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**OPERATIONS COMMITTEE
APRIL 19, 2007**

**SUBJECT: BAUCHET STREET STORAGE AND FACILITIES MAINTENANCE
STRUCTURE**

ACTION: ESTABLISH LIFE-OF-PROJECT BUDGET

RECOMMENDATION

Establish a life-of-project budget (LOP) for the Bauchet Street Storage and Facilities Maintenance Structure Project CP#202246 in the amount of \$12,925,000.

RATIONALE

The Bauchet Street Warehouse and Facilities Maintenance Structure project is required to accommodate centralization of Materiel bulk warehousing and several Facilities Maintenance and Communications functions into a central building within an expanded Regional Rebuild Center (RRC) (adjacent to Union Station/Gateway complex). These functions, such as warehousing, stops & zones, property maintenance, and the sign shop are currently located at Metro's South Park facility (Location 14), which is over 100 years old and inefficiently located in a predominantly residential neighborhood six miles south of the RRC and the Union Station/Gateway complex. Construction of the new proposed warehouse and shop structure will allow these departments and functions to vacate the South Park facility, allowing Metro to centralize these critical services in a more efficient location and also accommodate the pending sale of the South Park facility to the City of Los Angeles.

As originally envisioned, the Bauchet Street project entailed construction of a single warehouse building on the 490 Bauchet Street parcel in order to specifically provide for the needs of the Materiel department. This project was approved in the FY07 budget as CP 202205 with a LOP budget of \$2,708,000. To provide space for Facilities Maintenance functions (Stops & Zones, Property Maintenance) and Communications functions (Sign Shop), staff proposed relocating these functions into the RRC complex by relocating some warehouse functions out of the RRC and into the new warehouse, and by constructing second floor mezzanines in the existing RRC. Parking for additional Metro service vehicles would also need to be accommodated within the RRC campus, which is already at full capacity. Staff worked with all stakeholders and conducted preliminary design work on the RRC option in order to provide an estimate and submit the second project for approval as part of the FY08 budget process.

Preliminary design work for both projects resulted in an estimate of over \$18 million to construct the warehouse building, provide underground parking, renovate the RRC building, and construct the second floor mezzanines. In an effort to bring the costs down on this project, staff decided to investigate the feasibility of purchasing the adjacent 496 Bauchet Street property. Purchase of this adjacent property would allow Metro to construct a bigger building capable of accommodating all of the affected departments, with surface parking for Metro vehicles adjacent to the newly constructed building. Metro subsequently contacted the property owner and determined that the property was available for acquisition. Preliminary estimates conclude that including property acquisition, the new proposed project will cost approximately \$5 million less than the previous plan. In order to realize the cost savings, staff immediately stopped work on the Warehouse project (CP 202205), and prepared to seek funding for the replacement project as part of the FY08 budget process.

The new proposed project is planned to be constructed on two parcels adjacent to the RRC, the 490 and 496 Bauchet Street properties. The 60,540 square foot (or 1.39 acre) 490 Bauchet Street property has already been acquired by Metro. The 1.5-acre 496 Bauchet Street property would need to be acquired as part of this project. Upon purchase of the 496 Bauchet Street parcel, Metro can construct an approximately 60,000 square foot structure on slightly less than 3 acres, which can accommodate surface parking for the reallocated Metro service vehicles currently being operated out of South Park. The building will contain high-bay warehousing space for parts and bulk materials, administrative space, a state-of-the-art sign shop, and shop and storage space for Property Maintenance and Stops & Zones. Upon completion, the properties will be efficiently integrated into the existing RRC campus. The proposed LOP budget for this project is \$12,925,000.

Staff have completed the initial design concept for the project, made contact with the owner of the 496 Bauchet Street parcel, and budgeted the project for the FY08 and FY09 fiscal years. Upon approval of the FY08 budget and LOP for this project, property acquisition and design work will be completed and construction contracts will be procured and awarded to complete construction of the building. The project is scheduled to be completed by July 2009.

FINANCIAL IMPACT

This action will approve a life-of-project budget of \$12,925,000 for Project Number 202246, Bauchet Street Storage and Facilities Maintenance Structure project. This project was approved by the Executive Investment Committee in December 2006 and will be funded as part of the FY08 budget Capital Program. Since this is a multi-year project, the Project Manager will be responsible for future year budgeting.

This action will also result in the cancellation of CP 202205 (490 Bauchet Street Storage Building Construction), which was approved in the FY07 budget with an LOP budget of \$2,708,000. The funds previously reserved for this project will be reprogrammed to the new proposed project.

The project budget and funding plan are included in Attachment A.

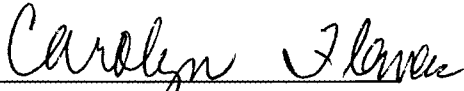
ALTERNATIVES CONSIDERED

The Board of Directors may choose to not authorize the life-of-project budget for this project. This alternative is not recommended, since rejection of the LOP increase would prohibit staff from completing this much-needed project to centralize Facilities Maintenance functions and Metro's materiel and warehousing operations. Further, the project is required for Metro to relocate from our aging and poorly-located South Park facility, which is in the process of being acquired by the City of Los Angeles.

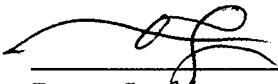
ATTACHMENT

- A. Bauchet Street Warehouse and Facilities Maintenance Structure: Life-of-Project Budget and Funding Plan

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ATTACHMENT A

CP 202246 Bauchet Street Storage and Facilities Maintenance Structure Funding/Expenditure Plan

	FY08	FY09	Total	% of Total
Uses of Funds				
Project Administration	\$196,521	\$390,422	\$586,943	4.5%
Design/Specifications/Const. Mgmt.	\$216,559	\$452,803	\$669,362	5.2%
Construction/Rehab/Renovation	\$518,320	\$6,448,875	\$6,967,195	54.0%
Acquisition of Land	\$3,400,000	-	\$3,400,000	26.3%
Advertising	\$3,000	\$6,000	\$9,000	0.06%
Contingency	\$481,600	\$810,900	\$1,292,500	10.0%
Total Project Cost	\$4,816,000	\$8,109,000	\$12,925,000	100%
Sources of Funds				
TDA	\$4,816,000	\$8,109,000	\$12,925,000	100%
Total Project Funding	\$4,816,000	\$8,109,000	\$12,925,000	100%

