PROGRESS REPORT

Fiscal Year 2019 Q2

February 8, 2019

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FY2019 Q2 at a Glance

In the second quarter of fiscal 2019, Metro released a clean audit, advanced the office consolidation strategy that will save the Authority $130 million and completed critical improvements to the Yellow Line bridge.

For the fourth straight year, the independent auditor issued a clean opinion on WMATA's FY2018 Financial Statements. According to the audit, "the Authority complied in all material respects, with the types of compliance requirements that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2018." For the third straight year, the auditor issued an unmodified opinion on WMATA's Single Audit for FY2018, keeping Metro in compliance with federal grant requirements.

In October, as part of an office consolidation strategy, Metro selected L'Enfant Plaza as the home for its new, centrally located headquarters building, purchasing the vacant office property formerly known as the "Reporter's Building" at 300 7th Street SW. The new site will replace Metro's outmoded Jackson Graham Building (JGB) which was constructed in 1974 and no longer meets current accessibility requirements or modern fire/life-safety standards.

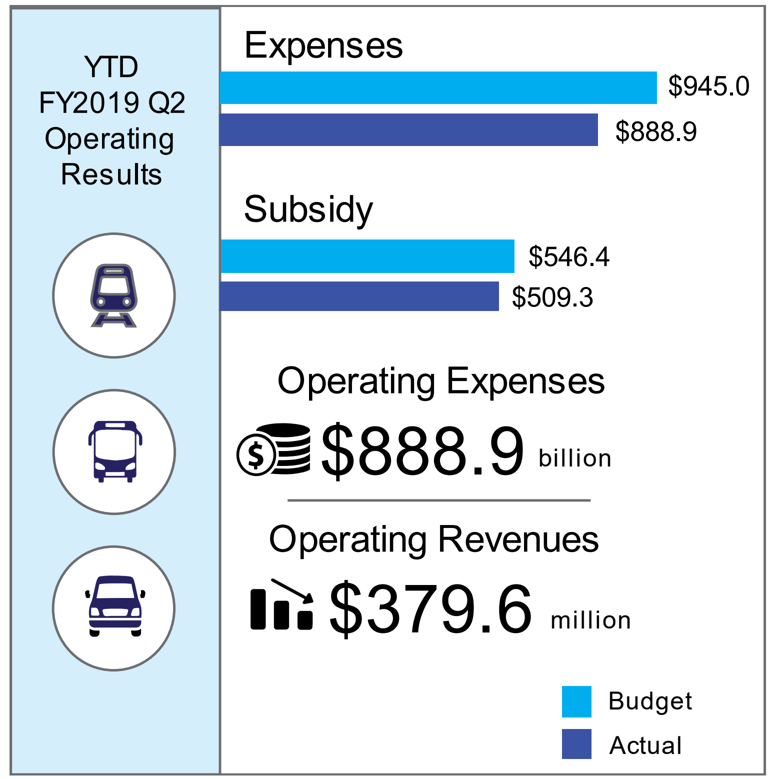
In addition to moving the headquarters, Metro will downsize from 10 current office buildings to seven throughout the region. In addition, Metro stands to generate tens of millions of dollars by redeveloping the JGB property under a long-term ground lease, given its prime location on a 43,000 square-foot parcel in DC's thriving Gallery Place neighborhood, directly across from the Capital One Arena and the National Building Museum. The selection of Metro's new DC headquarters is the first major step in a broader office consolidation strategy that will save the transit authority $130 million over the next 20 years.

Finally, immediately following the Thanksgiving holiday weekend, Metro completed a 14-day track rehabilitation of the Yellow Line Bridge over the Potomac River. Due to the heavy construction activity and limited space available on the bridge span, both Yellow Line tracks were taken out of service for safety reasons, resulting in a suspension of all Yellow Line service for the duration of the project. This approach allowed crews to complete the work faster, working around the clock to pour new concrete grout pads, replace fasteners, cables and other components.

Operating Results

Metro's operating expenses through Q2 of FY2019 totaled $888.9 million or $56.1 million less than budget.

Metro's net subsidy through the second quarter was $509.3 million, or $37.1 million (seven percent) below budget. This positive variance was driven by the $56.1 million favorability in operating expenses, partially offset by a $19.1 million revenue shortfall. Operating revenues were $379.6 million through Q2, funding 43 percent of operating expenses. The Board amended the FY2019 budget in November 2018 to add $65.6 million due to collective bargaining agreements reached in CY2018 as well as additional MetroAccess expenses.



* All figures exclude reimbursable expenses and revenues.

Ridership & Revenue

Actual ridership for all three modes was 149.9 million trips through Q2 of FY2019.

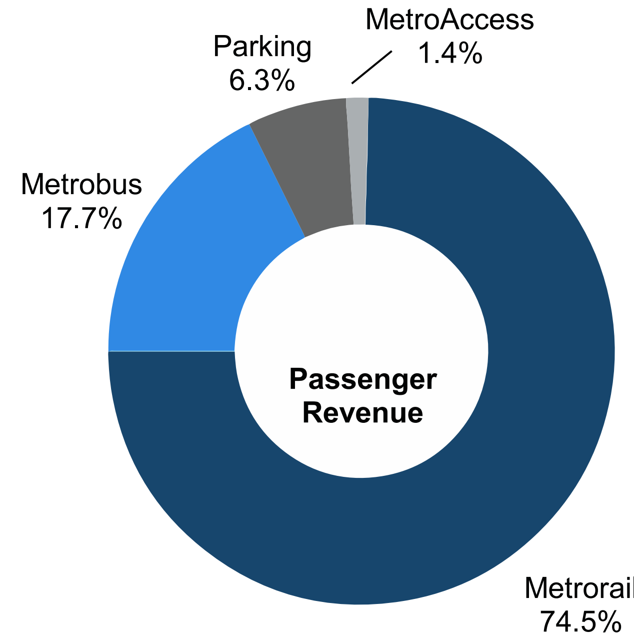
Rail ridership through Q2 was 85.9 million trips – 1.2 million down from the prior year. The rail passenger revenue budget through the second quarter was $271.3M while actual was $261.7M. Bus Automated Passenger Count ridership totaled 62.8 million trips through Q2 - an increase of 1.3 million trips compared to prior year. The bus passenger revenue budget was $69.4M while actual was $62.1M. Total ridership on MetroAccess through the second quarter was 1.2 million trips – consistent with both FY2018 and FY2019 budget.

