



Metro

Los Angeles County
Metropolitan Transportation Authority

One Gateway Plaza
Los Angeles, CA 90012-2952

12

FINANCE AND BUDGET COMMITTEE
April 16, 2009

SUBJECT: FY09 SECOND QUARTER FINANCIAL PERFORMANCE

ACTION: RECEIVE AND FILE

RECOMMENDATION

Receive and file the FY09 Second Quarter Financial Performance Report.

ISSUE

This report discusses our FY09 Second Quarter Financial Performance.

DISCUSSION

SUMMARY OF REVENUE

Sales Tax and STA Revenues

Proposition A, Proposition C, Transportation Development Act (TDA), and State Transit Assistance (STA) sales taxes represent over 58% or \$1.7 billion of Metro's total budgeted revenues.

Revenue Source (amounts in millions)	Regional Totals Including Muni Share					
	FY09 Actual YTD Dec-08 (1)	Budget YTD Dec-08 (2)	YTD Variance	FY09 Annual Budget (2)	Reforecast Annual Budget (3)	Reforecast Annual Variance
1 Sales Tax Revenues						
2 Proposition A	\$333.6	\$350.2	(\$16.6)	\$700.4	\$649.2	(\$51.2)
3 Proposition C	333.6	350.3	(16.7)	700.6	649.4	(51.2)
4 TDA	166.2	176.0	(9.8)	352.0	323.5	(28.5)
5 Total Sales Tax Revenues	\$833.4	\$876.5	(\$43.1)	\$1,753.0	\$1,622.1	(\$130.9)
6 State Transit Assistance (STA) Revenues	30.3	45.4	(15.1)	90.9	45.4	(45.5)
7 Total Sales Tax and STA Revenues	\$863.7	\$921.9	(\$58.2)	\$1,843.9	\$1,667.5	(\$176.4)

(1) Actual payments include Q2 amounts received in March 2009.

(2) Includes STA shortfall budget amendment approved by the Board in Jan 2009 (reflecting State budget adopted in Sep 2008).

(3) Reforecasted sales tax revenues reflect an anticipated -5% reduction in FY09 over FY08 Actuals based on UCLA's Dec 2008 FY09 Forecast update. The STA reforecast amount reflects the State's Feb 2009 budget amendment.

Outlook of Sales Tax and STA Revenues

The FY09 sales tax forecast was formulated using UCLA's forecast at the time the budget was prepared in February 2008. In February 2009, UCLA published a revised forecast for FY09 indicating that sales tax revenue earnings will be significantly less than their previous forecast. The revised forecast results in a 7.3% reduction in sales tax receipts compared to the FY09 budget. Although it is difficult to predict actual sales tax receipts, the recent worldwide economic crisis points towards a further decline in sales tax revenues at least in the short-term.

Revenue Available for Bus and Rail Operations

State Transit Assistance (STA)

As previously reported, the State reduced the amount of STA funds to the region from \$227.1 million in their original estimate to \$90.9 million in the adopted State budget. In January 2009, the Board approved an amendment to the FY09 budget to backfill \$78.3 million of STA funds for Metro Bus, Metro Rail and the Municipal Operators with Prop C 40%.

The State's February 2009 budget amendment cut the already reduced STA funding in half. Therefore, the Prop C 40% backfill approved by the Board in January 2009 will no longer fully mitigate the loss of STA funds. The new \$45.5 million estimated loss to the region is spread \$18.6 million to Metro Bus, \$20.9 million to Metro Rail, and \$6.0 million to the Municipal Operators, respectively.

Prop A 35% Rail

Prop A sales tax revenue designated for rail operations is forecasted to be \$17.0 million less than budgeted, consistent with the decline in all sales tax revenues. It may be possible to mitigate at least a portion of this loss through capital program deferrals.

Other FAP Revenue

The other revenues distributed to Metro and the Municipal Operators that are impacted by sales tax losses are TDA and Prop C 5% Security. However, the bus operators will not experience FY09 shortfalls in these two revenue sources until FY11, when the funding marks will be adopted using the Formula Allocation Procedure already in place.

Fare Revenue

Fare revenue through the first half of FY09 was \$173.0 million, \$10.0 million (6.1%) more than budgeted, and \$5.3 million (3.2%) more than the first half of FY08. The fare revenue per boarding was \$0.70, \$0.03 (4.5%) more than budget, but \$0.02 (2.8%) less than last year. This is caused by increased use of monthly and weekly passes.

Second quarter fare revenue was ahead of budget, in part, due to the sale of \$1.5 million in annual TAP cards to employers (A-TAP and B-TAP). Annual TAP sales occur during November and December and revenue from these sales is recognized when the cash is received. Ridership from these passes occurs throughout the following calendar year.

Outlook of Revenue Available for Bus and Rail Operations

Ridership and fare revenue have declined with the reduction in gasoline prices during the third quarter. Fare revenue can be expected to end the year closer to budget.

The table below shows the estimated shortfall in revenues available for bus and rail operations, including fare revenue, sales tax, and STA based on the reforecast information received from UCLA:

	<i>A</i>	<i>B</i>	<i>C</i>	<i>D = C - B</i>
	Metro Enterprise Fund Operations Share Only			
Projected Enterprise Fund Revenue Variances (amounts in millions)	FY09 Adopted Budget	FY09 Amended Budget	FY09 Reforecast Estimate	Projected FY09 Variance
1 Bus Revenue				
2 Fare Revenue - Bus	271.2	271.2	276.1	4.9
3 STA Metro Bus Subsidy	94.8	37.2	18.6	(18.6)
4 Bus Subtotal	366.0	308.4	294.7	(13.7)
5 Rail Revenue				
6 Fare Revenue - Rail	54.5	54.5	55.6	1.1
7 Prop A 35% Rail	\$232.9	\$232.9	\$215.9	(\$17.0)
8 STA Metro Rail Subsidy	101.9	41.7	20.8	(20.9)
9 Rail Subtotal	334.8	274.6	236.7	(36.8)
10 Total	\$700.8	\$583.0	\$531.4	(\$50.5)

Figures shown above represent base subsidy amounts only. Interest and carry-over included in the FY09 FAP amounts are based on actuals from two years prior and would not change due to sales tax growth/deflation factors.

Therefore, if the UCLA forecast is accurate and the current trends continue, we will end the year approximately \$50.5 million below budget in revenues for the Enterprise Fund, spread \$13.7 million to Bus, and \$36.8 million to Rail, respectively.

SUMMARY OF EXPENSES

Enterprise Fund

Overall, operating expenses totaled \$589.1 million, \$24.8 million (4.0%) below budget.

