



Finance, Administration and Oversight Committee

Information Item III-A

April 9, 2009

Metro Matters Capital Budget Review

Washington Metropolitan Area Transit Authority
Board Action/Information Summary

<input type="radio"/> Action <input checked="" type="radio"/> Information	MEAD Number:	Resolution: <input type="radio"/> Yes <input checked="" type="radio"/> No
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TITLE:

Metro Matters Capital Budget Review

PURPOSE:

To present to the Board`s Finance, Administration and Oversight (FAO) Committee a review of the Metro Matters Capital Budget.

DESCRIPTION:

Present a review of the Metro Matters Capital Budget, including a review of the Metro Matters Program goals, status of projects, and program financial data.

FUNDING IMPACT:

No impact on funding

RECOMMENDATION:

Not applicable.



Metro Matters Capital Budget Review

Presented to the Board of Directors:

**Finance, Administration and Oversight
Committee**

April 9, 2009





Purpose

Provide a review of the Metro Matters Program, including goals, status, and program financials.



Development of the Metro Matters Program

- November 21, 2002 Board adopted the 10-Year Capital Improvement Plan (CIP) for FY 2004 – 2013.
- Within the 10-Year CIP, the Board identified two urgent priorities (Resolution 2002-53):
 1. Fully-fund the Infrastructure Renewal Program (IRP).
 2. Fund 120-rail car option on existing 6000-series rail cars contract.

The urgent priorities list was amended to add a 3rd priority:

3. Procurement of 185 additional buses (Resolution 2003-08).

These three priorities became the basis for the Metro Matters Program



Development of the Metro Matters Program

- On October 21, 2004, the Board adopted the Metro Matters Program and a long-term financial agreement with the jurisdictions for critical capital priorities (Resolution 2004-52).
- Currently, Metro Matters aims to achieve the following goals:
 1. Maintain Metro's aging facilities and systems in a state of good repair;
 2. Relieve Metrorail passenger crowding and accommodate ridership growth by having 50% of peak-hour trains operating with eight-cars; and
 3. Improve Metrobus service reliability by reducing the average age of the fleet, and improve regional air quality by replacing standard diesel buses with alternative fuel buses.



Status of Metro Matters Programs

(Original Plan vs Actual) as of life-to-date

Plan

- Infrastructure Renewal Program (IRP)
 - Improve service reliability by reducing service delays caused by infrastructure decay
 - Fund the unfunded portion of the IRP Program
 - Replace an average of 75 buses a year

Actual

- Infrastructure Renewal Program (IRP)
 - Service delays resulting from infrastructure decay have been reduced
 - The IRP Program was fully funded
 - Increased the average bus replacement from 75 to 100 buses a year



Program Status: Infrastructure

Goal: State of Good Repair

Original Plan: \$1.1B; Actual: \$1.4B

- Funding for the Infrastructure Renewal Program has increased significantly under the Metro Matters Program
- This includes funding for elevator and escalator rehabilitation, track maintenance, improved station amenities, communications and information technology improvements, new support equipment, rehabilitation of support facilities, etc.
- Most projects will be completed in the next 15 months, with some continuing into FY 2011
- The average age of the Metrobus fleet has decreased from 10.1 years to approximately 7 years
- The mean distance between failures (MDBF) for the Metrobus fleet has increased from 4,600 miles to 6,800 miles; an increase of 48%





Status of Metro Matters Programs

(Original Plan vs Actual) as of life-to-date

Plan

- Rail Car Program
 - Procure 120 Rail Cars
 - Expand and improve 3 rail yards
 - Provide system capability for 50% 8-car trains
- Bus Program
 - Procure 185 expansion buses
 - Construct a bus garage in Northern VA

Actual

- Rail Car Program
 - Procured 122 Rail Cars
 - Expanded and improved 3 rail yards
 - Provided system capability for 50% 8-car trains
- Bus Program
 - Procured 25 expansion buses (defer remaining bus until after FY 2010)
 - Jointly constructed West Ox Bus Garage in partnership with Fairfax County



Program Status: Rail

Goal: Relieve Crowding / 50% Eight-Car Trains

Original Plan: \$599M; Actual: \$570M

- All 122 6000-series rail cars have been received and are in service (a)
- Expansion and improvement of the three rail yards (Brentwood, Greenbelt and Shady Grove) has been completed
- Upgrading and/or rehabilitating all 66 traction power substations necessary for 50% eight-car train operation has been completed
- Station mapping for precision stopping has been completed, and rail car on-board software upgrades will be completed in six months.
- 50% eight-car train operation is now possible on all Metrorail lines