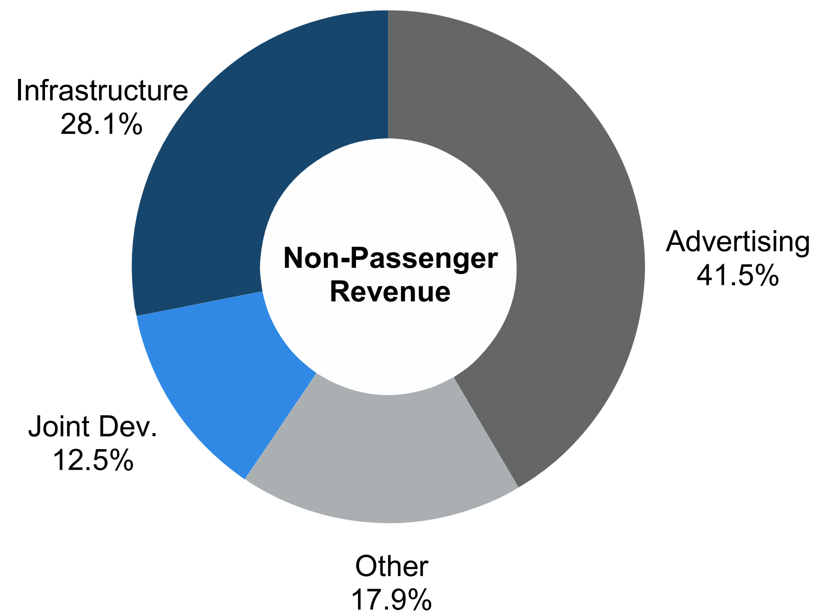
Ridership

	YTD Q2 Budget	YTD Q2 Actual
Rail	86.9 million trips	85.9 million trips
Bus	64.0 million trips	62.8 million trips
MetroAccess	1.2 million trips	1.2 million trips

Total Passenger Revenue through Q2 was $351.0 million, $18.7 million (5 percent) below budget.

- Through Q2, Metrorail passenger revenue of $261.7 million was $9.6 million below budget.
- Metrobus passenger revenue of $62.1 million was $7.3 million below budget.
- MetroAccess passenger revenue of $5.0 million was $0.2 million under budget.
- Parking revenue of $22.2 million – was $1.6 million below budget.
- Advertising revenue was $11.8 million, while fiber optic/ infrastructure revenue was $8.0 million, and joint development revenue was $3.6 million.
- Second quarter non-passenger revenue of $28.5 million was $0.4 million less than budget despite $2.2 million of unbudgeted interest revenue.





Operating Expenses

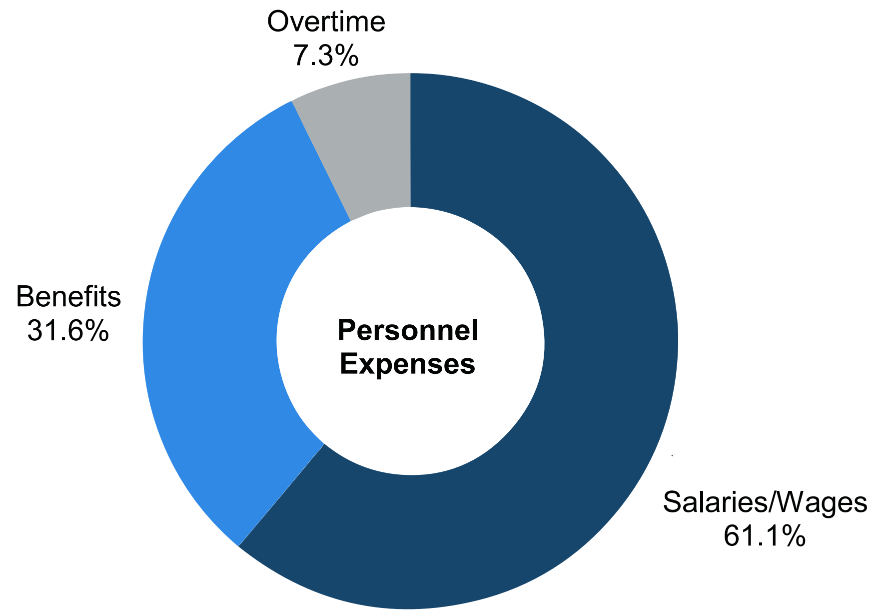
FY2019 operating expenses were $888.9 million – favorable to budget by $56.1 million due to savings in both Personnel and Non-Personnel expenses.

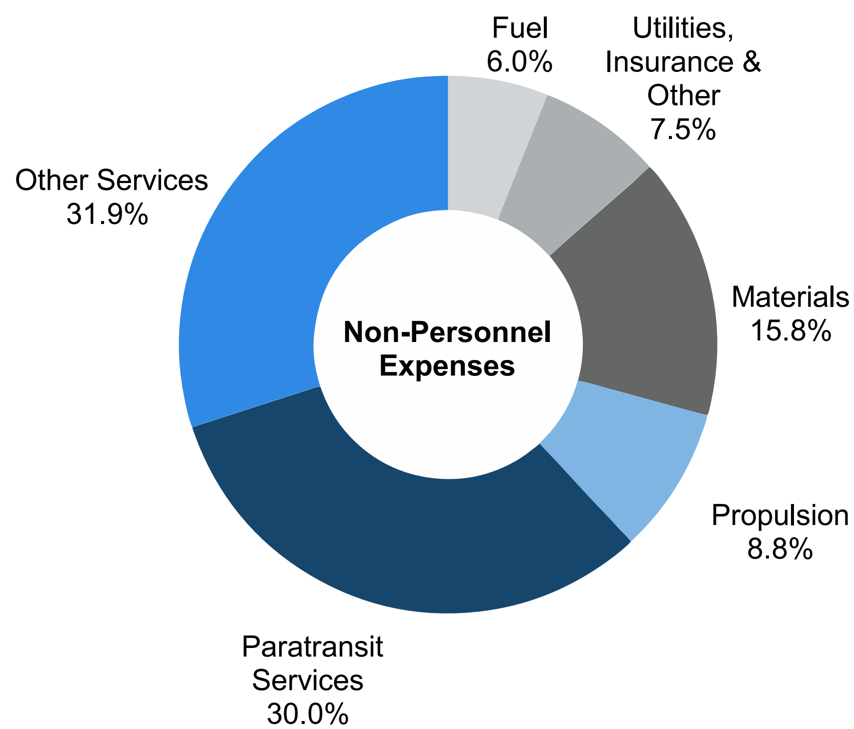
Personnel Expenses

- FY2019 Q2 personnel expenses (including salaries/wages, overtime, and fringe benefits) were $636.6 million – favorable to budget by $32.3 million (five percent).
- Salary and wage expenses accounted for $389.0 million of this total, under budget by $27.5 million (seven percent) due to vacancies.
- Overtime expenses were $46.6 million (over budget by $9.0 million due to vacancy issues), while fringe benefit expenses were $201.1 million ($13.7 million below budget).

