



Finance, Administration and Oversight Committee

Information Item IV-B

April 9, 2009

**Capital Budget Amendment for the Anacostia
Light Rail Reimbursable Project**

Washington Metropolitan Area Transit Authority
Board Action/Information Summary

<input checked="" type="radio"/> Action <input type="radio"/> Information	MEAD Number: 100240	Resolution: <input checked="" type="radio"/> Yes <input type="radio"/> No
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TITLE:

Modification to the Anacostia Light Rail Project

PURPOSE:

To obtain approval from the Board of Directors to increase the budget for the DC Anacostia Light Rail Project from \$16,100,000 to \$16,960,000, which is a reimbursable project.

DESCRIPTION:

The District of Columbia Department of Transportation (DDOT) and Metro have been developing a streetcar project for a corridor east of the Anacostia River. DDOT revised the route from the original plan to utilize the CSX right-of-way to a line on the city streets serving the same neighborhoods. This delayed the line, station and facility construction. Although DDOT is assuming responsibility for the construction of the streetcar line, stations, and Operations and Maintenance Facility, Metro has taken on the responsibility for procuring long lead items of materials and equipment for the streetcar line under Contracts RE6063 and RE6066. As a result of delays incurred by DDOT, \$200,000 is being made available in anticipation of claims from Powell Electrical Systems (PES) for storage and

handling costs of the traction power substation equipment under Contract RE6063 and \$100,000 for anticipated claims from Vae Nortrak, Inc. to provide girder rail, switches and turnouts under Contract RE6066.

The three (3) streetcars have been fabricated by Inekon Group under Contract RE4043 and are currently stored in the Czech Republic. DDOT has requested that the streetcars delivery be postponed until the end of 2009. As a result of this delay, the streetcars are being stored, maintained, and insured by Inekon in the Czech Republic until delivery. This service increases the program costs by an estimated \$160,000. There will also be claims from Inekon for increased costs due to extended delays in shipping and final acceptance of the streetcars that is estimated at \$140,000.

Additional funding estimated at \$260,000 will be required for Metro support staff and vehicle engineering consultants to administer these contracts through completion, and a contingency provision for potential future program changes and modifications.

As a result of the above increase in Metro`s scope of work, the originally approved budget of \$16,100,000 has to be increased by \$860,000. Therefore, Board approval is being sought to increase the project budget from \$16,100,000 to \$16,960,000. Funding is available from accrued interest on monies already held on account for this project.

All actions taken for this project are at the direction from DDOT`s letter to Metro, dated January 16, 2009, and are being incorporated into an amendment to the existing funding agreement with DDOT. Metro will proceed with the

above actions, after Board approval and execution of the agreement pursuant to direction from the District of Columbia.

FUNDING IMPACT:

Budget: System Expansion Program

Project Title: Anacostia Streetcar Project
(Project Nos.: PD_ALTR_RCP0101 & PD_ALTR_RCP0102)

Page: N/A

BUDGET INFORMATION:

Current Approved Budget:	\$ 16,100,000.00 1/
Requested Increase:	\$ 860,000.00 2/
Amended Budget:	\$ 16,960,000.00
This Action:	\$ 860,000.00
Prior Obligations:	\$ 16,061,424.61
Subtotal:	\$ 16,921,424.61
Remaining Budget:	\$ 38,575.39

Remarks:

1/ Funding consists of \$10,000,000 of DC TIIF and \$6,100,000 received from DC.

2/ Funding is from accrued interest on the District of Columbia payments for Anacostia Streetcar Project, and is subject to Board approval.

RECOMMENDATION:

Approve an ammendment to increase the budget for the Anacostia Light Rail Project from \$16,100,000 to \$16,960,000.



Anacostia Light Rail Project

Finance, Oversight & Administration Committee

April 9, 2009



Purpose

- Increase the project budget from \$16,100,000 to \$16,960,000 for the District of Columbia Light Rail Project.



Description

- District of Columbia reimbursable project.
- Budget increase needed to pay for the impact of program schedule changes.
- Funding of \$860,000 available from interest earned



Program Impacts

- Contractual claims for delay of streetcars and track equipment delivery
- Program management and vehicle consulting support services
- Storage, maintenance and insurance fees for streetcars at Inekon Group in the Czech Republic



Recommendation

- Request Committee recommendation for Board approval to:
 - Increase the budget for the Anacostia Light Rail Project by \$860,000 from \$16,100,000 to \$16,960,000.



GOVERNMENT OF THE DISTRICT OF COLUMBIA
DISTRICT DEPARTMENT OF TRANSPORTATION



Office of the Director

January 16, 2009

Mr. John Catoe, Jr.
General Manager
Washington Metropolitan Area Transit Authority
600 5th Street, NW
Washington, DC 20001

RE: Anacostia Streetcar Project
Request for Budget Increase and Assistance

Dear Mr. Catoe:

Thank you for the assistance the Washington Metropolitan Area Transit Authority (WMATA) has provided to the District Department of Transportation (DDOT) for the Anacostia Streetcar Demonstration Project.

