



Metro

Los Angeles County
Metropolitan Transportation Authority

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**FINANCE AND BUDGET COMMITTEE
June 17, 2009**

SUBJECT: FY09 THIRD QUARTER FINANCIAL PERFORMANCE

ACTION: RECEIVE AND FILE

RECOMMENDATION

The Financial Stability Policy requires that the Board receives quarterly updates on the status of the fiscal year budget.

ISSUE

This report discusses our FY09 third 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 our total budgeted revenues.

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

(1) Includes STA shortfall budget amendment approved by the Board in Jan 2009 (reflecting State budget adopted in Sep 2008). FY09 Adopted Budget for STA was \$227.1 million based on original estimate provided to MTA by the State.

(2) 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.

Year-to-date sales tax and STA revenues shown in the table above reflect cash receipts from the State Board of Equalization through March 31, 2009, which were earned through December 31, 2008. Therefore, year-to-date actual, budget and variance amounts in the table reflect the first half of the fiscal year. Payments for the third quarter are expected in mid-June 2009, and payments for fourth quarter are expected in mid-September.

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 March 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 5.0% reduction in sales tax receipts compared to the FY08 actual. 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, STA funds to the region are estimated to be \$45.5 million less than the reforecast budget. This expected loss 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 35% 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 control of spending and 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 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 third quarter of FY09 was \$248.9 million, \$5.5 million (2.3%) more than budgeted, and \$2.1 million (0.9%) more than the first three quarters of FY08. Fare revenue during the third quarter as \$75.9 million, \$4.1 million (5.2%) less than budgeted, consistent with lower boardings during January and February. Fare revenue is expected to end the year at the budgeted level.

The fare revenue per boarding through the third quarter of FY09 was \$0.69, \$0.02 (3.0%) more than budget, but \$0.02 (2.8%) less than last year. Fare revenue per boarding has declined due to increased use of monthly and weekly passes.

Outlook of Revenue Available for Bus and Rail Operations

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	\$271.2	\$0.0
3 STA Metro Bus Subsidy	94.8	37.2	18.6	(18.6)
4 Bus Subtotal	366.0	308.4	289.8	(18.6)
5 Rail Revenue				
6 Fare Revenue - Rail	54.5	54.5	54.5	0.0
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	389.3	329.1	291.2	(37.9)
10 Total	\$755.3	\$637.5	\$581.0	(\$56.5)

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, based on the UCLA forecast and the current trends, we expect to end the year approximately \$56.5 million below budget in revenues for the Enterprise Fund, spread \$18.6 million to Bus, and \$37.9 million to Rail, respectively.

SUMMARY OF EXPENSES

Enterprise Fund

Overall, operating expenses totaled \$884.3 million, \$38.4million (4.2%) below budget.

**FY09 Enterprise Fund Actual vs. Budget
Operating Expenses by Expense Type**

For the nine months ended March 31, 2009				
(Dollars in Millions)		Actual	Budget	Variance
LABOR				
1	UTU Labor	\$189.5	\$199.1	(\$9.6)
2	ATU Labor	98.0	97.1	0.9
3	AFSCME Labor	34.8	36.3	(1.5)
4	Non-Contract Labor	46.3	47.1	(0.8)
5	TCU Labor	24.0	23.7	0.3
6	Teamster Labor	4.2	3.9	0.3
7	Fringe Benefits	155.4	159.7	(4.3)
8	Labor Subtotal	552.2	566.9	(14.7)
NON-LABOR				
9	Fuel	39.8	46.4	(6.6)
10	Propulsion Power	16.4	17.1	(0.7)
11	Parts, Supplies & Warranties	59.2	57.6	1.6
12	Security Services	50.8	51.3	(0.5)
13	Purchased Transportation	30.1	31.3	(1.2)
14	Contract Services	27.3	30.5	(3.2)
15	Professional Services	9.8	19.4	(9.6)
16	Workers' Comp	28.2	28.2	-
17	Insurance	42.5	46.0	(3.5)
18	Travel	0.2	0.2	-
19	Gateway Occupancy	12.5	12.5	-
20	All Others	15.3	15.3	-
21	Non-Labor Subtotal	332.1	355.8	(23.7)
22	Operating Expense Total	\$884.3	\$922.7	(\$38.4)

Excludes: Muni share of EZ Pass, Debt, Depreciation

FY09 Enterprise Fund Actual vs. Budget

Operating Expenses by Operating Project

For the nine months ended March 31, 2009			
(Dollars in Millions)	Actual	Budget	Variance
23 San Fernando Valley Sector	\$102.4	\$104.2	(\$1.8)
24 San Gabriel Valley Sector	108.3	112.1	(3.8)
25 Gateway Cities Sector	104.1	105.1	(1.0)
26 South Bay Sector	113.1	118.1	(5.0)
27 Westside Central Sector	126.8	132.4	(5.6)
28 Orange Line	13.6	16.1	(2.5)
29 Bus Admin	44.6	46.5	(1.9)
30 Other Bus	93.5	100.1	(6.6)
31 Red Line	61.4	64.8	(3.4)
32 Blue Line	46.1	48.5	(2.4)
33 Green Line	29.4	29.7	(0.3)
34 Gold Line	27.2	30.8	(3.6)
35 Rail Admin	10.5	11.1	(0.6)
36 Regional	3.3	3.2	0.1
37 Total	\$884.3	\$922.7	(\$38.4)

Operating Expenses by Strategic Business Unit

38 Administrative Services	\$35.5	\$36.7	(\$1.2)
39 Board of Directors	0.6	1.0	(0.4)
40 Chief Executive Office	-	-	-
41 Communications	14.0	13.7	0.3
42 Construction Management	1.0	1.6	(0.6)
43 Countywide Planning	-	0.2	(0.2)
44 Economic Development	7.1	7.6	(0.5)
45 Financial Services	30.6	34.4	(3.8)
46 Management Audit Services	0.2	0.2	-
47 Metro Bus Operations	681.0	705.8	(24.8)
48 Metro Rail Operations	114.3	121.5	(7.2)
49 Total	\$884.3	\$922.7	(\$38.4)

Excludes: Muni share of EZ Pass, Debt, Depreciation

- Wages were \$10.4 million under budget due largely to not operating 2.2% 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 \$4.3 million below budget due to vacancies.
- Fuel was \$6.6 million under budget due to lower than planned diesel and CNG usage.

