

Consent Item (B) 01-26-2023

Washington Metropolitan Area Transit Authority

Board Action/Information Summary

☒ Action ☐ Information

MEAD Number:
203420

Resolution:
☒ Yes ☐ No

TITLE:

Indirect Rate Adjustment

PRESENTATION SUMMARY:

Staff will seek approval of a consent agenda item to amend the indirect rates for FY2023 to reflect the latest rate set approved by the Federal Transit Administration

PURPOSE:

Request Board approval of a consent agenda item to amend the indirect rates for FY2023 to reflect the latest rate set approved by the Federal Transit Administration.

DESCRIPTION:

Identification of Parties with an interest in Metro's budget:

The following list includes Metro's top non-personnel multi-year contractors through FY2022 and to date (\$500 million) as well as the Metropolitan Washington Airports Authority. Some vendors have contracts spanning through FY2023 as well.

- Kawasaki Rail Car Inc.
- Kiewit Infrastructure Company
- Hitachi Rail Washington LLC
- Potomac Yard Constructors
- New Flyer of America, Inc.
- Transdev Services, Inc.
- C3M Power Systems, LLC
- Motorola Solutions Inc.
- Kone Inc
- MV Transportation
- Diamond Transportation Service, Inc.
- First Transit, Inc.
- The Aftermarket Parts Company LLC
- DJB Contracting Inc.
- Potomac Construction Co Inc.
- Dell Marketing LP
- Cubic Transportation Systems Inc.
- Jacobs Engineering Group, Inc.

- Challenger Transportation Inc.
- Toshiba International Corporation
- Gannett Fleming Engineers and Architects

A full list of Procurement Awards is available at:

<https://www.wmata.com/business/procurement/solicitations/index.cfm#main-content>

Furthermore, Metro has labor agreements with the following collective bargaining units:

- Fraternal Order of Police/Metro Transit Police Labor Committee, Inc. (FOP)
- Office and Professional Employees International Union Local No.2, AFL- CIO (Local 2)
- Local 639, International Brotherhood of Teamsters Law Enforcement Division (Local 639)
- Local Union 689 of the Amalgamated Transit Union, AFL-CIO (Local 689)
- Local 922, International Brotherhood of Teamsters (Local 922)

Key Highlights:

- Current indirect rates, based on the draft Indirect Cost Rate Proposal under FTA review, were adopted with the approval of the FY2023 Operating and Capital Budgets by Resolution No. 2022-06 on March 24, 2022
- On August 12, 2022, the FTA approved a slightly revised set of rates
- Board approval of the August 2022 rates will allow staff to align the indirect rate applied to capital labor with the latest levels approved by the FTA
- No impact to the approved jurisdictional operating subsidy and capital contributions

Background and History:

Indirect Cost (Overhead) Rate is a methodology Metro and other transit agencies receiving federal funding apply to recover agency costs as part of the FTA's grant program. Metro's Indirect Cost Allocation Plan (ICAP) is based on federal guidelines (Chapter 2 of CFR Part 200) and approved by the FTA. Application of indirect rates allows Metro to be reimbursed for a proportion of overhead costs and thus recover funding for indirect support which will reduce total operating expenditures. As required by the District Capital Funding Agreement, the Board "considers" FTA approved indirect cost rate and "directs" staff regarding its application to jurisdictional capital projects.

The Board approved Resolution No. 2022-06 on March 24, 2022, which adopted the FY2023 Operating and Capital Budgets and the current indirect rates - based on a draft Indirect Cost Rate Proposal under FTA review.

Discussion:

When the Board approved the use of Proposed Indirect Cost Rates on March 24, 2022, the rates were under FTA review. On August 12, 2022, the FTA approved a slightly revised rate set. Both rate sets are represented in the table below:

	Current Board Approved Rate (March 24, 2022)	FTA-Approved Rate (August 12, 2022)
Access Services – Paratransit	189.61%	180.36%
Bus Services – Transportation	36.17%	33.97%
Bus Services – Vehicle Maintenance	41.24%	42.56%
Rail Transportation Administration	50.35%	50.89%
Railcar Maintenance	50.28%	56.22%
Rail Infrastructure and Facilities	57.03%	59.70%
Metro Transit Police Department	55.31%	53.16%
Customer Service, Communications, and Marketing	65.40%	74.59%
Blended Rate	49.15%	50.59%

With Board approval, staff will align the rates in use with the FTA approved rates. This change will have no impact on the approved jurisdictional operating subsidy and capital contributions.

FUNDING IMPACT:

Approval of Indirect Cost Rates only - no direct funding impact.	
Project Manager:	Yetunde Olumide
Project Department/Office:	Finance

TIMELINE:

Previous Actions	March 2022 – Board approval of Indirect Cost Rate Proposal under FTA review
	August 2022 – FTA approval of a revised rate set
Anticipated actions after presentation	February 2023 – Implementation of the August 2022 rate set

RECOMMENDATION:

Approve the consent agenda item to amend the indirect rates for FY2023 to reflect the rate set approved by the FTA in August 2022.

SUBJECT: ADJUSTMENT OF WMATA FISCAL YEAR 2023 INDIRECT COST RATES

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

WHEREAS, As required by the District of Columbia Dedicated Funding Grant Agreement § 10(a)(ii), the Board of Directors adopted Indirect Cost Rates for WMATA Fiscal Year 2023 (Resolution 2022-06, Attachment H); and

WHEREAS, This rate is lower than the FTA-approved Indirect Cost Rates and does not reflect the actual indirect costs incurred by the relevant capital projects;

NOW, THEREFORE, be it

RESOLVED, That the Board of Directors determines that the FTA-approved Indirect Cost Rates for Fiscal Year 2023 should be applied; and be it further

RESOLVED, That Resolution 2022-06, Attachment H, is amended and restated as follows for Indirect Cost Rates:

DEPARTMENT	Indirect Cost Rates
Access Services, Mode 10 – Paratransit (ACCESS)	180.36%
Bus Services – Transportation, Mode 01 (BTRA)	33.97%
Bus Services – Vehicle Maintenance, Mode 01 (BMNT)	42.56%
Rail Transportation Administration, Mode 02 (RTRA)	50.89%
Railcar Maintenance, Mode 02 (CMNT)	56.22%
Rail Infrastructure and Facilities, Mode 02 (INFR)	59.70%
Metro Transit Police Department (MTPD)	53.16%
Customer Service, Communications, and Marketing (CSCM)	74.59%
Blended Rate	50.59%

RESOLVED, That to maximize the use of the revised Indirect Cost Rates, this Resolution shall be effective immediately.

Reviewed as to form and legal sufficiency,

/s/
Patricia Y. Lee
Executive Vice-President, Chief Legal Officer
and General Counsel

WMATA File Structure No.:
4.2.2 Fiscal Year Budgets