Washington Metropolitan Area Transit Authority

Board Action/Information Summary

Action / Information	MEAD Number:	Resolution:
(●) Action ( ) Information	100780	(●) Yes ( ) No

TITLE:

Approval of the Capital Funding Agreement

PURPOSE:

Request approval for the General Manager to execute the Capital Funding Agreement and the District of Columbia Local Capital Funding Agreement in the form that has been distributed to the jurisdictional funding partners.

DESCRIPTION:

The Metro Matters Funding Agreement (MMFA) and the associated District of Columbia Local Funding Agreement expire on June 30, 2010. Metro staff has been working with its jurisdictional partners to develop the Capital Funding Agreement (CFA) and the District of Columbia Local Capital Funding Agreement (DCLCFA). It will continue the expenditure based budgeting adopted by the Metro Matters program, allowing Metro to attain its goal of using every resource wisely. The commitment for funding from the jurisdictions in the CFA and the DCLCFA is for FY 2011 - 2016. Each year the Board of Directors will approve a six-year Capital Improvement Program, adding an additional year to the program. Like the MMFA, the CFA requires signatures from the jurisdictional funding partners.

Negotiations with the funding jurisdictions on the form and language of the funding agreements concluded on June 14 and the CFA and DCLCFA have been distributed to the funding jurisdictions for their signature. The General Manager is requesting permission to execute the CFA and the DCLCFA as negotiated and distributed to the funding jurisdictions.

FUNDING IMPACT:

The FY 2011 - 2016 Capital Program will be $5 billion.

Office of Management and Budget Services
Director: Matt Brown

RECOMMENDATION:

Approval for the General Manger to execute the Capital Funding Agreement and the District of Columbia Local Capital Funding Agreement.

PRESENTED AND ADOPTED: June 24, 2010

SUBJECT: APPROVAL OF CAPITAL FUNDING AGREEMENT AND LOCAL CAPITAL FUNDING AGREEMENT

2010-32

RESOLUTION
OF THE
BOARD OF DIRECTORS
OF THE
WASHINGTON METROPOLITAN AREA TRANSIT AUTHORITY

WHEREAS, The Washington Metropolitan Area Transit Authority (Metro) and its jurisdictional funding partners have reached agreement on the scope of the Capital Improvement Program (CIP) for FY2011 and a process for determining the scope of future year Capital Improvement Programs as well as the funding required for the FY2011 CIP and a process to determine available funding for future CIPs; and

WHEREAS, The agreement is embodied in the Capital Funding Agreement, appended as Attachment A; and

WHEREAS, The jurisdictional funding partners are submitting the Capital Funding Agreement in the form appended as Attachment A to their appropriate bodies for approval and authority to execute such agreement; and

WHEREAS, To address certain concerns specific to the District of Columbia, Metro and the District of Columbia have agreed upon the terms of the District of Columbia Local Capital Funding Agreement, appended as Attachment B;

WHEREAS, The District of Columbia has submitted the District of Columbia Local Capital Funding Agreement to the Council of the District of Columbia for approval; now, therefore be it

RESOLVED, That the Board of Directors approves the terms of the Capital Funding Agreement and the District of Columbia Local Capital Funding Agreement; and be it further

RESOLVED, That, upon approval of the Capital Funding Agreement by all jurisdictional funding partners and the approval of the District of Columbia Local Capital Funding Agreement by the Council of the District of Columbia, the General Manager is authorized to execute on behalf of Metro the Capital Funding Agreement and the District of Columbia Local Capital Funding Agreement appended as Attachments A and B hereto;

Motioned by Mrs. Hudgins, seconded by Mr. Graham
Ayes: 7 - Mr. Benjamin, Mrs. Hudgins, Mr. Giancola, Ms. Hewlett, Mr. Zimmerman, Mr. Graham and Mr. Downey

RESOLVED, That the Chief Financial Officer is authorized to temporarily borrow any capital program funds, except for reimbursable projects, in order to reduce the cost of financing the projects in the CIP; and be it finally

RESOLVED, That this Resolution shall be effective immediately.