FY09 Enterprise Fund Actual vs. Budget

For the six months ended December 31, 2008			
(amounts in millions)	Actual	Budget	Variance
Operating Expenses			
1 UTU Labor	127.3	133.0	(5.7)
2 ATU Labor	65.5	64.8	0.7
3 AFSCME Labor	23.3	23.9	(0.6)
4 Non-Contract Labor	31.1	31.4	(0.3)
5 TCU Labor	16.1	15.8	0.3
6 Teamster Labor	2.8	2.6	0.2
7 Fringe Benefits	103.4	106.3	(2.9)
8 Subtotal All Labor	369.5	377.8	(8.3)
9 Fuel	29.0	32.2	(3.2)
10 Propulsion Power	11.4	11.4	-
11 Parts	38.6	38.3	0.3
12 Security Services	33.8	34.2	(0.4)
13 Purchased Transportation	20.0	20.9	(0.9)
14 Contract Services	18.0	19.7	(1.7)
15 Professional Services	5.9	12.8	(6.9)
16 Workers' Comp	18.7	18.8	(0.1)
17 Insurance	28.5	30.6	(2.1)
18 Travel	0.2	0.2	-
19 Gateway Occupancy	8.3	8.3	-
20 All Others	7.2	8.7	(1.5)
21 Total	589.1	613.9	(24.8)

Excludes: Muni share of EZ Pass, Debt, Depreciation

FY09 Enterprise Fund Actual vs. Budget

For the six months ended December 31, 2008				
Operating Expenses by Operating Project				
(amounts in millions)	Actual	Budget	Variance	
22 San Fernando Valley Sector	68.4	69.5	(1.1)	
23 San Gabriel Valley Sector	71.7	74.7	(3.0)	
24 Gateway Cities Sector	68.0	70.0	(2.0)	
25 South Bay Sector	74.2	78.6	(4.4)	
26 Westside Central Sector	87.8	88.3	(0.5)	
27 Orange Line	8.8	10.6	(1.8)	
28 Bus Admin	30.1	30.9	(0.8)	
29 Other Bus	62.7	66.4	(3.7)	
30 Red Line	41.0	42.9	(1.9)	
31 Blue Line	29.8	32.2	(2.4)	
32 Green Line	19.2	19.7	(0.5)	
33 Gold Line	18.3	20.5	(2.2)	
34 Rail Admin	7.1	7.4	(0.3)	
36 Regional	2.0	2.2	(0.2)	
37 Total	589.1	613.9	(24.8)	

Operating Expenses by Strategic Business Unit

38 Administrative Services	24.3	24.4	(0.1)	
39 Board of Directors	0.5	0.7	(0.2)	
40 Chief Executive Office	-	-	-	
41 Communications	10.0	8.5	1.5	
42 Construction Management	0.7	1.1	(0.4)	
43 Countywide Planning	-	-	-	
44 Economic Development	4.1	5.1	(1.0)	
45 Financial Services	20.4	22.9	(2.6)	
46 Management Audit Services	0.1	0.1	(0.0)	
47 Metro Bus Operations	453.5	470.4	(16.8)	
48 Metro Rail Operations	75.5	80.6	(5.1)	
49 Total	589.1	613.9	(24.8)	

Excludes: Muni share of EZ Pass, Debt, Depreciation

- Wages were \$5.4 million under budget. Savings from vacant positions were partially offset by added overtime for the remaining employees. Additionally, wages were lower than budget due to not operating 1.6% of budgeted revenue vehicle service hours. ATU and TCU were slightly over budget due to greater than budgeted paid time off, which more than offset vacancy savings. Teamsters wages were over budget due to greater than anticipated overtime.
- Fringe benefits were \$2.9 million below budget due to vacancies.
- Fuel was \$3.2 million under budget due to lower than planned diesel and CNG usage.
- Professional services were \$6.9 million below budget due to a combination of deliberate expense cutbacks for projects such as the Incident Based Surveillance System and the environmental services contract, as well as delays implementing a number of programs, including: TAP ticket vending maintenance; labor negotiations consulting; service planning and analysis systems development; PL/PD claims management; and delay for rail capital program implementation such as overhead catenary system and battery replacement.
- Contract Services were \$1.7 million below budget.
- Insurance was \$2.1 million under budget due to lower than expected premiums for property damage and excess liability coverage, greater than expected PL/PD recoveries, and ongoing safety programs.
- Parts cost was \$0.3 million (less than 1%) over budget due to greater than anticipated repairs of articulated bus under carriages, reductions in past due preventive maintenance, and construction of turbocharger subassemblies. These additional costs were only partially offset by more warranty recoveries from vendors.
- All other expense categories were at or slightly below budget.
- Although expenses in most categories were below budget, Communications SBU was \$1.5 million over budget due to accelerated advertising and related services for media buying early in the fiscal year to obtain preferential pricing. Costs for outside printing services, materials for the new printing press, and Workers' Compensation were also higher than planned. In-house production of printed materials will reduce contracted printing services in the second half of the year. Advertising and related professional services expenses are also expected to decline.

Outlook of Enterprise Fund

If the controls implemented by the CEO continue during the second half of the year, total expenses are expected to end the year by at least \$30.0 million under budget. When combined with the \$50.5 million revenue shortfall discussed above, the year end result will be a \$20.5 million deficit, primarily in the Rail mode. We will discuss the possibility of mitigating actions, if necessary, in our year-end report.

Summary of Performance Measures for Bus and Orange Line

For the Six Months Ended December 31

Performance Measurement – Bus & Orange Line	FY09 Actual	FY09 Budget	Variance Over/ (Under)	FY08 Actual	FY07 Actual
1 Bus Cost/Revenue Service Hour	\$123.17	\$125.45	(\$2.28)	\$116.35	\$109.81
2 Orange Line Cost/Revenue Service Hour	\$189.16	\$220.10	(\$30.94)	\$197.16	\$212.17
3 Bus Revenue Service Hours	3,749,207	3,808,822	(59,615)	3,728,015	3,776,820
4 Orange Line Revenue Service Hours	49,477	50,781	(1,304)	48,535	41,555
5 Bus Cost/Passenger Mile	\$0.62	\$0.65	(\$0.03)	\$0.64	\$0.55
6 Orange Line Cost/Passenger Mile	\$0.41	\$0.52	(\$0.11)	\$0.44	\$0.44
7 Bus Subsidy/Passenger Mile	\$0.42	\$0.42	\$0.00	\$0.43	\$0.39
8 Orange Line Subsidy/Passenger Mile	\$0.29	\$0.39	(\$0.10)	\$0.32	\$0.36
9 Complaints per 100,000 Boardings	2.82	2.70	0.12	2.70	3.06
10 Traffic Accidents/100,000 Miles	3.17	3.46	(0.29)	3.42	3.70
11 New Workers Comp Claims per 200,000 Hours	12.10	13.92	(1.82)	13.05	13.78
12 Mean Miles Between Mechanical Failures	3,184	3,500	(316)	3,176	3,532
13 In-Service On-time Performance	64.42%	66.15%	-1.73%	63.7%	63.8%

Discussion

Bus costs (excluding Orange Line) per Revenue Service Hour (RSH) were below the target by 1.8% because costs were \$16.0 million (3.4%) under budget while revenue service hours (RSH) were 1.6% under budget. RSH were below budget due to a combination of contingency service hours that were not needed and in-service delays. Operating expenses were 3.4% below budget due to under-expenditures in wages, benefits, fuel and services.

Orange Line costs per RSH were below the target because costs were 16.3% lower than budget, while RSH were 2.6% below budget. The cost variance is due to a prior period casualty and liability claim correction, timing of invoices for service contracts and some Maintenance and Security labor costs having been charged in error to regular bus service instead of to the Orange Line.

Bus and Orange Line passenger miles were 1.0% and 5.4% above budget respectively. Therefore, cost per passenger mile and subsidy per passenger mile were better than budget.

Complaints per 100,000 boardings were higher than the annual target and last year. The increase in complaints was due primarily to the transition to a new contract service provider, and have declined since the transition.

Traffic accidents per 100,000 miles were below target, and better than last year. Management continues to focus efforts on safety programs, safety awareness and accident prevention, including defensive driving. The ongoing safety program and safety meetings have also resulted in new workers' compensation claims per 200,000 hours were lower than the annual budget and fewer than last year.

The lower than planned mean miles between mechanical failures is attributed to battery-related failures and “check engine” related road calls. A significant number of “check engine” road calls are being diagnosed as non-critical, sensor-related failures which do not require suspension of service. Other road call related engine problems include failing turbochargers, air compressors, and cooler leaks. Advances in bus technology have required maintenance staff to receive more training to address these issues. Maintenance staff is taking the following actions to address these issues:

- Working with bus vendors to update/modify engine computer hardware/firmware.
- Improving our Preventive Maintenance Program.
- Improving mechanic/operator training & review of road call data.
- Implementing an advanced battery technology program (Odyssey pilot program).

