



FINANCE AND BUDGET COMMITTEE  
March 14, 2007

**SUBJECT: FY07 SECOND QUARTER FINANCIAL PERFORMANCE**

**ACTION: RECEIVE AND FILE**

**RECOMMENDATION**

Receive and file the FY07 second quarter Financial Performance Report.

**ISSUE**

This report discusses the financial performance of major programs for FY07.

**DISCUSSION**

**SUMMARY OF SALES TAX REVENUES**

Proposition A, Proposition C, Transportation Development Act (TDA), and State Transit Assistance (STA) sales taxes represent over 50% or \$1.6 billion of Metro's total budgeted revenues. Propositions A, C and the TDA funds are sales taxes that are distributed to Metro by the State Board of Equalization (SBE). Actual sales tax information is not available until two and one-half months after the end of the quarter.

Therefore, for the six months ended December 31, 2006, Propositions A & C, and TDA sales tax (excluding STA) revenues are projected to be at least \$826.7 million, which is approximately \$22.7 million or 2.8% more than the budgeted amount.

In January 2007, Metro received notice from the SBE that a major retailer (Home Depot) has elected to change their tax reporting period base data. Although this change should not have a material impact on overall annual tax revenues generated year-to-year, Metro (and other tax revenue recipients) may notice a slight change in distribution over the next couple of quarters.

STA revenues are sales taxes on gasoline and are distributed to Metro through the state of California Prop 42 process. STA actual revenues totaled \$96.4 million, which is \$62.5 million, or 184.0% more than budget. They were ahead of budget due to high price of gasoline during the past twelve months which created a windfall during FY06 which is collected and received by Metro in FY07.

For the six months ended December 31, 2006

(Dollars in Millions)	FY07			FY06 Actual	FY05 Actual
	Actual	Budget	Variance Over/ (Under)		
Sales Tax Revenue (excluding STA)	\$849.4	\$826.7	\$22.7	\$838.4	\$769.6

## OUTLOOK OF SALES TAX REVENUES

In January 2006, as part of the Financial Standards, the Board adopted the 20-year historical average of 3.8% for sales tax growth as the assumption for the FY07 budget. Based on the actual sales tax information received so far it is anticipated that Proposition A, C & TDA revenues will come in higher than budget.

STA revenues will continue to be ahead of budget due to the Prop 42 windfall that was not anticipated at the time of budget adoption. Metro programs STA revenues to bus and rail operating and capital expenditures. Metro's portion of the total windfall is estimated to be \$108 million. These windfall STA funds have been swapped in FY07 with Proposition A funding. The deferred Proposition A revenues not used in FY07 will be programmed in the FY08 budget.

## SUMMARY OF ENTERPRISE FUND

Operating revenues were \$6 million (4%) over the FY07 budget primarily due to increased boardings which exceeded the budget by 6%. The fare revenue per boarding was \$0.58 per boarding which was 2% below the budgeted \$0.59 per boarding.

Overall, operating expenses were \$12.6 million or 2% below budget. Wage savings of \$4 million from vacant positions is partially offset by added overtime for the remaining employees. Fringe benefits were over budget due to a prior year adjustment for post retirement medical benefits.

In connection with the FY06 audit, Metro's auditors, PricewaterhouseCoopers (PWC), noted that the assumptions used in calculating the liability for other post-employment benefits, aka retiree medical, needed to be updated. Based on PWC's analyses, we calculated that Metro should increase the post-employment liability by \$28 million to cover anticipated costs for existing retirees as well as active employees. As a result, Metro booked \$14 million of this liability (\$12.7 million to Enterprise Fund operating expense) in the first six months of FY07, and will book the remaining \$14 million over the remaining six months of FY07.

Fuel costs were also below budget \$7.5 million due to lower than anticipated prices for CNG. Professional, security and contract services were below budget \$8.4 million due to delays implementing new programs. All other expense categories were at or slightly below budget.

The combination of increased revenues and decreased costs creates an \$18.6 million variance in the year-to-date budget. The fare revenue variance is expected to remain positive for the remainder of the fiscal year. The fuel prices have begun to increase in recent months; therefore, it is uncertain what the price of natural gas will be as the nation recovers from a very cold winter. According to the departmental variance reports, the services expenditures are expected to be greater in the last six months of the fiscal year than the first six months.

Metro can expect to end the year at the adopted budget level for the Enterprise Fund operating expenses including satisfying the increased reserve requirements for post-employment benefits.

## FY07 Enterprise Fund Actual vs. Budget

For the six months ended December 31, 2006

(Dollars in Millions)	Actual	Budget	Variance
<b>Operating Revenue</b>			
Fares	\$144.4	\$138.7	\$5.7
Other	8.7	8.4	0.3
<b>Total</b>	<b>153.1</b>	<b>147.1</b>	<b>6.0</b>
<b>Operating Expenses</b>			
UTU Labor	120.2	124.3	(4.1)
ATU Labor	59.1	57.7	1.4
AFSCME Labor	20.4	21.3	(0.9)
Non-Contract Labor	27.2	27.5	(0.3)
TCU Labor	15.1	15.1	0.0
Teamster Labor	2.3	2.2	0.1
Fringe Benefits	91.5	97.4	(5.9)
Unallocated Benefits--Prior Yr	12.7		12.7
Unallocated Benefits--Current Yr	5.2	-	5.2
<b>Subtotal All Labor</b>	<b>353.7</b>	<b>345.5</b>	<b>8.2</b>
Fuel	23.2	30.7	(7.5)
Propulsion Power	10.3	10.6	(0.3)
Parts	40.0	39.7	0.3
Security	30.3	31.5	(1.2)
Purchased Transportation	17.5	17.8	(0.3)
Contract Services	11.1	12.9	(1.8)
Professional Services	7.2	12.6	(5.4)
Workers' Comp	21.8	24.2	(2.4)
Insurance	24.3	24.3	-
Travel	0.1	0.1	-
Overhead	3.4	3.4	-
All Others	6.2	8.4	(2.2)
<b>Total</b>	<b>549.2</b>	<b>561.7</b>	<b>(12.5)</b>