(a) Total 6000-series procurement was 184 cars (122 funded by Metro Matters, 62 funded by Blue Line Extension and jurisdiction agreement)



Program Status: Bus

Goal: Reduce Fleet Age / Alt. Fuels

Original Plan: \$172M; Actual: \$70M

- The Board revised the bus procurement plan to defer expanding the bus fleet to after FY2010 and instead replace an average of 100 buses per year
- In FY 2006, Metro procured 25 compressed-natural gas (CNG) buses from Orion under fleet expansion
- Completed construction, along with Fairfax County, of the joint-use 175-bus maintenance and storage facility at West Ox Road
- Implemented the new NH1 Line to National Harbor and enhanced the 30s Line service





Status of Metro Matters Budget

(USE OF FUNDS: Original Plan vs Actual) as of life-to-date

Metro Matters Program Use of Funds

(dollars in millions)

Metro Matters Program Elements	Metro Matters Funding Agreement						FY 2005-10 Actuals / Forecast*		FY 2011-24 Forecast	
	Obligation Schedule	Expenditure Schedule				FY 2011-24 Original				
	FY 2005-10 Original	FY 2005-10			FY 2005-24 Total					
		Original	Reconfigured	Current						
1. A. Infrastructure Renewal Program	\$ 2,371	\$ 1,882	\$ (764)	\$ 1,118	\$ 490	\$ 1,608	\$ 1,374	\$ 302		
2. B. Eight-Car Train Initiative	601	599		599	2	601	571	8		
3. C. Bus Improvement Initiative	172	172		172		172	69	85		
4. System Expansion Planning	3	3	(3)	-		-	-	-		
5. Credit Facility & Fees	12	12	(12)	-		-	-	-		
D. Program Management:										
• Program Administration			128	128		128	53	5		
• Pre-MM Expenditures			600	600		600	527	-		
• Vertical Transportation Bond Repayment			36	36		36	36	-		
• Credit Facility			12	12		12	35	-		
• System Expansion Planning			3	3		3	3	0		
Subtotal Element D	\$ -	\$ -	\$ 779	\$ 779	\$ -	\$ 779	\$ 653	\$ 5		
▶ Subtotal	\$ 3,159	\$ 2,667	\$ -	\$ 2,667	\$ 492	\$ 3,159	\$ 2,667	\$ 401		
E. Financials:										
• Long-Term Debt Service	858	353		353	505	858	-	950		
Subtotal	\$ 858	\$ 353	\$ -	\$ 353	\$ 505	\$ 858	\$ -	\$ 950		
Total	\$ 4,017	\$ 3,020	\$ -	\$ 3,020	\$ 997	\$ 4,017	\$ 2,667	\$ 1,351		
* actuals for FY 2005-2008, forecast for FY 2009-2010							\$4,017			



Status of Metro Matters Budget

(SOURCE OF FUNDS: Original Plan vs Actual) as of life-to-date

Metro Matters Program

(dollars in millions)

Metro Matters Program Fund Source	Metro Matters Funding Agreement						FY 2005-10	
	FY 2005-10 Original	FY 2005-10			FY 2011-24 Original	FY 2005-24 Total	Actuals / Forecast*	FY 2011-24 Forecast
		Original	Reconfigured	Current				
• Federal Fund	\$ 1,149	\$ 1,149		\$ 1,149	\$ 54	\$ 1,203	\$ 1,162	\$ 369
• Federal Discretionary	260	260		260	-	260	104	
• Federal Bus							25	
• State and Local Funds	918	918		918	943	1,861	918	943
• Misc. Internal CIP Funding Sources	83	83		83		83	74	
▶ Subtotal	\$ 2,409	\$ 2,409	\$ -	\$ 2,409	\$ 997	\$ 3,406	\$ 2,283	\$ 1,312
• Debt	611	611		611		611	422	-
Total	\$ 3,020	\$ 3,020	\$ -	\$ 3,020	\$ 997	\$ 4,017	\$ 2,705	\$ 1,312
* actuals for FY 2005-2008, forecast for FY 2009-2010							\$4,017	



Debt Strategy

Metro Matters Debt Strategy: FY 2005-2024

(dollars in millions)