- Professional services were \$9.6 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 program implementation such as overhead catenary system and battery replacement.
- Contract Services were \$3.2 million below budget due to bus facilities and ITS maintenance savings.
- Insurance was \$3.2 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 \$1.6 million 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 \$0.3 million (2.2%) over budget due to accelerated advertising and related services for media buying early in the fiscal year to obtain preferential pricing. The variance is substantially smaller than it was at the end of the second quarter.

Outlook of Enterprise Fund

Total expenses are expected to end the year at least \$42.5 million under budget if controls implemented by the CEO continue during the final quarter of the year, and if fourth-quarter expenses follow the historical pattern of being slightly more than 25% of annual expenses.

Forecast Year-End Variance	Metro Bus ⁽¹⁾	Metro Rail	Bus and Rail
Expense Under run	\$31.1	\$11.4	\$42.5
Revenue Shortfall	(18.6)	(37.9)	(56.5)
Total Variance	\$12.5	(\$25.6)	(\$14.0)

(1) Including Orange Line

When combined with the \$56.5 million bus and rail operating revenue shortfall, the year-end result will be a \$12.5 million surplus for bus, \$25.6 million deficit for rail, and \$14.0 million deficit overall. 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 Nine Months Ended March 31

Performance Measurement – Bus & Orange Line	FY09 Actual	FY09 Budget	Variance Over / (Under)	FY08 Actual	FY07 Actual
1 Bus Cost/Revenue Service Hour	\$123.30	\$125.60	(\$2.30)	\$115.00	\$114.51
2 Orange Line Cost/Revenue Service Hour	\$195.68	\$222.88	(\$27.20)	\$200.95	\$210.62
3 Bus Revenue Service Hours	5,611,871	5,713,232	(101,361)	5,650,314	5,686,989
4 Orange Line Revenue Service Hours	73,681	76,171	(2,490)	72,424	65,439
5 Bus Cost/Passenger Mile	\$0.63	\$0.65	(\$0.02)	\$0.63	\$0.58
6 Orange Line Cost/Passenger Mile	\$0.43	\$0.53	(\$0.10)	\$0.45	\$0.46
7 Bus Subsidy/Passenger Mile	\$0.44	\$0.46	(\$0.02)	\$0.42	\$0.41
8 Orange Line Subsidy/Passenger Mile	\$0.32	\$0.40	(\$0.09)	\$0.34	\$0.38
9 Complaints per 100,000 Boardings	2.80	2.70	0.10	2.68	2.46
10 Traffic Accidents/100,000 Miles	3.10	3.46	(0.36)	3.47	3.75
11 New Workers Comp Claims per 200,000 Hours	11.97	13.92	(1.95)	11.45	10.98
12 Mean Miles Between Mechanical Failures	3,138	3,500	(362)	3,168	3,536
13 In-Service On-time Performance	65.23%	66.15%	-0.92%	63.8%	63.1%

Discussion

Bus costs (excluding Orange Line) per Revenue Service Hour (RSH) were below the target by 1.8% because costs were \$25.6 million (3.6%) under budget while revenue service hours (RSH) were 1.8% 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 3.6% below budget due to under-expenditures in wages, benefits, fuel and services.

Orange Line costs per RSH were below the target because costs were 15.1% lower than budget, while RSH were 3.3% 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 0.1% and 3.8% 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, but better than last quarter. The higher level of complaints was primarily due to the transition to a new contract service provider and has 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 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 turbo

chargers, 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 and the previous quarter, 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 Nine Months Ended March 31

Performance Measurement – Rail		FY09 Actual	FY09 Budget	Variance Over/ (Under)	FY08 Actual	FY07 Actual
1	Heavy Rail Cost/Vehicle Service Hour	\$323.10	\$340.27	(\$17.17)	\$336.65	\$320.31
2	Light Rail Cost/Vehicle Service Hour	\$377.42	\$392.80	(\$15.38)	\$372.50	\$382.55
3	Heavy Rail Cost/Passenger Mile	\$0.38	\$0.48	(\$0.11)	\$0.44	\$0.42
4	Light Rail Cost/Passenger Mile	\$0.45	\$0.53	(\$0.09)	\$0.48	\$0.49
5	Heavy Rail Subsidy/Passenger Mile	\$0.21	\$0.32	(\$0.10)	\$0.28	\$0.30
6	Light Rail Subsidy/Passenger Mile	\$0.35	\$0.44	(\$0.09)	\$0.67	\$0.42
7	New Workers Comp Claims per 200,000 Hours	6.70	10.89	(4.19)	11.39	7.00
8	Light Rail Vehicle Accident Rate/100,000 Miles	0.59	0.50	0.09	0.73	0.55

Discussion

Light rail expenses were \$6.7 million (5.7%) below budget primarily due to under expenditures for wages, benefits, and services.

Heavy rail expenses were \$3.6 million (5.3%) below budget due to the same reasons cited above and insurance expenses, which were under budget because the number and severity of claims were lower than budgeted. These savings were partially offset by higher than budgeted propulsion power costs.

Light rail vehicle service hours were 1.9% below plan due to operating shorter Gold Line trains. Heavy rail vehicle service hours were 0.3% below budget due to greater than expected in service delays. 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 better than last quarter, but still over the target 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 191 projects with a combined life-of-project (LOP) budget of \$2.9 billion. The status of all projects is summarized in the Capital Program Variance Report available for download at the OMB Intranet web page.