Reviewed as to form and legal sufficiency,

Carol B. O'Keeffe
General Counsel

ATTACHMENT 1

Attachment 1
(dollars in millions)

Financial Plan

	Annual Work Plan Year: FY2011 Budget	FY2012 Forecast	FY2013 Forecast	FY2014 Forecast	FY2015 Forecast	FY2016 Forecast	Total FY2011-16
► **Federal Funds:**							
Federal Formula Grant Funds:	$139.944	$145.542	$151.363	$158.932	$166.878	$175.222	$937.881
Section 5307 Grant	101.468	105.527	109.748	115.235	120.997	127.047	680.021
Section 5309 Grant	$241.412	$251.068	$261.111	$274.167	$287.875	$302.269	$1,617.902
Subtotal - Formula Grants	-	-	-	-	-	-	-
Federal Bus Funds	150.000	150.000	150.000	150.000	150.000	150.000	900.000
Federal Dedicated Funds	$391.412	$401.068	$411.111	$424.167	$437.875	$452.269	$2,517.902
► Subtotal: Federal Funds							
► **State and Local Funds:**							
Match to Federal Formula Grants	$60.353	$62.767	$65.278	$68.542	$71.969	$75.567	$404.476
Local Additional Funds	107.560	107.560	107.560	107.560	107.560	107.560	645.360
Subtotal: Federal Match & Local	$167.913	$170.327	$172.838	$176.102	$179.529	$183.127	$1,049.836
District of Columbia	62.973	63.879	64.820	66.044	67.330	68.679	393.725
Montgomery County	29.213	29.633	30.070	30.638	31.234	31.860	182.647
Prince Georges County	32.164	32.627	33.108	33.733	34.390	35.079	201.101
Maryland Subtotal	61.377	62.260	63.178	64.371	65.623	66.939	383.748
Alexandria	6.901	7.000	7.103	7.238	7.378	7.526	43.147
Arlington County	12.903	13.089	13.281	13.532	13.796	14.072	80.673
City of Fairfax	0.435	0.442	0.448	0.457	0.465	0.475	2.722
Fairfax County	22.871	23.200	23.542	23.987	24.454	24.944	142.998
Falls Church	0.451	0.458	0.465	0.473	0.483	0.492	2.822
Virginia Subtotal	43.562	44.189	44.840	45.687	46.576	47.509	272.363
Subtotal: Contributions	167.913	170.327	172.838	176.102	179.529	183.127	1,049.836
Match to Federal Dedicated Funds	$150.000	$150.000	$150.000	$150.000	$150.000	$150.000	$900.000
Subtotal: State and Local Funds	$317.913	$320.327	$322.838	$326.102	$329.529	$333.127	$1,949.836
Misc. CIP Funding Sources	$0.000	$28.435	$17.565	$0.000	$0.000	$0.000	$46.000
Total without Debt	$709.325	$749.831	$751.514	$750.268	$767.404	$785.396	$4,513.738
Debt Strategy	$0.000	$0.000	$0.000	$50.000	$195.000	$195.000	$440.000
Grand Total	$709.325	$749.831	$751.514	$800.269	$962.404	$980.396	$4,953.739

ATTACHMENT 1

Table 1

► **State and Local Funds:**

	Annual Work Plan Year: FY2011 Budget	FY2012 Forecast	FY2013 Forecast	FY2014 Forecast	FY2015 Forecast	FY2016 Forecast	Total FY2011-16
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Subtotal: State and Local Funds	$317.913	$320.327	$322.838	$326.102	$329.529	$333.127	$1,949.836

NOTES:

1) Does not include Debt Service.

2) Allocated based on six-year project expenditures using FY10 allocation. All modes use FY10 modal allocation (e.g. bus allocation for bus projects).

Table 2

► **Estimate of Jurisdictional Share of Debt:**

Debt assumed to be issued for rail cars

	FY2011	FY2012	FY2013	FY2014	FY2015	FY2016	FY2017
District of Columbia				16.747	65.314	65.314	-
Montgomery County				10.015	39.057	39.057	-
Prince Georges County				8.954	34.919	34.919	-
Maryland Subtotal				18.968	73.976	73.976	-
Alexandria				2.216	8.643	8.643	-
Arlington County				4.651	18.139	18.139	-
City of Fairfax				0.158	0.616	0.616	-
Fairfax County				7.136	27.830	27.830	-
Falls Church				0.124	0.482	0.482	-
Virginia Subtotal				14.285	55.710	55.710	-
Total				50.000	195.000	195.000	-

Table 3

Estimate of Jurisdictional Share of Debt Service Payments:

	Annual Work Plan Year: FY2011 Budget	FY2012 Forecast	FY2013 Forecast	FY2014 Forecast	FY2015 Forecast	FY2016 Forecast	Total FY2011-16
District of Columbia				0.620	3.656	8.489	10.906
Montgomery County				0.371	2.186	5.076	6.521
Prince Georges County				0.331	1.955	4.539	5.831
Maryland Subtotal				0.702	4.141	9.615	12.352
Alexandria				0.082	0.484	1.123	1.443
Arlington County				0.172	1.015	2.358	3.029
City of Fairfax				0.006	0.034	0.080	0.103
Fairfax County				0.264	1.558	3.617	4.647
Falls Church				0.005	0.027	0.063	0.080
Virginia Subtotal				0.529	3.118	7.241	9.302
Total				1.850	10.915	25.345	32.560

Initial Capital Improvement Program:

	Annual Work Plan Year: FY2011 Budget	FY2012 Forecast	FY2013 Forecast	FY2014 Forecast	FY2015 Forecast	FY2016 Forecast	Total FY2011-16
A Vehicles/ Vehicle Parts							
Replacement of Rail Cars							
CIP 057 1000 Series Rail Car Replacement	$79.253	$20.465	$12.029	$135.633	$350.478	$120.199	$718.057
CIP 060 4000 Series Rail Car Replacement	0.000	0.000	0.000	22.899	0.728	186.220	209.847
Subtotal	$79.253	$20.465	$12.029	$158.531	$351.206	$306.419	$927.904
Replacement of Buses	$74.227	$71.966	$56.307	$59.170	$80.347	$100.878	$442.894
CIP 006 Bus Replacement	$74.227	$71.966	$56.307	$59.170	$80.347	$100.878	$442.894
Subtotal							
Rehabilitation of Rail Cars							
CIP 064 1000 Series Rail Car HVAC Rehabilitation	$4.247	$1.111	$0.000	$0.000	$0.000	$0.000	$5.358
CIP 058 2000/3000 Series Rail Car Mid-Life Rehabilitation	3.256	0.248	0.000	0.000	0.000	0.000	3.505
CIP 067 Rail Car Safety & Reliability Enhancements	12.082	2.499	1.502	1.653	1.699	1.755	21.191
CIP 063 Rail Rehabilitation Program	12.439	12.522	12.703	12.892	12.981	14.164	77.700
CIP 125 Rail Lifecycle Overhaul	40.861	20.800	20.864	20.932	20.831	20.831	145.118
Subtotal	$72.886	$37.179	$35.069	$35.476	$35.512	$36.750	$252.872
Rehabilitation of Buses							
CIP 005 Bus Rehabilitation Program	$24.401	$30.081	$30.862	$31.672	$32.251	$33.005	$182.273
CIP 008 Bus Repairables	7.178	7.907	12.770	11.511	15.378	16.427	71.172