In-service on-time performance was better than last year, but below the FY09 target. This KPI continues to be impacted by congestion. More emphasis is being placed on street supervision to improve bus running time.

Summary of Performance Measures for Rail

For the Six Months Ended December 31

Performance Measurement – Rail	FY09 Actual	FY09 Budget	Variance Over/ (Under)	FY08 Actual	FY07 Actual
1 Heavy Rail Cost/Vehicle Service Hour	\$321.98	\$338.18	(\$16.21)	\$328.86	\$212.89
2 Light Rail Cost/Vehicle Service Hour	\$368.71	\$391.01	(\$22.30)	\$375.37	\$530.70
3 Heavy Rail Cost/Passenger Mile	\$0.38	\$0.48	(\$0.11)	\$0.43	\$0.39
4 Light Rail Cost/Passenger Mile	\$0.43	\$0.53	(\$0.10)	\$0.48	\$0.48
5 Heavy Rail Subsidy/Passenger Mile	\$0.21	\$0.31	(\$0.10)	\$0.27	\$0.28
6 Light Rail Subsidy/Passenger Mile	\$0.33	\$0.43	(\$0.10)	\$0.37	\$0.40
7 New Workers Comp Claims per 200,000 Hours	6.93	10.89	(3.96)	13.86	11.17
8 Light Rail Vehicle Accident Rate/100,000 Miles	0.64	0.50	0.14	0.84	0.55

Discussion

Light rail expenses were \$5.2 million (6.7%) below budget primarily due to lower actual expenses than budgeted wages, benefits, and services.

Heavy rail expenses were \$2.0 million (4.4%) below budget due to lower than budgeted for the reasons cited above and insurance expenses. These savings were partially offset by higher than budgeted propulsion power costs.

Light rail vehicle service hours were 1.1% below plan due to operating shorter Gold Line trains. Heavy rail vehicle service hours are virtually on budget. Therefore, cost per hour variances are primarily due to expenses. The combination of lower than planned operating costs, with higher than planned boardings and corresponding fare revenues resulted in lower than expected cost per passenger mile and subsidy per passenger mile.

New workers' compensation claims were significantly below budget and below last year as a result of a renewed safety focus by Rail management and staff. Light rail accidents on the Blue Line, were over the target primarily due to automobile accidents caused by the automobile driver. Rail Operations continues to focus on safety awareness programs to help reduce claims and accident rates.

Capital Program

The capital program includes 179 projects with a combined life-of-project (LOP) budget of \$2.8 billion. The status of all projects is summarized in the Capital Program Variance Report, available for download at the OMB Intranet web page.

Eight projects (4% of all active capital projects) have been identified with a flag (F) symbol. Projects which have the flag symbol require mitigating action now to correct a problem with cost forecasts in excess of the approved LOP, a proposed significant change in scope, or a substantial delay in completion which may affect project cost or operating activities. These projects constitute 7% of the total LOP value of the capital program. The detail provided in the attachment describes the mitigating actions that we are addressing.

Attached to this report is the capital program "watch list." Thirty three projects (18% of all active capital projects) have been identified in the attached report with an eyeglasses (E) symbol. These projects constitute 25% of the total LOP value of the capital program. Projects which have the eyeglass symbol have the potential for schedule or LOP budget problems at some point in the future. The eyeglass symbol provides an early warning of potential issues and indicates that the project is being closely monitored by the responsible Strategic Business Unit Chief.

Twelve (12) projects were completed during the second quarter of FY09 (or immediately after the end of the quarter) at a total savings of \$6.0 million. These funds will be reprogrammed into the FY10 Capital Program.

Projects Closed in FY09 Second Quarter				
	Project (amounts in thousands)	Project Cost	Authorized LOP	Variance Over/(Under)
1	208002 Bus System Support Replacement Non-Revenue Vehicles	\$3,730	\$5,966	(\$2,236)
2	203015 170 CMS Engine Rebuild Program - FY08	8,991	11,000	(2,009)
3	208005 FY06 Bus System Support Replacement Non-Revenue Vehicles	454	1,242	(788)
4	208006 FY07 Bus System Support Replacement Non-Revenue Vehicles	2,589	2,950	(361)
5	208004 Rail Support Replacement Non Revenue Vehicles	1,607	1,841	(234)
6	204059 Division 22 Spray Paint Booth	154	324	(170)
7	209032 Upgrade Unitload Motor Controls and Positioning System	1,031	1,124	(93)
8	205082 MRL Subway Cross-Passage Security Cameras	328	400	(72)
9	202122 Furniture for New Transportation Division 9 and Sector Office Building	929	990	(61)
10	208003 Bus System Expansion Non Revenue Vehicles	225	227	(2)
11	209013 New Expansion Pallet Racking at Central Warehouse	34	35	(1)
12	203005 FY08 Bus Midlife Program	29,500	29,500	0
13	Total	\$49,573	\$55,599	(\$6,027)

There are two projects currently projecting cost overruns. One of these projects (Lankershim Depot Restoration) will require board authorization for an LOP increase.

Projects Forecasting Cost Overrun				
	Project (amounts in thousands)	Forecasted Cost at Completion	Authorized LOP	Variance Over/(Under)
1	800118 Lankershim Depot Restoration Project	\$6,000	\$3,600	\$2,400
2	205047 SCADA Interface for PGL UPS Alarms	42	30	12
3	Total	\$6,042	\$3,630	\$2,412

Major Construction

Major construction projects include construction of new fixed guideway corridors, new rail car purchases, and other major infrastructure improvements.

The Lankershim Depot Restoration Project (CP#800118) may require a life-of-project budget increase. Bids for the construction contract were higher than anticipated. We are evaluating potential changes in the project design, as well as adding a Customer Service Center. If it is advantageous to go forward with a higher cost project, we will seek Board approval for an increase in the LOP budget.

Detailed information on the major construction projects, such as the Eastside Extension of the Gold Line, is available through individual project reports.

Bus Acquisition

The major bus acquisition project during FY09 is the procurement of 260 45-foot composite buses, CP#201013. Seven buses have been received and accepted by Metro. Forty-five shells are in Anniston, Alabama, awaiting assembly, inspection, and delivery.

Bus Maintenance

Final completion and closeout of the FY08 Bus Mid-Life program was a major milestone achieved this quarter. This project could not be completed until FY09 due to the time required to hire new staff approved as part of the FY09 budget approval. A total of 188 buses were rebuilt, including replacement of drive-train and fuel cylinders, suspension work, body repair, painting, interior refurbishment including graffiti abatement, and wheelchair lift maintenance.

The FY09 Bus Midlife Program (CP#203006) is a \$24.3 million program to rebuild 188 buses. Central Maintenance Shops (CMS) completed 92 midlife bus overhauls during the first half of FY09. The funding for this project was State of California Prop 1B funds which are not currently forthcoming. To keep this important project on track, federal stimulus funds were approved by the Board and are awaiting federal approval. The other major project is the FY09 CMS Engine Replacement Program (CP#203016). An additional 39

engine replacements/repairs that are not part of the Midlife project were completed as of the end of December.

Bus Facilities

At the September meeting, the Board approved a \$95 million life-of-project budget to construct a new bus operating division adjacent to the Gateway building and MSSC buildings. The Architectural and Engineering contract for the Union Division Project (CP#202001) was awarded by the Board at the December 2008 meeting. This project has also been negatively impacted by the loss of the Prop 1B funds. Although the current funding is adequate to move the project through FY09 and FY10, full funding will need to be identified before the project can proceed beyond the current engineering phase.