Twelve (12) projects have been identified with a flag (⚠) symbol. Projects which have the flag symbol require mitigating action now to address any of three potential problems: a cost forecast 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 5% 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.” Twenty three (23) projects have been identified in the attached report with an eyeglasses (👓) symbol. These projects constitute 18% 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.

Seven (7) projects were completed during the third quarter of FY09 (or immediately after the end of the quarter) at a total savings of \$3.9 million. These funds will be reprogrammed into the FY11 Capital Program.

Projects Closed in FY09 Third Quarter				
Project (Amounts in Thousands)		Project Cost	Authorized LOP	Variance Over/(Under)
1	203015 170 CMS Engine Rebuild Program - FY08	\$8,812	\$11,000	(\$2,188)
2	204035 MRL Seg-2 & 3 Station PLC and EMP Upgrade	523	1,126	(603)
3	203005 FY08 Bus Midlife Program	29,102	29,500	(398)
4	208006 FY07 Bus System Support Replacement Non-Revenue Vehicles	2,589	2,950	(361)
5	204081 Division 20 HVAC - Phase II	94	312	(218)
6	202122 Furniture for New Transportation Division 9 and Sector Office Building	928	990	(62)
7	207078 MRL Line Segment 1: PBX T-1 Trunk Route Retrofit	487	519	(32)
8	Total	\$42,536	\$46,397	(\$3,861)

Eleven (11) projects are projected to have cost overruns, including two with LOP budgets in excess of \$1.0 million which 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	204053 Division 21 Improvements - Phase II ⁽¹⁾	\$13,900	\$5,000	\$8,900
2	800118 Lankershim Depot Restoration Project (on-hold)	6,000	3,600	2,400
3	200044 ATV Bus Purchase (Hybrid Vehicles)	4,718	4,603	115
4	202279 Div. 9 Bus Yard Expansion	1,044	975	69
5	211005 MBL Signal System Rehabilitation	820	535	285
6	210095 Metro Bus Division Behavior Recognition Software (DHS)	757	754	3
7	205039 System-Wide Elevator/Escalator System Monitoring	511	320	191
8	210096 Metro Bus Division CCTV System PHII (DHS)	295	281	14
9	205077 7th/Metro Station Roller-Bearing Switch Points	175	100	75
10	209056 Install A/C Unit at Loc 61 - Stores Bldg B	66	35	31
11	205047 SCADA Interface for PGL UPS Alarms	55	30	25
12	Total	\$28,341	\$16,233	\$12,108

(1) LOP budget increase approved by Board in April 2009

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. Additionally, we are evaluating including this project in the North Hollywood Station joint development. The station site developer agreed in principle to restore the Depot as part of the future development, as long as the costs are reimbursed. It is likely the developer could accomplish the Depot rehabilitation in a more cost-effective manner than we could. At this point, however, we do not have a sound cost estimate for this work.

Division 21 Improvements – Phase II Project (CP#204053) will require a life-of-project budget increase of \$8.9 million. A Board report will be submitted for approval of this increase, to allow completion of all required components of the project.

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). Twenty-three buses were accepted during the third quarter. One hundred shells have been shipped to Anniston, Alabama, for assembly, inspection, and delivery.

ATV Bus Purchase - Hybrid Vehicles (CP#200044) is currently projected to exceed the authorized LOP budget because some expenses were incorrectly charged to the project. The incorrect charges will be reversed and the project will be completed within the LOP budget.

Bus Maintenance

The FY09 Bus Mid-life Program (CP#203006) is a \$24.3 million program to rebuild 188 buses. Central Maintenance Shops (CMS) completed twenty mid-life bus overhauls during the quarter for a total of 142 YTD. The other major project is the FY09 CMS Engine Replacement Program (CP#203016). Ninety-nine engine replacements or repairs that are not part of the mid-life project have been completed as of the end of March.

Bus Facilities

The Bauchet Street Storage and Facilities Maintenance Structure (CP#202246) project has been identified as potentially requiring a life-of-project budget increase. When the original project design was put out for bid, bids were substantially higher than the approved LOP. Subsequently, the facility was redesigned to lessen its cost. The bid documents are now being modified to meet federal procurement standards (NEPA clearance) in the hope that this project will qualify for federal stimulus funds. During the fourth quarter, NEPA clearance will be verified and bids will be opened. We shall return to the Board with the revised project scope and cost once these have been established.

We anticipate completion of the MSSC Solar Energy and Electricity Conservation project (CP#202252) by May 31, three months earlier than the original forecast. This project is a public/private partnership to install a one megawatt solar energy power system and new lighting, compression, and mechanical systems. Metro will receive over \$6 million in rebates and incentives from utilities and the SCAQMD for this project.

The Division 9 Bus Yard Expansion project (CP#202279) is currently flagged because an encumbrance needs to be removed from the Financial Information System to keep this project within its Board-approved LOP. This is a clerical issue only – no LOP variance is anticipated.

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

Rail Capital Projects

The Metro Blue Line Signal System Rehabilitation project (CP#211005) did not award the GEC bench contract as planned because the estimated cost-to-complete exceeds the authorized LOP. The Executive Investment Committee (EIC) approved a \$285,000 increase to the LOP budget, from \$535,000 to \$820,000, and work has proceeded during the fourth quarter.

The project for System-Wide Elevator/Escalator System Monitoring (CP#205039) will request approval for a \$191,000 LOP budget increase because bids were higher than expected. Vendors proposed more labor hours than expected due to difficult site conditions at several locations and a higher than expected labor rate.

The project schedule for the 7th/Metro Station Roller-Bearing Switch Points (CP#205077) has been delayed because it must be coordinated with the Expo project schedule, which has

been delayed. This project will also need a \$75,000 LOP budget increase to complete the Blue Line-Expo tie-in.

