



Metro

FEBRUARY 23, 2012

TO: BOARD OF DIRECTORS

THROUGH: ARTHUR T. LEAHY 
CHIEF EXECUTIVE OFFICER

FROM: PAUL C. TAYLOR 
DEPUTY CHIEF EXECUTIVE OFFICER

**SUBJECT: EXPLANATION OF LIFE- OF- PROJECT (LOP) BUDGET
INCREASES FOR CERTAIN PROJECTS**

ISSUE

Metro staff has been asked to provide explanation for certain projects with Life-Of-Project (LOP) budget increases and whether the increased was with Board action. This report provides the requested information.

DISCUSSION

Staff has reviewed the identified projects with LOP budget increases and presents the following explanations:

1. Subject: Metro Rapid Five-Year Implementation Plan Infrastructure Budget

In January 2008, the Board approved an increase in the Metro Rapid Five-Year Implementation Plan budget in the amount of \$16,300,000, increasing the project budget from \$112,200,000 to \$128,500,000. The \$16,300,000 million increase consisted of FTA Very Small Starts grant funds that were awarded to MTA specifically for the Metro Rapid Program.

The Five-Year Implementation Plan is the master plan that guided the development of the 28 line, countywide Metro Rapid Bus System. The Plan identified a five year budget for bus signal priority construction and Metro Rapid stations. Bus signal priority construction occurred over 325 miles in the City and County of Los Angeles and 26 other cities. Because of local construction cost increases, the Board approved increasing the signal priority budget by \$4,100,000. Additionally, the Board approved an increase to the Metro Rapid station construction budget of \$12,200,000, because of additional stations that were added to the Metro Rapid system as various

lines came into operation. These two cost increases resulted in a total \$16,300,000 increase funded through the Very Small Starts grant.

2. Subject: Exposition Light Rail Transit Project Phase 1

The July 2010 Board Report requested a life of project budget increase from \$862,300,000 to \$898,890,455; a net increase of \$36,590,455 for the Expo 1 Safety Enhancements.

Prior to the Board action, the list and scope of the proposed safety enhancements was reviewed by Metro staff to verify (the documentation provided by Expo 1) that the safety enhancement scope was not originally contemplated nor included in the baseline Expo 1 scope of work.

The review concluded that the safety enhancements were not included and out of the baseline Expo 1 scope of work. Since the safety enhancements were out of scope, additional funding was requested to cover the design/construction of the safety enhancements thereby increasing the LOP budget.

3. Subject: Budget Amendment for Dodger Stadium Express Service

This item was to authorize budget amendments for FY11 and FY12 to increase the operating budget by up to \$300,000 if outside funding was obtained, and to authorize amending future budgets if grant monies are received. The initial service in 2010 was funded by a grant from the Mobile Source Air Pollution Reduction Review Committee (MSRC). The objective of the Board item, for then current, and future baseball seasons was to allow for Metro to receive and use grants such as the original grant to fund the service to/from Dodger Stadium, given positive response to the service from the riding public. The "project" is funded on an annual basis, upon receipt of a grant for the instant year.

4. Subject: Rehabilitation of Lankershim Depot Transit Center

The September 2010 Board Report for the Rehabilitation of the Lankershim Depot requested Board authorization to amend the FY 11 budget to increase expenses by \$1,000,000 to undertake hazardous remediation and initial structural stabilization to maintain safety in and around the Depot structure. This action required no impact to the existing LOP budget of \$3,600,000. The project was not initially funded in the FY 11 Budget therefore the budget was amended by an increase of \$1,000,000 funded through the savings from other capital projects to reactivate the project.

5. Subject: Hollywood Walk of Fame

The “Walk of Fame” item did not involve a ‘life of project’ budget increase as it initially had no established budget per se. The agreement presented does, however, contain strict controls and specific limitations on Metro’s contribution to the overall budget established by the *Hollywood Historic Trust*, the actual contracting agency.

This was an item developed at Board direction in recognition of the fact that as stated in the Board resolution of 4/17/08 – “...the current condition of the sidewalk (around Metro’s station and bus stop areas) is dangerous and unsightly for the thousands of pedestrians who frequent this area...” and “...Metro is committed to replacing the black terrazzo sidewalk immediately around the Metro Red Line Hollywood/Highland Station entrance to improve the walking surface for its patrons...”. The CEO and staff were directed by the resolution to take a leadership role and develop a funding agreement with the City, Metro and other affected parties to repair and replace the “Walk of Fame” subject to Metro Board approval.