The Bauchet Street Storage and Facilities Maintenance Structure project has been identified as potentially requiring a life-of-project budget increase. The original project design was put out for bid and the bids were substantially higher than the approved LOP. Subsequently, the facility was redesigned in hopes of receiving lower bids. The bid documents are now being modified to meet federal procurement standards with hopes that this project will qualify for federal stimulus funds. We will return to the Board with the revised project scope and cost once they have been established.

We anticipate completion of the MSSC Solar Energy and Electricity Conservation project (CP#202252) in August 2009. This project is a public/private partnership to install a one megawatt solar energy power system, and to install new lighting, compression and mechanical systems. During the first quarter, solar panel installations were completed at Buildings 1 and 2. During the second quarter, solar panel installations at Buildings 3 and 4 were in process. The installation of lighting, controls, and the energy management system also commenced.

All other bus projects are forecasted to be completed at, or under, the approved life-of-project budget.

Rail Capital Projects

A total of thirteen P2550 cars from the Light Rail Vehicle Fleet Enhancement project (CP#800151) have been conditionally accepted through the second quarter. The schedule now calls for two vehicles per month to be delivered, tested and accepted. This project has experienced delays and is now expected to be completed in October 2013.

The Expo/Blue Line Light Rail Vehicle Procurement (CP#206035) has not proceeded as planned because we are considering a number of procurement options prior to proceeding with the project. One of the options being considered would be to include a mid-life rebuild of the Blue Line vehicles in the procurement. We will return to the Board with our analysis and obtain Board approval for the final recommendation.

The Division 20 Carwash & Cleaning Platform (CP#204047) bids were received during the first quarter and came in much higher than expected. The Project Manager decided to revise the design and solicit bids for a reduced scope of work. The rebid process will begin

in the third quarter of FY09. The contract award, revised scope of work, and revised project schedule will be brought to the Board for approval.

The Subway Railcar Midlife Overhaul (CP#206034) specifications to rebuild the vehicles will be written by an outside contractor. The bid for the contractor will be circulated in the next quarter.

Other Capital Projects

The Universal Fare System, Regional Clearinghouse Project (TAP) and the Metro Rail Gating project are continuing in FY09. Project management has been reporting on the progress of both projects monthly at Operations Committee meetings.

Governmental Funds

The Governmental funds budget includes Special Revenue and General Fund programs and projects. The Special Revenue Fund includes all sales tax subsidies to other entities including the Local Return Program to Cities, The Formula Allocation Process to municipal bus operators, Access Services, Metrolink Operating and Capital, the Incentive Program, and the Call for Projects (CFP).

A summary of the activity in the subsidies-to-others through the second quarter follows:

For the six months ended December 31, 2008 (amounts in millions)

Subsidy Description		Actual	Budget	Variance Over/(Under)
1	A & C Local Return	\$ 151.5	\$ 152.2	\$ (0.7)
2	Prop A Bus FAP	22.2	57.7	(35.5)
3	Prop C Bus FAP	3.6	17.6	(14.0)
4	TDA Formula Subsidies	38.9	40.8	(1.9)
5	STA Subsidies	21.3	15.2	6.1
6	TDA Other Subsidies	6.3	13.8	(7.5)
7	ASI	16.2	17.1	(0.9)
8	Regional Surface Transportation Projects (CFP)	29.4	18.9	10.5
9	Bus Capital (CFP)	7.1	4.2	2.9
10	Freeway Projects (CFP)	8.5	43.6	(35.1)
11	Metrolink Operating	29.8	25.6	4.2
12	Immediate Needs;SHORE	2.5	5.2	(2.7)
13	Local Traffic System (CFP)	16.7	7.2	9.5
14	Metro Rapid Improvements	1.6	8.0	(6.4)
15	Soundwalls Program	5.4	7.4	(2.0)
16	Prop A Incentive	5.5	14.8	(9.3)
17	Regional EZ Pass	2.8	4.8	(2.0)
18	Regional Grantee	1.3	1.5	(0.2)
19	Transit Security	0.3	2.6	(2.3)
20	Other Planning Projects	3.0	2.1	0.9
21	Totals	\$ 373.9	\$ 460.3	\$ (86.4)

Subsidy programs are \$86.4 million (18.8%) under budget. Generally subsidies to others experience cash flow delays due to the timing of invoicing from other entities. Programs which are currently substantially under budget include the following:

- Formula Allocation Procedure (FAP) subsidies are a combined \$49.4 million under budget. Prop A FAP subsidies are \$35.4 million under budget and Prop C FAP subsidies are \$14.0 million under budget because Municipal operators have not drawn down available funds.

- Freeway Project subsidies are \$35.1 million under budget. The I-5 Carmenita Project has been delayed due to prolonged acquisition of ROW. Several Caltrans projects are on hold at the request of Caltrans. Although some of the local cities call projects have been completed, final invoices have not been received.
- Prop A Incentive program subsidies are \$9.3 million under budget. Numerous cities are in the procurement process to purchase new vehicles as part of the Bus Replacement Mini-Call process and there has been a delay in invoicing from the Municipal operators for the NTD Reporting.
- TDA program subsidies are \$9.4 million under budget because cities have not drawn down available funds.
- Metro Rapid Improvement program subsidies are \$6.4 million under budget. An RFP for station construction has been delayed and scheduled to go out to bid in late Fall 2009. In addition, there have also been invoicing delays.

Programs which are currently over budget include the following:

- Regional Surface Transportation (CFP) subsidies are \$10.5 million over budget primarily because of the Alameda Corridor East Grade Separation project. The project is moving slightly ahead of schedule and is expected to complete within budget. The invoices from previous quarters were submitted and paid this fiscal year.
- Local Traffic Systems (CFP) subsidies are \$9.5 million over budget because several projects are ahead of schedule. Funds are programmed to lapse on several projects and sponsors have expedited projects in order to not lose the funds.
- STA subsidies are \$6.1 million over budget due primarily to draw down of prior year reserves by municipal operators. For FY09, we will pay STA subsidy claims only up to the actual cash receipt through the first quarter of FY09. This is because the State has diverted nearly all STA revenue away from transit operators for the rest of FY09.
- Commuter Rail Operating Subsidies (Metrolink Projects) subsidies have a soft variance of \$4.2 million over budget as the timing of the invoice payments is different from budget. The project is still scheduled to be completed within budget.
- Bus Capital subsidies are \$2.9 million over budget because the Maintenance Facility in San Bernardino is moving ahead of schedule. The project is still scheduled to be completed within budget.

The Special Revenue Fund and the General Fund also include budget for work done by Metro such as planning and programming of funds, Freeway Service Patrol, Service Authority for Freeway Emergencies (SAFE), Internal Auditing and Inspector General expenditures, Ethics and County Counsel expenditures, all lobbying activities and other non-allocable costs. The second quarter account summary for these departments, excluding subsidies (reported separately), is summarized below:

For the six months ended December 31, 2008

(Amounts in millions)	Actual	Budget	Variance - Over / (Under)
1 Labor	\$ 16.1	\$ 17.3	\$ (1.2)
2 Fringe Benefits	5.6	5.9	(0.3)
3 Professional Services	16.5	40.3	(23.8)
4 Other Services	25.2	29.3	(4.1)
5 Workers' Comp	-	0.2	(0.2)
6 Insurance	0.2	0.2	-
7 Travel	0.1	0.2	(0.1)
8 Other including overhead	7.1	10.7	(3.6)
9 Total Expenditures	\$ 70.8	\$ 104.1	\$ (33.3)

Professional Services are \$23.8 million under budget with approximately \$14 million being related to planning studies. Several major planning studies were just approved by the Board in January 2009 to move forward into the next phase. The Red Line Westside Extension, Regional Downtown Connector, and the Eastside Extension Phase II will be moving into the DEIS/DEIR phase. Several other projects such as the Crenshaw Corridor Study, Wilshire Bus Lane Project, and the San Fernando Valley North/South projects are on schedule, however, invoices are coming in more slowly than anticipated. Lastly, contracts for several projects such as the Regional Integration Intelligent System and the Demand Management Modeling projects will be issued during the third quarter of FY09.

