



**Finance & Administration Committee**

**Action Item III-A**

**April 9, 2015**

**FY2015 Capital Budget Reprogramming**

Washington Metropolitan Area Transit Authority  
**Board Action/Information Summary**

Action  Information

MEAD Number:  
201442

Resolution:  
 Yes  No

**TITLE:**

FY2015 Capital Budget Reprogramming

**PRESENTATION SUMMARY:**

Staff is seeking Board approval for an additional \$35 million in GM/CEO FY2015 capital budget reprogramming authority.

**PURPOSE:**

Request additional \$35 million in FY2015 capital budget reprogramming authority to move budget authority between existing capital projects, with no net change to the total approved amount of the FY2015 capital budget.

**DESCRIPTION:**

**Key Highlights:**

- Request for additional \$35 million in capital budget reprogramming authority to allow for the shift of FY2015 budget authority from projects that are behind schedule or expected to cost less to projects that are projected to incur higher than planned expenditures, while maintaining the approved level of the total FY2015 capital budget.
- \$2.2 million remaining reprogramming authority for FY2015 is not sufficient to shift budget authority as needed.

**Background and History:**

WMATA began expenditure-based budgeting in FY2006. Previously, WMATA had used obligation-based budgeting. Under obligation-based budgeting, the project budget is the amount of obligation authority, with expenditures following over multiple years. Under expenditure-based budgeting, by contrast, the annual project budget is the amount of anticipated expenditure in that fiscal year.

The ability to reprogram budget authority between projects is critical in an expenditure-based budget to ensure resources are maximized when schedules or costs change. Board Resolution 2011-30 grants the GM/CEO the authority to reprogram up to five percent (cumulative) of the approved capital budget each fiscal year. The FY2015 capital budget is \$1.1 billion, so the GM/CEO's current reprogramming authority is \$55.1 million. The GM/CEO must seek Board approval for additional reprogramming authority to cover additional reprogramming amounts.

As of April 3, 2015, the total amount of FY2015 reprogramming authority already used is \$52.9 million, as shown in the attached tables.

**Discussion:**

The \$2.2 million in remaining authority is not sufficient to reprogram project budgets as needed. The proposed additional FY2015 reprogramming will shift budget authority from projects that are delayed or cost less than anticipated to projects that are ahead of schedule or with higher than expected costs. Most projects will maintain their current total (six-year) project budget, and only the timing of expenditures will change (i.e., shift to earlier or later years in the plan).

The total additional reprogramming request is \$35 million, or approximately an additional three percent of the total FY2015 capital budget. The request includes an additional contingency amount above the specific needs already identified that will provide the GM/CEO with capacity to ensure that existing projects advance without delay.

The following projects are expected to receive an increase in FY2015 budget authority:

- The Railcar Rehabilitation project (CIP0063) will incur labor expenses in excess of the available project budget in delivering the FY2015 annual rehabilitation campaign. The activities are considered capital expenses and are eligible for federal reimbursement.
- The Bus Facility Repair project (CIP0119) has delivered major repairs to three of Metro's core bus facilities as well as minor repairs and improvements at other ancillary facilities. The project is approaching contract closeout and requires additional budget authority to address design changes, contract modifications, and claims.
- The Environmental Compliance project (CIP0010) includes the Largo Water Treatment facility initiative which is scheduled to be completed later this year. Additional budget authority is needed to complete the closeout of the project.
- The Escalator Replacement project (CIP01085) is experiencing an increase in project labor costs due to unforeseen safety requirements when doing work at deep stations.
- In FY2015 Metro has experienced higher than planned labor costs in delivering the track circuit replacement project, one of WMATA's high-priority National Transportation Safety Board (NTSB) recommended safety projects (CIP0139). The project will require additional budget authority to deliver the planned program for FY2015.

The additional FY2015 budget authority will come from projects that have been delayed or cost less than originally planned. Potential projects for FY2015 budget reductions include:

- The New Electronic Payments Program (CIP0097) has been delayed in implementing the pilot program for new payment technology. Milestone payments originally planned for this year are now forecasted to occur in FY2016.
- The Service Vehicle Replacement project (CIP009) experienced a delay during

the procurement process for the FY2015 planned fleet replacement. A majority of the vehicles originally planned to be delivered in FY2015 will not be received until FY2016.

- Royal Street Bus Garage Replacement (CIP0085) will not meet the baseline expenditure forecast for the project due to delays in permitting. The issues have since been resolved.
- Rail Operations Upgrade (CIP0222) was programmed to advance the replacement of the railroad's Advanced Information Management System (AIMS). This replacement project has been discontinued and the AIMS will now be updated rather than replaced. The budget for this project is available to be reprogrammed to other projects.