### Operating Expenses by Operating Project

San Fernando Valley Sector	66.5	63.2	3.3
San Gabriel Valley Sector	65.5	68.1	(2.6)
Gateway Cities Sector	60.0	63.7	(3.7)
South Bay Sector	68.0	72.9	(4.9)
Westside Central Sector	83.6	79.9	3.7
Orange Line	9.0	9.5	(0.5)
Bus Admin	25.0	25.3	(0.3)
Other Bus	57.4	65.1	(7.7)
Red Line	39.1	38.9	0.2
Blue Line	31.5	28.9	2.6
Green Line	18.3	18.0	0.3
Gold Line	18.3	19.2	(0.9)
Rail Admin	5.4	6.7	(1.3)
Other Rail	0.1	0.1	0.0
Regional	1.5	2.2	(0.7)
<b>Total</b>	<b>\$549.2</b>	<b>\$561.7</b>	<b>(\$12.5)</b>

## SUMMARY OF PERFORMANCE MEASUREMENTS FOR BUS 2007

For the six months ended December 31, 2006

Performance Measurement – Bus & Orange Line	FY07			FY06 Actual	FY05 Actual
	Actual	Budget	Variance Over/ (Under)		
Bus Cost/Revenue Service Hour	\$109.8	\$114.4	(\$4.6)	\$105.9	\$103.0
Orange Line Cost/Revenue Service Hour	\$212.2	\$236.0	(\$23.8)	NA	NA
Bus Revenue Service Hours	3,776,820	3,833,369	-56,549	3,860,917	3,724,592
Orange Line Revenue Service Hours	41,555	42,083	-528	NA	NA
Bus Cost/Passenger Mile	\$0.6	\$0.6	(\$0.0)	\$0.6	\$0.5
Orange Line Cost/Passenger Mile	\$0.4	\$0.6	(\$0.2)	NA	NA
Bus Subsidy/Passenger Mile	\$0.4	\$0.4	(\$0.0)	\$0.4	\$0.4
Orange Line Subsidy/Passenger Mile	\$0.4	\$0.5	(\$0.1)	NA	NA
Complaints per 100,000 Boardings	3.1	3.3	-0.2	3.5	3.4
Traffic Accidents/100,000 Miles	3.7	3.4	0.3	3.3	3.3
New Workers Comp Claims per 200,000 Hours	12.4	13.9	-1.5	13.9	14.4
Mean Fleet Age in Years	7.3	7.2	0.1	7.0	6.6
Peak Bus/Base Bus	1.9	1.9	0.0	1.9	1.9

Note: FY06 Bus includes Orange Line

### Discussion

Excluding unallocated benefits, bus costs per revenue service hour (RSH) were below the target by \$4.62 due to the under-expenditures in wages, fringe benefits, CNG, and services. Orange Line costs per RSH were below target for the same reasons plus right-of-way maintenance service delays. The delivery of bus RSH is at 98.5% of the total budgeted. Orange Line RSHs were 1.3% lower than target. The variances in cost per passenger mile and subsidy per passenger mile reflect lower than budgeted expenses, while carrying more passengers and collecting more fares than planned.

Complaints per 100,000 boardings were lower than the annual target and below last year. If the trend continues, the number will be below the annual target by year end.

Traffic accidents per 100,000 miles were slightly above target and worse than last year. This unfavorable trend is attributed in part to increased use of articulated buses in local service, particularly on Wilshire Boulevard.

New workers' compensation claims per 200,000 hours were lower than the annual budget and better than last year. The improvement is due to the ongoing safety program and safety meetings that focus on safety awareness and accident prevention.

## SUMMARY OF PERFORMANCE MEASUREMENTS FOR RAIL 2007

For the six months ended December 31, 2006

Performance Measurement – Rail	FY07			FY06 Actual	FY05 Actual
	Actual	Budget	Variance Over/ (Under)		
Heavy Rail Cost/Vehicle Service Hour	\$212.9	\$211.4	\$1.5	\$303.7	\$279.8
Light Rail Cost/Vehicle Service Hour	\$530.7	\$528.5	\$2.2	\$378.5	\$349.4
Heavy Rail Cost/Passenger Mile	\$0.4	\$0.4	(\$0.0)	\$0.4	\$0.5
Light Rail Cost/Passenger Mile	\$0.5	\$0.5	(\$0.0)	\$0.5	\$0.7
Heavy Rail Subsidy/Passenger Mile	\$0.3	\$0.3	(\$0.0)	\$0.3	\$0.4
Light Rail Subsidy/Passenger Mile	\$0.4	\$0.4	\$0.0	\$0.4	\$0.6
New Workers Comp Claims per 200,000 Hours	7.8	9.9	-2.1	17.4	22.0
Light Rail Vehicle Accident Rate/100,000 Miles	0.6	0.4	0.2	0.4	0.2

Excluding unallocated benefits, rail expenses are \$2 million (1.8%) below budget. As a result of vehicle accidents and equipment failures, light and heavy rail vehicle service hours are 2.8% below budget. Therefore, unfavorable cost per hour variances are due to a greater reduction in hours, not an increase in costs. Greater than budgeted boardings and fare revenue resulted in favorable variances per passenger mile.