Other Services are \$4.1 million under budget, due to delayed implementation of the 511 system to replace call boxes, lower than anticipated use of outside legal counsel, and the timing of invoices for joint development projects.

Governmental Funds Outlook

Both the subsidies to others in the Special Revenue Fund and non-allocable expenses in the General Fund are expected to end the year below the FY09 budget. Historically, these budgets are not fully expended due to delays in invoicing from the Project Managers, difficulty in recruiting qualified personnel in technical planning positions and the complexity of the professional and contracted services required.

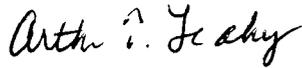
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Attachment: Capital Program Watch List Report

Prepared by: Office of Management & Budget



Terry Matsumoto
Chief Financial Services Officer and Treasurer



Arthur T. Leahy
Chief Executive Officer

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Projects Require Mitigating Actions

Bus Acquisition

CP/FIS Project No.	Project Title	Inception-to-Date Expenditures	Cost to Complete Estimate		Total Forecasted Expenditures	Board Approved Life of Project	Increase/ (Decrease)	Comment
			Encumbrance	Balance of Project Costs				
200044 	ATV Bus Purchase (Hybrid Vehicles)	3,696,291	990,373	0	4,686,664	4,602,625	84,039	Vehicle Technology needs to remove some encumbrances in order to bring the project into line with its authorized LOP. Hybrid buses received and accepted at Metro in Q2 and placed at divisions for service. Metro has experienced numerous delays and major component failures on these vehicles. Vehicle Technology continues to monitor and have direct support of these buses. In order to ensure reliable service from the vehicles, we need to extend the closure of this project until the end of FY10.
Bus Acquisition		3,696,291	990,373	0	4,686,664	4,602,625	84,039	



**Los Angeles County Metropolitan Transportation Authority
Capital Program Variance Report - Life of Project
FY2009 - 2nd Quarter**

Projects Require Mitigating Actions

Major Construction

CP/FIS Project No.	Project Title	Inception-to- Date Expenditures	Cost to Complete Estimate		Total Forecasted Expenditures	Board Approved Life of Project	Increase/ (Decrease)	Comment
			Encumbrance	Balance of Project Costs				
206035 P	Expo/Blue Line Light Rail Vehicle Procurement	21,227	0	174,478,773	174,500,000	174,500,000	0	FY09 Q2: Discussions between the Chief Executive Officer (CEO) and the Rail General Manager (RGM) on a path forward for the light rail vehicles (LRV) continued during this period. Progress continued on the LRVs during this quarter. FY09 Q3 (planned): Alternatives available to Metro will be evaluated. Metro staff will analyze alternatives for procurement of new vehicles and an overhaul of the existing fleet. Once a consensus is reached on a path forward, a revised schedule will be developed.
800118 P	Lankershim Depot Restoration Project	517,782	50,841	5,431,377	6,000,000	3,600,000	2,400,000	No milestones completed. No milestones planned for next quarter: In October 2008, staff requested the Executive Investment Committee (EIC) to increase the LOP from \$3.6 million to \$6.0 million because no responsive bids were received for the construction contract within the approved LOP budget. The EIC requested the Construction Division to seek additional funding from the City of Los Angeles and/or CRA and inform them that Metro will not be able to proceed with the project without additional funding provided by them.
Major Construction		539,009	50,841	179,910,150	180,500,000	178,100,000	2,400,000	



**Los Angeles County Metropolitan Transportation Authority
Capital Program Variance Report - Life of Project
FY2009 - 2nd Quarter**

Projects Require Mitigating Actions

Other Capital Projects

CP/FIS Project No.	Project Title	Inception-to- Date Expenditures	Cost to Complete Estimate		Total Forecasted Expenditures	Board Approved Life of Project	Increase/ (Decrease)	Comment
			Encumbrance	Balance of Project Costs				
210014 P	Replace Two Color Printing Press	2,895,690	263,237	245,073	3,404,000	3,404,000	0	FY09 2Q: Received letter from Stevens Technology indicating that the possible merger did not happen and that more funds would be required to complete the project. FY09 Q3 = Determine next steps. No LOP variance is forecasted at this time. However, this may change due to the uncertainty relating to the ability of Stevens Technology (ST) to deliver the web press for the dollars authorized in the contract.
Other Capital Projects		2,895,690	263,237	245,073	3,404,000	3,404,000	0	



Los Angeles County Metropolitan Transportation Authority
 Capital Program Variance Report - Life of Project
 FY2009 - 2nd Quarter

Projects Require Mitigating Actions

Rail Facilities Improvements

CP/FIS Project No.	Project Title	Inception-to-Date Expenditures	Cost to Complete Estimate		Total Forecasted Expenditures	Board Approved Life of Project	Increase/ (Decrease)	Comment
			Encumbrance	Balance of Project Costs				
204047 	Division 20 Carwash & Cleaning Platform	832,500	12,068,359	2,499,141	15,400,000	15,400,000	0	FY09 Q2: The bids received for the original scope of work were considered too high so it was decided to revise the design and solicit bids for a reduced scope of work. FY09 Q3 (planned): Begin the rebid process with the revised scope of work. The redesign and rebid process have pushed the estimated completion date from 3/10/2010 to 7/31/2011.
Rail Facilities Improvements		832,500	12,068,359	2,499,141	15,400,000	15,400,000	0	



Projects Require Mitigating Actions

Rail Rehabilitation

CP/FIS Project No.	Project Title	Inception-to-Date Expenditures	Cost to Complete Estimate		Total Forecasted Expenditures	Board Approved Life of Project	Increase/ (Decrease)	Comment
			Encumbrance	Balance of Project Costs				
211005 	MBL Signal System Rehabilitation	10,019	287,500	237,481	535,000	535,000	0	<p>FY09 Q2: Systra was selected from the GEC bench to prepare an assessment report. The internal audit continued with expected completion by 12/31. Pricing received was higher than original estimates. It appears the LOP may need to be increased once final pricing is determined.</p> <p>FY09 Q3 (planned): Systra to continue evaluation and report quarterly on progress. The estimated cost to complete will be watched closely.</p>
Rail Rehabilitation		10,019	287,500	237,481	535,000	535,000	0	



**Los Angeles County Metropolitan Transportation Authority
Capital Program Variance Report - Life of Project
FY2009 - 2nd Quarter**

Projects Require Mitigating Actions

Warehouse

CP/FIS Project No.	Project Title	Inception-to- Date Expenditures	Cost to Complete Estimate		Total Forecasted Expenditures	Board Approved Life of Project	Increase/ (Decrease)	Comment
			Encumbrance	Balance of Project Costs				
209056 P	Install A/C Unit at Loc 61 - Stores Bldg B	62,769	0	1,000	63,769	35,000	28,769	FY09 Q2: Completed construction and installation of the air conditioning housing unit and initiated painting the unit. FY09 Q3 (planned): Complete painting and initiate project closeout. Staff will work with departments to reverse inaccurate labor charges. If, after making the necessary corrections, there is still a cost overrun, then a funds transfer from the Contingency Project will be requested to cover the remaining cost overrun.
Warehouse		62,769	0	1,000	63,769	35,000	28,769	



Los Angeles County Metropolitan Transportation Authority
Capital Program Variance Report - Life of Project
 FY2009 - 2nd Quarter

