Finance & Administration Committee

Action Item III-B

May 14, 2015

Budget Revisions for Silver Line Reimbursable Projects
Budget Revisions for the Silver Line

Board approval is being sought to revise the project budgets for the Dulles Corridor Metrorail Extension Project (the Silver Line).

To request Board approval of:

- revisions to the budgets for the Silver Line Phase I & Phase II, and the corresponding FY2015 Capital Reimbursable budget, and
- authorization for the GM/CEO to enter into an agreement with Metropolitan Washington Airport Authority (MWAA) to memorialize the revised budgets.

Key Highlights:

Metro's expenses have increased for its oversight of Phase I of the Dulles Corridor Metrorail Extension Project (the Silver Line).

Background and History:

The design and construction of the Dulles Corridor Metrorail Extension Project (i.e., the Silver Line) is being managed by the MWAA. Metro's role as future owner of the extension is one of oversight. Reimbursable agreements between Metro and MWAA establishes Metro’s roles and responsibilities as well as a budget for those responsibilities. The agreement for Phase I was executed in September of 2007 with a budget of $272,850,000.

Prior to Phase II of the Silver Line an agreement between Metro and MWAA increased the Phase I budget to allow for the purchase of the rail cars needed for Phase II. MWAA has requested that the Phase II rail car expenses be moved to their proper location in Phase II. As a result, the budgets for Phase I and Phase II need to be revised.
The Phase I extension experienced delays to its start due to FTA reviews and to its completion due to construction delays. As a result, the costs of Metro's oversight increased significantly. There were also increases in costs for upgrades to the Rail Operations Control Center, fare collection equipment and systems graphics. These increased costs are partially offset by cost underruns for the installation of a communication backbone and the purchase of non-revenue vehicles and equipment. An attachment to this MEAD itemizes the cost increases and decreases. Finally, Metro will incur additional costs under a Memorandum of Understanding (MOU) between MWAA and Metro for additional work by Metro during the close-out of Phase I.

**FUNDING IMPACT:**

This action will increase the Phase I project budget from $272,850,000 to $293,901,156. As a reimbursable project, all costs incurred by Metro in support of the project are the responsibility of MWAA.

**TIMELINE:**

<table>
<thead>
<tr>
<th>Previous Actions</th>
<th>June 2007 – The Board approved the reimbursable agreement for Silver Line Phase I.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Anticipated actions after presentation</td>
<td>December 2015 – Estimated completion of the close-out of Phase I of the project.</td>
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</tbody>
</table>

**RECOMMENDATION:**

Staff recommends that the Board approve:
Decreasing the budget for the Dulles Phase I Project from $478,718,200 to the original value of $272,850,000;
Increasing the budget for the Dulles Phase II Project from $102,956,518 to $308,824,718;
Increasing the budget for the Dulles Phase I Project from $272,850,000 to $293,901,156;
Increasing the FY2015 Capital Reimbursable Budget from $98,520,562 to $119,571,718; and
Revising the reimbursable agreements to reflect the new budget.
## Silver Line Phase 1 Reimbursable Project:
### Summary of Proposed Budget Revision

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>WMATA Oversight</td>
<td>$7,602,000</td>
</tr>
<tr>
<td>WMATA Force Account</td>
<td>$12,098,000</td>
</tr>
<tr>
<td>Communications Backbone</td>
<td>($7,289,000)</td>
</tr>
<tr>
<td>Non-Revenue Vehicles and Equipment</td>
<td>($5,426,000)</td>
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<tr>
<td>ROCS Upgrade and ATC</td>
<td>$1,533,000</td>
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<tr>
<td>Automatic Fare Collection (AFC)</td>
<td>$3,093,000</td>
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<tr>
<td>System Graphics</td>
<td>$870,000</td>
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<tr>
<td>Additional MOU Scope</td>
<td></td>
</tr>
<tr>
<td>Alstom Contract - Horton RTUs</td>
<td></td>
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<tr>
<td>Traction Power RTUs</td>
<td></td>
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<tr>
<td>Lighted Handrail Mitigations</td>
<td></td>
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<tr>
<td>Bobbing Track Circuits</td>
<td></td>
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<tr>
<td>Loss of Speed Readouts (LSRO) - Cab Flips</td>
<td></td>
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<tr>
<td>Heat Tape</td>
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<tr>
<td>Aerial Guideway Access Ladders</td>
<td></td>
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<tr>
<td>Air Conditioning of Escalator Control Rooms</td>
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</tr>
<tr>
<td>Sub-total MOU Scope</td>
<td>$8,570,156</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>$21,051,156</strong></td>
</tr>
</tbody>
</table>
Budget Revisions for Silver Line
Reimbursable Projects

Finance & Administration Committee
May 14, 2015
Purpose

Obtain Board approval to:

• Revise the budgets for the Dulles Corridor Metrorail Extension (Silver Line) Phase 1 & Phase 2 Projects and the FY2015 Capital Reimbursable Budget

• Revise the reimbursable agreements
Background

• The Dulles Rail Extension Project is managed by the Metropolitan Washington Airports Authority (MWAA)
• Metro’s role as future owner of the extension is one of oversight
• Reimbursable agreements establish Metro’s roles and provides funding to carry them out
Metro and MWAA agreed to increase the budget for Phase 1 to purchase the railcars for Phase 2.