Non-Personnel Expenses

- Non-personnel expenses were $252.3 million through Q2 – $23.9 million (nine percent) below budget.
- Within services, Paratransit Services were $75.6 million, $1.8 million above budget. This was offset by favorability in other services.
- Fuel, utilities, and propulsion combined were $5.8 million favorable to budget.
- Materials & Supplies contributed to overall expense favorability with lower than expected expenses for items such as bus tires and computer software.



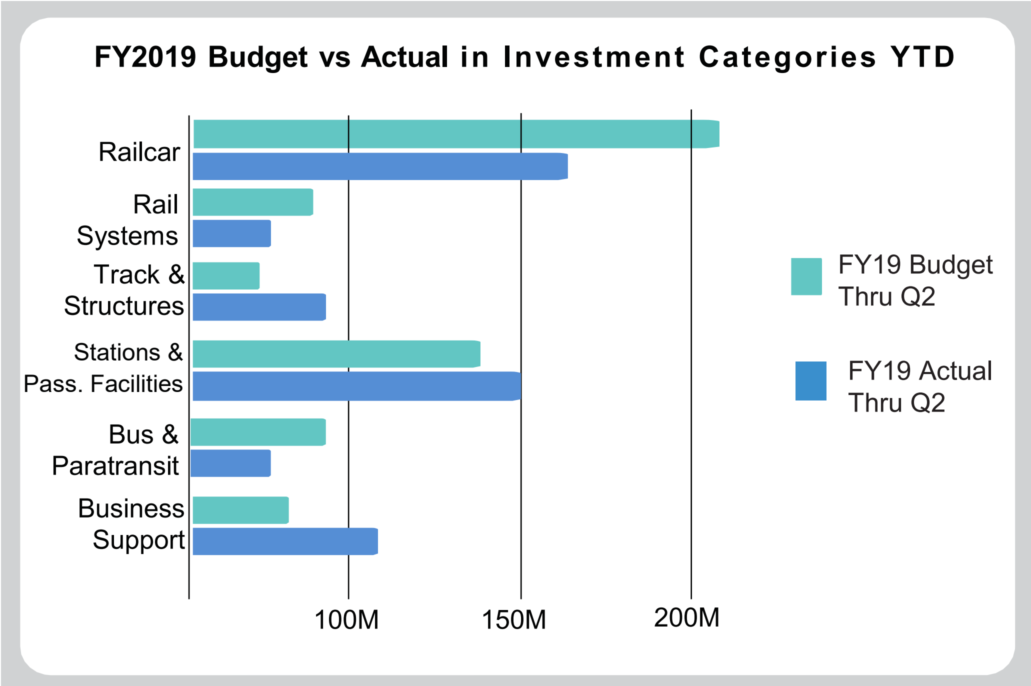


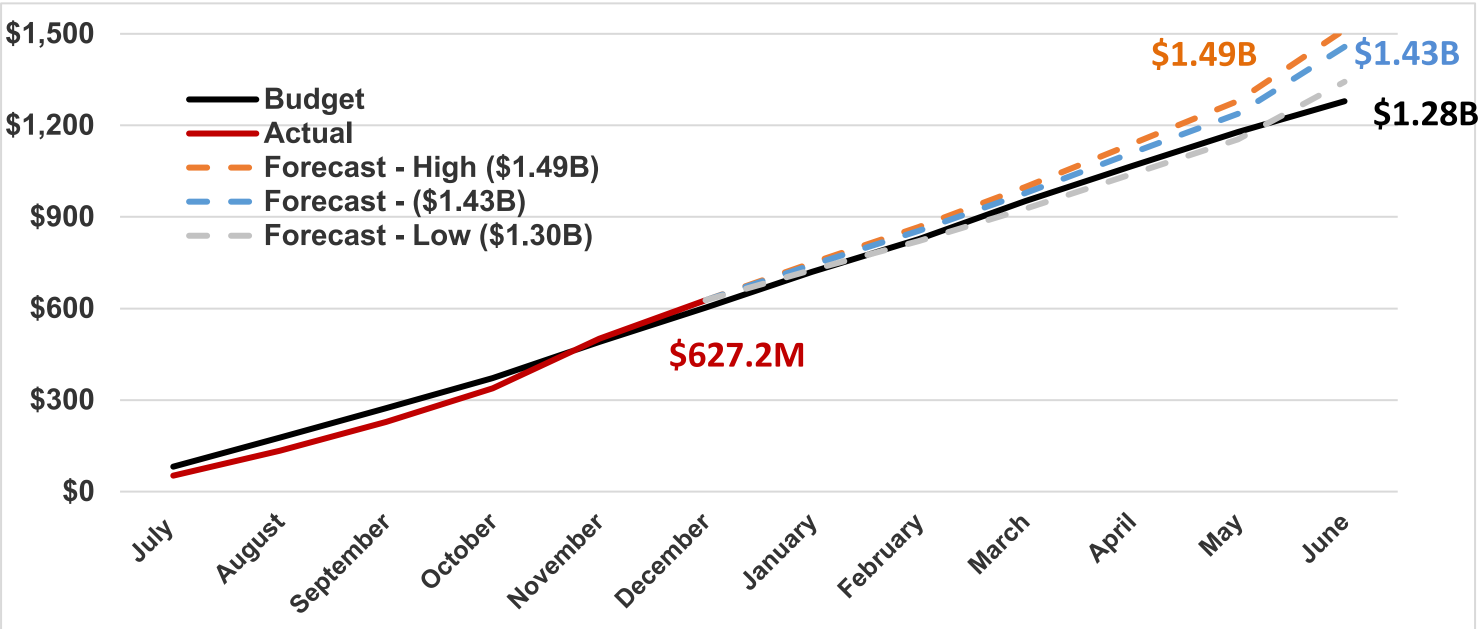
Capital Programs

Metro invested $627 million in the Capital Program.

In the second quarter Metro continued the aggressive delivery of capital projects to improve the safety and reliability of the transit system. For FY2019 to-date, investment was $15 million greater than budget, as the impact of railcar production delays in Q1 was offset by the purchase of a new headquarters building in Q2. The chart to the right shows budget and actual expenditures by program category through Q2.

The chart below shows the Q2 capital expenditures against the budgeted schedule for FY2019 and the current forecast range for the remaining two quarters in FY2019.