**FUNDING IMPACT:**

Reprogramming actions will shift existing FY2015 capital budget authority between projects with a net funding impact on the overall capital budget of zero.	
Project Manager:	Thomas J. Webster
Project Department/Office:	CFO/OMBS

**TIMELINE:**

<b>Previous Actions</b>	N/A
<b>Anticipated actions after presentation</b>	Finalize identification of project budget needs and reprogram as required (May-August 2015)  Submit summary report to Board on all FY2015 reprogramming actions (no later than 90 days after the conclusion of FY2015)

**RECOMMENDATION:**

Approve additional \$35 million in GM/CEO capital budget reprogramming authority for FY2015, while maintained the overall approved level of the FY2015 capital budget.

**MEAD 201442  
FY2015 Capital Budget Reprogramming**

Attachment

Table 1: Summary of FY2015 Reprogramming Actions to Date (Project Budget Increases)

Project Name	Original Project Budget	Reprogramming Amount	New Project Budget	Justification
CIP0076 Traction Power and Tie Breaker Improvements	\$33,730,127	\$13,800,000	\$47,530,127	Additional FY2015 budget authority was needed 1) To take advantage of an opportunity to deliver additional work in FY2015 that was planned in future years; and 2) To ensure delivery of the Authority's commitment for 8-Car Train Power Upgrades provided for under \$75 million in Momentum 2025 funds.
CIP0126 Financial Planning, Project Administration, and System Wide Infrastructure Upgrades	\$2,515,962	\$10,900,000	\$13,415,962	The FY2015 approved budget assumed that a number of program support tasks were going to support and be charged to multiple projects across the CIP. In order to simplify the administration of these tasks, limit the risk of allocation errors, and simplify the reimbursement process, these tasks were allocated to this project.
CIP0017 Station Platform Safety Improvement (Truncated Domes)	\$0	\$800,000	\$800,000	There were unforeseen site conditions with the platform structures as well as track access delays.
CIP0065 Geometry Vehicle	\$632,399	\$110,000	\$742,399	There were higher than planned labor costs and additional budget authority was needed to cover final contract payments.
CIP0145 Rail Yard Hardening and Bus Security	\$8,718,516	\$4,500,000	\$13,218,516	The project is partially funded through DHS grant funds. The project required additional budget to cover soft costs that were not eligible for reimbursement on the DHS grant and for the additional work of installing security cameras at stations that were not in the scope of the DHS grant.
CIP0024 Track Rehabilitation	\$42,810,578	\$5,000,000	\$47,810,578	Additional budget authority was required to continue to advance the track rehabilitation state of good repair program. The goal was to replace eight mainline switches and 13 yard switches this year.
CIP0071 Test Track & Railcar Commissioning Facility	\$28,545,652	\$800,000	\$29,345,652	Incurred a series of delays due to the insufficient availability of CSX flagging services. These delays resulted in higher costs for CSX flagging and for project management.
CIP0072 Elevator Rehabilitation	\$5,580,575	\$2,000,000	\$7,580,575	Additional budget authority was needed for unbudgeted shuttle bus service costs and higher than budgeted force account labor costs.
CIP0101 Police Substation- New District 2/Training Facility	\$8,178,527	\$1,725,000	\$9,903,527	Additional budget authority was required to settle post contract award design changes, permitted delays claims, and to close the project.
CIP0106 Special Operations Division Facility	\$8,182,047	\$1,000,000	\$9,182,047	Additional budget authority was required to fund contract modifications, permitted delay claims, and to close project.
CIP0135 Train Control Signal and Traction Power System Interface	\$1,229,322	\$267,700	\$1,497,022	The project team completed work in FY2015 that was originally budgeted in FY2016. The vendor had delivered material in FY2015 and had submitted a final invoice for payment that could not be paid until this reprogramming action was completed.
CIP0185 Escalator Replacement	\$16,186,099	\$5,867,000	\$22,053,099	The project is experiencing higher than anticipated costs to accommodate additional safety requirements associated with replacing escalator units at WMATA's deep underground stations until work commenced in FY2015.
CIP0206 Carmen Turner Facility Electrical Distribution Upgrade	\$2,881,168	\$1,265,576	\$4,146,744	The project experienced higher than anticipated contract prices and there was insufficient budget authority remaining to fund engineering, project management, and indirect costs.
CIP0131 Credit Facility	\$3,001,014	\$850,000	\$3,851,014	The additional budget authority is necessary to cover projected short-term financing costs associated with Metro's lines of credit and the issuance of interim financing to support the cash flow timing differences related the Federal grant receipts.
CIP0139 National Transportation Safety Board Recommendations	\$24,178,754	\$4,000,000	\$28,178,754	The project had experienced significantly higher than planned labor costs in delivering their FY2015 plan to replace GRS track circuits, an NTSB safety recommendation.
<b>Total</b>		<b>\$52,885,276</b>		