New workers' compensation claims exceeded budget slightly, but are significantly below last year. Light rail accidents were over the target and worse than the previous year. Transit Operations continues to focus on safety awareness programs to help reduce claims and accident rates.

## **SUMMARY OF CAPITAL PROGRAM**

The attached capital program status report for the second quarter of FY07, shows the status of adopted life-of-project budgets and projected total costs-to-complete for each project. The projected costs-to-complete are provided by the project managers for each project and are updated quarterly.

The report identifies the projected life-of-project (LOP) budget status for each project. If the project exceeds the LOP budget but is under \$1 million, it is within the CEO's authority to transfer contingency to the project. If the LOP change causes the project to exceed \$1 million, the project manager is required to return to the Board for approval.

### **Major Construction**

Major construction projects include construction of new fixed guideways, new rail car purchases, and other major infrastructure improvements. For the period ended December 2006, all adopted major construction projects are forecasted to be completed within the board approved life-of-project budgets.

The Orange Line continues with close-out activity, safety enhancements and landscaping completion activities. Settlement discussions continue with the contractor to resolve outstanding claims. The bikeway project adjacent to the Orange Line guideway and the Canoga Park and Ride lot are both nearing final construction and will move into the close-out phase.

The Metro Red Line Phase II Close out project completed a major milestone with settlement of the insurance claims resulting from the El Nino storms of 1997 and 1998. The Project Manager is reporting that the close-out activities will be completed for \$12.7 million, a reduction of \$2.5 million from the original estimate.

Metro has begun work on a Pasadena Gold Line close-out project to resolve all outstanding issues regarding Gold Line construction. A Board report will be prepared to provide details on actions required to successfully close out the construction project activities.

Detailed information on the major construction projects, such as the Eastside Extension of the Gold Line, is available through the individual project reports.

### **Bus Acquisitions**

The major bus acquisition project during FY07 is for the procurement of 94 articulated buses. The procurement is on schedule with 45 buses received during the first and second quarters. No contract has been issued as yet for the ATV Bus Purchase (hybrid vehicles), causing delays to the project schedule. Metro continues to solicit proposals from vendors. The HCNG Demonstration project made

substantial progress with the first operational engine tested during the second quarter of FY07.

### **Bus Maintenance and Facilities**

The largest bus maintenance project is the annual bus mid-life program at \$17 million for FY07. The project manager reports that 97 mid-life overhauls were completed in the first and second quarters and that 50 are planned for the third quarter.

The project manager for CP#202009, the Division Lighting Program has revised the forecast to reduce the estimated cost-to-complete the project. The project is scheduled for close-out in the third quarter and may experience a savings of \$65,702. Final reconciliation for the project will take place prior to the end of FY07 with any unused funds programmed into the FY08 capital program.

CP#202016 Temple and Beaudry Layover Facility was put on hold pending joint development considerations at the site. Staff will complete the environmental studies in January 2007. All further work is deferred. The funding for this project was through a Bus Operator's Subcommittee (BOS) allocation of federal funds. Metro will return to BOS to propose an alternate use for the grant funds.

One project, CP#202164 Install New Air-conditioning at Divisions 7 and 18, has exceeded the life-of-project budget authority by \$51,264. This increase is due to the contractor failing to perform their obligations under the contract. The contractor has been assessed liquidated damages to reimburse Metro for failing to perform. Any unreimbursed amounts will be transferred from contingency (within CEO authority).

CP#202205 Bauchet Street Storage Building has been put on hold pending upgrade of the property facilities. The construction of the storage building will be redesigned to accommodate the new requirements and the funding will be reprogrammed by Board action to the new facility.

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

### **Rail Capital Projects**

CP#204046 Project Guardian was successfully completed as approved by the Board. The project currently reflects a cost overrun of \$508,640. This overrun is caused by labor charges incorrectly charged by Metro staff to the project number. When the labor charges have been reversed, the project will be under the Board approved life-of-project budget.

CP #205009 Crossing Gate Equipment Replacement was completed under the life-of-project budget. The savings of \$141,746 will be reprogrammed to the FY08 rail capital program.

## Other Capital Projects

The Universal Fare System project and the Regional Clearinghouse Project (TAP) are continuing through FY07. Project management is reporting on the progress of both projects at the monthly Operations Committee meetings.

One Warehouse Project, CP#209015, Install Shipping Awning, is reporting completion at \$293,106 over the approved life-of-project budget. The Project Manager has determined that the inception-to-date charges include some incorrect charges which will be corrected. The project will be completed within the life-of-project budget.

## SUMMARY OF 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 Local Return to cities, Formula Allocation Procedure subsidies to municipal bus operators, Access Services, Metrolink Operating and Capital, the Incentive Program, and the Call for Projects.

