves all rights as stated in the MCA.

Authorization:

Initiator _____	Date _____	Director of Engineering and Construction _____	Date _____
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For Financial Services Use Only – Account Distribution:

By _____ Project Controls

Requisition No. _____ Vendor No. _____ P.O. No. _____

Task #	Project	Cost Center	Object Code	Amount
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