There are two other projects that require approval for LOP budget increases: Air Conditioning Unit at Loc 61 Stores Building B (CP#209056) required a \$31,000 increase; and SCADA Interface for PGL UPS Alarms (CP#205047) requires \$25,000 increase. All of the above requests for LOP increases will be reviewed and approved by the EIC prior to implementation.

Two rail capital projects were completed and closed during the third quarter at a combined savings of \$820,000: MRL Seg-2 & 3 Station PLC (CP#204035) was completed \$602,000 under the approved LOP budget; and Division 20 HVAC - Phase II (CP#204081) was completed \$218,000 under the approved LOP budget. The \$820,000 savings will be reprogrammed into the FY11 Capital Program.

Other Capital Projects

Labor charges have caused two Department of Homeland Security (DHS) projects to exceed the authorized LOP. An LOP increase will be required for Metro Bus Division CCTV System – Phase II (CP#210096) and incorrect charges to Metro Bus Division Behavior Recognition Software (CP#210095) will be reversed and the project will be completed within the LOP budget.

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.

In October 2007, the Board authorized award of two firm, fixed-price contracts (CP#210014) to replace aging equipment currently used in our Printing Services department. One contract went to Heidelberg USA, Inc., to supply one 28" offset printing press system for \$1,448,000. This press was delivered and installed on time, exactly as specified by the contract.

The other contract went to Stevens Technology, a 55 year-old printing press manufacturer in Fort Worth, Texas, to supply one narrow offset web press for \$1,300,000. After representing that it had achieved specified contract milestones for incremental payments totaling \$1,050,000, Stevens Technology notified Procurement staff in August 2008 that it was on the verge of bankruptcy and could not finish the press without \$700,000 to \$900,000 of additional funds beyond the contract's firm, fixed price. After consultation with County Counsel and an on-site audit, Staff concluded the firm's troubles stemmed from a) the fact that Stevens had upgraded the press to a costlier design than specified without Metro's knowledge or consent, b) unanticipated increases in charges from their suppliers for metal fabrication and other parts, and c) the general economic decline which virtually eliminated the demand for the niche manufacturing and maintenance services Stevens Technology provides. Staff did not have confidence that the vendor could complete the press satisfactorily even if given additional funds and, with concurrence from the Chief Executive Officer and County Counsel, issued a letter of Termination for Default to Stevens Technology on March 31, 2009. County Counsel subsequently filed suit against Stevens for

breach of contract and fraud. Consequently this capital project now has been closed and the \$1,050,000 expended on the Stevens Technology contract is being written off against operating expenses in the 4th Quarter of FY09.

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 Procedure to municipal bus operators, Access Services, Metrolink, 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 nine months ended March 31, 2009 (Amounts in millions)

	Subsidy Description	Actual	Budget	Variance Over/(Under)
1	A & C Local Return	\$221.7	\$228.3	(\$6.6)
2	Prop A Bus FAP	80.2	86.5	(6.3)
3	Prop C Bus FAP	20.9	26.3	(5.4)
4	TDA Formula Subsidies	75.5	61.2	14.3
5	STA Subsidies	25.5	22.8	2.7
6	TDA Other Subsidies	22.9	20.8	2.1
7	ASI	25.0	25.6	(0.6)
8	Regional Surface Transportation Projects (CFP)	50.1	32.4	17.7
9	Bus Capital (CFP)	13.9	7.5	6.4
10	Freeway Projects (CFP)	23.1	61.9	(38.8)
11	Metrolink	51.6	44.2	7.4
12	Immediate Needs;SHORE	4.0	7.8	(3.8)
13	Local Traffic System (CFP)	29.2	13.4	15.8
14	Metro Rapid Improvements	3.3	12.0	(8.7)
15	Soundwalls Program	10.2	10.4	(0.2)
16	Prop A Incentive	6.1	20.2	(14.1)
17	Regional EZ Pass	5.0	7.1	(2.1)
18	Regional Grantee	2.8	2.2	0.6
19	Transit Security	4.4	3.9	0.5
20	Other Planning Projects	9.3	3.3	6.0
21	Totals (for memorandum only)	\$684.7	\$697.8	(\$13.1)

Subsidies to others are \$13.1 million (1.9%) under budget, which is a much smaller variance than has been typical. For example, subsidies were 10.2% under budget for all of FY08, and 18.8% under budget through the first half of FY09. Many subsidy recipients are drawing down unused prior-year funds and using more current-year funds because the weak economy has reduced the availability of other traditional funds.

Programs with the largest variances under budget include the following:

- Freeway Project subsidies are \$38.8 million under budget. Several of the big projects have been delayed waiting for contracts to be executed and approval from CTC for additional funding. Several projects have been completed waiting for final invoices to be submitted and close-outs.
- Prop A Incentive program subsidies are \$14.1 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.
- Formula Allocation Procedure (FAP) subsidies are a combined \$11.7 million under budget. Prop A FAP subsidies are \$6.3 million under budget and Prop C FAP subsidies are \$15.4 million under budget. The variance is substantially smaller than it was at the end of the second quarter as MOU's with Municipal Operators are being finalized.
- Metro Rapid Improvement program subsidies are \$8.7 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.
- Prop A and Prop C Local Return subsidies are \$6.6 million under budget because actual sales tax receipts are lower than budgeted.

Programs with the largest variances over budget include the following:

- Regional Surface Transportation (CFP) subsidies are \$17.7 million over budget primarily because of the Alameda Corridor East Grade Separation project. The project is moving ahead with an improved schedule and is now spending prior-year allocated funds. The Temple Avenue project in the City of Pomona and the Sunset Avenue grade separation project in the City of Industry are under construction and are expected to be completed in October 2009 and December 2010, respectively. These projects are expected to complete within budget.
- TDA program subsidies are \$16.4 million over the annual budget because municipal operators have drawn down prior-year reserves for capital projects, in addition to drawing down current-year funds due to the STA shortfall. Operators are allowed to draw-down unused prior-year funds, making it possible to exceed the annual budget. Financial controls limit operators to those monies that they have on deposit.
- Local Traffic Systems (CFP) subsidies are \$15.8 million over the annual budget because numerous projects have improved their work pace and are spending prior-year allocated funds. The San Gabriel Valley Forum Traffic Signal Corridor Project is approximately

64% completed and is scheduled to be completed in June 2009. The Golden State Freeway Corridor Project Phase I has been completed and Phase II is scheduled to be completed in August 2009.

