

**Metro**Los Angeles County
Metropolitan Transportation AuthorityOne Gateway Plaza
Los Angeles, CA 90012-2952213.922.2000 Tel
metro.net**SYSTEM SAFETY, SECURITY AND OPERATIONS COMMITTEE
NOVEMBER 6, 2014****SUBJECT: CAPITAL PROJECT 206035 P3010 LIGHT RAIL VEHICLE (LRV)
PROCUREMENT PROGRAM****ACTION: SEPARATE CONSULTANT SERVICES LIFE-OF-PROJECT BUDGET
FROM CAPITAL PROJECT 206035 TO NEWLY CREATED CAPITAL
PROJECT****RECOMMENDATION**

Approve the transfer of \$30,000,000 from Capital Project (CP) 206035, *P3010 LRV Project Plus Options* Life-of-Project (LOP) budget, to a newly created Capital Project (CP) for LRV Acquisition Technical and Program Management Support Consultant Services.

ISSUE

In March 2012, the Board awarded two Consultant Services contracts to support the P3010 vehicle procurement. In April 2012, the Board awarded a federally funded contract for the P3010 LRV procurement. An LOP was established under CP 206035 for both activities.

The consultant services contracts awarded in 2012 were funded from sources other than the federal government and once awarded cannot be federalized. CP 206035 P3010 LRV Procurement project uses several federal funding sources. The Federal Transit Administration (FTA) guidelines state that if one federal dollar is used on a project, the whole project must be federalized. To correct this issue, it is proposed to create a separate capital project for non-federalized LRV Acquisition Technical and Program Management Support consultant services.

The transfer of \$30,000,000 from CP 206035 to a newly created CP will permit Metro to accurately report on the project, but more importantly, it will be in compliance with state and federal guidelines for funding.

It should be noted that this transfer is within the same cost center and does not impact the overall LOP budget allocated for this project.

DISCUSSION

The new project will combine the above referenced consultant services which have been and will continue to support Metro in the administration, design, and acceptance of LRV's on existing and future rail lines. These costs will not be allocated to individual car costs.

The current approved LOP budget for CP 206035 - *P3010 LRV Project Plus Options* is \$739,000,000 which includes the Base Buy order, Options 1 & 4, Consultant Services, Metro Administration and Contingency. Of the \$739,000,000 LOP, \$30,000,000 is budgeted for the two Consultant Services contracts. Clear separation of the Consultant Services contracts from the P3010 vehicle contract is necessary to ensure Metro retains federal grant eligibility for the vehicle contract.

DETERMINATION OF SAFETY IMPACT

The approval of this LOP budget transfer to the new CP will have no impact to system safety, service quality, system reliability and overall customer satisfaction.

FINANCIAL IMPACT

The LOP of \$739,000,000 for the Light Rail Vehicle program has been established in Cost Center 3043 Strategic Vehicle & Infrastructure Delivery, in Capital Project 206035. The transfer of \$30,000,000, to the newly created Capital Project will result in an LOP of \$709,000,000 for the original CP 206035 and \$30,000,000 for the new project. The combined LOP of \$739,000,000 will not change.

Impact to Budget

Funding will be Proposition A 35%, which is eligible for acquisition of rail assets.

ALTERNATIVES CONSIDERED

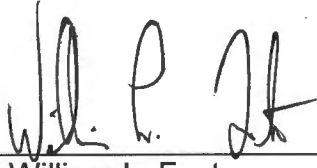
The Board may choose to not move forward with transferring the LOP budget from CP 206035 to the new CP; however, this alternative is not recommended as it jeopardizes current and future FTA grant reimbursements. Losing federal eligibility would force Metro to utilize local funding for both vehicle procurement and Consultant Services expenses.

NEXT STEPS

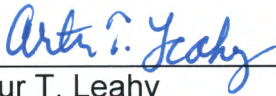
Upon Board approval, Metro staff will proceed with setting up the new CP for LRV Acquisition Technical and Program Management Support Consultant Services, finalize the transfer of \$30,000,000 from CP 206035, and transfer all prior Consultant Services expenditures to the new CP to ensure precise accounting and tracking of actual expenditures.

Prepared by: Richard Hunt, General Manager Strategic Vehicle &
Infrastructure Delivery

Questions: Christopher Reyes, Senior Administrative Analyst
213-922-4808



William L. Foster
Interim Chief Operations Officer



Arthur T. Leahy
Chief Executive Officer