



Recommendation to Amend the 2012 Budget for the Dulles Corridor Metrorail Project – Phase 1

June 2012

Recommendation to Amend the 2012 Budget for the Dulles Corridor Metrorail Project Phase 1

- Current Phase 1 Project Budget Authorization - \$2.756 Billion
- Current forecast requires an additional \$150 million Project Cost
- Request that the Board approve the following:
 - Increase the Phase 1 Project Budget Authorization to \$2.906 Billion
 - Increase budget authorization - \$150 Million
- \$150 million Project Cost increase is shared among funding partners per Local Funding Agreement.

**REPORT TO THE BOARD OF DIRECTORS
RECOMMENDATION TO AMEND FUNDS FOR THE DULLES CORRIDOR
ENTERPRISE FUND 2012 BUDGET
JUNE 2012**

ACTION REQUESTED

That the Finance Committee approved and recommends that the Board approve an amendment to the Airports Authority 2012 Budget for the Dulles Corridor Enterprise Fund, adopted pursuant to Resolution 11-36, for an increase of \$150 million for the Dulles Corridor Metrorail Project – Phase 1 (DCMP), including Concurrent Roadway Improvements. Funding for this additional \$150 million will be shared in accordance with the 2007 Local Funding Agreement between the Airports Authority, Fairfax County and Loudoun County. This will increase the DCMP for the Local Funding Agreement costs, including Concurrent Roadway Improvements from \$2.756 billion to \$2.906 billion.

DISCUSSION

The DCMP original budget of \$2.756 billion (which excludes finance charges, other costs associated with Virginia Department of Rail and Public Transportation, Comprehensive Agreement and Acquisition Costs, Transportation Management Plan, and Washington Metropolitan Area Transit Authority Latent Defect Reserve) included \$312.3 million in contingency for unknown changes and cost overruns. As of April 2012, the project, which is approximately 74 percent complete and with 17 months remaining in the design-build contract, has expended or committed approximately 95 percent of the original \$312.3 million contingency. The current forecast requires an additional \$150 million for change orders, scope growth and cost increases in allowance items expected through DCMP completion in 2013. Of the additional \$150 million, \$64.8 million is for potentially eligible costs included in the Full Funding Grant Agreement (FFGA). The remaining \$85.2 million is related to non-FFGA items related to Concurrent Roadway Improvements (Route 7, Spring Hill Road, and Emergency Crossover Enhancements).

The total DCMP cost, including Concurrent Roadway Improvements, will increase by \$150 million from \$2.756 billion to \$2.906 billion. Funding for these additional costs are shared on a fixed percentage basis under the 2007 Local Funding Agreement between the Airports Authority, Fairfax County and Loudoun County in accordance with the Local Funding Agreement. The Airports Authority has agreed to contribute 4.1 percent of the total DCMP costs. Fairfax County's contribution is 16.1 percent, and Loudoun County's contribution is 4.8 percent. The residual additional cost is borne through the Toll Road Contributions.

The table below shows the DCMP Phase 1 Project Cost Summary.

Dulles Corridor Metrorail Project - Phase 1 Project Cost Summary			
	<u>Budget</u>	<u>Recommended</u>	<u>Budget</u>
	<u>Authorization</u>	<u>Budget</u>	<u>Authorization as</u>
		<u>Amendment</u>	<u>Amended</u>
Guideway and Track Elements	\$ 666,500,000	\$ (35,975,650)	\$ 630,524,350
Stations, Stops, Terminals, and Intermodals	317,024,000	37,525,928	354,549,928
Support Facilities: Yards, Shops, Admin Building	51,790,000	(10,031,124)	41,758,876
Sitework and Special Conditions	232,961,000	54,197,138	287,158,138
Systems	278,158,000	(5,258,622)	272,899,378
Right-of-Way (ROW), Land and Existing Improvements	45,953,000	19,058,618	65,011,618
Vehicles (Rail Cars and Support Vehicles)	211,630,000	5,026,012	216,656,012
Professional Services	698,471,000	94,247,177	792,718,177
Unallocated Contingency	130,000,000	(93,989,414)	36,010,586
Subtotal Project Cost - Phase 1	\$ 2,632,487,000	\$ 64,800,064	\$ 2,697,287,064
Concurrent Roadway Improvements*	123,208,000	85,200,000	208,408,000
Project Cost - Phase 1 including Concurrent Roadway Improvements	\$ 2,755,695,000	\$ 150,000,064	\$ 2,905,695,064

* Non-FFGA Costs

RECOMMENDATION

The Finance Committee approved and recommends that the Board approve the amendment to the 2012 Airports Authority Budget for the Dulles Corridor Enterprise Fund, adopted pursuant to Resolution 11-36, to authorize an increase of \$150 million for the Dulles Corridor Metrorail Project – Phase 1 (DCMP). This will be accomplished by increasing the budget authorization by \$150 million. This will increase the DCMP for the Local Funding Agreement costs including Concurrent Roadway Improvements from \$2.756 billion to \$2.906 billion.

Prepared by:
Office of Finance and
Office of Engineering
June 6, 2012

Proposed Resolution

Amending the 2012 Budget for the Dulles Corridor Enterprise Fund

WHEREAS, On December 7, 2011, the Board in Resolution No. 11-36 approved the 2012 Budget, which included, under the Dulles Corridor Enterprise Fund, a budget for the Dulles Corridor Metrorail Project Phase 1 (Phase 1);

WHEREAS, With 17 months remaining in the design-build contract for Phase 1, which is approximately 74 percent complete, current forecasts reflect a \$150 million increase over the original budget authorization of \$2.756 billion for the Local Funding Agreement costs, including concurrent roadway improvements; and

WHEREAS, This additional \$150 million will be shared in accordance with the 2007 Local Funding Agreement between the Airports Authority, Fairfax County and Loudoun County; now, therefore, be it

RESOLVED, That the Budget Authorization for the Dulles Corridor Metrorail Project Phase 1, including concurrent roadway improvements, is hereby amended to be \$2,905,695,064.

*Recommended by the Finance Committee on May 16, 2012
For Consideration by the Board of Directors on June 20, 2012*