The purpose of this letter is to request that the project budget be increased and to direct WMATA to negotiate a contract modification with Inekon, the streetcar manufacturer, and address other project requirements.

It is DDOT's understanding that the \$16.1 million project budget has accrued approximately \$860,000 in interest. It is DDOT's intention to use this earned interest on the original project funds to supplement the project budget for additional costs created by the delay of the streetcar operation in Anacostia. This will increase the project budget from \$16,100,000 to \$16,960,000.

The delays in the construction of the streetcar line have necessitated that WMATA delay the delivery of the streetcars and long lead items. With this delay there will be potential claims from: Power Electric Systems for delays and storage and handling of traction power substation equipment in the amount of \$200,000 under Contract RE6063; Vae Nortrak, Inc. for customer delays in providing girder rails, switches and turnouts in the amount of \$100,000 under Contract RE6066; and Inekon for payment delays, changes in currency exchange rates and delayed completion and acceptance of the streetcars in the amount of \$140,000 under Contract RE4043.

Additional funding will also be required for WMATA support staff and vehicle engineering consultants to administer these contracts through acceptance testing of the vehicles in Washington, DC on the streetcar line.

DDOT is also requesting that WMATA execute a contract modification with Inekon to store streetcars in the Czech Republic for an additional 12 months, through January 2010. This should also include all-risk insurance and monthly maintenance for the period.

In order to fund the costs outlined above, DDOT requests that interest monies (\$860,000) from the original project budget of \$16,100,000 be programmed for the following:

1. Inekon storage, maintenance and insurance	\$160,000
2. Potential claim – Inekon	\$140,000
3. Potential claim – Powell Electrical Systems	\$200,000
4. Potential claim – Vae Nortrak	\$100,000
5. WMATA program management	\$ 40,000
6. Vehicle Engineering Consulting Services	\$170,000
7. Contingency	<u>\$ 50,000</u>
TOTAL	\$860,000

If you have any questions, please contact Freddie Fuller, Associate Director, Mass Transit Administration at 202-673-1735.

Sincerely,



Frank Seales Jr.
Interim Director

SUBJECT: AMENDED FISCAL 2009 CAPITAL PROGRAM FOR ANACOSTIA CORRIDOR PROJECT

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

WHEREAS, On September 16, 2004, the Board of Directors, in Resolution 2004-47, authorized the General Manager to enter into a contract for procurement of light rail vehicles, proceed with acquisition of certain real property and award a site clearing contract for the Anacostia Corridor Demonstration Project ("Anacostia Project") in advance of final execution of a reimbursable project agreement, and provided authority for certain other matters related to the Anacostia Project, to be accomplished contingent upon the negotiation and execution of a reimbursable agreement with the District of Columbia and the availability of funds from the District; and

WHEREAS, The District of Columbia has previously identified and provided \$16,100,00 in funds for the Anacostia Project (\$10,000,000 from the District TIIF fund and \$6,100,000 in direct District funds from the FY 2004 Capital Budget) and the District of Columbia and Metro allocated those funds among the proposed scope of Metro work as identified in Resolutions 2004-08 and 2004-47; and

WHEREAS, The District of Columbia has asked Metro to procure and deliver, but not install, materials and equipment for the streetcar line; and

WHEREAS, On July 20, 2006, the Board of Directors approved the Fiscal 2007 System Expansion Program totaling \$7,614,000, which included \$3,900,000 in anticipated funding for the Anacostia Project; and

WHEREAS, On May 24, 2007, the Board of Directors approved the Fiscal 2007 System Expansion Program totaling \$3,714,000, which included an anticipated decrease of \$3,900,000 in funding for the Anacostia Project; and

WHEREAS, The Anacostia Project budget has generated approximately \$860,000 of interest; and

WHEREAS, By letter dated January 16, 2009 from the Interim Director, District Department of Transportation, the District of Columbia requested that the interest generated on the account be made available for additional storage of the streetcars,

professional engineering, project management and other Anacostia Project expenses;
and

WHEREAS, The District of Columbia and Metro have entered into an amended Memorandum of Understanding regarding the use and expenditure of the existing funding in the Anacostia Project budget and will further amend the Memorandum of Understanding to address the use of additional funding; now, therefore be it

RESOLVED, That the Board of Directors amends and increases the Fiscal 2009 Capital Program by \$860,000; and be it further

RESOLVED, That the Anacostia Project budget shall be \$16,960,000.00 (Sixteen Million Nine Hundred Sixty Thousand Dollars); and be it further

RESOLVED, That the General Manager is authorized to enter into an amendment to the Memorandum of Agreement with the District of Columbia to address the use and expenditure of funding made available by this Resolution; and be it finally

RESOLVED, That this Resolution shall be effective immediately.

Reviewed as to form and legal sufficiency,



Carol B. O'Keeffe
General Counsel