CAPITAL IMPROVEMENT PROGRAM: RAILCAR INVESTMENTS

FY2019 Second Quarter

Railcar Investments

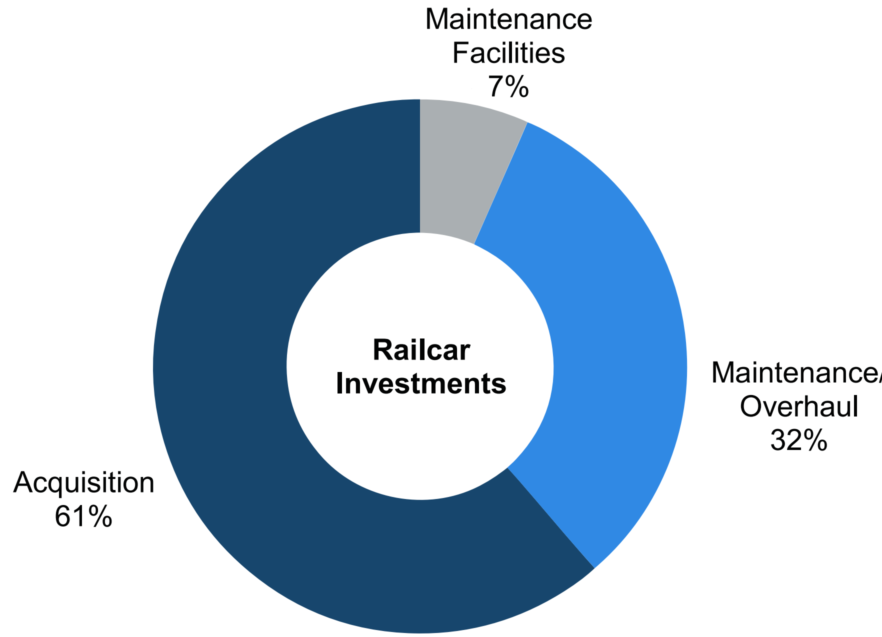
Through Q2 of FY2019, Metro invested $169.6 million in the Railcar category.

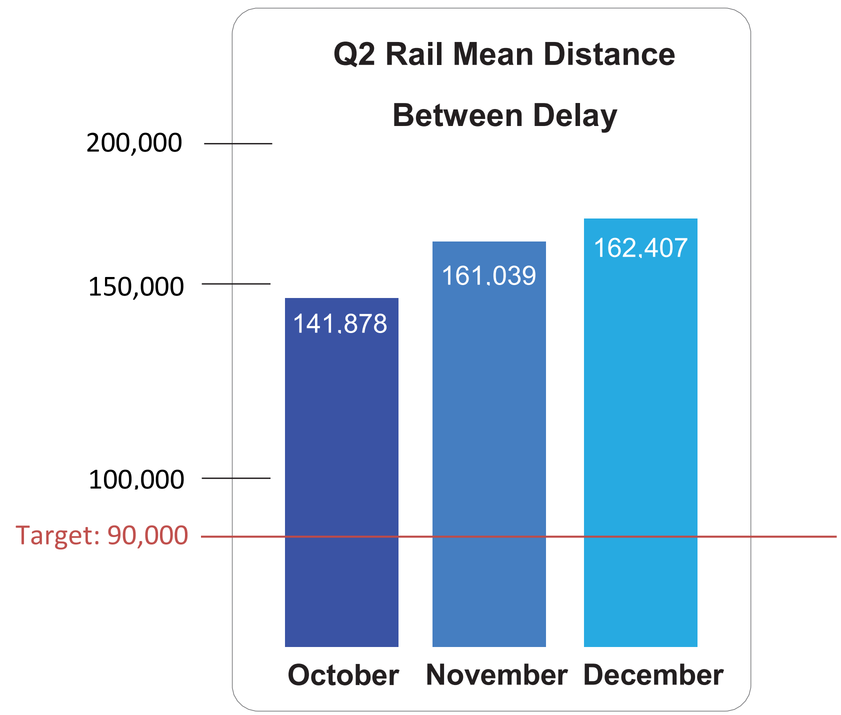
Railcar Acquisition
Through FY2019, expenditures in the Railcar Acquisition program have totaled $104.1 million – 61 percent of total railcar investments. By the end of the quarter, 608 of the planned 748 total 7000-series railcars had been conditionally accepted with 52 of the cars being conditionally accepted in Q2.

Delivery of all 748 7000-series railcars is now planned for completion by the end of Q2 of FY2020.

The 7000 series railcars represent over 54 percent of Metro's fleet and are the top performers, traveling over 220,000 miles between delays. Metro's "mean distance between delays," (MDBD) metric continued to show year-over-year improvement, driven in large part by the performance of the 7000-series vehicles.

Overall mean distance between delays through Q2 of FY2019 was 140,871 miles. That compares favorably to both Metro's target of 90,000 miles and 88,121 miles between delays through Q2 of FY2018.





Railcar Maintenance & Overhaul

Metro invested $54.4 million in the Railcar Maintenance & Overhaul program through Q2 – 32 percent of total railcar investments.

Metro's ongoing railcar rehabilitation and overhaul program is focused on the 2000/3000 series air compressors, HVAC conversions, truck assemblies, and other components; as well as the 6000-series truck assemblies. ($26.1M)

Ongoing preventive maintenance on the rail fleet continued, accounting for $27.7 million in expenditures.

In Q2 Metro held a pre-proposal bidders conference with manufacturers for the 8000-series railcars – receipt of proposals is planned for April 2019.

Railcar Maintenance Facilities

Capital improvements and rehabilitation work at Railcar Maintenance Facilities totaled $11.2 million through Q2 of FY2019. Of this, expenses of $3.9 million went toward the ongoing repairs at rail yard facilities at Alexandria, Brentwood and New Carrollton Yards.

In FY2019, the contract will close out, and work will be completed for the first phase of these on-going repairs at rail yards including on-service & inspection shops, maintenance buildings, yard exteriors, and railcar lifts. Metro is in the process of scoping the contract for the next phase of railyard repairs.

CAPITAL IMPROVEMENT PROGRAM:
RAIL SYSTEMS INVESTMENTS

FY2019 Second Quarter

Rail Systems

Metro invested $53.8 million in Rail Systems through Q2 of FY2019.