Metro staff worked closely with the *Friends of the Walk of Fame Committee*, the *Hollywood Chamber of Commerce*, the *Hollywood Historic Trust* (the entity actually charged with Walk of Fame repair and maintenance), the *City of Los Angeles* and local area businesses along the walk to develop an overall plan and cost sharing agreement. The plan presented to the Board provided and recommended Metro’s share of funding to be directed to the vicinity of Hollywood Highland and Hollywood/Vine stations and contiguous bus stops and included a “scope of work” for Metro’s portion of the repairs at a projected cost of \$1,500,000. The plan also provided for Metro’s advance of funds on a reimbursement basis, based on supporting documentation for the work, with audit rights and strict limitations on Metro’s contribution to no more than the Board authorized amount, regardless of whether or not the total cost of the project exceeded the budget established by the *Hollywood Historic Trust*, which is the actual contract party for the work.

6. Subject: Increase Modification Authority for Gateway Headquarters Management System

Capital project # 210131, Gateway Building Renovation Plan, is an 8 year capital project with a life-of-project budget of \$42,800,000. The scope of work for this capital project includes upgrading the computerized building automation and energy management system. Therefore, there was no increase to the LOP budget. The contract action approved in September 2010 was to award this scope of work for \$1,100,000 to an existing MTA

contractor who is the only authorized vendor to maintain this proprietary system. The negotiated price was determined to be fair and reasonable based upon MASD audit and Procurement independent analysis.

7. Subject: Authorize New Procurement of Light Rail Vehicles

The Board approved a life-of-project budget increase for capital project #206035, P3010 Light Rail Vehicles (LRVs) of \$160,000,000 from \$174,500,000 to \$335,400,000 as well as other actions such as authorization for a "Best Value" procurement and approval of the funding plan.

The original LOP budget was based upon the historical contract award for the P2550 LRVs and did not reflect more current LRV pricing, the need for improved project management and technical engineering support for this important procurement, and increased oversight during the manufacturing process.

8. Subject: Pasadena Gold Line

The March 2011 Board action approved a life-of-project budget increase of \$6,350,000 for the Pasadena Gold Line Project No. 809006. The LOP budget increased from \$2,729,000 to \$9,079,000 to fund the required safety and construction repairs. Metro identified additional construction repairs as part of a settlement with the Contractor to fully meet design and operational standards. Of the required additional \$6,350,000, a negotiated settlement with Kiewit/Washington provided \$3,800,000 leaving a balance of \$2,550,000 to complete the project. The remaining \$2,550,000 was transferred from Gold Line Authority allocation.

The description of the repairs included the repair of the LRT bridge drainage at the 210 Freeway and drainage at station platforms; ADA compliance access ramp at Mission Station; repair HVAC at Division 21 Maintenance Building; and repair leaks at Union Station portal.

9. Subject: I-210 Freeway Soundwall Construction

The funding available for the I-210 Freeway Soundwall Construction Project was increased from \$17,760,000 to \$22,200,000 due to differing site conditions compared to what the geotechnical reports showed. The design for the foundations of the bridges and soundwalls called for their support being on Cast In Drilled Holes (CIDH) piles. However, when the Contractor started the installation of the CIDH piles, he encountered large quantity of boulders. Subsequently, a redesign of the foundation was done to the remaining soundwall sections changing the CIDH piles to a spread footing.

The increase in LOP was requested to address any underground utility, unknown foundation soil conditions and design changes that may impact the construction work. Additionally, the increased LOP is attributable to the issuance of the unilateral change order for the construction of the spread footing, as well as, other contract modifications that occurred and potential future contract modifications.

The source of funds for the LOP increase in the amount of \$4,440,000 is Measure R Highway Capital 20% and is expected to be covered by bid savings from Packages 5-8 and any other cost savings from recently completed construction of the soundwall packages.

There is a total budget available for Retrofit Soundwalls in Los Angeles County and the increase in funding is from the life of project budget for soundwalls and no diversion of other resources into the soundwall program.

10. Subject: Wilshire BRT Project:

Staff sought Board authority in the referenced Board motion for up to \$300,000 for the additional traffic impact analysis necessary to evaluate the removal of the Condo Canyon section of the Wilshire BRT. This was approved by the Board. This was sought because we needed to negotiate the cost of the traffic impact analysis work and we were concerned that it would exceed the CEO's \$500,000 authority limit to approve contract increases under the Planning Bench. The additional traffic analysis and environmental impact report increased the cost from \$389,719 to \$563,888.

This project is a one-of-a-kind in that it has a Very Small Start grant from the feds for all but any environmental work because the city initially said the project was cleared and didn't need an EIR. Later, the city determined that we did need an EIR, so consultant contracts were set up for the EIR work. It was the work of those two EIR consultants that was augmented.

11. Subject: Westside Subway Extension

The October 2010 Board Report for the Westside Subway Extension took no action with regard to the Life of Project budget as the Board had not yet adopted a Life of Project budget. The Westside Subway Extension is still in the environmental planning phase and will adopt a Life of Project budget once the Final EIS has been approved by the Board and Metro enters Final Design phase of the project.