A summary of the activity in the subsidies to others for the second quarter follows:

For the three months ended December 31, 2006

Description (Dollars in Millionss)	Actual	Budget	Variance Over/ (Under)
A & C Local Return	\$146.1	\$150.4	(\$4.3)
Prop A Bus FAP	\$31.2	\$33.1	(\$1.9)
Prop C Bus FAP	\$17.1	\$21.7	(\$4.6)
TDA Formula Subsidies	\$40.4	\$39.3	\$1.1
STA Subsidies	\$5.1	\$4.7	\$0.4
TDA Other Subsidies	\$7.8	\$12.8	(\$5.0)
Prop A Incentive	\$1.1	\$6.6	(\$5.5)
Metro Rapid Improvements	\$0.6	\$8.5	(\$7.8)
Regional Surface Transportation Projects (CFP)	\$11.2	\$33.9	(\$22.6)
Freeway Projects (CFP)	\$8.3	\$14.1	(\$5.8)
Local Traffic System (CFP)	\$7.1	\$14.3	(\$7.1)
Bus Capital (CFP)	\$0.3	\$4.0	(\$3.7)
Misc Call for Projects	\$0.9	\$1.2	(\$0.3)
Soundwalls Program	\$2.3	\$1.7	\$0.6
ASI	\$12.5	\$12.5	\$0.0
Metrolink Operating	\$15.8	\$24.9	(\$9.1)
Metrolink Capital	\$0.0	\$1.1	(\$1.1)
Regional EZ Pass	\$2.7	\$3.8	(\$1.1)
Immediate Needs; SHORE	\$1.3	\$3.0	(\$1.7)
Regional Grantee	\$0.8	\$4.8	(\$4.1)
Other Planning Projects	\$0.0	\$0.9	(\$0.9)
<b>TOTAL</b>	<b>\$312.8</b>	<b>\$397.1</b>	<b>(\$84.3)</b>

Generally subsidy to others has been experiencing cash flow delays due to the timing of invoicing from other entities.

The two subsidies that appear to be over budget (TDA Formula and STA) are due to the method used to spread the Board approved subsidy amount over all four quarters of the fiscal year. These subsidies are expected to end the year at the approved/budgeted level.

The Special Revenue Fund and the General Fund also include budget for work done by Metro such as planning and programming of funds, 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 is summarized below:

For the six months ended December 31, 2006

(Dollars in Millions)	Actual	Budget	Variance Over/(Under)
Operating Expenses			
Non-Contract Labor	\$13.4	\$15.0	(\$1.6)
Fringe Benefits	5.0	5.6	(0.6)
Professional Services	16.0	40.0	(24.0)
Other Services	4.3	6.6	(2.3)
Workers Comp	0.2	0.5	(0.3)
Insurance	0.3	0.3	(0.0)
Travel	0.1	0.2	(0.1)
Subsidies <sup>1</sup>	310.1	393.4	(83.3)
Others	1.3	4.4	(3.1)
Overhead	1.9	1.1	0.8
<b>Total Operating Expenses</b>	<b>\$352.6</b>	<b>\$467.1</b>	<b>(\$114.5)</b>

<sup>1</sup> Excludes Regional EZ Pass subsidy which is paid from/to Enterprise Fund.

## SUMMARY OF HIGH PROFILE ACCOUNTS

During development of the FY07 budget, the Board identified nine accounts for across-the-board budget reductions. The second quarter status report for those accounts is listed below.

For the six months ended December 31, 2006

Account Description	FY07			FY06 Actual	FY05 Actual
	Actual	Budget	Variance over/ (under)		
50316 - Serv Prof And Tech Service	\$46,017,393	\$49,438,271	(\$3,420,878)	\$23,573,003	\$60,055,833
50432 - M/S Computer Supplies	784,796	1,617,307	(832,511)	753,756	1,219,726
50436 - M/S Office Supp/Expendable Eq	750,281	2,951,608	(2,201,327)	672,016	726,932
50442 - M/S Printing Equipt & Suppl	345,001	268,002	76,999	297,362	255,185
50443 - M/S Promo And Info Materials	170,871	146,485	24,386	169,789	191,812
50499 - M/S Others	311,631	152,276	159,355	264,243	198,683
50903 - Misc Business Meals	35,621	21,830	13,791	23,363	45,339
50917 - ER Business Travel	199,935	445,245	(245,310)	268,150	257,524
50999 - Misc Expenses-Others	816,944	1,711,654	(894,710)	1,022,443	888,020
<b>Total</b>	<b>\$49,432,473</b>	<b>\$56,752,678</b>	<b>(\$7,320,205)</b>	<b>\$27,044,125</b>	<b>\$63,839,054</b>

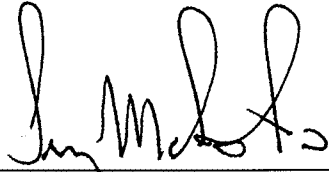
The above nine accounts combined are \$7.3 million or 12.9% under budget at the end of the second quarter.

Account #50442, Printing Equipment & Supplies is over budget due to printing requirements for Customer Communications cost center 7140.

An analysis of the expenses charged to Account #50499 Materials and Supplies Other shows that the majority of these charges are coming from the bus and rail operating divisions resulting from supplies withdrawn from the automated maintenance inventory system (M3). These charges will be reviewed by the inventory management personnel to ensure all charges are correctly recorded. From an agency-wide perspective, although we are over budget in this account, we are under budget in the account where the supplies were budgeted.