- Metrolink subsidies are \$7.4 million over budget because Metrolink has already been paid its annual operating subsidy for FY09 in full. In addition, invoices for the rehabilitation and renovation projects for bridge, track, and signal programs authorized in previous years were received this year. Subsidies to Metrolink will end the year within budget.
- Bus Capital subsidies are \$6.4 million over budget because the new Metrolink Maintenance Facility in San Bernardino has improved its schedule and spending prior-year allocated funds. Building framing has been completed, track construction is mostly in place, and the car wash equipment is being delivered. The project is scheduled to be completed within budget during the second quarter of FY10.
- STA subsidies are \$2.7 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 received because the State budget diverted all un-distributed STA to its general fund deficit for the remainder of FY09.

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 nine months ended March 31, 2009

(Amounts in millions)	Actual	Budget	Variance Over/(Under)
1 Labor	\$24.4	\$26.1	(\$1.7)
2 Fringe Benefits	8.5	9.0	(0.4)
3 Professional Services	29.4	60.3	(30.9)
4 Other Services	33.5	41.1	(7.6)
5 Workers' Comp	0.1	0.3	(0.3)
6 Insurance	0.2	0.3	(0.1)
7 Travel	0.1	0.3	(0.1)
8 Other including overhead	10.9	15.7	(4.9)
9 Total Expenditures	\$107.2	\$153.1	(\$45.9)

Professional Services are \$30.9 million under budget with approximately \$18.0 million related to planning studies. Several major planning studies were approved by the Board in January 2009 to move forward into the next phase. The Red Line Westside Extension, Regional Connector, and the Eastside Extension Phase II moved into the DEIS/DEIR phase during the third quarter. 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 were issued during the third quarter of FY09.

Other Services are 7.6 million under budget due to delayed implementation of the 511 system to replace call boxes, and deferral of the freeway service patrol big rigs program, and delays in invoices for joint development projects.

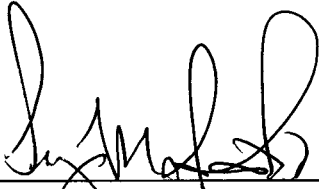
Governmental Funds Outlook

Both the subsidies to others in the Special Revenue Fund are expected to end the year close to the budgeted level, while non-allocable expenses in the General Fund are expected to end the year below the FY09 budget.

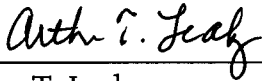
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Attachment: Capital Program Watch List Report

Prepared by: Office of Management & Budget



Terry Matsumoto
Chief Financial Services Officer and Treasurer



Arthur T. Leahy
Chief Executive Officer



Metro

**Los Angeles County Metropolitan Transportation Authority
Capital Program Variance Report - Life of Project
FY2009 - 3rd Quarter**

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
			Encumbrances	Balance of Project Costs				
200044 PJ	ATV Bus Purchase (Hybrid Vehicles)	4,711,078	6,479	0	4,717,557	4,602,625	114,932	All six hybrid buses have been received and placed into service or assigned for training. We continue to experience and resolve technical issues with these vehicles; these technical issues in all likelihood will continue into the next quarter and beyond. The LOP variance is due to incorrect charges to this project. Vehicle Technology is determining where and when these charges were made and will make corrections to bring project under its approved LOP.
201005 PJ	178 CNG Articulated Bus Purchase Base Order	126,774,130	23,248	0	126,797,378	126,774,000	23,378	Metro continued to work on campaign issues in Q3. The LOP variance is due to incorrect charges to this project. These charges will be removed and charged to their correct project through General Ledger by the end of Q4.
Bus Acquisition		131,485,208	29,727	0	131,514,935	131,376,625	138,310	



**Los Angeles County Metropolitan Transportation Authority
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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				
800118 Pd	Lankershim Depot Restoration Project	512,785	59,399	5,427,816	6,000,000	3,600,000	2,400,000	No deliverables completed in the 3rd quarter No deliverables planned in the 4th quarter. In October 2008, staff requested the Executive Investment Committee (EIC) to increase the LOP from \$3.6M to 6.0M 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. CRA has indicated that they will not provide additional funds. In February 2009, Planning Department included a line item for \$6.0M for Lankershim Depot as a Tier 3 project seeking federal stimulus money. The initial round of Federal funding was insufficient to fund their project; however staff is proceeding to pursue FTA approved environmental clearance.
Major Construction		512,785	59,399	5,427,816	6,000,000	3,600,000	2,400,000	



**Los Angeles County Metropolitan Transportation Authority
Capital Program Variance Report - Life of Project
FY2009 - 3rd 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 Pd	Replace Two Color Printing Press	2,895,690	263,237	245,073	3,404,000	3,404,000	0	FY09 Q3: Met with Procurement, County Counsel, and the CEO to discuss Stevens Technology's situation and to determine next steps. It was decided that due to their failure to deliver and install the printing press or pay amounts owing to their suppliers per firm, Stevens Technology was terminated for Default. FY09 4Q: County Counsel, under the direction from the CEO and Communications, is pursuing legal actions against Stevens Technology.
Other Capital Projects		2,895,690	263,237	245,073	3,404,000	3,404,000	0	



Metro

Los Angeles County Metropolitan Transportation Authority
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FY2009 - 3rd Quarter

