

MOTION BY SUPERVISOR YVONNE B. BURKE

In anticipation of the upcoming workshop on December 5, 1996 dealing with the federal funding shortfall impacts, the recurring deficit and the Long Range Plan update process, I believe it is important for this Board to understand the exact nature of the deficit problem and the underlying systemic causes of the deficit.

So far, staff has been describing the deficit in its aggregate condition; in my opinion, I feel we need to understand each of the individual components that contribute to the deficit before we can understand the deficit itself and, more importantly, what course of action will be needed to take in order to clear up a problem of this magnitude.

**I, THEREFORE, MOVE THAT THIS BOARD INSTRUCT STAFF AS
FOLLOWS:**

Please explain the systemic nature of this deficit problem. Such a presentation should include, but not be limited to, a breakdown of the contributing deficit components. Specifically, how have bus and rail operations, the over programming of revenues and the diminishment of revenues contributed to the aggregate deficit?

For example, previous revenue projections included projections from benefit assessment districts. Subsequently, these revenue projections were eliminated; however, it has never been disclosed, at least to my knowledge, what funding source is being used to replace it in order to arrive at a balanced budget.

Furthermore, in terms of bus and rail operations, it seems that previous MTA budgets have not given accurate presentations of projected fare revenues versus projected operating and maintenance costs. While we are being advised there is

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insufficient revenue to cover ongoing operations and maintenance costs for our rail lines, future openings of new rail lines would appear to exacerbate our deficit because projected revenues have not covered actual operating costs. Please explain and illustrate how new policy recommendations would alleviate this problem in terms of funding impact strategies being considered.

In closing, I feel it would also be helpful for staff to produce a chart that lists (1) each MTA approved project that is being or is to be funded from a "grant " source, (2) each specific grant source for said project, (3) the status of that project in terms of how much has been spent to date and source of revenue for said expenditure, and (4) the date of receipt of either the grantor's approval or letter of "no prejudice."

While these are only three examples of areas of concern, they represent fundamental problems illustrating the Board's "need to know" and why understanding the systemic nature of this deficit will be crucial in how we may go about rectifying this critical situation.

Attachment 3

AGENDA ITEM 33 - (PATSAOURAS)

The staff recommendation to award the lowest responsible bidder for the Metro Red Line Communications Installation-Vermont/Hollywood Corridor, has a Total Contract Value of \$2,693,054; this amount is \$2,753,918 less than the Engineer's Estimate of \$5,446,972.

The difference between the Engineer's Estimate and the Total Contract Value is due to less expensive equipment costs by the low bidder.

Even with these "savings" between the Engineer's Estimate and the Contract Award Value, the overall project budget remains the same. Unfortunately, no accounting mechanism is in place to reflect the overall savings to the project that should be realized due to the overestimate included in the project budget.

To properly account for these savings, an additional line item should be added. An adjusted Project Budget that reduces the Project Budget by the difference between a specific contract's budget and the value of the contract award would be a solution.

I therefore move to:

1. Approve the staff recommendation to award Contract 648B to Steiny and Company, and;
2. Approve Authorization for Expenditure which includes a 15% contingency, instead of the usual 10%.
3. Create an Adjusted Project Budget line item that reflects the difference between the Board Approved Project Budget and reductions between individual Contract Values from their corresponding Current Contract Budget estimates.
4. Modify all project accounting mechanisms to reflect the Adjusted Project Budget, which includes, but is not limited to;
5. The creation of a PROJECT SAVINGS line item that accounts for the difference between the BOARD APPROVED PROJECT BUDGET and the ADJUSTED PROJECT BUDGET;
6. Adjustments of AFE's and all references to the project budget will be made against the newly created ADJUSTED PROJECT BUDGET.

AMENDMENT

7. Finally, direct the CEO to refer this proposed procedure change to Ganett-Fleming, the Project Management oversight firm, for review of pertinent regulations and best practices and bring the recommendation to the next Board Meeting.