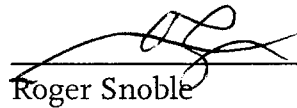
Attachment: Capital Program Status Report

Prepared by: Michelle Lopes Caldwell  
Executive Officer, Office of Management and Budget



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Terry Matsumoto  
Chief Financial Services Officer and Treasurer



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Roger Snoble  
Chief Executive Officer

**Los Angeles County Metropolitan Transportation Authority**

Capital Program Variance Report - Life of Project  
For the period ended December 31, 2006



Project Title	CPI/FIS Project No.	Inception-to-Date Expenditures	Cost to Complete Estimate		Total Forecasted Expenditures	Board Approved Life of Project	Increase/ (Decrease)	Comment
			Encumbrance	Balance of Project Costs				
<b>Bus Acquisition</b>								
1 ATV Bus Purchase (Hybrid Vehicles)	200044	106,352	-	4,496,243	4,602,625	4,602,625	-	Metro expects to receive an alternate Hybrid Bus proposal from a second vehicle manufacturer during Q3 FY07. Project has been delayed due to lack of contract issuance.
2 100 QTY 45' NABI Compo Buses	201004	44,331,166	3,158,158	710,626	45,230,000	45,230,000	-	All expenses are for post-delivery retrofits and support by Metro staff.
3 178 CNR Articulated Bus Purchase Base Order*	201005	126,411,755	57,633	304,562	126,774,000	126,774,000	-	Metro is working with the vendor on a variety of retrofits and upgrades. During the third quarter, NABI will be conducting a retrofit campaign of all vehicles to certain weeds and brackets.
4 94 CNR Articulated Buses	201011	48,850,938	32,161,650	1,187,412	23,000,000	23,000,000	-	Through the end of December, NABI had delivered 45 of the 94 buses in this order. Another 30 are expected during the 2nd quarter, and the final buses in this contract are expected to be delivered by June 30, 2007.
5 75 Quantity 40' Bus Option FY05*	201027	27,845,499	-	2,164,501	30,000,000	30,000,000	-	Working on retrofit campaigns. Project is scheduled to be closed out by June 30, 2007.

\* indicates a carryover project previously scheduled to complete in FY06.

**Metro** Los Angeles County Metropolitan Transportation Authority  
 Capital Program Variance Report - Life of Project  
 For the period ended December 31, 2006

Project Title	CP/FIS Project No.	Inception-to-Date Expenditures	Cost to Complete Estimate		Total Forecasted Expenditures	Board Approved Life of Project	Increase/ (Decrease)	Comment
			Encumbrance	Balance of Project Costs				
<b>Bus Acquisition</b>								
HCNG Demonstration Project	201033	141,778	400,000	716,222	1,258,000	1,258,000	-	First operational engine tested during 2nd Quarter 2007, and a Metro bus was brought to City Engines facility in Reno, NV, to prepare for engine installation. Trillium and Air Products are working on the HCNG fueling facility. During 3rd quarter, final preparations are being made to start field testing these engines.
Study: 45' Composite Buses for 2008	201034	28,398	-	477,602	506,000	506,000	-	Metro is still in discussions with vendors for this product. Depending on industry interest, staff may initiate an RFP for composite 45' buses during 3rd/4th quarter FY2007.
<b>Subtotal for Bus Acquisition</b>		<b>248,515,965</b>	<b>35,807,471</b>	<b>10,047,188</b>	<b>294,370,625</b>	<b>294,370,625</b>	<b>-</b>	No contract has been issued. Only expenditures to date are labor.

\* Indicates a carryover project previously scheduled to complete in FY06.

**Metro** Los Angeles County Metropolitan Transportation Authority  
 Capital Program Variance Report - Life of Project  
 For the period ended December 31, 2006

Project Title	CPI/FIS Project No.	Inception-to-Date Expenditures	Cost to Complete Estimate		Total Forecasted Expenditures	Board Approved Life of Project	Increase/ (Decrease)	Comment
			Encumbrance	Balance of Project Costs				
<b>Bus Facilities Improvements</b>								
1 RRC General Building Modifications	202006	565,194	69,556	483,154	1,117,904	1,117,904	-	Car Wash was completed and turned over on November 2006. Design for additional RRC tasks is ongoing.
2 In-Ground Bus Hoist Replacement	202007	5,792,015	1,835,892	653,093	8,281,000	8,281,000	-	Division 18 hoist project was completed in December 2006. Bids were opened for Divisions 3 and 9 in November 2006. The D3/D9 contract will be awarded in January 2007.
3 FY06 Division Lighting Program	202009	1,035,797	20,396	76,150	1,132,343	1,198,045	(65,702)	Project was completed in September 2006 and will be closed out with final bills in January 2007.
4 New Div. 9 Transportation Bldg. and Facilities Improvements	202014	12,299,476	3,463,198	737,326	16,500,000	16,500,000	-	Construction is 75% complete as of December 31, 2006. The exterior is complete, and interior work is in progress. Tentative substantial completion date is April 2007.

\* Indicates a carryover project previously scheduled to complete in FY06.

**Metro** Los Angeles County Metropolitan Transportation Authority  
 Capital Program Variance Report - Life of Project  
 For the period ended December 31, 2006

Project Title	CP/FIS Project No.	Inception-to-Date Expenditures	Cost to Complete Estimate		Total Forecasted Expenditures	Board Approved Life of Project	Increase/ (Decrease)	Comment
			Encumbrance	Balance of Project Costs				
<b>Bus Facilities Improvements</b>								
5 Temple & Beaudry Layover Facility	202016	335,996	9,502	-	345,498	1,692,000	(1,346,502)	Project as originally conceived was deferred in June 2006 due to impending joint development (scheduled for January 2007 board). Staff intends to complete the environmental studies, since they were already partially complete and can be used by the JD developer. Staff is also investigating the possibility of using these BOS funds for potential upgrades in conjunction with the JD or restroom facility further south at Beaudry between 4th and 5th. Environmental studies will be completed in January 2007. After this milestone, all further work is deferred pending the joint development or pending alternate usage of funds. All design work was completed prior to project deferral, and no construction contracts were awarded.
6 Division 7 Facility Improvements	202017	3,960,278	706,078	433,643	5,100,000	5,100,000	-	All design work for the soundwall project was completed October 31, 2006. The contract for construction of the soundwall will be awarded in February 2007.