Table 2: Summary of FY2015 Reprogramming Actions to Date (Project Budget Decreases)

Project #	Project Name	Original Project	Reprogramming Amount	New Project Budget	Justification
CIP0006	Bus Replacement	\$133,575,055	(\$33,867,000)	\$99,708,055	This project is delayed due to a change in the model of buses to be purchased. Not all of the buses originally scheduled for FY2015 delivery will be received within the current fiscal year and project will spend significantly less than the original FY2015 budget; payments were deferred until FY2016.
CIP0085	Royal Street Bus Garage Replacement (Cinder Bed Road)	\$39,075,991	(\$1,500,000)	\$37,575,991	The project had experienced permitting process delays resulting in a shift of expenditures from FY2015.
CIP0108	Red Line Rehabilitation Stage Two	\$7,753,515	(\$2,110,000)	\$5,643,515	There was a reduction to the FY2015 and overall project budget due to a reduction in scope and elements of work that were being deferred beyond the six-year planning period.
CIP0218	Station Upgrades	\$3,488,074	(\$2,624,776)	\$863,298	There was a reduction to the FY2015 and overall project budget due to a reduction in scope and elements of work that were being deferred beyond the six-year planning period.
CIP0222	Rail Operations Upgrade	\$5,000,000	(\$3,000,000)	\$2,000,000	There was a reduction to the FY2015 and overall project budget due to a reduction in scope and elements of work that were being deferred beyond the six-year planning period.
CIP0080	Building Infrastructure & Systems Renewal	\$3,674,037	(\$500,000)	\$3,174,037	Elements of work in the project have been deferred.
CIP0085	Royal Street Bus Garage Replacement (Cinder Bed Road)	\$37,575,991	(\$3,525,000)	\$34,050,991	The project experienced permitting process delays resulting in a shift of expenditures from FY2015.
CIP0088	Station Entrance Canopies	\$3,744,845	(\$908,500)	\$2,836,345	The project experienced procurement process delays.
CIP0097	New Electronic Payments Program	\$22,217,634	(\$850,000)	\$21,367,634	Anticipated delays in delivering their planned programs for FY2015 due to a delay in the procurement for the infrastructure rehabilitation at 99 mezzanines. As a result, this project was forecasting a significant reduction in expenditures during the fiscal year, and the contract for work was scheduled to be issued in FY2015, but with work beginning in FY2016.
CIP0116	Rail Yard Facility Repairs	\$30,666,724	(\$4,000,000)	\$26,666,724	The project is experiencing delays in delivering the electrical elements of this year's work plan. The electrical contractor planned to deliver the work, a sub-contractor to the prime contractor on the project, went bankrupt. This required the prime contractor to find another sub and resulted in delays.
<b>Total</b>			<b>(\$52,885,276)</b>		



Washington Metropolitan Area Transit Authority

# FY2015 Capital Budget Reprogramming

Finance & Administration Committee  
April 9, 2015



## Purpose

- Request additional FY2015 reprogramming authority to move budget authority between existing capital projects





## Background

- WMATA began expenditure-based budgeting in FY2006 – previously had used obligation-based budgeting
  - Obligation-based: annual project budget is amount of obligation authority, with expenditures following over multiple years
  - Expenditure-based: annual project budget is amount of anticipated expenditure in that year



## Background (cont.)

- Board Resolution 2011-30 authorizes GM/CEO to reprogram up to five percent of each year's capital budget
  - \$55.1 million in FY2015 (five percent of \$1.1 billion)
- FY2015 reprogramming to date is \$52.9 million
- \$2.2 million remaining authority not sufficient to accommodate expected budget changes



# Impact of Proposed Reprogramming

- Additional reprogramming will shift FY2015 budget authority:
  - From projects that are delayed or cost less
  - To projects ahead of schedule or with higher than expected costs
- Most projects will maintain total project budget, only timing will change (shift earlier/later)





## Projects Likely to Receive Additional FY2015 Budget Authority

- Railcar Rehabilitation (CIP0063)
- Bus Facility Repair (CIP0119)
- Environmental Compliance, including Largo water treatment facility (CIP0010)
- Escalator Replacement (CIP0185)
- NTSB Recommendations – track circuit replacement (CIP0139)