Propulsion

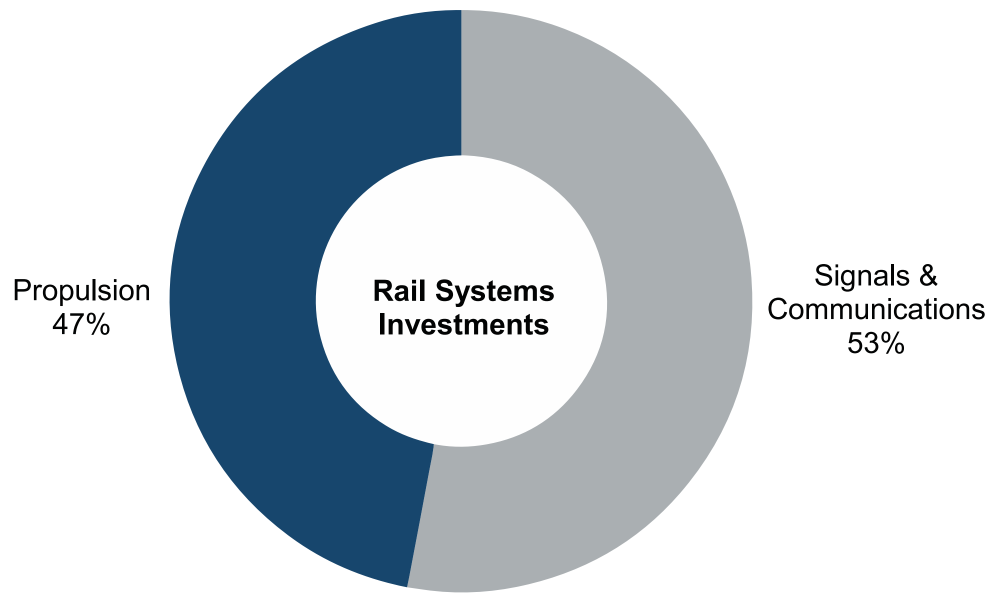
Progress continued on capacity upgrades to the traction-power system on the orange and blue lines to improve reliability and support Metro's goal of running all eight car trains. In Q3, Metro expects to award a contract for equipment for the next phase of systemwide upgrades.

AC room and traction power station rehabilitations continued as well under the traction power state of good repair program. Eight Uninterruptable Power Supply (UPS) installations were completed in Q2 (14 total in FY2019).

Signals & Communications

Metro brought cell phone service online in underground segments between Metro Center and Ballston stations.

Metro also invested in state of good repair initiatives on Automatic Train Control systems. In Q2, 22 cross bond cables were installed, and meggering took place on 196 cables. ($11.3m)



CAPITAL IMPROVEMENT PROGRAM: TRACK & STRUCTURES INVESTMENTS

FY2019 Second Quarter

Track & Structures Investments

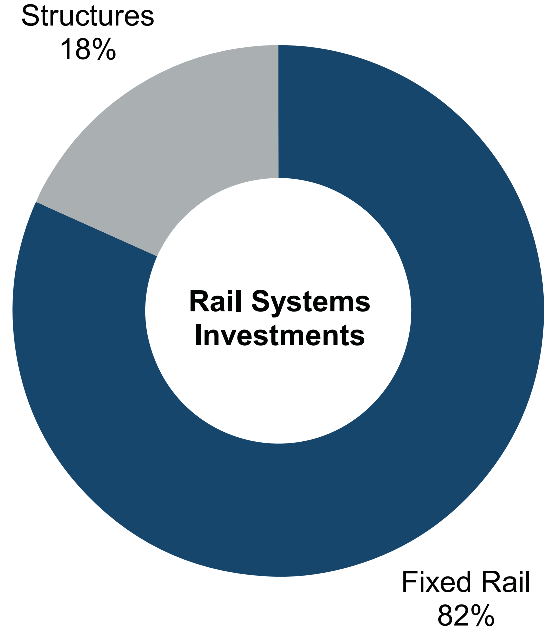
Through Q2 of FY2019, Metro invested $82.1 million in the Track & Structures investment category.

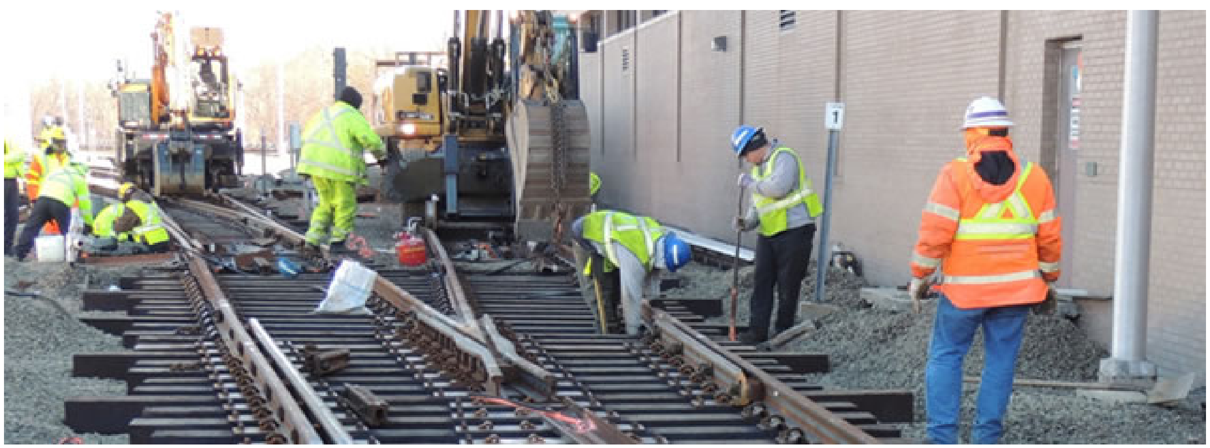
Fixed Rail
Through Q2 of FY2019, Metro replaced 5,446 crossties, renewed 29,764 direct fixation fasteners and 7,687 insulators, tamped 23 miles of track; and eliminated 763 open rail joints. ($67.1M)

Structures
The Structures program focused on rehabilitation of structural components, grout pads that support the track structure, the replacement of illegible roadway track signs, and rehabilitation of drains.

Accomplishments through Q2 include 2,770 square feet of concrete poured, 745 linear feet of deck joints rehabilitated, 1,647 signs replaced, 23,948 grout pads rehabilitated, 1,393 leaks repaired, 154,978 linear feet of drains rehabilitated, and 689,147 linear feet of track cleaned. ($15.0M)

In Q2 Metro completed a 14-day project on the Yellow Line Potomac River bridge, making structural repairs and infrastructure upgrades.