\* Indicates a carryover project previously scheduled to complete in FY06.

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			Encumbrance	Balance of Project Costs				
<b>Bus Facilities Improvements</b>								
7 Division 2 Maintenance - Maintenance Bldg. Modernization	202018	1,375,811	249,172	25,016	1,650,000	1,650,000	-	Chassis wash at Division 2 was completed December 2006 and testing began. Tentative final acceptance date is February 2007, at which time closeout of the contract will be completed.
8 Division 6 Soundwall*	202019	541,894	-	262,106	804,000	804,000	-	Project funding will be held for potential usage as part of Division 6 Land Exchange Project (pending legal outcome). Funding is budgeted in FY08.
9 El Monte Transit Station Enhancements	202021	1,831	-	113,169	115,000	115,000	-	Metro will be meeting with Foothill Transit and other stakeholders to define SOVI, along with joint development of the El Monte Transit Village. There is no current plan to expend dollars in FY07, but this is a BOS grant that cannot be used for alternate projects.
10 FY07 UST Replacement	202026	218,365	1,556,792	684,642	2,460,000	2,460,000	-	Project is forecasted to be under budget and within LOP.

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**Metro**

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			Encumbrance	Balance of Project Costs				
<b>Bus Facilities Improvements</b>								
FY07 Bus Facility Contingency Projects	202036	1,193,000	-	1,386,000	2,579,000	2,579,000	-	Funds have been applied to the following new CP's: (1) Alternate Division Site Study, (2) Division 6 Improvements (Phase I), (3) Emergency Eyewash Stations, (4) Maple Lot Loop Detectors, and (5) M3 upgrades.  The funds in this CP are set aside for contingency usage as needs arise. Additional projects are currently in analysis, design, or design review. No LCP variance is anticipated.
FY06 Bus Division Maintenance Equip.*	202040	678,842	332,300	63,858	1,075,000	1,075,000	-	Shop heaters at Division 8 and 15 were completed in October 2006, and Division 2 Chassis Washer was completed December 2006. Testing of chassis washer will be complete February 2007, and the project then will be closed out.
FY07 Bus Division Maintenance Equip.	202041	192,270	1,086,637	876,093	2,155,000	2,155,000	-	Division 7 Bus Washer contract was awarded November 2006. Construction will start on the project in February 2007. Design work is ongoing for remaining tasks.
FY07 Bus Division Amenity Improvement Project	202056	681,647	220,000	247,353	1,149,000	1,149,000	-	Division 1, 5, 7, and 10 renovation project was 90% complete as of December 2006, and scheduled for completion in January 2007. Remaining work at Division 18 is currently in design phase.

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			Encumbrance	Balance of Project Costs				
<b>Bus Facilities Improvements</b>								
Articulated Bus Facility Modifications	202065	4,149,327	613,704	1,877,969	6,641,000	6,641,000	-	Modification work for Divisions 1, 3, 9 and 18 continued this quarter and is scheduled to be completed in January 2007. Division 1 maint. expansion project was awarded in September 2006, and design and design review progressed through this quarter. Physical construction at Division 1 is expected to start in January.
Division 1 Expansion	202066	10,889,189	702,006	148,100	11,739,256	11,574,000	165,256	This project partially funds the Division 1 maint. expansion project. This construction contract was awarded in September 2006, and design and design review progressed through this quarter. Physical construction at Division 1 is expected to start January 2007.  The project manager has reviewed the project and has ascertained that there is an encumbrance which has not yet been cleared after a bill was paid. This encumbrance will be removed during Q3. The project will be completed within LOP.

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			Encumbrance	Balance of Project Costs				
<b>Bus Facilities Improvements</b>								
17 Division 6 Relocation	202076	546,107	-	-	546,107	12,457,000	(11,950,893)	This project is currently in litigation. The funding approved for this project will be transferred through Board action to an alternate Division 6 relocation project.
18 Division 4 Expansion & Pavement Project	202092	2,331,377	184,564	5,060	2,521,000	2,521,000	-	As of December 2006, the project was 95% complete. Final inspection will take place January 2007, and non-revenue will move into the new building February 2007.
19 Furniture for New Transportation Division 9 and Sector Office Building	202122	-	990,000	-	990,000	990,000	-	Completed IFB for furniture procurement. Readiness review scheduled for January 2007, and the contract will be out to bid in February 2007.
20 Install New A/C @ Div. 7 & 18*	202164	801,264	-	-	801,264	750,000	51,264	Staff is awaiting a \$31,500 reimbursement from contractor for liquidated damages. A funds transfer of \$19,764 from the contingency project will be used to cover the remaining overrun.  Contractor fell behind schedule and failed to perform obligations under contract, requiring Metro to incur additional costs to complete project.
21 Metro Art Enhancements*	202166	395,824	29,032	190,144	615,000	615,000	-	
22 Wayfinding and Customer Information Improvements at Major Transfer	202167	401,873	-	10,127	412,000	412,000	-	

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			Encumbrance	Balance of Project Costs				
<b>Bus Facilities Improvements</b>								
490 Bauchel Street Construction*	202168	2,600,158	-	273,842	2,874,000	2,874,000	-	Land acquisition costs only. Remediation of the Metro-purchased site was completed in December 2006. A closure letter is expected in March 2007, at which time Metro will formally close the real estate transaction.
Division 5, 10, & 18 Renovations	202181	825,393	14,423,832	3,083,361	18,332,586	18,332,586	-	Approximately 5 separate contracts were awarded this quarter, and most started physical construction. These projects include bus washers, building upgrades, brake pits, and CNG generators. The remainder of the contracts (10 more) will be awarded in January and February. Several projects required rejection of bids and re-bidding due to protests, lack of qualified bidders, or high bids. These projects are now in the re-bid process. The project is scheduled to be completed within LOP.

