



U.S. Department
of Transportation
**Federal Transit
Administration**

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August 20, 2007

Mr. James E. Bennett
President and Chief Executive Officer
Metropolitan Washington Airports Authority
1 Aviation Circle
Washington, DC 20001-6000

Re: Dulles Corridor Metrorail Project
Project Management Oversight Contractor Reports

Dear Mr. Bennett:

The Federal Transit Administration (FTA) and its Project Management Oversight Consultant (PMOC), Hill International, conducted several workshops over the past months to assess the Dulles Project's scope, budget, schedule and contingency. We appreciate the cooperation of the staff from the Metropolitan Washington Airports Authority (MWAA), the Virginia Department of Rail and Public Transportation (DRPT), and their consultants. We are pleased to share with you the results of this effort by enclosing several reports produced for FTA by PMOC. These reports were the basis of the meeting held on the 15th of August.

They include: PG-32C, "Grantee Design Scope Review"
PG-33B, "Assessment and Evaluation of Grantee Project Cost Estimates"
PG-34A, "Grantee Project Schedule Review"
PG-35A, "Project Contingency Review"

The Grantee Design Scope Review report evaluates the completeness, consistency and adequacy of the definition of project scope. This PMOC effort to analyze individual project scope elements can reveal and estimate the amount of risk individual scope elements bring to the project. This assessment of project definition provided by the report is a major input into PMOC recommendations, as to project contingency requirements.

The Assessment and Evaluation of Grantee Project Cost Estimates report evaluates the consistency of such data, and seeks to understand its characteristics and descriptions, as well as correlations between the quantity data in these estimates established in the design deliverables. This PMOC effort analyzes project cost data to determine if it is truly reflective of the scope indicated on the design drawings, namely the project cost estimate is reflective of reasonably correct estimate quantities.

The Grantee Project Schedule Review report evaluates the development and level of detail in the project schedule in its current form. This PMOC effort to analyze detailed elements of the project schedule can determine the validity of the longest path of the project (project critical path), the Revenue Operations Date and that of critical areas such as right-of-way acquisition, utility relocation and construction. This report is a major input into PMOC recommendations as to schedule reasonableness, the probability of schedule slippages, and the adequacy of project cost contingency to absorb the cost impacts of schedule delays. In this case, PMOC recommendations for schedule adjustment ranged from a completion date estimate of Q4 2013 to Q1 2014. The cost impacts of this potential for delay were evaluated as part of the contingency analysis discussed below.


The Project Contingency report evaluates the adequacy of project cost contingency in terms of its ability to absorb increases in cost due to scope changes or clarifications within the project scope and schedule changes inclusive of delays. This PMOC effort to analyze the adequacy of the project cost contingency is based upon FTA's previous program experience, as well as scope, cost and schedule inputs from the other reports, risk modeling and PMOC's professional opinion. The major inputs from this report are recommended adjustments to total project contingency prior to any adjustments for project size or cost growth to date [such as the growth in the project budget from \$1.5 billion in 2005 to \$2.65 billion in 2007]. The net effect is a recommended value of \$432 million in the total project contingency for a project budget of \$2.83 billion before upward adjustments for project complexity, additional organization risks, or cost growth to date.

In awarding the Dulles Transit Partners contract, the Dulles project has accomplished some degree of risk transfer. This presented FTA with significant challenges to fairly evaluate the risks to the Dulles project and thereby determine the adequacy of project contingency. We have even gone so far as to order an independent assessment by Shaw group, which we shall share with you as well in the near future. We believe that these inputs from these two independent sets of PMOC reports provide a starting point for determining any adjustments to project contingency due to project complexity, or cost growth to date. We will be making that determination based in part upon these PMOC reports and industry experience.

Please use this information in your decision-making, as you prepare your amended request to enter final design and contact Mr. Michael O'Connor in FTA's Office of Engineering at (202) 366-0975, if you have any questions regarding these reports.

Lastly, please note that the enclosure to this letter is a Third Party Disclaimer notice. This disclaimer notice is considered an integral part of each report that is being transmitted to you.

Sincerely,



Jettitia A. Thompson
Regional Administrator

Enclosure

cc: Mr. Charles S. Carnaggio, MWAA
Mr. Matthew Tucker, DRPT

All Readers are hereby instructed of the following limitation on any use of these reports:

Third Party Disclaimer

These Project Management Oversight Contractor (PMOC) deliverables and all subsidiary reports are prepared solely for the Federal Transit Administration (FTA). This risk-informed evaluation and assessment should not be relied upon by any party, except FTA or the project sponsor, in accordance with the purposes of the evaluation and assessment as described below.

For projects funded through FTA's Major Capital Investment (New Starts) program, FTA and its PMOCs use a risk-informed assessment process to review and validate a project sponsor's budget and schedule. This risk-informed evaluation and assessment process is a tool for analyzing project development and management. Moreover, this process is iterative in nature; any results of an FTA or PMOC risk-informed evaluation and assessment represent a "snapshot in time" for a particular project under the conditions known at that same point in time. The status of any evaluation or assessment may be altered at any time by new information, changes in circumstances, or further developments in the project, including any specific measures a sponsor may take to mitigate the risks to project costs, budget and schedule, or the strategy a sponsor may develop for project execution.