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				
211002 P	MBL OCS Rehabilitation	23,376	250,000	12,726,624	13,000,000	13,000,000	0	FY09 Q3: Management decided to put this project on hold temporarily due to funding constraints. FY09 Q4 (planned): none
211005 P	MBL Signal System Rehabilitation	17,546	260,000	542,454	820,000	535,000	285,000	FY09 Q3: Estimated cost to complete exceeds the authorized LOP so GEC bench contract was not awarded as planned. FY09 Q4 (planned): Seek EIC approval of an increase in the authorized LOP from \$535K to \$820K. Upon approval, award contract to Systra.
Rail Rehabilitation		40,922	510,000	13,269,078	13,820,000	13,535,000	285,000	



**Los Angeles County Metropolitan Transportation Authority
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Projects Require Mitigating Actions

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				
210095 P	Metro Bus Division Behavior Recognition Software (DHS)	333,021	424,232	0	757,253	754,137	3,116	Q3: Conduit work are being install at all Bus division. Q4: Begin installation of the Intelligent Software. Labor charges will be removed to complete the project at the approved LOP.
210096 P	Metro Bus Division CCTV System PHII (DHS)	294,924	0	0	294,924	280,863	14,061	Q3: Completed Options exercised to install additional CCTVs. Completed invoice payment minus 10% retention fee to contractor. Q4: Labor charges will be removed to complete the project at the approved LOP.
Security		627,945	424,232	0	1,052,177	1,035,000	17,177	



Los Angeles County Metropolitan Transportation Authority
 Capital Program Variance Report - Life of Project
 FY2009 - 3rd 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	65,728	0	0	65,728	35,000	30,728	FY09 Q3: Completed painting of structure for air conditioning unit. Staff initiated request to correct inaccurate labor charges from another department. Once completed, this will offset negative labor variance. FY09 Q4 (planned): Verify labor charges were reversed and budget transfer is completed. Once completed, initiate project closeout letter.
Warehouse		65,728	0	0	65,728	35,000	30,728	



**Los Angeles County Metropolitan Transportation Authority
Capital Program Variance Report - Life of Project
FY2009 - 3rd 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				
205039 	System-Wide Elevator/Escalator System Monitoring	24,364	188,289	298,347	511,000	320,000	191,000	FY09 Q3: Completed Metro Blue Line & Metro Green Line cable conduit study. Awarded contract to Mitsubishi for modifications of elevator/escalator equipment. Vendor completed most of Green Line excluding El Segundo segment. An LOP increase is required to cover costs related to differing site conditions and additional vendor and Metro labor required to deal with missing control panels. The initial LOP assumed that there were local control panels as per the drawings. However, during construction, it was discovered that the local panels were not there and the cost to install the necessary cabling led to the cost escalation.
205047 	SCADA Interface for PGL UPS Alarms	52,907	0	2,000	54,907	30,000	24,907	FY09 Q4 (planned): A request for an LOP increase will be submitted for approval. Upon approval, vendor will complete all work and Metro staff will complete the local field acceptance testing and initiate contract closeout. FY09 Q3: Implemented all the SCADA interface hardware and software for the Pasadena Gold Line UPS Alarms. FY09 Q4 (planned): Request approval for an LOP increase to cover the cost overrun. Complete final testing for all four locations (Chinatown, Figueroa Box, Green Street & Memorial Park) and close out project.



Metro

**Los Angeles County Metropolitan Transportation Authority
Capital Program Variance Report - Life of Project
FY2009 - 3rd 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				
205077	7th/Metro Station Roller-Bearing Switch Points	77,630	34,640	62,730	175,000	100,000	75,000	FY09 Q3: Completed installation of final 16 roller bearing switch points at 7th/Metro north crossover. FY09 Q4 (planned): Plan to request approval for an LOP increase. Upon approval, will process a budget transfer from the Rail Contingency fund. Expect to receive 32 new switch points for 7th/Metro south crossover. Installation date for south crossover has moved to the second quarter of 2010 to coincide with the Blue Line/Expo tie-in and align with the shutdown from 7th & Metro to Washington Station. The \$75K increase is due to an underestimation of labor costs. Two main factors affected the increase: one was that all work is being performed on overtime to cause less disruption of service and the second is a higher participation required by both Signal and Track Inspectors.
Wayside Systems		154,902	222,929	363,076	740,907	450,000	290,908	



Metro

**Los Angeles County Metropolitan Transportation Authority
Capital Program Variance Report - Life of Project
FY2009 - 3rd Quarter**

GA 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				
201033 GA	HCNG Demonstration Project	314,032	0	944,260	1,258,292	1,258,292	0	Original project on hold due to business failure of engine developer. Metro is seeking a new developer/partner to move forward with this project.
201044 GA	CNG Articulated Buses, Option 2	85,603,334	54,738	769,354	86,427,426	86,427,426	0	Metro continues to work on retrofits and fleet defect campaigns with the entire articulated bus fleet. Included in this activity are doors, Hubner joints, and chassis frames.
201049 GA	Hybrid Articulated Bus Demonstration	0	0	200,000	200,000	200,000	0	Project delayed. We are recommending moving this project to a new fiscal year.
Bus Acquisition		85,917,366	54,738	1,913,614	87,885,718	87,885,718	0	



**Los Angeles County Metropolitan Transportation Authority
Capital Program Variance Report - Life of Project
FY2009 - 3rd 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				
202246 	Bauchet Street Storage and Facilities Maintenance Structure	4,399,878	7,267,675	1,257,447	12,925,000	12,925,000	0	Staff advertised the original Bauchet Street Warehouse facility resulting in bids substantially greater than the adopted LOP budget. To mitigate this potential LOP overrun, staff cancelled the procurement and redesigned the facility for rebid. Midway through the re-procurement process, staff issued an addendum to allow potential bidders more time for bid submittal while Metro pursued NEPA clearance to allow federal funding for the project. FY09 Q3: Procurement ongoing - staff issues addendum to extend bid date. Project support staff pursues NEPA clearance to make the project eligible for federal funding. FY09 Q4: Verify NEPA clearance status, open bids, commence bid evaluation for contract award/NTP. A Board Report may be required to address a potential LOP increase after bids are opened for the redesigned Bauchet Street Warehouse facility.
202279 	Division 9 Bus Yard Expansion	68,697	975,000	0	1,043,697	975,000	68,697	FY09 Q2: Design completed and issued to Procurement for IFP. FY09 Q3: Procurement evaluated design submittal and determined that work should be issued as a Design Build project; IFP canceled. FY09 Q4: Re-issue package as Design Build. Bids to be opened in Q4. Completion date, originally planned for 12/31/09, will be reestablished pending the revised schedule for the rebid Design Build contract. Current encumbrance will be reduced or removed; no LOP budget variance is anticipated.