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			Encumbrance	Balance of Project Costs				
<b>Bus Facilities Improvements</b>								
25 Articulated Bus Facility Modifications -- Phase II	202204	34,175	2,000,000	1,345,825	3,380,000	3,380,000	-	The design/build contract for the Division 1 Maint. Bldg. expansion was awarded September 2006. Design and design review were completed through December 2006, and physical construction started December 2006. Division 1 Project will be complete in May 2007. Design activities for remaining tasks are in progress.
26 490 Bauchet St. Storage Building Construction	202205	258	-	-	258	2,708,000	(2,707,742)	The construction of the new warehouse facility was deferred to redesign the project to accommodate relocation of Metro staff from South Park. Project will be rescoped and included in the FY08 Budget.
27 Metro Bus Division CCTC System	202206	389,729	99	172	390,000	390,000	-	
28 Kiosks for Orange Line and Other Locations	202207	-	200,001	49,999	250,000	250,000	-	
29 LASD Data Network for Kiosks	202208	-	-	61,000	61,000	61,000	-	
30 ATMS Bus GPS for LASD Dispatch-ROC	202209	-	-	300,000	300,000	300,000	-	

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			Encumbrance	Balance of Project Costs				
<b>Bus Facilities Improvements</b>								
Alternate Division Site Study	202220	71,551	-	903,449	975,000	975,000	-	Final master plan for LAX site was submitted to Metro Oct. 2006. Talks with FAA and LAVA are progressing, and "letter of no objection" is scheduled to be received from FAA in March 2007.  Further environmental studies cannot be started until FAA approvals are received in March 2007.
Division 18 Solar Energy Project	202237	7,563	4,000,000	992,417	5,000,000	5,000,000	-	The contract documents were advertised for bidding on November 24, 2006. Bids are due in Feb. 2007.
Division 6 Improvement Project (Phase I)	202245	21,233	-	578,767	600,000	600,000	-	Prioritization, field studies, and initial design work were completed in December 2006. First contract will go out to bid March 2007.
Installation of Emergency Eyewash Stations	202247	-	-	300,000	300,000	300,000	-	Submitted to Procurement in January 2007. Contract will be awarded April 2007.
Maple Lot Loop Detectors	202248	-	-	87,000	87,000	87,000	-	Signed agreement with MJW Investments for installation of the loop detectors in December 2006. The loop detectors will be installed January 2007, and the Maple Lot parking structure will open for business February 18, 2007.
<b>Subtotal for Bus Facilities Improvements</b>		<b>52,337,457</b>	<b>32,692,760</b>	<b>16,249,038</b>	<b>101,279,256</b>	<b>117,133,535</b>	<b>(15,854,279)</b>	

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			Encumbrance	Balance of Project Costs				
<b>Bus Maintenance</b>								
FY07 Bus Midlife Program	203004	6,570,225	-	10,492,720	17,062,945	17,062,945	-	50 Midlife overhauls were completed during the 2nd quarter for a total of 97 Dec. YTD. 50-53 Midlife overhauls are scheduled to be completed in the 3rd quarter.
FY06 Replace Regional Rebuild Center Shop Equipment	203009	133,853	276,660	150,477	561,000	561,000	-	Paint Shop Man lifts: specs complete, vendor selected, pending Board approval at February Board. Ensure delivery and invoicing of lifts by end of FY07.  Procurement was combined with the FY07 project to reduce labor costs.
FY07 Replace Regional Rebuild Center Shop Equipment	203010	9,421	223,402	341,177	574,000	574,000	-	Paint Shop Man lifts: specs complete, vendor selected, pending Board approval at February Board. Ensure delivery and invoicing of lifts by end of FY07.  Procurement Department is charging to project while working on project. Acquisition charges will not hit until man lifts are received.  Procurements are in early phases but scheduled to be complete within fiscal year.
Subtotal for Bus Maintenance		6,713,508	500,062	10,984,375	18,197,945	18,197,945	-	

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			Encumbrance	Balance of Project Costs				
<b>High-Visibility Projects</b>								
Union Division (T-31-Formerly Division 10 Expansion)	202001	332,994	298,956	4,315,050	4,947,000	4,947,000	-	No LOP variance is anticipated. Existing LOP will be used to pay for environmental and engineering studies. CEQA/NEPA consultant started environmental studies in October 2006. Initial draft (minus traffic studies) was received for review December 2006. Final draft scheduled to be received March 2007.
<b>Subtotal for High-Visibility Projects</b>		332,994	298,956	4,315,050	4,947,000	4,947,000	-	

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			Encumbrance	Balance of Project Costs				
<b>IT - Communications</b>								
1 ITS Telecommunications Transmission Replacement Proj.	207010	471,567	1	9,069,412	9,541,000	9,541,000	-	
2 FY07 Application Platform Upgrade	207018	182,813	180,000	235,187	598,000	598,000	-	
3 FY07 Workstation and Network Technology Refresh Program	207023	299,837	21,996	184,561	466,394	466,394	-	
4 Customer Center Security & Information Enhancements*	207048	169,697	164,320	7,982	342,000	342,000	-	
5 Transit Operator Activity Scheduling and Tracking	207061	83,305	2,130,615	5,467,080	7,681,000	7,681,000	-	
6 Purchase ATMS SQL Servers and Software	207063	1,541	-	210,459	212,000	212,000	-	Change in scope caused a delay in project.
7 Additional Digital Voice Loggers for BOC	207064	1,896	49,907	64,197	116,000	116,000	-	Bid received and under evaluation. Award will be in QTR 3.
8 Subtotal for IT - Communications		1,170,677	2,546,839	15,238,878	18,956,394	18,956,394	-	