CAPITAL IMPROVEMENT PROGRAM:
STATIONS & PASSENGER FACILITIES INVESTMENTS

FY2019 Second Quarter

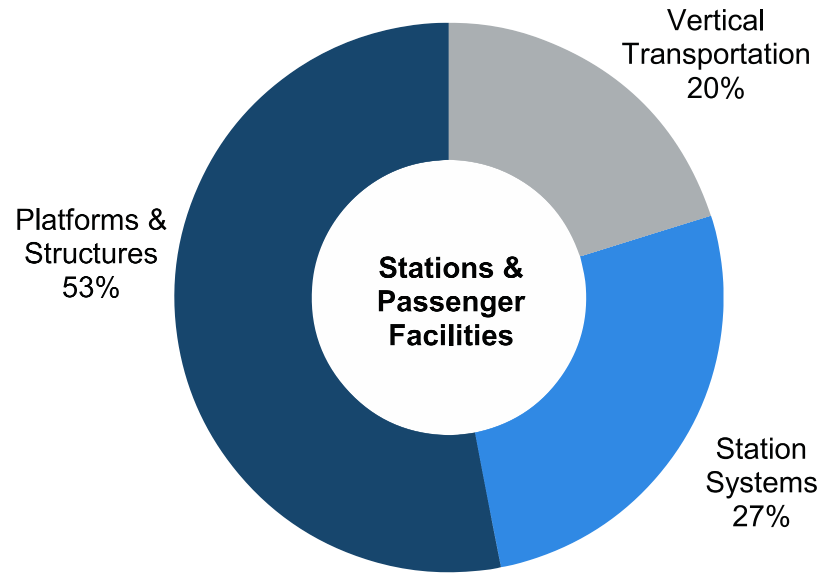
Stations & Passenger Facilities Investments

In the Stations & Passenger Facilities category, Metro invested $150.2 million through Q2 of FY2019.

Platforms & Structures
In Q2, a contract was awarded for major rehabilitation of platform concrete and metal structures, to begin work on six of 20 priority locations. A contractor schedule will be developed in Q3.

The Platforms & Structures program also includes construction support (engineering, safety assurance and design review support) to the Metropolitan Washington Airports Authority (MWAA) for the Silver Line Extension – with $6.9 million expended on station furnishings, systems integration testing and evaluation through Q2.

Design activities for the design-build delivery of the new Potomac Yard Station began in Q2. ($17.7M)

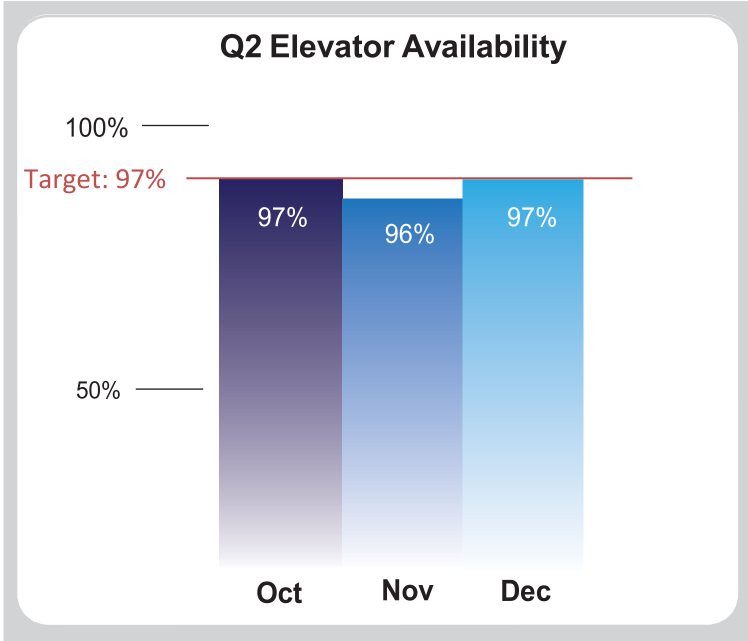


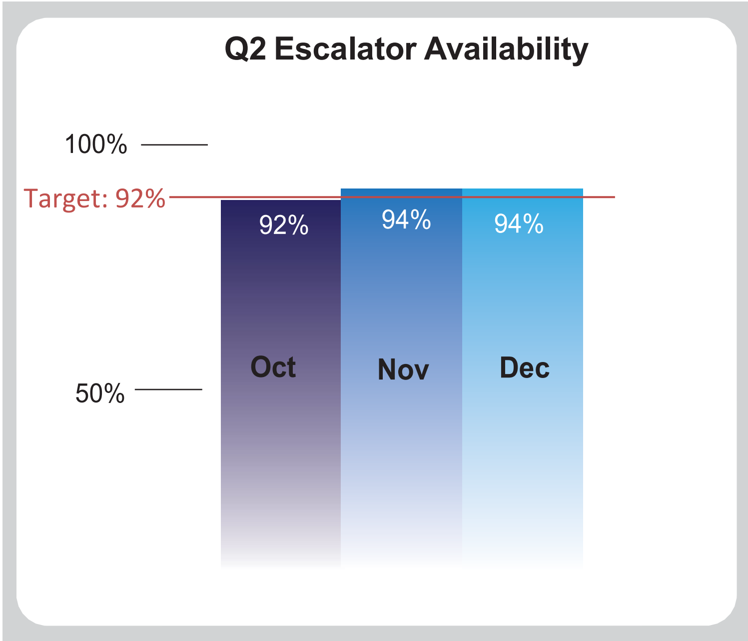
WMATA invested $30.3 million to replace and improve the system's escalator and elevator infrastructure through Q2 of FY2019.

Vertical Transportation

Overall elevator availability through Q2 of FY2019 was 95.9 percent (1.1 percentage points below Metro's performance target). Metro's expansive plan to rehabilitate over a third of elevators and replace a significant number of escalators throughout the system remains on schedule. In Q2, six more elevator rehabilitations were completed – three each at the Suitland and College Park stations, bringing the FY2019 total to seven.

Escalator Availability through Q2 was 93.1 percent (1.1 percent above the target). Metro replaced six escalators in Q2 – a total of 13 in FY2019.





Through Q2 of FY2019, $40.2 million was invested in the Station Systems program.

