

**Board Report**

File #: 2022-0128, **File Type:** Motion / Motion Response

Agenda Number:

**REGULAR BOARD MEETING
FEBRUARY 24, 2022**

Motion by:

DIRECTORS BUTTS, DUTRA, NAJARIAN, BARGER, AND HAHN

Related to Item 34: Construction Market Analysis

The Construction Market Analysis (CMA) is an extremely informative overview of the obstacles confronting our economy and this agency as we continue to strive towards bringing to fruition Metro's ambitious capital projects program.

The concluding bullet points state:

Market factors arising from the ongoing recovery from the Covid pandemic continue to escalate project related costs. Updated economic projections indicate that this will continue into 2022 and supply chain issues and labor impacts will continue to be potential cost and schedule drivers.

Staff will address the implication for Metro projects in our upcoming fiscal year Annual Program Evaluation. Staff will continue to monitor the market condition, develop and initiate mitigation strategies and continue Federal and State funding advocacy.

The information and conclusions in the Analysis vividly reflect and focus a spotlight on the serious jeopardy Metro faces in its ability to further carry out our aggressive capital projects construction program with existing available resources.

We believe the Board needs to avoid beating around the proverbial bush and explicitly address the issues raised in the CMA.

SUBJECT: CONSTRUCTION MARKET ANALYSIS MOTION

RECOMMENDATION

APPROVE Motion by Directors Butts, Dutra, Najarian, Barger and Hahn that directs the CEO and staff to return to the Board in the upcoming fiscal year Annual Program Evaluation for directive A (below) and report back based on the CEO's discretion on directive B.1 (below):

A. With an assessment of what construction projects can reasonably continue without facing new

budget shortfalls prior to their completion; and

- B. Since the cost of operations and maintenance of new rail lines is increasing faster than the increase in new sales tax revenues and construction costs are rising faster than the CPI:
1. Assess the incremental and cumulative annual fiscal impact on the agency's Operations and Maintenance Budgets that will result from the opening of revenue service of each newly-completed capital project.