	FY 2005 Original Plan	FY 2006 Original Plan	FY 2007 Original Plan	FY 2008 Original Plan	FY 2009 Original Plan	FY 2010 Original Plan	Total FY 2005-10 Original	FY 2011-24 Original Plan	Total All Years
Metro Matters Funding Agreement Debt Strategy (Attachment 4A)									
+ Debt Issues (Principal)	\$ 48	\$ 155	\$ 201	\$ 115	\$ 57	\$ 35	\$ 611	n/a	\$ 611
(-) Debt Service (Principal & Interest)		12	26	37	46	232	353	505	858
	FY 2005 Actual	FY 2006 Actual	FY 2007 Actual	FY 2008 Actual	FY 2009 Planned	FY 2010 Planned	Total FY 2005-10	FY 2011-24 Planned	Total All Years
Actual / Planned Debt Strategy:									
Phase 1 (Short-Term Borrowing)									
+ Debt Issues (Principal)		\$ 127	\$ 215	\$ 135	\$ 50		\$ 527	n/a	\$ 527
(-) Debt Service (Principal & Interest)			5	16	97	409	527		527
Phase 1 (Short-Term Borrowing)									
+ Debt Issues (Principal)						\$ 422	\$ 422	n/a	\$ 422
(-) Debt Service (Principal & Interest)						38	38	912	950



Proposed FY10 Budget (Use of Funds)

Metro Matters Program Costs: FY 2005-2024

(dollars in millions - expenditure basis, except where noted)

	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009	Annual Work Plan Year: FY 2010	Total	FY 2011-24	Total	
	Actual	Actual	Actual	Actual	Forecast	Forecast	FY 2005-10	Forecast	All Years	
A. Infrastructure Renewal Program										
• Rolling Stock: Bus	\$ 20.908	\$ 50.507	\$ 15.810	\$ 16.629	\$ 97.355	\$ 90.821	\$ 292.030	\$ 13.605	305.635	
• Rolling Stock: Rail	2.622	0.402	0.344	1.778	5.003	14.000	24.149	0.810	24.959	
• Passenger Facilities	60.616	16.130	31.170	44.508	29.954	33.394	215.772	60.457	276.229	
• Maintenance Facilities	32.822	4.574	14.744	21.598	16.653	47.485	137.876	38.014	175.890	
• Systems	73.033	10.125	17.064	36.516	24.849	38.749	200.336	157.525	357.861	
• Track and Structures	19.710	10.704	22.500	29.080	33.011	27.591	142.596	31.361	173.957	
• Information Technology	4.242	2.423	8.637	16.125	25.134	19.944	76.505		76.505	
• Preventive Maintenance	20.700	20.700	20.700	20.700	20.700	20.700	124.200		124.200	
• Urgent Capital Needs					27.405	66.765	94.170		94.170	
• New Projects / Segments						35.182	35.182		35.182	
• Transfer to Beyond MM	30.700						30.700		30.700	
Subtotal	\$ 265.353	\$ 115.565	\$ 130.969	\$ 186.934	\$ 280.064	\$ 394.631	\$ 1,373.516	\$ 301.772	\$ 1,675.288	
B. Eight-Car Train Capital Initiative										
• Rail Cars	23.960	6.084	69.919	96.961	8.093	15.866	220.883	8.208	229.091	
• Facilities		51.637	70.115	39.375	7.442	9.600	178.169		178.169	
• Systems	2.776	25.859	56.676	48.719	28.887	8.097	171.014		171.014	
Subtotal	\$ 26.736	\$ 83.580	\$ 196.710	\$ 185.055	\$ 44.422	\$ 33.563	\$ 570.066	\$ 8.208	\$ 578.274	
C. Bus Improvement Capital Initiative										
• Buses		0.214	9.471	1.204	0.003	0.025	10.917	83.469	94.386	
• Garage		1.071	9.064	18.556	3.651	2.143	34.485	1.515	36.000	
• Customer Facilities		2.797	7.811	4.732	3.949	5.565	24.854		24.854	
Subtotal	\$ -	\$ 4.082	\$ 26.346	\$ 24.492	\$ 7.603	\$ 7.733	\$ 70.256	\$ 84.984	\$ 155.240	
D. Program Management										
• Credit Facility	0.573	1.386	3.638	9.189	17.321	2.975	35.082		35.082	
• System Expansion Planning	1.533		0.453	0.188	0.070	0.611	2.855		2.855	
• Program Mgmt. & Support	9.834	5.770	5.592	9.511	11.420	9.103	51.230	5.290	56.520	
• Financing Expenses	6.000	181.232	164.410	106.156	106.000	-	563.798		563.798	
Subtotal	\$ 17.940	\$ 188.388	\$ 174.093	\$ 125.044	\$ 134.811	\$ 12.689	\$ 652.965	\$ 5.290	\$ 658.255	
Subtotal Elements A-D	\$ 310.029	\$ 391.615	\$ 528.118	\$ 521.525	\$ 466.900	\$ 448.616	\$ 2,666.803	\$ 400.254	\$ 3,067.057	
E. Debt Strategy										
	-	-	-	-	-	38.000	38.000	912.000	950.000	
Total	\$ 310.029	\$ 391.615	\$ 528.118	\$ 521.525	\$ 466.900	\$ 486.616	\$ 2,704.803	\$ 1,312.254	\$ 4,017.057	