	Annual Work Plan Year: FY2011 Budget	FY2012 Forecast	FY2013 Forecast	FY2014 Forecast	FY2015 Forecast	FY2016 Forecast	Total FY2011-16
CIP 137 Bus Lifecycle Overhaul	21.471	10.715	10.748	10.783	10.731	10.731	75.179
Subtotal	$53.050	$48.704	$54.380	$53.966	$58.361	$60.163	$328.624
Replacement of MetroAccess Vehicles							
CIP 015 MetroAccess Fleet Replacement	$11.428	$12.055	$12.202	$10.277	$8.571	$10.846	$65.379
Subtotal	$11.428	$12.055	$12.202	$10.277	$8.571	$10.846	$65.379
Replacement of Service Vehicles							
CIP 009 Service Vehicle Replacement	$2.062	$6.823	$7.964	$6.968	$7.937	$5.718	$37.472
Subtotal	$2.062	$6.823	$7.964	$6.968	$7.937	$5.718	$37.472
Rail Car Fleet Expansion							
CIP 062 6000 Series Rail Car Procurement	$8.052	$0.843	$1.658	$1.101	$0.000	$0.000	$11.654
CIP 069 75% 8-Car Train-- Rail Cars (7000 Series)	0.000	0.000	0.000	0.000	21.593	2.341	23.933
Subtotal	$8.052	$0.843	$1.658	$1.101	$21.593	$2.341	$35.587
Bus Fleet Expansion							
CIP 003 Bus Capacity Enhancements: Fleet Expansion	$0.000	$0.000	$0.000	$0.000	$8.687	$8.687	$17.374
Subtotal	$0.000	$0.000	$0.000	$0.000	$8.687	$8.687	$17.374
Bus Enhancements							
CIP 001 Antenna Reduction/ Security Enhancements	$0.000	$0.000	$0.000	$0.000	$0.000	$0.000	$0.000
CIP 002 Automatic Vehicle Location Equipment Replacement	9.419	16.053	13.530	0.000	0.000	0.000	39.002
CIP 007 Bus Camera Installation	0.000	3.006	0.000	0.000	0.000	0.000	3.006
Subtotal	$9.419	$19.059	$13.530	$0.000	$0.000	$0.000	$42.007
Subtotal	$310.376	$217.093	$193.138	$325.489	$572.214	$531.802	$2,150.112
B Rail System Infrastructure Rehabilitation							
Rail Line Segment Rehabilitation							
CIP 108 Rail Rehabilitation Tier 1: Dupont to Grosvenor	$0.000	$0.000	$0.000	$41.813	$51.405	$51.404	$144.622
CIP 107 Rail Rehabilitation Tier 1: Dupont to Silver Spring	57.010	65.480	54.549	28.395	0.000	0.000	205.434
CIP 110 Rail Rehabilitation Tier 1: National Airport to Stadium Armory	34.546	60.416	59.548	98.786	80.118	68.457	401.872
Subtotal	$91.556	$125.897	$114.097	$168.994	$131.523	$119.861	$751.928
Subtotal	$91.556	$125.897	$114.097	$168.994	$131.523	$119.861	$751.928
C Maintenance Facilities							
Rehabilitation and Replacement of Bus Garages							
CIP 085 Royal Street Bus Garage Replacement (Cinder Bed Road)	$16.595	$31.768	$47.979	$2.436	$0.000	$0.000	$98.779
CIP 086 Southeastern Bus Garage Replacement (DC Village)	5.732	30.746	14.918	0.000	0.000	0.000	51.396
CIP 084 Southern Avenue Bus Garage Replacement	10.533	29.246	51.759	21.720	0.000	0.000	113.258
Subtotal	$32.861	$91.759	$114.657	$24.156	$0.000	$0.000	$263.433
Maintenance of Bus Garages							

		Annual Work Plan Year: FY2011 Budget	FY2012 Forecast	FY2013 Forecast	FY2014 Forecast	FY2015 Forecast	FY2016 Forecast	Total FY2011-16
CIP 119	Bus Garage Facility Repairs Tier 1: Western, Northern and Lan	$18.879	$25.739	$31.052	$32.237	$19.800	$17.250	$144.957
Subtotal		$18.879	$25.739	$31.052	$32.237	$19.800	$17.250	$144.957
Maintenance of Rail Yards								
CIP 116	Rail Yard Facility Repairs Tier 1: Alexandria, Brentwood and Ne	$0.000	$24.761	$29.777	$41.770	$32.776	$26.671	$155.755
Subtotal		$0.000	$24.761	$29.777	$41.770	$32.776	$26.671	$155.755
Rail Maintenance Facilities								
CIP 071	Test Track & Commissioning Facility	$5.154	$17.451	$17.505	$0.000	$0.000	$46.264	$86.373
Subtotal		$5.154	$17.451	$17.505	$0.000	$0.000	$46.264	$86.373
Environmental Compliance Projects								
CIP 010	Environmental Compliance Projects	$0.623	$0.655	$0.692	$0.733	$0.770	$0.812	$4.285
CIP 011	Underground Storage Tank Replacement	2.135	4.406	2.530	2.426	1.004	2.934	15.435
Subtotal		$2.757	$5.061	$3.222	$3.159	$1.775	$3.746	$19.720
Maintenance Bus and Rail Facilities								
CIP 127	Support Equipment - MTPD	$1.031	$1.030	$1.030	$1.037	$1.033	$1.032	$6.192
CIP 126	Financial Planning, Project Administration, and System Wide In	2.169	1.642	3.340	1.060	3.724	3.211	15.146
Subtotal		$3.200	$2.672	$4.370	$2.097	$4.756	$4.243	$21.338
Expansion of Bus Garages								
CIP 078	Bladensburg Shop Reconfiguration	$3.092	$6.159	$7.208	$9.431	$0.000	$0.000	$25.890
CIP 038	Bus Garage Capacity Enhancements	1.562	0.000	0.000	0.000	0.000	22.802	24.364
Subtotal		$4.655	$6.159	$7.208	$9.431	$0.000	$22.802	$50.254
Subtotal		$67.505	$173.603	$207.790	$112.849	$59.107	$120.976	$741.831
D Systems and Technology								
Power System Upgrades - Rail								
CIP 077	8-Car Train Power Upgrades	$4.123	$0.000	$0.000	$0.000	$0.000	$0.000	$4.123
CIP 076	100 % 8-Car Train - Power Upgrades	0.000	0.000	6.986	7.980	6.791	7.258	29.016
Subtotal		$4.123	$0.000	$6.986	$7.980	$6.791	$7.258	$33.139
Operations Support Software								
CIP 042	Bus & Rail Asset Management Software	$1.109	$4.140	$5.872	$3.613	$6.757	$4.948	$26.439
CIP 043	Bus Operations Support Software	2.062	3.080	3.089	3.099	3.598	3.084	18.012
CIP 044	Customer & Regional Integration	4.295	4.791	3.776	4.821	4.797	4.797	27.278
CIP 045	Data Centers and Infrastructures	7.422	1.602	0.745	4.959	4.913	6.168	25.810
CIP 047	Enterprise Geographic Information System	2.062	3.080	2.574	2.583	3.598	2.570	16.467
CIP 052	Network and Communications	3.092	5.468	6.201	4.132	5.141	6.168	30.203
CIP 053	Network Operations Center (NOC)	1.937	3.500	3.573	3.099	1.028	0.000	13.138
CIP 051	Police Dispatch and Records Management	0.000	0.000	0.000	0.995	0.000	0.000	0.995
CIP 140	Rail Mileage Based Asset Management	4.123	0.000	0.000	0.000	8.504	10.281	22.909
CIP 056	Rail Operations Support Software	2.303	4.211	5.148	5.165	5.141	5.140	27.108

