

M E M O R A N D U M



SUBJECT: Estimated Value of the Physical
Damage Expenses - Fort Totten
Collision

DATE: February 25, 2010

FROM: DGMA/CFO – Carol Dillon Kissal

TO: Ed Dobranetski
Chief Investigative Officer, NTSB

Currently the DGMA/CFO's Office estimates that it would cost approximately \$12 million to replace the four destroyed rail cars, and the total value of the Physical Damage Expenses resulting from the Fort Totten collision to be about \$25.5 million. This estimate of \$25.5 million includes damage to/ destruction of the rail cars, extra expenses incurred to maintain normal operations, and lost revenue covered by WMATA's Property insurance. It also includes the cost to repair the track and structures which are not covered by Property insurance.

The value of the loss covered by Property insurance is yet to be determined as that determination requires the services of a forensic accountant to develop WMATA's claim. WMATA is in the process of letting a contract for a forensic account. Furthermore, since Property insurance claims, unlike Liability insurance claims, are subject to policy interpretations, the final settlement will generally be negotiated from the claim developed by the forensic accountant. With those caveats we estimate the value of the Property insurance claim as follows:

- PHYSICAL DAMAGE:	
Replacement of 4 destroyed rail cars:	\$12,000,000
Repair of damaged rail cars:	\$3,000,000
- EXTRA EXPENSES:	
Rail Car Maintenance	\$200,000
Rail Transportation (Ops, Station Mgrs, Interlockers)	\$2,000,000
Transit Police (Secure the crash site)	\$100,000
Plant Maintenance (Clean up crash site)	\$100,000
Uncoded Labor	\$650,000
Bus Bridging	\$3,000,000
- REVENUE LOSS:	<u>2,950,000</u>
- Total – Insurance Claim	\$24,000,000
- UNCOVERED PHYSICAL DAMAGE	
Track Structures & System Maintenance	<u>\$1,500,000</u>
- TOTAL	\$25,500,000

The Property insurance carries limits of \$500,000,000 with a \$1,000,000 per occurrence deductible. The Fort Totten collision constitutes one occurrence.

CC: GMGR – John B. Catoe, Jr.
SAFE – Michael Taborn
COUN – Carol O’Keefe