



Exposition Metro Line
Construction Authority

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BuildExpo.org

6. b.

DATE: APRIL 5, 2008

TO: BOARD OF DIRECTORS

**FROM: RICHARD D. THORPE
CHIEF EXECUTIVE OFFICER**

ACTION: ADOPT PROPOSED PHASE 2 FY 08 BUDGET

RECOMMENDATION

Approve the proposed Phase 2 FY 08 Budget as shown in Attachment A.

SUMMARY

Metro has asked the Expo Authority to submit its planned FY 08 Phase 2 expenditures for inclusion in their FY 08 budget, which will be adopted by the Metro Board in June. As Metro is responsible for providing funding for this project and since projected expenditures must be consistent with Metro's FY 08 revenue projections, Authority staff has worked with Metro to ensure that anticipated expenses will be fully funded for FY 08.

The Authority staff is proposing a FY 08 budget for Phase 2 of \$6.3 million. This budget includes Metro and Authority staff costs, administration, legal, professional services and contingency. These costs were developed based on activity-to-date, anticipated completion of Stage 1 of the environmental process (AA/DEIS/DEIR), initiation of Stage 2 of the environmental process (preliminary engineering) and projections made in the FY 07 budget adopted by the Expo Board in January 2007.

DISCUSSION

Attachment A is a proposed FY 08 budget delineated by category, which will serve as a management plan for financial activity by Authority staff. Board approval of this attachment means that total expenditures for Phase 2 cannot exceed \$6.3 million during the fiscal year. Staff may recommend revisions to individual line items; however, total expenditures may not exceed the \$6.3 million approved by the Board.

The Expo Board recently adopted a FY 07 budget for Phase 2 in the amount of \$2.5 million for the remainder of FY 07 (January-June 2007). These expenditures included the start-up of an integrated project office with the environmental consultant, DMJM-Harris, staff and administrative expenditures as well as the commencement of Stage 1 work (AA/DEIS/DEIR). This budget was used as a baseline for developing the FY 08 budget. Attachment B contains detailed line items of anticipated expenditures by category.

Metro Agency costs are projected at \$275,000 for FY 08. It is expected that Metro will provide limited staff support in FY 08 for Phase 2 of the Expo project, primarily through the real estate department. Much of the right-of-way that transverses Phase 2 has been leased and the real estate department will have to identify and monitor existing leases and tenants as well as support other real estate and right-of-way needs for the project. The FY 08 budget includes only limited Metro support from other departments as most of the work will be handled by the environmental consultant and monitored by Authority staff during this fiscal year.

It is anticipated that Authority staff and administrative expenditures will total just over \$850,000 for FY 08. These costs include a full time project manager as authorized by the Expo Board in January 2007 as well as limited Authority staff support from government affairs, procurement, project management and engineering. Other administrative expenses include office rent for the integrated project office, equipment, supplies, postage/mailing, advertising and other miscellaneous costs.

A total of \$4.6 million has been budgeted in the Professional Services category for FY 08. The Expo Board had previously approved a contract amount of \$5.2 million for Stage 1 work (AA/DEIS/DEIR) with DMJM Harris, and the bulk of this work will take place during FY 08. The \$4.6 million programmed in this category contains funding for the remainder of Stage 1 and the initiation of Stage 2 work (preliminary engineering). The category also contains \$100,000 for specialty consultants for any additional studies that will need to be conducted as a part of this project.

The budget contains \$290,000 for legal expenditures, which includes support for the New Starts process, communication with the FTA, general counsel advice and other legal issues that may arise during this phase of the project. Lastly, a contingency of \$300,000 has been budgeted to cover any additional studies, work or issues that develop over the next year.

The \$6.3 million FY 08 proposed budget is within the \$15 million programmed by Metro over a three year period for the environmental planning of the Phase 2 project.

FINANCIAL IMPACT

Once the Authority approves the FY 08 budget for Phase 2, Authority staff will work with Metro to ensure that these funds are included in their FY 08 budget.

NEXT STEPS

Authority staff will work with Metro staff to ensure that this budget amount is included in the FY 08 budget and presented to the MTA Board for approval.

ATTACHMENT (S)

- A. Phase 2 Proposed FY 08 Budget
- B. Detailed Line Item FY 08 Budget

**Phase 2
Attachment A**

Phase 2 Proposed FY 08 Budget

Category	Adopted FY 07 Budget	Proposed FY 08 Budget
MTA Staff & Expenditures	\$ 205,000.00	\$ 275,000.00
Expo Authority Staff/Administration	\$ 307,400.00	\$ 853,860.00
Professional Services/Consultants	\$ 1,800,000.00	\$ 4,600,000.00
Legal	\$ 120,000.00	\$ 290,000.00
Contingency	\$ 67,600.00	\$ 300,000.00
Total	\$ 2,500,000.00	\$ 6,318,860.00

**Phase 2
Attachment B**

FY 08 Anticipated Expenditure Plan by Category

	Adopted FY 07 Budget	Proposed FY 08 Budget
Metro Agency Costs (Direct & Indirect)	\$ 205,000.00	\$ 275,000.00
Expo Authority Costs		
Staff (Salary & Benefits)	\$ 196,400.00	\$ 550,000.00
Office Rent	\$ 54,000.00	\$ 97,860.00
Postage & Supplies	\$ 22,000.00	\$ 50,000.00
Equipment Rental/Purchase	\$ 25,000.00	\$ 20,000.00
Utilities/Fees	\$ 5,000.00	\$ 10,000.00
Travel	\$ -	\$ 10,000.00
Meals	\$ -	\$ 5,000.00
Parking	\$ -	\$ 5,000.00
Conferences	\$ -	\$ 2,500.00
Vehicles/Gas/Allowances	\$ -	\$ 8,500.00
ISD/MIS Services	\$ -	\$ 15,000.00
Marketing/Promotions/Advertising	\$ 5,000.00	\$ 35,000.00
Misc	\$ -	\$ 10,000.00
Insurance/Claims		\$ 25,000.00
Audits		\$ 10,000.00
Total Authority	\$ 307,400.00	\$ 853,860.00
Professional Services/Consultants		
Environmental Consulting Contract	\$ 1,800,000.00	\$ 4,500,000.00
Other Specialty Consultants	\$ -	\$ 100,000.00
Total Professional Services	\$ 1,800,000.00	\$ 4,600,000.00
Legal	\$ 120,000.00	\$ 290,000.00
Contingency	\$ 67,600.00	\$ 300,000.00
FY 08 Total	\$ 2,500,000.00	\$ 6,318,860.00