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Subtotal		$28.406	$29.872	$30.979	$32.466	$43.477	$43.158	$208.358
Business Support Software & Equipment								
CIP 030	Currency Processing Machines	$1.014	$1.447	$0.439	$0.000	$0.000	$0.000	$2.900
CIP 054	Customer Electronic Communications & Outreach	1.546	3.336	2.832	2.066	2.056	2.056	13.893
CIP 046	Document Management System	1.546	0.000	0.000	2.626	2.613	4.667	11.453
CIP 049	Management Support Software	2.985	2.566	2.574	10.158	10.623	0.000	28.907
CIP 050	Metro IT OneStop and Office Automation	2.774	3.094	5.446	3.231	4.112	2.056	20.714
CIP 103	Police Portable Radio Replacement	0.670	0.667	0.669	0.000	0.000	0.668	2.675
CIP 048	Sensitive Data Protection Technology	4.476	5.221	4.760	4.259	4.112	4.112	26.941
Subtotal		$15.011	$16.332	$16.720	$22.341	$23.518	$13.560	$107.483
Rail Fare Equipment								
CIP 091	Automatic Fare Collection Machines	$0.000	$1.075	$1.030	$1.033	$4.613	$6.675	$14.426
CIP 031	Debit/Credit Processing Requirements	1.907	0.257	0.257	0.258	0.257	0.257	3.193
CIP 092	Ethernet Wiring for Rail Fare Machines	1.340	0.000	0.000	0.000	0.000	0.000	1.340
CIP 032	Fare Media Encoders	0.000	0.579	1.013	0.000	0.000	0.000	1.592
CIP 094	Improvements to Coin Collection Machines	2.276	0.000	0.000	0.000	0.000	0.000	2.276
CIP 093	Integrating regional NEXTFARE System	1.788	0.980	0.880	0.728	0.982	0.982	6.341
CIP 097	Open Bankcard and Automatic Fare Collection Systems	1.546	2.310	2.317	4.954	4.786	0.000	15.912
Subtotal		$8.858	$5.200	$5.498	$6.973	$10.638	$7.914	$45.081
Subtotal		$56.398	$51.405	$60.183	$69.760	$84.423	$71.891	$394.060
E Track and Structures								
Track Rehabilitation								
CIP 023	Third Rail Rehabilitation	$0.000	$5.518	$4.184	$4.408	$4.606	$4.835	$23.550
CIP 089	Track Fasteners	2.062	2.053	2.059	2.066	2.056	2.056	12.353
CIP 019	Track Floating Slab Rehabilitation	1.728	1.260	1.319	1.555	1.616	1.689	9.166
CIP 021	Track Pad/Shock Absorber Rehabilitation	4.334	2.047	2.155	2.271	2.419	2.491	15.716
CIP 024	Track Rehabilitation	44.449	33.269	33.223	31.918	33.369	37.239	213.468
CIP 022	Track Structural Rehabilitation	2.333	1.542	2.890	1.840	1.787	1.876	12.268
CIP 141	Cheverly Abutment	3.196	0.000	0.000	0.000	0.000	0.000	3.196
CIP 018	Track Welding Program	1.467	2.656	2.863	3.089	3.307	3.560	16.942
Subtotal		$59.568	$48.343	$48.693	$47.147	$49.161	$53.747	$306.658
Station/Tunnel Rehabilitation								
CIP 026	Station/Tunnel Leak Mitigation	$3.057	$3.298	$3.276	$3.451	$3.607	$3.761	$20.451
Subtotal		$3.057	$3.298	$3.276	$3.451	$3.607	$3.761	$20.451
Subtotal		$62.625	$51.642	$51.969	$50.598	$52.767	$57.508	$327.109
F Passenger Facilities								
Elevator/Escalator Facilities								
CIP 072	Elevator Rehabilitation	$2.371	$3.490	$2.265	$1.136	$1.645	$2.159	$13.067