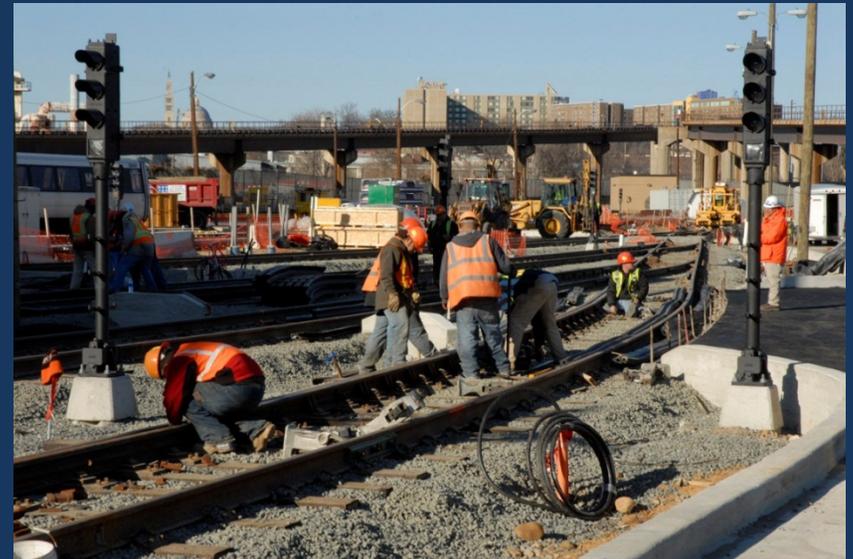
## Delayed Projects Likely to Have FY2015 Budget Authority Reduced

- New Electronic Payments Program (NEPP) (CIP0097)
- Service Vehicle Replacement (CIP009)
- Royal Street Bus Garage Replacement (Cinder Bed Road) (CIP0085)
- Rail Operations Upgrade (CIP0222)



## Next Steps

- Finalize identification of project budget needs and reprogram as required
- Update FY2016-2021 Proposed CIP to incorporate changes
- Continue to request federal reimbursements
- Report to Board on all reprogramming actions in FY2015





## Recommendation

Approve additional \$35 million in GM/CEO capital budget reprogramming authority for FY2015

SUBJECT: ADDITIONAL CAPITAL BUDGET REPROGRAMMING AUTHORITY FOR FISCAL YEAR 2015

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

WHEREAS, The Washington Metropolitan Area Transit Authority (WMATA) has identified certain capital projects that are ahead of schedule or have incurred higher than expected Fiscal Year (FY) 2015 expenses, as well as other capital projects that are delayed or have incurred lower than expected FY2015 expenses; and

WHEREAS, As a result, the FY2015 capital budget must be reprogrammed to shift budget authority from the projects that are delayed or have cost less than anticipated to the projects that are ahead of schedule or have cost more; and

WHEREAS, Board Resolution 2011-30 revised the reprogramming policy for the capital budget to delegate to the General Manager and Chief Executive Officer (GM/CEO, which includes the Interim GM/CEO) the authority to reprogram up to five percent of the approved total annual capital budget on an annual cumulative basis between existing projects; and

WHEREAS, Board Resolution 2011-30 also stipulates that the GM/CEO shall seek any additional reprogramming authority necessary to cover additional reprogramming amounts; and

WHEREAS, The approved Capital Improvement Program (CIP) budget for FY2015 is \$1,102 million; and

WHEREAS, As of April 1, 2015, the GM/CEO has utilized \$52.9 million of cumulative reprogramming authority in FY2015, or 4.8 percent of the total annual capital budget; and

WHEREAS, The remaining \$2.2 million of existing reprogramming authority for FY2015 is not sufficient to address all the remaining project budget changes that are required; and

WHEREAS, The GM/CEO recommends that an additional \$35 million of reprogramming authority, which will bring the GM/CEO's total FY2015 reprogramming authority to

\$90.1 million, will be sufficient to align all currently identified project budgets with actual expenses as well as provide a contingency for any additional reprogramming needs that may arise; and

WHEREAS, The requested reprogramming is necessary to ensure that budget authority and expenses are aligned with the correct projects so WMATA can pay invoices and seek reimbursements from the Federal government under its grants; and

WHEREAS, The requested reprogramming must be incorporated into the current FY2015 capital budget, which may impact the FY2016-2021 CIP to be presented to the Board of Directors for adoption in May 2015; now, therefore be it

*RESOLVED*, That the Board of Directors grants the GM/CEO, the authority to reprogram up to an additional \$35 million of the FY2015 CIP budget; and be it further

*RESOLVED*, That no later than 90 days after the conclusion of the fiscal year, the GM/CEO shall submit a report to the Board of Directors summarizing all the reprogramming actions taken during FY2015; and be it finally

*RESOLVED*, That because the requested reprogramming must be incorporated into the current FY2015 capital budget, which may impact the FY2016-2021 CIP to be presented to the Board of Directors for adoption in May 2015, this Resolution shall be effective immediately.

Reviewed as to form and legal sufficiency,



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Mark. R Pohl  
Acting General Counsel

WMATA File Structure No.:  
4.2.3 Budget Reprogramming