

Building Budgets and Conference Planning



It's that time of year again friends and colleagues. As the construction and maintenance season winds to a close, we are all trying to project where we will finish for the year. For many of us, a lot of work remains to be completed. Hopefully the weather remains favorable and everything falls into place to meet our project schedules. As construction industry veterans know, it takes a lot of hard work, and maybe a little bit of luck, to get there.

Along with trying to accurately predict finishes against this year's budget, we are in the process of building our 2015 budgets. This is an annual exercise, but some years are easier to forecast than others. The second-half of the year's work load is usually heavy in our industry, but who could have imagined the volume remaining for the 4th quarter this year?

For next year, we'll build our budgets based on historical data from previous years and include some percentage of revenue for projects we know are already in the pipeline. We'll plan for some growth to our business, plan on rebuilding or purchasing some new equipment, possibly increasing our staff, all while making every attempt to submit a balanced budget that works and is manageable for the year ahead. It's a mixture of art and science, it's essential to what we do as contractors, and just like actually getting all of construction work done on schedule, it takes a lot of hard work and maybe a little bit of luck to get it right.

The coming year's budget could even be a little tougher to forecast than most, based on the uncertainty surround some pending rail-related legislation:

- Funding for the major surface transportation reauthorization bill for highway and transit investments is on short-term fix through May of 2015, and what will come next is undecided.
- The FY2015 transportation appropriations bill also remains to be finalized, and will be the subject of action in the lame duck session of Congress in December. The House has passed a version of this bill and a Senate sub-committee has passed a larger version. The NRC will be advocating for

the higher funding levels for the various rail infrastructure programs, such as FTA New Starts, Amtrak capital grants, and TIGER grants.

- 3 pieces of rail legislation were introduced in Congress in only 2 weeks in August! They were passenger rail reauthorization (PRRIA), STB reauthorization, and a rail safety bill. While we don't expect to see further action on any of these bills in 2014, they do introduce a note of uncertainty and require constant vigilance.

On a positive note out of DC, on September 12, the U.S. DOT announced the award of \$552 million in TIGER VI discretionary grants to 41 construction projects and \$32 million to 31 planning projects in 46 states and DC. Among the awardees were 17 rail-related projects receiving over \$131 million, including multiple short line, streetcar, light rail transit, and commuter rail projects.

On the freight rail side, we expect that the freight railroads will continue to invest massive sums to maintain and expand their systems and infrastructure, and we look forward to hearing details regarding their 2015 capital spending programs at our conference in January.

The NRC 2015 Conference and NRC/REMSA Exhibition will be held Wednesday January 7 through Saturday January 10, at the Diplomat Resort & Spa in Hollywood, Florida. Registration is open – you can book now. It's a fabulous venue that has everything you would expect in a first class resort – and South Florida isn't a bad place to be in early January! Along with a great venue, we have a great agenda. Our list of guest speakers from the rail industry includes a lot of familiar faces as well as some new ones. The speakers will include engineering executives from the Class 1s, short line holding companies, and some of the biggest and most active rail transit agencies in the country.

For additional information regarding the conference, please visit www.nrcma.org.

Have a safe day.

by Bill Dorris,
NRC Chairman



The National Railroad
Construction & Maintenance
Association, Inc.
500 New Jersey Ave., N.W.
Suite 400
Washington D.C. 20009

Tel: 202-715-2920
Fax: 202-318-0867
www.nrcma.org
info@nrcma.org