Station Systems
Station lighting improvements were completed at Waterfront, L'Enfant Plaza, Gallery Place, and Archives stations, in addition to re-lamp projects at 25 stations. ($20.7M)

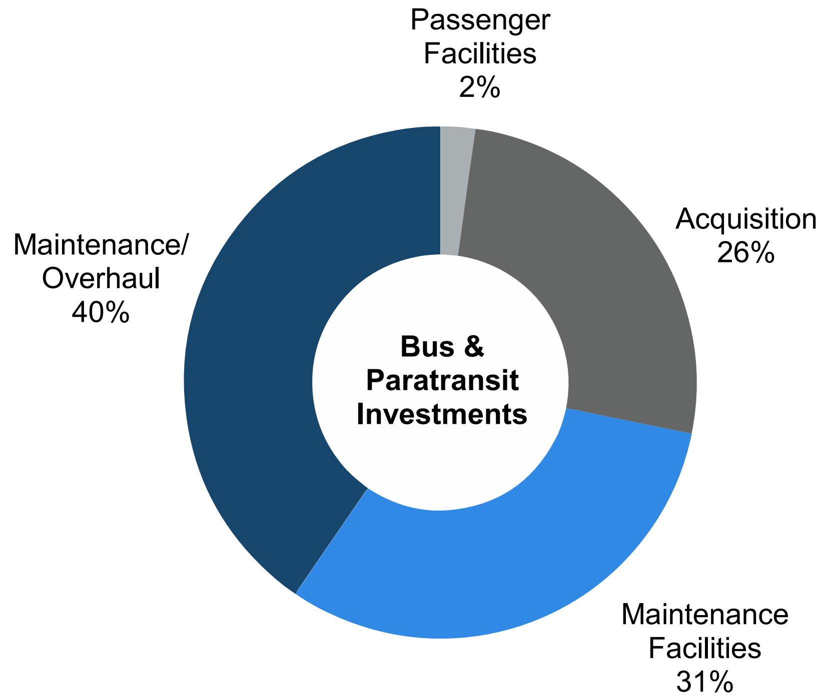
Additionally, the maintenance and modernization of Metro's fare collection system continued. Software upgrades are ongoing for the communication and power infrastructure, along with mobile payment development ($3.6 million).

CAPITAL IMPROVEMENT PROGRAM: BUS & PARATRANSIT INVESTMENTS

FY2019 Second Quarter

Bus & Paratransit Investments

Total FY2019 expenditures through Q2 in the Bus & Paratransit Investment category were $59.5 million.



Bus & Paratransit Acquisition

A total of 122 buses (75 – 40-foot CNG, 25 – 40-foot clean diesel, 22 – 60-foot articulated hybrid) are planned for delivery in FY2019. As of the end of Q2, Metro had accepted 11 of the articulated buses.

Metro placed an order in Q1 for 250 paratransit vehicles - deliveries will begin in March 2019.

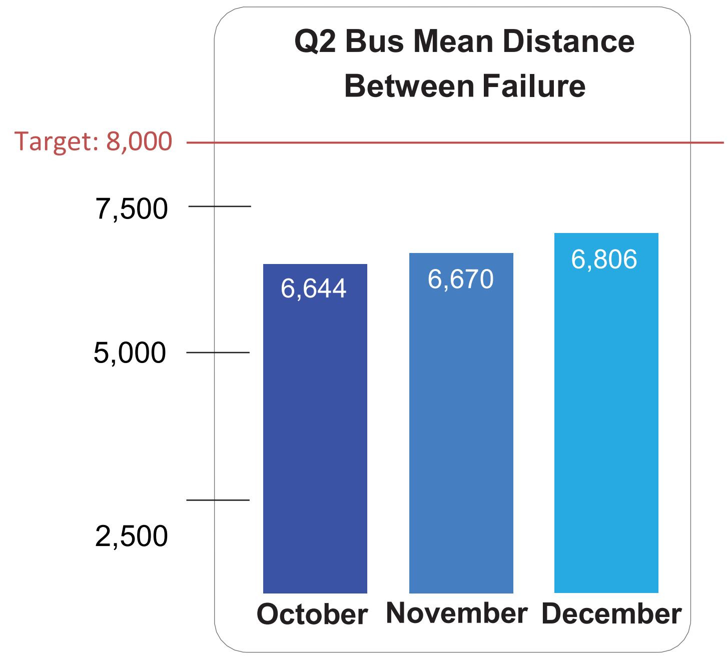
Bus Maintenance & Overhaul

WMATA's bus maintenance and overhaul investments are focused on maintaining reliability and the safe operating condition of the equipment and achieving the maximum useful life of the assets.

WMATA's bus fleet continued to underperform and failed to meet Metro's mean distance between failure (8,000 miles) in all three months of Q2, travelling an average of 6,322 miles between service interruptions through the first six months of FY2019 – a 16 percent decline compared to the same period last year, due to a range of minor defects that are currently being addressed.

The fiscal year-to-date performance has improved since Q1, however, when the decline versus the comparable period of FY2018 was greater (22 percent).

In FY2019, expenditures in the Bus Maintenance & Overhaul program through Q2 were $24.1 million.



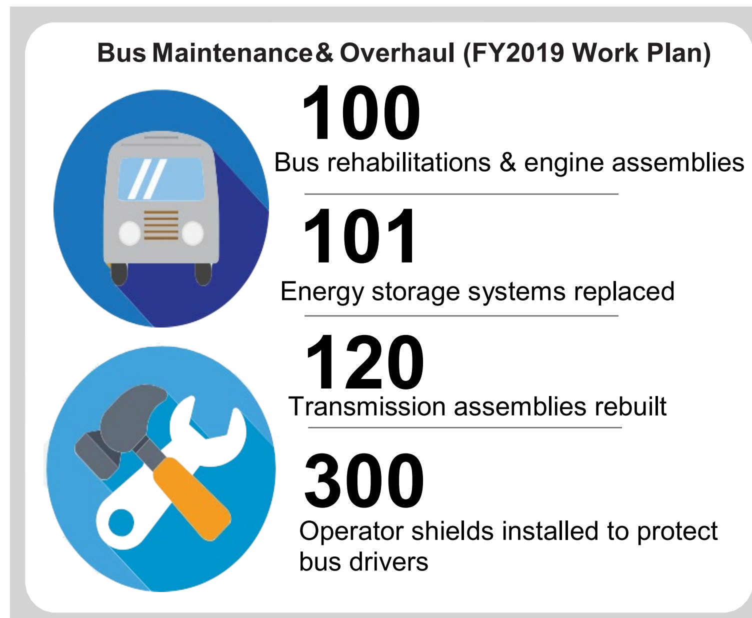
Through FY2019 Q2, $18.7 million was invested in Bus Maintenance Facilities.

Bus Maintenance Facilities

Expenditures in this category were predominantly focused on completing construction of the new Andrews Federal Center bus garage ($17.9M). Revenue operations are scheduled to commence in Q1 of FY2020.

Bus Passenger Facilities & Systems

Metro developed an annual bus shelter replacement program in Q1. Award of contracts for Phase I of the program are expected by the end of FY2019, with construction to commence in FY2020 ($0.6M).