Projects Require Mitigating Actions

Wayside Systems

CP/FIS Project No.	Project Title	Inception-to- Date Expenditures	Cost to Complete Estimate		Total Forecasted Expenditures	Board Approved Life of Project	Increase/ (Decrease)	Comment
			Encumbrance	Balance of Project Costs				
205047 P	SCADA Interface for PGL UPS Alarms	31,558	0	13,500	45,058	30,000	15,058	<p>FY09 Q2: Scheduling priorities due to emergency repairs hindered progress on this project.</p> <p>FY09 Q3 (planned): Schedule manpower to visit site and perform required work. The project completion date slipped due to lack of manpower and the need to replace the transformer. Those problems have also caused a cost overrun of approximately \$15K. A budget transfer from contingency will be processed to cover the cost overrun. Estimated Completion Date is now the end of Q3.</p>
Wayside Systems		31,558	0	13,500	45,058	30,000	15,058	



**Los Angeles County Metropolitan Transportation Authority
Capital Program Variance Report - Life of Project
FY2009 - 2nd Quarter**

Early Warning for Potential Problems

Bus Acquisition

CP/FIS Project No.	Project Title	Inception-to-Date Expenditures	Cost to Complete Estimate		Total Forecasted Expenditures	Board Approved Life of Project	Increase/ (Decrease)	Comment
			Encumbrance	Balance of Project Costs				
201005 <i>GR</i>	178 CNG Articulated Bus Purchase Base Order	126,734,700	23,248	16,052	126,774,000	126,774,000	0	Metro continues to perform campaign work on the articulated buses. These campaigns include frames, Hubner joints, compressors, and engines. Vehicle Technology estimates completion of these campaigns will extend the estimated completion date an additional 18 months to Dec. 31, 2010. Only \$39k of the LOP remains to be spent.
201011 <i>GR</i>	94 CNG Articulated Buses	82,034,383	362,967	602,650	83,000,000	83,000,000	0	Metro continued to work on campaign issues for the entire articulated fleet in Q2 of FY09. Issues for these campaigns include doors, Hubner joints, and chassis frames. No change in completion date is anticipated at this time. However, these campaign issues have been more lengthy than anticipated due to the in-service needs of these vehicles. Additionally, many repairs have been more extensive than originally determined. We will reevaluate the completion date at the end of Q3 FY09. Any extension of completion date will not affect the LOP.
201033 <i>GR</i>	HCNG Demonstration Project	313,264	0	945,028	1,258,292	1,258,292	0	Project continues on hold due to business failure of HCNG engine developer. Metro is seeking new developer/partner to move forward with this project. Project extended three months for possible conversion back to CNG power plant.
201044 <i>GR</i>	CNG Articulated Buses, Option 2	85,596,195	55,708	775,522	86,427,426	86,427,426	0	Metro continues to perform campaign work on the articulated buses. These campaigns include frames, Hubner joints, compressors, and engines. Campaign issue on these vehicles are not expected to be completed by the previous estimated closing date of 06/30/2009. Vehicle Technology estimates completion of these campaigns will extend the closing date an additional 18 months.



**Los Angeles County Metropolitan Transportation Authority
Capital Program Variance Report - Life of Project
FY2009 - 2nd Quarter**

Early Warning for Potential Problems

Bus Acquisition

CP/FIS Project No.	Project Title	Inception-to-Date Expenditures	Cost to Complete Estimate		Total Forecasted Expenditures	Board Approved Life of Project	Increase/ (Decrease)	Comment
			Encumbrance	Balance of Project Costs				
201049 	Hybrid Articulated Bus Demonstration	0	0	0	0	200,000	(200,000)	Due to issues with current hybrid technology, this project and other alternative projects are being reevaluated for deferral into FY10 or beyond.
201054 	Contract Services Bus Buy	12,935	18,000,000	587,065	18,600,000	18,600,000	0	There is currently a proposal for this project to receive funding from the federal economic stimulus package. If that should occur, additional buses will be purchased and the LOP will be changed at that time. During Q2 all bids were received and the bid evaluation process began. During Q3 the bid evaluation period will end (2/20/09), and it is expected that the Award and Notice to proceed will occur between 02/24/09 and 03/27/09 pending Board approval.
Bus Acquisition		294,691,477	18,441,924	2,926,317	316,059,718	316,259,718	(200,000)	



Los Angeles County Metropolitan Transportation Authority
Capital Program Variance Report - Life of Project
 FY2009 - 2nd Quarter

Early Warning for Potential Problems

Bus Facilities Improvements

CP/FIS Project No.	Project Title	Inception-to-Date Expenditures	Cost to Complete Estimate		Total Forecasted Expenditures	Board Approved Life of Project	Increase/ (Decrease)	Comment
			Encumbrance	Balance of Project Costs				
202001 	Union Division	938,019	4,000,099	90,061,882	95,000,000	95,000,000	0	FY09 Q2: Achieved planned contract award, project management coordination with AE consultant, and review of necessary documents for issuance of Notice to Proceed. Requisitioned and advertised Board approved FTE's for a Project Manager and Sr. Engineer. Applications in the submittal process with Metro HR. FY09 Q3: Issue Notice to Proceed. Commence Design activities - AE consultant to submit design concept. Progress project designs to the 30% level. Continue working with HR to identify qualified candidates.
202246 	Bauchet Street Storage and Facilities Maintenance Structure	4,352,917	7,262,132	1,309,952	12,925,000	12,925,000	0	FY09 Q2: Procurement activities: Advertise the redesigned Bauchet Street project. FY09 Q3: Extend bid due date to allow time to meet federal funding criteria for this project. Staff advertised the original Bauchet Street design with bids coming in substantially greater than the adopted LOP budget. To mitigate this potential overrun, staff cancelled all bids and redesigned the facility for rebid. Additionally, staff plans on deferring the procurement for this project as required to meet federal funding eligible qualifications. Project completion date will be established upon contract award of the re-designed facility.
202260 	Division 3 Master Plan Phases II-IV	31,520	5,500,000	7,668,480	13,200,000	13,200,000	0	FY09 Q2: Design in progress. Requisitions issued to start procurement process. However, this CP has been flagged for FY10 deferral. Design will be intentionally slowed down. FY09 Q3: Determine if CP can be made eligible for Federal funding under the stimulus bill prior to moving forward with 100% final design and construction contract procurement.
Bus Facilities Improvements		5,322,455	16,762,230	99,040,314	121,125,000	121,125,000	0	



**Los Angeles County Metropolitan Transportation Authority
Capital Program Variance Report - Life of Project
FY2009 - 2nd Quarter**

GW **Early Warning for Potential Problems**

Bus Maintenance

CP/FIS Project No.	Project Title	Inception-to- Date Expenditures	Cost to Complete Estimate		Total Forecasted Expenditures	Board Approved Life of Project	Increase/ (Decrease)	Comment
			Encumbrance	Balance of Project Costs				
203011 <i>GW</i>	FY08 Replace Central Maintenance Shop Equipment	377,173	563,635	0	940,808	514,896	425,912	Installation of breathing air system equipment for Paint Shop at MSSC. Most of work to be finished during Q3, after which encumbrance will be removed. Project will finish about \$70k under its approved LOP.
Bus Maintenance		377,173	563,635	0	940,808	514,896	425,912	