Need to shift railcar budget authority to Phase 2.

Delays starting the project and completing it as well as cost overruns for certain Metro deliverables have caused Metro’s costs to exceed the current Phase 1 budget.
Recommendation

Board approval to revise Silver Line reimbursable project budgets:

• Decrease Phase 1 budget from $478.7 million to original value of $272.85 million
• Increase Phase 2 budget by same amount from $103.0 million to $308.8 million
• Increase Phase 1 budget from $272.85 million to $293.9 million
Board approval to:

• Increase the FY2015 Capital Reimbursable Budget from $98.5 million to $119.6 million
• Revise the Silver Line reimbursable agreements to reflect new budgets
SUBJECT: AMEND THE FISCAL YEAR 2015 CAPITAL REIMBURSABLE BUDGET FOR PHASE 1 OF THE SILVER LINE PROJECT

RESOLUTION
OF THE
BOARD OF DIRECTORS
OF THE
WASHINGTON METROPOLITAN AREA TRANSIT AUTHORITY

WHEREAS, The Dulles Corridor Metrorail Extension (Silver Line) project is the first time in the history of the Washington Metropolitan Area Transit Authority (WMATA) that the construction of an extension of the Adopted Regional System (ARS) is not directly under WMATA’s control; and

WHEREAS, Pursuant to the Cooperative Agreement between WMATA and MWAA, all costs associated with WMATA support of Silver Line Phase 1 reimbursable project delivery are funded by MWAA for WMATA’s benefit; and

WHEREAS, WMATA’s responsibilities in the Silver Line Phase 1 reimbursable project, as defined in the Cooperative Agreement with the Metropolitan Washington Airports Authority (MWAA), include acquisition of certain capital equipment (including design, procurement, installation, and commissioning), technical support, and tasks associated with acceptance into the ARS; and

WHEREAS, Board Resolution 2007-26 established the Silver Line Phase 1 reimbursable project with an initial budget of $272,850,000 to support WMATA’s costs in executing these responsibilities for the project; and

WHEREAS, Board Resolution 2010-25 increased the railcar line item by $205,868,200 from its initial value of $189,490,000, to a line item total of $395,358,200, which was part of the larger Silver Line Phase I reimbursable project budget, to allow for the exercise of options to purchase an additional 64 railcars for the Silver Line Phase 2 reimbursable project; and

WHEREAS, Board Resolution 2010-25 established a total Silver Line Phase 1 reimbursable project budget of $478,718,200; and

WHEREAS, Board Resolution 2010-04 established the Silver Line Phase 2 reimbursable project with an initial budget of $3,500,000 to support WMATA’s costs for similar activities in support of the Silver Line Phase 2 reimbursable project; and
WHEREAS, Board Resolution 2013-25 increased the reimbursable budget for the Silver Line Phase 2 to $102,956,518; and

WHEREAS, MWATA has requested that WMATA revise the Silver Line Phase 2 reimbursable project budget upward from $102,956,518 to $308,824,718, and to revise the Silver Line Phase 1 reimbursable project budget downward by the same amount from $478,718,200 to the original value of $272,850,000, so that expenses associated with the additional 64 railcars are aligned with the Silver Line Phase 2 reimbursable project, with no net change in funding obligation for MWAA; and

WHEREAS, WMATA and MWAA continue toward completion of punch-list items associated with Silver Line Phase 1 reimbursable project, which requires an increase in the reimbursable project budget; and

WHEREAS, MWAA’s obligations under the Silver Line Phase 1 reimbursable project budget will be increased in a net amount of $21,051,156 from $272,850,000 to $293,901,156 by this action; and

WHEREAS, This net increase in the Silver Line Phase 1 reimbursable project budget requires an increase in WMATA’s Fiscal Year (FY) 2015 Capital Reimbursable Budget of $21,051,156; now, therefore be it

RESOLVED, That the Board of Directors approves amending and increasing the total FY2015 Capital Reimbursable Budget by $21,051,156 to $119,571,718; and be it further

RESOLVED, That the General Manager/Chief Executive Officer is authorized to enter into an agreement with MWAA to memorialize the revised reimbursable budgets; and be it finally

RESOLVED, That in order to have sufficient budgetary authority to continue WMATA’s support of the Silver Line Phase 1 reimbursable project, this Resolution shall be effective immediately.

Reviewed as to form and legal sufficiency,

Mark R. Pohl
Acting General Counsel

WMATA File Structure Nos.:
4.2.2 Fiscal Year Budgets
4.3.2 Jurisdictional Funding Agreements