Proposed FY10 Budget (Source of Funds)

Metro Matters Integrated Financial Plan: FY 2005-2024

(dollars in millions)

	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009	Annual Work Plan Year: FY 2010	Total	FY 2011-24	Total
	<u>Actual</u>	<u>Actual</u>	<u>Actual</u>	<u>Actual</u>	<u>Actual</u>	<u>Forecast</u>	<u>FY 2005-10</u>	<u>Forecast</u>	<u>All Years</u>
► Federal Funds:									
• Federal Formula Grant Funds:									
› Section 5307 Grant	\$ 100.206	\$ 110.986	\$ 113.491	\$ 120.557	\$ 129.175	\$ 133.050	\$ 707.465	\$ 221.322	\$ 928.787
› Section 5309 Grant	59.236	58.419	70.359	81.761	91.144	93.878	454.797	147.548	602.345
Subtotal - Formula Grants	\$ 159.442	\$ 169.405	\$ 183.850	\$ 202.318	\$ 220.319	\$ 226.928	\$ 1,162.262	\$ 368.870	\$ 1,531.132
• Federal Bus Funds		12.510		1.490	11.310		25.310		25.310
• Federal Discretionary Funds				35.000	34.300	34.700	104.000		104.000
Subtotal: Federal Funds	\$ 159.442	\$ 181.915	\$ 183.850	\$ 238.808	\$ 265.929	\$ 261.628	\$ 1,291.572	\$ 368.870	\$ 1,660.442
► State and Local Funds:									
• District of Columbia	\$ 37.611	\$ 48.352	\$ 51.880	\$ 60.351	\$ 65.435	\$ 72.525	336.154	345.301	681.455
• Montgomery County	17.221	16.258	30.377	28.080	30.445	33.744	156.125	160.659	316.784
• Prince Georges County	19.675	14.707	36.844	31.040	33.654	37.301	173.221	177.594	350.815
Maryland Subtotal	\$ 36.896	\$ 30.965	\$ 67.221	\$ 59.120	\$ 64.099	\$ 71.045	\$ 329.346	\$ 338.253	\$ 667.599
• Alexandria	4.259	5.855	6.282	7.600	7.924	8.782	40.702	41.812	82.514
• Arlington County	8.281	11.474	12.311	14.756	15.527	17.210	79.559	81.939	161.498
• City of Fairfax	0.181	0.255	0.274	0.319	0.346	0.383	1.758	1.824	3.582
• Fairfax County	13.335	18.346	19.685	23.781	24.828	27.519	127.494	131.020	258.514
• Falls Church	0.269	0.371	0.398	0.480	0.502	0.556	2.576	2.649	5.225
Virginia Subtotal	\$ 26.325	\$ 36.301	\$ 38.950	\$ 46.936	\$ 49.127	\$ 54.450	\$ 252.089	\$ 259.244	\$ 511.333
Subtotal: State and Local Funds	\$ 100.832	\$ 115.618	\$ 158.051	\$ 166.407	\$ 178.661	\$ 198.020	\$ 917.589	\$ 942.798	\$ 1,860.387
► Misc. Internal CIP Funding Sources	24.228	6.000	6.000	6.000	26.000	6.000	74.228		74.228
Total without Debt	\$ 284.502	\$ 303.533	\$ 347.901	\$ 411.215	\$ 470.590	\$ 465.648	\$ 2,283.389	\$ 1,311.668	\$ 3,595.057
► Debt Strategy									
• Phase 1	-	127.000	209.981	119.500	(47.312)	(409.169)	-	-	-
• Phase 2						422.000	422.000		422.000
Subtotal: Debt Strategy	\$ -	\$ 127.000	\$ 209.981	\$ 119.500	\$ (47.312)	\$ 12.831	\$ 422.000	\$ -	\$ 422.000
Total with Debt	\$ 284.502	\$ 430.533	\$ 557.882	\$ 530.715	\$ 423.278	\$ 478.479	\$ 2,705.389	\$ 1,311.668	\$ 4,017.057
► • Change in Fund Balance	25.527	(38.918)	(29.764)	(9.190)	43.622	8.137	(0.586)	0.586	
Grand Total	\$ 310.029	\$ 391.615	\$ 528.118	\$ 521.525	\$ 466.900	\$ 486.616	\$ 2,704.803	\$ 1,312.254	



