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**PLANNING AND PROGRAMMING COMMITTEE
SEPTEMBER 19, 2007**

SUBJECT: EXPO PHASE 1 LRT PROJECT

ACTION: APPROVE A LIFE-OF-PROJECT BUDGET INCREASE AND FUNDING OF \$23.3 MILLION FOR ENHANCEMENTS TO THE BASELINE PROJECT

RECOMMENDATION

- A. Increase the Life-of-Project budget (LOP) for the Expo Phase 1 LRT Project by \$23.3million, increasing the LOP budget from \$640 million to \$663.3 million;
- B. Approve \$9.7 million of Proposition A35% and \$13.6 million of Proposition C25% sales tax funds to fund the additional scope for Expo Phase 1; and
- C. Amend the FY08 budget to add \$6.5 million of expenditures and revenues to the budget for Project No. 890001 Expo Phase 1.

ISSUE

Since the environmental and preliminary engineering for Expo Phase 1 was completed by Metro, and final design of the project was commenced by the Expo Metro Line Construction Authority (Authority), several enhancements have been identified as necessary to ensure the efficient operation of Expo Phase 1. Because these improvements were identified after the project was defined and adopted by the Metro Board, and because funding for these items is not included in the project budget nor in the contract with the Authority's design-build contractor, additional funding must be identified in order to proceed with these modifications.

OPTIONS

The Metro Board could choose not to provide funding for the additional scope requirements for Expo Phase 1. This option is not recommended as these modifications are necessary to ensure the safe and efficient operation of Expo Phase 1.

FINANCIAL IMPACT

The total cost of the additional scope requirements for Expo Phase 1 is projected to be \$23.3 million (see Attachment A). Should the Board approve this request, the revised life-of-project budget for Expo Phase 1 will be \$663.3 million. The funding for the scope increase will be a combination of Proposition A35% and Proposition C25% sales tax funds. This action could potentially impact Metro's ability to keep currently programmed projects on schedule and fund new projects.

Approval of the requested funding would also require an amendment to the FY08 Budget to include \$6.5 million for Expo Phase 1, Project #890001. Since this is a multi-year project, the Expo Construction Authority will be responsible for budgeting the cost in future years.

DISCUSSION

As final design for the Expo Phase 1 Project has progressed over the last year, Expo staff has worked closely with Metro staff, California Public Utilities Commission (CPUC) staff and the design-build contractor to ensure that the project operates effectively and efficiently once it is part of the Metro Rail system. As a result, Metro staff has asked that Expo make additional modifications at the Blue Line/Expo Line interface at Flower Street, so that both lines will operate more efficiently. These modifications consist of system enhancements that will allow train movements to be better tracked and managed remotely through the installation of electrical switches and a train control system that is projected to cost \$11.3 million. Since this is an addition to the project that was only identified recently, this cost is not included in the Expo Phase 1 Baseline Budget of \$640 million. In order to move forward with the design and construction of this improvement so that it doesn't delay completion of project, funding needs to be committed by Metro by November 1, 2007.

During the last nine months, Expo staff has been working closely with CPUC staff on the development of CPUC grade crossing applications. As a result of these discussions, several engineering changes have been made at the Trade Tech and Farmdale crossings, along with potential improvements in the vicinity of USC/Expo Park to better manage special event traffic. These changes have resulted in increased costs to the project above the baseline. An additional \$5 million is needed to fund these modifications to the crossings and implement the changes that are reflected in the CPUC applications. Since these costs were not included in the original Expo Phase I Baseline Budget, additional funding is needed to fully fund all the modifications associated with Expo's CPUC applications.

Lastly, in December 2006, the Expo Board approved transferring \$450,000 from contingency for some initial design of the Trousdale station. Though this station was not included in the baseline project adopted by the Metro Board, it was environmentally cleared in the FEIS/FEIR and there has been support from elected officials as well as Expo Park stakeholders for the inclusion of this station. Because this station would better serve both USC and the Expo Park museums, and is integral for handling passengers during special events at the Coliseum, Expo staff believe that this station is crucial for the efficient operation of the project. As a result, the Expo Board has requested that Metro fully fund the design and construction of this station in the amount of \$7 million, and take the appropriate steps to amend the Locally Preferred Alternative and Record of Decision to include this station as part of the project. In order for this station to open with the rest of the project, a funding commitment from Metro must be received by November 1, 2007.

NEXT STEPS

If the \$23.3 million is approved by the Metro Board, Metro staff will work with Expo staff to modify the agreements between the two agencies to include this new scope of work. Expo staff will then work with their design-build contractor to incorporate the modifications into their contract. In addition, the Expo Construction Authority must amend the Locally Preferred Alternative and Record of Decision to include the Trousdale station in the Expo Phase 1 Project.

ATTACHMENT

A. Expo Phase 1 Life of Project Budget Increase

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ATTACHMENT A

**EXPO PHASE I LIFE-OF-PROJECT BUDGET INCREASE
\$ In Millions**

Scope and Cash Flow

	FY 08	FY 09	FY 10	TOTAL
Metro Blue Line Expo Line Interface Enhancement	\$2.0	\$6.6	\$2.7	\$11.3
CPUC Crossing Modifications	\$3.0	\$2.0	\$0.0	\$5.0
Trousdale/Expo Park Station Addition	\$1.5	\$3.5	\$2.0	\$7.0
Total	\$6.5	\$12.1	\$4.7	\$23.3

Funding

	FY 08	FY09	FY10	TOTAL
Proposition A 35%	\$6.5	\$3.2		\$9.7
Proposition C 25%		\$8.9	\$4.7	\$13.6
Total	\$6.5	\$12.1	\$4.7	\$23.3