CAPITAL IMPROVEMENT PROGRAM: BUSINESS SUPPORT

FY2019 Second Quarter

Business Support Investments

WMATA invested $111.9 million through Q2 of FY2019 in the Business Support Investment category.

Information Technology
Information technology investments accounted for $38.5 million of all Business Support investments through Q2.

Investment in data centers and infrastructure was the largest component. These efforts were focused on enhancing data protection and expanding the capacity and scalability of Metro's data infrastructure ($12.3M).

Support Equipment & Services
In the Support Equipment & Services capital program, expenditures through Q2 totaled $72.9 million of which $51.9 million went to the headquarters project.

In Q2, Metro purchased a building at L'Enfant Plaza (300 4th Street SW) to replace its current headquarters, the outmoded Jackson Graham Building. Formerly known as the Reporter's Building, the new Metro headquarters site will be stripped to its structural concrete and completely renovated to modern workplace standards. In addition, Metro plans to "re-skin" the building to improve its exterior appearance and may add three floors, creating space that could be leased to generate additional revenue. A rendering of the completed facility is shown on the left.

Another significant portion of the investment in this program went toward the rehabilitation and replacement of facility roofs across the Authority ($5.4M). The establishment of capital program support plans accounted for an additional $6.3 million.

The Transit Asset Management plan was submitted in Q2, with the Asset Management System implementation planned for Q3. Expenditures on this project totaled $0.6 million through Q2.

APPENDICES

FY2019 Second Quarter

Appendix I: Operating Financials

Fiscal Year 2019 – Q2 ($ in Millions)

Excludes Reimbursables

			Variance	
	Budget	**Actual**	**$**	**%**
Passenger Revenue	$369.8	$351.0	($18.7)	(5%)
Non-Passenger Revenue	$28.9	$28.5	($0.4)	(1%)
Total Revenue	**$398.6**	**$379.6**	**($19.1)**	**(5%)**
Personnel	$668.9	$636.6	$32.3	5%
Non-Personnel	$276.1	$252.3	$23.9	9%
Total Expenses	**$945.0**	**$888.9**	**$56.1**	**6%**
Net Subsidy	$546.4	$509.3	$37.1	7%
Cost Recovery Ratio	42%	43%	Favorable/(Unfavorable)	

Appendix II: Capital Project Financials by Investment Category

Fiscal Year 2019 ($ in Millions)

	Original Budget	YTD Actuals	December Forecast	YTD % of Forecast Expended
Railcar Acquisition	304.0	104.1	226.1	46%
Railcar Maintenance/Overhaul	116.7	54.4	121.1	45%
Railcar Maintenance Facilities	24.4	11.2	21.3	52%
Railcar Investments	**445.1**	**169.6**	**368.5**	**46%**
Propulsion	66.2	25.3	74.4	34%
Signals & Communications	107.1	28.5	100.1	28%
Rail Systems Investments	**173.3**	**53.8**	**174.5**	**31%**
Fixed Rail	85.6	67.1	118.0	57%
Structures	19.8	15.0	34.8	43%
Track and Structures Rehabilitation Investments	**105.4**	**82.1**	**152.8**	**54%**
Platforms & Structures	116.9	79.6	190.0	42%
Vertical Transportation	58.0	30.3	61.0	50%
Station Systems	76.9	40.2	87.0	46%
Stations and Passenger Facilities Investments	**251.8**	**150.2**	**338.1**	**44%**

Appendix II: Capital Project Financials by Investment Category

	Original Budget	YTD Actuals	December Forecast	YTD % of Forecast Expended
Bus and Paratransit Acquisition	110.1	15.5	92.7	17%
Bus Maintenance/Overhaul	58.5	24.1	58.0	41%
Bus Maintenance Facilities	30.0	18.7	34.4	54%
Bus Passenger Facilities/Systems	5.1	1.3	11.7	11%
Bus and Paratransit Investments	**203.6**	**59.5**	**196.8**	**30%**
IT	67.5	38.5	79.6	48%
MTPD	1.0	0.6	1.0	61%
Support Equipment/Services	31.4	72.9	122.4	60%
Business Support Investments	**99.8**	**111.9**	**203.0**	**55%**
Total Capital Programs	***1,279.1***	***627.2***	***1,433.6***	***44%***

Appendix III: Weekday Parking Facility Usage

Fiscal Year 2019 – Q2

State/Lot Region	Lot Capacity	Paid Utilization (% of Capacity)	Variance (Year-Over-Year) – % Change in Utilization
Montgomery County			
Grosvenor	1,644	93%	5%
White Flint	1,270	57%	1%
Twinbrook	1,097	58%	-1%
Rockville	524	96%	-2%
Shady Grove	5,745	72%	2%
Glenmont	2,998	70%	3%
Wheaton	977	26%	-2%
Forest Glen	596	82%	3%
Montgomery County Total	**14,851**	**70%**	**1%**
Prince George's County			
New Carrolton	2,929	73%	1%
Landover	1,866	36%	5%
Cheverly	500	58%	-2%
Addison Road	1,268	42%	**-3%**
Capitol Heights	372	80%	-6%
Greenbelt	3,399	65%	-5%
College Park	1,495	54%	2%
P.G. Plaza	1,068	49%	-2%
West Hyattsville	453	59%	-22%
Southern Avenue	1,980	51%	-6%
Naylor Road	368	95%	9%
Suitland Garage	1,890	52%	1%
Branch Avenue	3,072	89%	5%
Morgan Blvd.	608	85%	-7%
Largo	1,950	82%	-4%
Prince George's County Total	**23,218**	**65%**	**1%**
Maryland Total	38,069	68%	1%

State/Lot Region	Lot Capacity	Paid Utilization (% of Capacity)	Variance (Year-Over-Year) – % Change in Utilization
District of Columbia			
Deanwood	194	33%	-3%
Minnesota Ave.	333	83%	-30%
Rhode Island Ave.	221	79%	-21%
Fort Totten	408	108%	-2%
Anacostia Garage	808	47%	-6%
District of Columbia Total	**1,964**	**68%**	**-10%**
Northern Virginia			
Huntington	2,732	73%	5%
West Falls Church	2,009	55%	10%
Dunn Loring	1,964	44%	-27%
Vienna	4,719	71%	0%
Franconia	5,069	55%	0%
Van Dorn	361	100%	-3%
East Falls Church	422	115%	2%
Weihle-Reston East	2,300	94%	5%
Northern Virginia Total	**19,576**	**67%**	**-1%**
System Total	***59,609***	***67%***	***-1%***