Proposed FY10 Budget (Debt Strategy)

Metro Matters Debt Strategy: FY 2005-2024

(dollars in millions)

	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009	Annual Work Plan Year: FY 2010 Forecast	Total FY 2005-10	FY 2011-24 Forecast	Total All Years
	<u>Actual</u>	<u>Actual</u>	<u>Actual</u>	<u>Actual</u>	<u>Forecast</u>				
Sources and Uses									
• Prior Year Balance	\$ -	\$ (25.527)	\$ 13.391	\$ 43.155	\$ 52.345	\$ 8.723	\$ -	\$ 0.586	\$ -
• Non-Debt Sources (see Table 2)	284.502	303.533	347.901	411.215	470.590	465.648	2,283.389	1,311.668	3,595.057
• Project Uses (see Table 1)	(310.029)	(391.615)	(528.118)	(521.525)	(466.900)	(448.616)	(2,666.803)	(400.254)	(3,067.057)
Subtotal Before Borrowing	\$ (25.527)	\$ (113.609)	\$ (166.826)	\$ (67.155)	\$ 56.035	\$ 25.755	\$ (383.414)	\$ 912.000	\$ 528.000
Phase 1 Strategy									
• Internal Borrowing		127.000					127.000		127.000
• Internal Borrowing - Payback			(5.019)	(15.500)	(41.812)	(64.669)	(127.000)		(127.000)
Subtotal	\$ -	\$ 127.000	\$ (5.019)	\$ (15.500)	\$ (41.812)	\$ (64.669)	\$ -	\$ -	\$ -
• Commercial Paper			215.000	115.000			330.000		330.000
• Commercial Paper - Payback					(15.500)	(314.500)	(330.000)		(330.000)
Subtotal	\$ -	\$ -	\$ 215.000	\$ 115.000	\$ (15.500)	\$ (314.500)	\$ -	\$ -	\$ -
• Short-Term Debt				20.000	50.000		70.000		70.000
• Short-Term Debt - Payback					(40.000)	(30.000)	(70.000)		(70.000)
Subtotal	\$ -	\$ -	\$ -	\$ 20.000	\$ 10.000	\$ (30.000)	\$ -	\$ -	\$ -
Total Phase 1:									
• Borrowing Sources		127.000	215.000	135.000	50.000	-	527.000	-	527.000
• Payback		-	(5.019)	(15.500)	(97.312)	(409.169)	(527.000)	-	(527.000)
Total Phase 1	\$ -	\$ 127.000	\$ 209.981	\$ 119.500	\$ (47.312)	\$ (409.169)	\$ -	\$ -	\$ -
Phase 2 Strategy									
• Long-Term Debt									
› Current Issue						422.000	422.000		422.000
› Future Issues						-	-		-
Total Issues						\$ 422.000	\$ 422.000	\$ -	\$ 422.000
• Long-Term Debt Payback						(38.000)	(38.000)	(912.000)	(950.000)
Total Phase 2						\$ 384.000	\$ 384.000	\$ (912.000)	\$ (528.000)
Metro Matters Fund Balance	\$ (25.527)	\$ 13.391	\$ 43.155	\$ 52.345	\$ 8.723	\$ 0.586	\$ 0.586	\$ -	\$ (0.000)
Change in Fund Balance	\$ (25.527)	\$ 38.918	\$ 29.764	\$ 9.190	\$ (43.622)	\$ (8.137)	\$ 0.586	\$ (0.586)	



Next Steps

- In May, Reimbursable and ARRA capital performance review to be presented.
- In June, a total capital budget and plan of contracts for FY 2010 to be presented for board approval.
- Prioritization and plan of contracts of Metro Matters Tail projects:
 - Linkage to strategic goals
 - Project budget
 - Obligation Ready
- Discussion regarding the next funding agreement