Bus Facilities Improvements

68,697

13,900,000

13,968,697

1,257,447

8,242,675

4,468,575




**Los Angeles County Metropolitan Transportation Authority
Capital Program Variance Report - Life of Project
FY2009 - 3rd Quarter**



Early Warning for Potential Problems

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 	Expo/Blue Line Light Rail Vehicle Procurement	24,434	0	174,475,566	174,500,000	174,500,000	0	FY09 Q3: Metro Management evaluated available options for the P2550 cars with Ansalobreda (AB). The Board approved an extension of the deadline to exercise Option 1 and Option 2 from 3/31/09 to 5/31/09. Metro staff will analyze alternatives for procurement of new vehicles and overhaul of the existing fleet. FY09 Q4 (planned): A Board report will be presented in May. Once the new plan is enacted, a revised schedule will be established.
Major Construction		24,434	0	174,475,566	174,500,000	174,500,000	0	



**Los Angeles County Metropolitan Transportation Authority
Capital Program Variance Report - Life of Project
FY2009 - 3rd 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				
204012	Rail Systemwide Safety Improvements	536,746	5,325	100,000	642,072	2,073,000	(1,430,928)	FY09 Q3: No activity. Project closeout has been delayed because of a problem closing a contract with URS, the prime contractor. There is a continuing dispute over the contractor's implementation of an increase in their Overhead Rate. Legal is working the issue. FY09 Q4 (planned): Continue to try to resolve the issue and close out project. At this point, project is expected to close underspent by approximately \$1.4M. Unused funds will be reprogrammed into the FY10 Capital Program.
204016	Vermont/Santa Monica Sta. Underground Water Mitigation	873,119	11,276	398,605	1,283,000	1,283,000	0	FY09 Q3: Report was received from the Tunnel Advisory Panel with recommendations for mitigating the new leaks. FY09 Q4 (planned): Complete grouting as recommended and close project.
204037	Division 22 Improvements - Phase II	3,698,292	1,670	1,195,039	4,895,000	4,895,000	0	FY09 Q3: Completed specifications and bid documents for the Wheel Retire Press and machine pit. Received cost estimates for the Wheel Retire Press Machine. FY09 Q4 (planned): Submit Wheel Retire Press Machine requisition to Procurement. Facilities department to receive final estimates for the wheel pit construction. Prepare bid package for construction of the machine pit and solicit bids. Once Retire Press Machine is ordered, it will take approximately 44 weeks for machine delivery. Along with the machine, an electrical component/control panel will be installed as part of the construction.



**Los Angeles County Metropolitan Transportation Authority
Capital Program Variance Report - Life of Project
FY2009 - 3rd 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				
204053 	Division 21 Improvements - Phase II	1,489,038	1,802,542	10,608,420	13,900,000	5,000,000	8,900,000	3rd Quarter - FY 09: - Continued design work for body shop at Division 21 - Received and evaluated bids for the construction of Division 20 storage building 4th Quarter - FY 09: - Award contract for Division 21 storage building and start construction LOP increase due to significant scope revision and other costs related to the re-phasing of the work. Board report requesting LOP increase will be submitted to the April 09 Board meeting for approval.
204064 	Vermont / Beverly MRL Station Double Pump System Installation	64,844	0	8,156	73,000	73,000	0	FY09 Q3: The SCADA integration was not completed due to software build problems. Project was scheduled for completion in Q3, but has slipped to Q4. The schedule slippage will not cause a budget overrun. FY09 Q4 (Planned): Resolve software build problems. Complete SCADA integration for monitoring sump pump operation, complete the field test and close the project.
204092 	Metro Blue Line Median Fencing along Long Beach Blvd	18,844	462,652	48,000	529,495	625,000	(95,505)	FY09 Q3: Contractor modified fencing at previously identified locations. Three additional locations were identified. Started work to modify remaining locations. FY09 Q4 (Planned): Complete modifications to fencing. Pay vendor and close out contract. Project is expected to close approximately \$95K underspent. Unused funds will be reprogrammed into the FY10 Capital Program.
Rail Facilities Improvements		6,660,882	2,283,465	12,358,220	21,322,567	13,949,000	7,373,567	



Metro

**Los Angeles County Metropolitan Transportation Authority
Capital Program Variance Report - Life of Project
FY2009 - 3rd 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 <i>GA</i>	Subway Railcar Midlife Overhaul	298,853	2,065,553	199,635,594	202,000,000	202,000,000	0	FY09 Q3: Conducted tour for prospective vendors for providing Engineering Support to develop overhaul specifications. Proposals were received, however, due to higher than expected quotes; the statement of work was revised and reissued for bid. FY09 Q4 (planned): Receive and evaluate proposals. Select a consultant to assist in the development of a statement of work and overhaul specifications.
211006 <i>GA</i>	MGL Central ATC Computer System Rehabilitation	18,886	400,000	331,114	750,000	750,000	0	FY09 Q3: MASD audit was completed. The review of the GEC proposal audit recommendations and contractor proposed costs resulted in a conclusion that Metro would not be able to negotiate a reasonable cost. As a result, the GEC bench contract for preliminary engineering was canceled. Metro will perform the preliminary engineering in-house. Development of the scope and specifications for the Metro Green Line was started. FY09 Q4 (planned): Cancel current encumbrances. Complete development of Metro Green Line scope and specifications.
211008 <i>GA</i>	MRL Segment 2/3 Remote Terminal Units Rehabilitation	8,997	0	531,003	540,000	540,000	0	FY09 Q3: Metro engineering staff has completed a review of the existing segment 2/3 RTU equipment. The recommendation was to incorporate the upgrade into CP#211006 scope so as to avoid duplicate effort in the integration testing. CP#211008 will be rescope to only include an upgrade of the front-end communications equipment necessary to ensure continuance of operation of the existing SCADA system through completion of its replacement. FY09 Q4 (planned): Revise scope of work and solicit single-source proposal from ARINC for the upgrade of the front-end-processor equipment.



