





Metro

JANUARY 27, 2005

TO: BOARD OF DIRECTORS

THROUGH: ROGER SNOBLE
CHIEF EXECUTIVE OFFICER 

FROM: RICHARD THORPE
CHIEF CAPITAL MANAGEMENT OFFICER 

SUBJECT: METRO ORANGE LINE
PROJECT BUDGET STATUS REPORT

ISSUE

This report provides the Board of Directors with information on the status of the Metro Orange Line Project through the period ending December 2004. While the Project Budget remains at the Board of Directors approved level of \$329.5 million, there have been some adjustments among the Cost Elements to reflect the status of the Project.

DISCUSSION

On February 27, 2003 the Board of Directors approved the adoption of the budget for the Metro Orange Line Busway for a baseline value of \$329.5 million. On April 3, 2003 Contract C0675 Design/Build for the construction of the Metro Orange Line Project was awarded. The C0675 Contract costs were allocated among the appropriate Cost Elements. Since the adoption of the budget there have been a number of issues that have impacted the allocation of costs included in the budget:

- Additional scope increase for community enhancements including permanent irrigation and landscaping,
- Suspension of Project for 24 days due to Citizens Organized for Smart Transit (COST) Litigation and related delay costs,
- Contaminated Soils, and
- Pavement design changes including increase in pavement thickness and selected use of rubberized asphalt.

In addition, to mitigate the schedule delays, the Chief Executive Officer executed a Delay Mitigation Agreement with the C0675 Design/Build Contractor for \$7,900,000 to accelerate the Project back to the adopted Revenue Operation Date of August 2005.

The Current Budgets for individual Cost Elements have been revised to reflect the impact of these changes and the reallocation of costs, as shown below. There is no change to the Total Project Budget of \$329.5 million.

Cost Element (Dollars in thousands)	Original Budget	Current Budget	Budget Change
Guideways (Busway)	\$ 124,217	\$ 144,077	\$ 19,860
Yards and Shops	1,215	1,356	141
Systems	12,674	8,811	(3,863)
Stations	30,394	31,110	716
Vehicles and Buses	17,500	15,695	(1,805)
Construction Subtotal:	\$ 186,000	\$ 201,049	\$ 15,049
Special Conditions	24,180	36,411	12,231
Right of Way	24,935	17,359	(7,576)
Professional Services	45,701	48,219	2,518
Proposed Park & Ride Facility (now called Canoga Station / Park and Ride)	16,500	16,500	- 0 -
Project Contingency	32,184	10,027	(22,157)
Project Revenue	-0-	(65)	(65)
TOTAL:	\$ 329,500	\$ 329,500	\$ - 0 -

An explanation of the significant budget changes to the Cost Elements is as follows:

The Guideways Cost Element increased by \$19.9 million primarily due to contaminated soils remediation, removals and/or replacement; work stoppage related efficiency impacts; landscaping enhancements and other community mitigations.

The Yards and Shops Cost Element increased by \$0.1 million due to minor contract modification for equipment.

The Systems Cost Element decreased by (\$3.9) million primarily due to the reallocation to Stations and Busway Cost Elements.

The Stations Cost Element increased by \$0.7 million due to design revisions and impacts of systems changes.

The Vehicles and Buses Cost Element decreased by (\$1.8) million to reflect the anticipated cost for the Orange Line vehicle allocation.

The Special Conditions Cost Element increased by \$12.2 million to reflect the Master Cooperative Agreements (MCA) costs for the life of the project. The Original Budget maintained MCA costs primarily for the preliminary engineering phase and did not include the construction phase.

The Right of Way Cost Element decreased by (\$7.6) million due to lower than anticipated costs for acquisitions and relocations. This Cost Element excludes costs for purchase of real estate for Canoga Station/ Park and Ride.

The Professional Services Cost Element increased by \$2.6 million due to increased in-house environmental support for contaminated soils mitigation; engineering and procurement support associated with design submittal review and changes; planning support associated with the Court ordered revision to the Project Environmental Impact Report and extended work week/hours associated with schedule mitigation construction work.

As discussed with the Board of Directors in February 2003, an allowance of \$16.5 million was included in the adopted budget for park-and-ride spaces in a proposed private parking structure and an on street bus pick up in Warner Center. Since the parking facility and related improvements were still in the conceptual planning stage, only an allowance was included until scope definition was completed. The current budget for the Proposed Park and Ride Facility (now referenced as Canoga Station / Park and Ride) Cost Element has not changed. However, the scope has increased to include a new station, new surface park-and-ride spaces, approximately one-third-mile extension of the busway, bicycle/pedestrian paths and landscaping. A current estimate indicates that the cost exposure due to the expanded scope is in excess of \$16.5 million. Staff is evaluating optional funding sources to fund the costs in excess of the \$16.5 million allowance.

The Project Contingency Cost Element was decreased by (\$22.2) million to \$10.0 million to address the Cost Element reallocation discussed above.

The Project Revenue Cost Element represents the receipt of funding for design reviews and document sales.

Project management is forecasting that the project will be completed within the original adopted Total Project Budget of \$329.5 million. However, the Project Contingency Cost Element will be reduced from the Original Budget allocation to the value shown under the Current Budget.

NEXT STEPS

Staff will provide Project Budget Status Reports to the Board on a quarterly basis to keep them informed as to the status of the Project Budget.