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			Encumbrance	Balance of Project Costs				
<b>Major Construction</b>								
1 Metro Gold Line Eastside Extension	800088	491,804,402	318,271,788	87,747,810	897,824,000	897,824,000	-	
2 Orange Line	800112	267,552,130	8,950,770	5,497,100	282,000,000	313,000,000	(31,000,000)	Anticipate less than planned expenditures for construction activities.
3 SFV East-West Bikeway Project	800114	9,024,287	195,104	880,609	10,100,000	10,637,860	(537,860)	Anticipate less than planned expenditures for construction activities.
4 Canoga Station Park and Ride Project	800117	19,848,540	4,164,956	1,986,504	26,000,000	26,000,000	-	
5 Lankershim Depot Restoration Project	800118	5,659	-	3,594,141	3,600,000	3,600,000	-	
6 Light Rail Vehicle Fleet Enhancement	800151	63,716,710	8,249,604	90,952,696	152,919,000	152,919,000	-	Second Quarter: Drafts of the Manuals and the Spares List were submitted for review. We continue to receive copies of all the test reports. Third Quarter: There are five (5) rail vehicle deliveries forecasted. Project continues to track within authorized LOP.
7 MGL Eastside Extension Enhancements	800288	3,605,963	3,659,750	10,734,267	18,000,000	18,000,000	-	
8 Green Line Closeout	809023	58,761	36,233	173,336	286,330	286,000	(17,670)	Residual contract payment after review by both parties was less than originally budgeted.
9 MRL Seg. 2 Closeout	809081	2,345,945	2,490,439	7,932,534	12,768,918	15,307,000	(2,538,082)	LOP reduction due to favorable claim settlement payment from Allianz Insurance for the claim of the Red Line Segment 2 Builder's risk policy for damages to two subway stations arising out of the El Niño storms of 1997 and 1998.

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10	Major Construction								
	MRL Seg. 3 NH Closeout	809082	965,210	212,754	2,461,035	3,639,000	3,639,000	-	
11	Eastside Extension Deferred Closeout*	809084	61,375	-	213,625	275,000	275,000	-	
12	LA Rail Car Closeout*	809150	29,482	-	-	29,482	30,956	(1,474)	Project completed.
13	Subtotal for Major Construction		849,018,685	346,231,397	212,173,647	1,407,423,729	1,441,518,816	(34,095,087)	

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				Encumbrance	Balance of Project Costs				
	<b>Non-Revenue Vehicles</b>								
1	Bus System Support Replacement Non-Revenue Vehicles*	208002	3,154,448	236,695	2,574,857	5,966,000	5,966,000	-	
2	Bus System Expansion Non Revenue Vehicles*	208003	144,208	82,500	-	226,707	227,000	(293)	
3	Rail Support Replacement Non Revenue Vehicles*	208004	1,538,171	185,000	117,829	1,841,000	1,841,000	-	
4	FY06 Bus System Support Replacement Non-Revenue Vehicles*	208005	113,764	670,272	457,964	1,242,000	1,242,000	-	
5	FY07 Bus System Support Replacement Non-Revenue Vehicles	208006	44,585	2,729,535	175,880	2,950,000	2,950,000	-	
6	FY06 Bus System Expansion Non Revenue Vehicles*	208010	65,385	-	1,019,615	1,085,000	1,085,000	-	
7	FY07 Rail Support Replacement Non Revenue Vehicles	208016	21,526	-	912,474	934,000	934,000	-	
8	<b>Subtotal for Non-Revenue Vehicles</b>		<b>5,082,095</b>	<b>3,904,002</b>	<b>5,258,620</b>	<b>14,244,707</b>	<b>14,245,000</b>	<b>(293)</b>	

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				Encumbrance	Balance of Project Costs				
1	Other Capital Projects								
	Homeland Security Project*	200018	2,010,995	1,141,056	26,950	3,179,000	3,179,000	-	All funds are anticipated to be expended by the end of the grant
2	Universal Fare Collection System	200225	78,513,956	(145,479)	19,238,523	97,607,000	97,607,000	-	Progress on this project is reported to the Board in a separate monthly report.
3	Regional Service Center and Cleaninghouse	200351	6,312,247	9,708,223	4,051,208	20,071,678	20,071,678	-	Progress on this project is reported to the Board in a separate monthly report.
4	Installation of Barricades	204060	-	224,590	410	225,000	225,000	-	
5	Pan/Tilt/Zoom Cameras for Gateway Center	204061	-	119,519	-	119,519	120,000	(481)	
6	Gateway Headquarters Improvement Projects	210008	2,697,054	78,167	58,778	2,834,000	2,834,000	-	
7	Gateway Security Improvements*	210050	558,426	-	40,000	598,426	598,426	-	
8	East Portal and Parking Garage Upgrades	210062	300,000	-	198,000	498,000	500,000	(2,000)	
9	Metro Connections Customer Service Improvements	210078	55,497	592,635	282,858	931,000	931,000	-	
10	High Rail Emergency Response Vehicle	210079	-	-	240,000	240,000	240,000	-	
11	Subtotal for Other Capital Projects		90,448,174	11,718,711	24,136,738	126,303,623	126,306,104	(2,481)	

\* Indicates a carryover project previously scheduled to complete in FY05.