Early Warning for Potential Problems

Rail Facilities Improvements

CP / FIS Project No.	Project Title	Inception-to- Date Expenditures	Cost to Complete Estimate		Total Forecasted Expenditures	Board Approved Life of Project	Increase/ (Decrease)	Comment
			Encumbrance	Balance of Project Costs				
204016 	Vermont/Santa Monica Sta. Underground Water Mitigation	832,164	27,039	423,797	1,283,000	1,283,000	0	FY09 Q2: Heavy rains arrived in the 3rd week of December and water leaks at two new locations were discovered at the platform level. Reports were sent to the Tunnel Advisory Panel (TAP) for review. FY09 Q3 (planned): Expect response from TAP on evaluation and recommendations for mitigating new leaks.
204035 	MRL Seg-2 & 3 Station PLC and EMP Upgrade	510,130	(1,890)	617,760	1,126,000	1,126,000	0	FY09 Q2: Emergency Management Panel (EMP) installation at the remaining station was delayed by erroneous bio-chemical alarms being displayed. Programmable Logic Controller (PLC) installation at the two remaining stations was delayed due to shortage of support personnel. FY09 Q3 (planned): Scheduled to complete the EMP installation at the remaining station, complete the PLC installation at the remaining stations and closeout the project.
204037 	Division 22 Improvements - Phase II	3,558,341	1,670	1,334,989	4,895,000	4,895,000	0	FY09 Q2: Completed the spare parts inventory for the Wheel Truing Machine and delivered the Scrap Metal Hopper to the Green Line. FY09 Q3 (planned): Complete specifications and bid documents for the tire press and machine pit. Delays with the Tire Press portion of the project have caused the Estimated Completion Date to slip to FY10 Q4, but will not impact the authorized LOP.



Los Angeles County Metropolitan Transportation Authority
Capital Program Variance Report - Life of Project
 FY2009 - 2nd Quarter

Early Warning for Potential Problems

Rail Facilities Improvements

CP/FIS Project No.	Project Title	Inception-to-Date Expenditures	Cost to Complete Estimate		Total Forecasted Expenditures	Board Approved Life of Project	Increase/ (Decrease)	Comment
			Encumbrance	Balance of Project Costs				
204054 	Division 20 Additional Vehicle Hoists	955,186	1,626,700	1,668,114	4,250,000	4,250,000	0	FY09 Q2: The contractor purchased the individual hoisting and jack stand components and prepared the shop drawings. The original contract drawings, however, did not contain a drawing identifying the specific location of the Red Line car body support pads on the Breda car to position the jack stands. Breda in Italy was contacted and the proper Breda drawings were received showing the required locations from the centerline of the trucks. The completed drawings were transmitted to a consultant licensed in California to verify seismic adequacy of the design drawings. FY09 Q3 (planned): Complete manufacturing of the hoist.
204082 	UPS System & Backup Generator for Loc 61 - Bldg A	13,649	114,178	246,778	374,605	374,605	0	FY09 Q2: Staff submitted Scope of Work, bid specifications, and cost estimates to Procurement. The change in methodology extended the procurement phase. Scope now includes installation by the contractor. FY09 Q3 (planned): Procurement process will move into conducting the readiness review meetings.
204092 	Metro Blue Line Median Fencing along Long Beach Blvd	15,431	462,652	146,917	625,000	625,000	0	FY09 Q2: Locations of the manholes blocked by the fence were identified and submitted to the City of Long Beach. FY09 Q3 (planned): City of Long Beach will submit timeline for completion of modifications to the fence. Fence modifications around the manholes are expected to be completed by the end of Q3.
Rail Facilities Improvements		5,884,901	2,230,349	4,438,355	12,553,605	12,553,605	0	



Los Angeles County Metropolitan Transportation Authority
Capital Program Variance Report - Life of Project
 FY2009 - 2nd Quarter

Early Warning for Potential Problems

Rail Rehabilitation

CP/FIS Project No.	Project Title	Inception-to-Date Expenditures	Cost to Complete Estimate		Total Forecasted Expenditures	Board Approved Life of Project	Increase/ (Decrease)	Comment
			Encumbrance	Balance of Project Costs				
206034 	Subway Railcar Midlife Overhaul	250,829	1,164,740	200,584,431	202,000,000	202,000,000	0	FY09 Q2: Initiated and completed a task order to hire a consultant to develop specifications for the Metro Red Line base and option fleet. FY09 Q3 (planned): The "Metro Red Line Heavy Rail Vehicle Refurbishment" Request for Proposal is to be amended in January 2009. The last day to submit questions and proposals will be in February. A tour of the Red Line vehicles for the prospective bidders is to occur in January.
211004 	MBL & MRL Switch Machines Rehabilitation	8,174	533,350	733,476	1,275,000	1,275,000	0	FY09 Q2: Rail Systems General Engineering (GEC) was selected as the bench contractor for development of the Project Plan. An internal audit to determine price reasonableness is being conducted by the office of Management Audit Services Department (MASD). FY09 Q3 (planned): MASD to complete the audit report. Intend to negotiate and award the GEC contract and commence work on the Condition Needs Assessment milestone.
211006 	MGL Central ATC Computer System Rehabilitation	14,637	427,500	307,863	750,000	750,000	0	FY09 Q2: Rail Systems General Engineering (GEC) was selected as the bench contractor for development of the Project Plan. Final negotiations depend on completion of the audit report. FY09 Q3 (planned): Expect to receive the audit report. Intend to negotiate and award the GEC contract and commence work on the Condition Needs Assessment milestone.
211010 	Escalator/Elevator Modernization Program - Civic Center Station	14,423	0	11,985,577	12,000,000	12,000,000	0	
Rail Rehabilitation		288,064	2,125,590	213,611,346	216,025,000	216,025,000	0	



sw Early Warning for Potential Problems

Rail Vehicle Maintenance

CP/FIS Project No.	Project Title	Inception-to-Date Expenditures	Cost to Complete Estimate		Total Forecasted Expenditures	Board Approved Life of Project	Increase/ (Decrease)	Comment
			Encumbrance	Balance of Project Costs				
206005 <i>sw</i>	P2000 Vehicle Signaling Package Upgrade	247,370	38,832	3,077,798	3,364,000	3,364,000	0	<p>FY09 Q2: Evaluation continued on the feasibility of transferring P2000 vehicles to the Metro Green and Metro Blue lines as originally planned. A management decision to re-evaluate future operating requirements led to a revised completion date, but no increase in the LOP.</p> <p>FY09 Q3 (planned): The first two P2000 Gold Line cars will be sent to the Blue Line at the end of March 2009. Staff is preparing a proposal for modifying the Automatic Train Protection (ATP) system. The Gold Line fleet (23 vehicles) will schedule eight vehicles to go to the Green Line. Staff is also waiting for a proposal from the contractor to retrofit the Automatic Train Control (ATC) package. Project is to be completed in two phases with two separate contractors.</p>
Rail Vehicle Maintenance		247,370	38,832	3,077,798	3,364,000	3,364,000	0	



**Los Angeles County Metropolitan Transportation Authority
Capital Program Variance Report - Life of Project
FY2009 - 2nd Quarter**

Early Warning for Potential Problems

Security

CP/FIS Project No.	Project Title	Inception-to- Date Expenditures	Cost to Complete Estimate		Total Forecasted Expenditures	Board Approved Life of Project	Increase/ (Decrease)	Comment
			Encumbrance	Balance of Project Costs				
210096 	Metro Bus Division CCTV System PHII (DHS)	280,683	6,901	0	287,584	280,863	6,721	Q2: Exercised option and completed CCTVs installation. Q3: Start contract closeout. Q2: The variance of \$6,720.80 is the result of an encumbrance that has not been removed. Q3: Correct encumbrance in the CP module.
Security		280,683	6,901	0	287,584	280,863	6,721	



Los Angeles County Metropolitan Transportation Authority
 Capital Program Variance Report - Life of Project
 FY2009 - 2nd Quarter