**Los Angeles County Metropolitan Transportation Authority
Capital Program Variance Report - Life of Project
FY2009 - 3rd 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				
211009 	MRL Yard Generalogic System Rehabilitation	11,643	0	1,488,357	1,500,000	1,500,000	0	FY09 Q3: Vendor continues to delay proposal submittal. Compatibility issues with current equipment may lead to a sole source procurement. FY09 Q4 (planned): Expect to receive vendor proposal that was due last quarter. Decide on sole source procurement if necessary. Reevaluate procurement strategy based on vendor proposal or response.
211012 	Hi-Rail OCS Rehab Platform/Bucket Trucks	12,262	3,747,940	939,798	4,700,000	4,700,000	0	FY09 Q3: The bid evaluation, contract negotiations and Notice to Proceed (NTP) were not completed as planned because further clarification was needed on the equipment specifications and state certification requirements. FY09 Q4 (planned): Finalize contract negotiations and award Notice to Proceed (NTP).
Rail Rehabilitation		350,642	6,213,493	202,925,865	209,490,000	209,490,000	0	



**Los Angeles County Metropolitan Transportation Authority
Capital Program Variance Report - Life of Project
FY2009 - 3rd Quarter**

GA 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 GA	P2000 Vehicle Signaling Package Upgrade	257,076	32,580	3,074,344	3,364,000	3,364,000	0	FY09 Q3: Vehicles were not sent out to the Metro Blue Line because the new P2550 cars did not complete testing according to the manufacturer's schedule. Management's decision was to keep the most dependable P2000's at the Metro Gold Line until the P2550 cars successfully complete acceptance testing. FY09 Q4 (planned): Prepare a proposal for modifying the Automatic Train Control (ATC). Schedule five vehicles from the Metro Gold Line fleet for delivery to the Metro Green Line. Contractor to submit a proposal to retrofit the Automatic Train Protection (ATP) package. Option One is to immediately modify five (5) vehicles with the ATC package and send them to the Metro Green Line. Modify, with the other contractor, the remaining 18 vehicles with the ATP system and send to the Metro Blue Line beginning last week of October 2009.
Rail Vehicle Maintenance		257,076	32,580	3,074,344	3,364,000	3,364,000	0	



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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				
205017 	MRL Seg-1 Remote Terminal Unit (RTU) Upgrade	2,309,797	21,518	313,685	2,645,000	2,645,000	0	FY09 Q3: Remote Terminal Unit (RTU) integration testing was completed. The project was delayed again due to conflicting priorities with another capital project for limited staff resources. FY09 Q4 (planned): Complete cut-over of one station.
205022 	FY09 Wayside Systems Tools and Equipment	166,504	237,068	96,428	500,000	500,000	0	FY09 Q3: Awarded contract to Haynes for Hydro Tek Water Reclamation Systems for facility maintenance. Hydro Tek systems were delivered to Division 4 for inspection. The Scissor Lift for Rail Communications was also delivered to Division 4 for inspection. Technical evaluation was performed for the Signal Simulator Training Equipment with projected delivery now scheduled for Q2 of FY10. Received Signal's Micro Ohm-meter, Megometer, underground cable and pipe locator plus two MOW Engineering I40 infrared cameras. FY09 Q4 (planned): The Custodial Services Department is scheduled to receive the Hydro Tek Water Reclamation Systems. The Rail Communication Department is scheduled to receive the Scissor Lift. MOW Engineering is scheduled to receive a large P60 infrared camera. Expect to award a contract for the Signal Simulator Training System for the Green Line to Big J Railway.



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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				
205034	New PGL Traction Power Sub-Stations	8,499,723	26,726	174,551	8,701,000	8,701,000	0	FY09 Q3: Staff completed installation of the fence at Corson Station; however, scheduling conflicts caused by the Rose Parade and Pasadena Marathon prevented any construction activities. Because of the construction delay, the local utility was not able to energize the substation and all other planned activities were delayed. Equipment has been readied for installation.
								FY09 Q4 (planned): Once Corson Station substation is energized, the Train Pullaway Test will be performed to ensure the new substation can handle the maximum power required by Gold Line train operation. Initiate change order and pay contractor. Once all tasks and invoices are completed, initiate project closeout.
205037	MRL Signal System Upgrade	579,616	0	158,384	738,000	738,000	0	FY09 Q3: Vendor continues to delay proposal submittal. Compatibility issues with current equipment may lead to sole source procurement.
								FY09 Q4 (planned): Receive vendor proposal that was due last quarter. Decide on sole source procurement if necessary. Reevaluate procurement strategy based on vendor proposal or response.
205069	MBL Wayside Communication Enclosures Installation	23,868	9,958	372,674	406,500	406,500	0	FY09 Q3: Advertising of bids was delayed 10 weeks due to the need to pre-qualify an additional prospective vendor. This required production of a proto-type cabinet from the vendor for quality assurance. Began preparing the Invitation for Bid (IFB).
								FY09 Q4 (planned): Complete IFB and advertise for bids.
Wayside Systems		11,579,508	295,270	1,115,722	12,990,500	12,990,500	0	