Early Warning for Potential Problems

Warehouse

CP/FIS Project No.	Project Title	Inception-to- Date Expenditures	Cost to Complete Estimate		Total Forecasted Expenditures	Board Approved Life of Project	Increase/ (Decrease)	Comment
			Encumbrance	Balance of Project Costs				
209007 	Automate Bulk Storage Area	6,842	0	1,022,158	1,029,000	1,029,000	0	This project is tied to the Facilities Improvement project schedule for the '490 Bauchet' warehouse facility and will not become active until FY 2010.
209038 	Covered Awning for Wayside Systems Warehouse	220	0	326,382	326,602	326,602	0	Project activity schedule delayed until final location for the new Gold Line Warehouse has been decided. Activity should resume during 3rd Quarter, FY 2009.
Warehouse		7,063	0	1,348,540	1,355,602	1,355,602	0	



Los Angeles County Metropolitan Transportation Authority
Capital Program Variance Report - Life of Project
 FY2009 - 2nd Quarter

Early Warning for Potential Problems

Wayside Systems

CP/FIS Project No.	Project Title	Inception-to-Date Expenditures	Cost to Complete Estimate		Total Forecasted Expenditures	Board Approved Life of Project	Increase/ (Decrease)	Comment
			Encumbrance	Balance of Project Costs				
205001 <i>GS</i>	Fiber Optic Rail Communication System	1,421,272	1,450,574	139,154	3,011,000	3,011,000	0	<p>FY09 Q2: Completed review of pricing and will negotiate a better price with vendor. Began preparing the Board Report for awarding the contract.</p> <p>FY09 Q3 (planned): Negotiate a better price with the vendor. Obtain board approval for contract award and issue NTP as contract OP39602134R in February 2009. Projects 205076 and this project are co-funding the equipment contract.</p>
205012 <i>GS</i>	MBL Four-Quadrant Gate Program Expansion	4,693,980	233,044	113,332	5,040,356	5,655,000	(614,644)	<p>FY09 Q2: The CPUC approved the change in design of the Alondra gate. A quote was requested from the contractor (BBRI), but the cost estimates received were too high. Metro reached a decision to perform the necessary work with in-house staff.</p> <p>FY09 Q3 (planned): Intend to close out the contract with the contractor and install the final gate. The project is expected to close in Q4 underspent by approximately \$615K. The unused funds will be reprogrammed into the FY10 Capital Program.</p>
205017 <i>GS</i>	MRL Seg-1 Remote Terminal Unit (RTU) Upgrade	2,305,742	0	339,258	2,645,000	2,645,000	0	<p>FY09 Q2: Cut-over was delayed due to support to two other capital projects, CP 204064 and CP205086. The Remote Terminal Unit (RTU) Integration testing was 99% completed.</p> <p>FY09 Q3 (planned): Complete integration testing and cut-over of one station.</p>



Los Angeles County Metropolitan Transportation Authority
 Capital Program Variance Report - Life of Project
 FY2009 - 2nd Quarter

Early Warning for Potential Problems

Wayside Systems

CP/FIS Project No.	Project Title	Inception-to-Date Expenditures	Cost to Complete Estimate		Total Forecasted Expenditures	Board Approved Life of Project	Increase/ (Decrease)	Comment
			Encumbrance	Balance of Project Costs				
205022 	FY09 Wayside Systems Tools and Equipment	118,099	205,918	175,984	500,000	500,000	0	<p>FY09 Q2: Delivered Signal LapTops, Rail Communications LapTops, FO TX/RX Meter, Signal Crimping Tool & Hydraulic Cordless Cutting Tool. Cancelled Signal Emergency Generators. Entered requisition for the Custodial Hydro Tek Water Reclamation System. Encountered problems with Non Revenue providing labor to maintain the (6) new Water Reclamations Systems - resolution is still pending. Purchase order was issued for the Signal Simulator Interlocking System.</p> <p>FY09 Q3 (planned): Resolve Non Revenue maintenance support issue regarding the Water Reclamation Systems. Award contract for Signal Simulator Interlocking System. Award the contract for the Hanson Hydrotek Water Reclamation System. Scheduled to receive delivery of the Rail Communications Scissor Lift. Plan to enter requisitions for the Signal Digital Analog Megohmmeter, Micro Ohmmeter, Underground Cable & Pipe Locator and Infrared Cameras for MOW Engineering.</p>
205034 	New PGL Traction Power Sub-Stations	8,495,545	88,962	116,493	8,701,000	8,701,000	0	<p>FY09 Q2: Submitted design requirements to the Fire Department who approved the design. However, Pasadena Water and Power (W&P) would not approve connecting power until we installed a fence. Additional delays occurred because of problems with the equipment installing the fence.</p> <p>FY09 Q3 (planned): Complete installation of the fence and have Pasadena W&P turn on the power. Staff is scheduled to perform the Train Pullaway Test to ensure the new substation can handle the maximum power required for Gold Line operation. Plan to initiate project closeout.</p>



Los Angeles County Metropolitan Transportation Authority
 Capital Program Variance Report - Life of Project
 FY2009 - 2nd Quarter

Early Warning for Potential Problems

Wayside Systems

CP/FIS Project No.	Project Title	Inception-to- Date Expenditures	Cost to Complete Estimate		Total Forecasted Expenditures	Board Approved Life of Project	Increase/ (Decrease)	Comment
			Encumbrance	Balance of Project Costs				
205037 	MRL Signal System Upgrade	573,995	0	164,005	738,000	738,000	0	<p>FY09 Q2: Original equipment manufacturer (Alstom) visited site to gather information based on a more widespread equipment replacement than first envisioned. The PMA bench was no longer required due to the change in approach.</p> <p>FY09 Q3 (planned): Alstom will provide a proposal for new equipment based on a near "Plug & Play" replacement. Begin the J-Relay contract closeout process as soon as resources are available.</p>
205076 	SONET Fiber Optic Cable Transmission System Installation	13,461	433,000	853,539	1,300,000	1,300,000	0	<p>FY09 Q2: Completed review of pricing and will negotiate a better price with vendor. Began preparing board report for contract award.</p> <p>FY09 Q3 (planned): Negotiate a better price with vendor. Obtain board approval for contract award and issue NTP as contract OP39602134R in February 2009. Projects 205001 and this project are co-funding the equipment contract.</p>
205077 	7th/Metro Station Roller-Bearing Switch Points	40,176	17,320	42,504	100,000	100,000	0	<p>FY09 Q2: Delivery of the final 16 roller bearing switch points for the 7th/Metro north crossover was later than expected so installation slipped to Q3.</p> <p>FY09 Q3 (planned): Complete the installation of the final 16 roller bearing switch points at the 7th/Metro north crossover. Purchase 32 roller bearing switch points for the 7th/Metro south crossover. Installation of rollers for the south crossover has been rescheduled for FY10 Q1 or Q2 to coordinate track downtime with the Expo contractor and minimize the disruption to service on the Blue Line.</p>



Los Angeles County Metropolitan Transportation Authority
 Capital Program Variance Report - Life of Project
 FY2009 - 2nd Quarter

Early Warning for Potential Problems

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CP/FIS Project No.	Project Title	Inception-to- Date Expenditures	Cost to Complete Estimate		Total Forecasted Expenditures	Board Approved Life of Project	Increase/ (Decrease)	Comment
			Encumbrance	Balance of Project Costs				
205081 	MRL Seg-2 Gas Monitoring System Controllers Upgrade	45,174	35,257	68,568	149,000	149,000	0	FY09 Q2: A PO was issued to ARINC to update Remote Terminal Units and Programmable Logic Controls for communicating with the new gas controllers. Another PO was issued to Sierra Monitor Corp to update the gas controllers with the MODBUS Plus Interface. Both ARINC and SMC are expected to complete the work by the end of Q3. Test of new gas controllers at 5 stations were delayed because the controllers needed to be updated. FY09 Q3 (planned): Update TRACS database and displays.
Wayside Systems		17,707,445	2,464,075	2,012,836	22,184,356	22,799,000	(614,644)	