		Annual Work Plan Year: FY2011 Budget	FY2012 Forecast	FY2013 Forecast	FY2014 Forecast	FY2015 Forecast	FY2016 Forecast	Total FY2011-16
CIP 132	Elevator/Escalator Repairables	4.329	4.825	4.840	4.855	5.346	4.832	29.027
CIP 073	Escalator Rehabilitation	4.948	8.315	11.738	13.946	13.879	9.767	62.594
Subtotal		$11.648	$16.630	$18.843	$19.938	$20.870	$16.758	$104.688
Maintenance of Rail Station Facilities								
CIP 138	System-wide Infrastructure Rehabilitation	$43.957	$30.210	$9.267	$0.000	$0.000	$0.000	$83.434
CIP 087	Station Rehabilitation Program	7.759	7.832	7.960	8.089	8.153	8.358	48.151
Subtotal		$51.716	$38.042	$17.227	$8.089	$8.153	$8.358	$131.585
Bicycle & Pedestrian Facilities								
CIP 035	Bicycle & Pedestrian Facilities: Capacity Improvements	$0.976	$1.019	$1.138	$1.197	$1.268	$1.338	$6.936
CIP 036	Replacement of Bicycle Racks & Lockers	0.457	0.469	0.421	0.436	0.448	0.464	2.695
Subtotal		$1.433	$1.488	$1.559	$1.633	$1.716	$1.801	$9.631
Rail Station: Capacity/Enhancements								
CIP 039	Core & System Capacity Project Development	$0.515	$1.027	$1.030	$1.033	$1.542	$1.028	$6.175
CIP 074	Installation of Parking Lot Credit Card Readers	0.000	0.000	0.000	0.000	0.000	3.364	3.364
CIP 088	Station Entrance Canopies	0.000	0.000	0.000	0.000	0.000	10.281	10.281
Subtotal		$0.515	$1.027	$1.030	$1.033	$1.542	$14.673	$19.820
Bus Priority Corridor Improvements								
CIP 037	Bus Priority Corridor Network Enhancements	$2.062	$2.053	$2.059	$2.066	$2.056	$6.168	$16.465
Subtotal		$2.062	$2.053	$2.059	$2.066	$2.056	$6.168	$16.465
Rail Station Equipment								
CIP 099	Police Emergency Management Equipment	$0.914	$0.000	$0.000	$0.000	$0.000	$0.067	$0.981
Subtotal		$0.914	$0.000	$0.000	$0.000	$0.000	$0.067	$0.981
Subtotal		$68.288	$59.240	$40.718	$32.759	$34.338	$47.825	$283.169
G Maintenance Equipment								
Rail Maintenance Equipment								
CIP 136	FCC Radio Frequency Communication Changes	$0.176	$1.027	$10.297	$9.298	$0.000	$0.000	$20.797
CIP 065	Geometry Vehicle	0.564	4.011	1.676	0.225	0.000	0.000	6.476
CIP 139	NTSB Recommendations	10.308	10.265	10.297	0.000	0.000	0.000	30.871
CIP 066	Rail Shop Repair Equipment	2.165	4.209	4.222	4.236	4.215	4.215	23.261
CIP 020	Replacement of Rail Track Signage	1.014	1.060	1.117	1.177	1.250	1.235	6.854
CIP 027	Switch Machine Rehabilitation Project	0.908	0.950	1.001	1.054	1.101	1.157	6.170
CIP 025	Track Maintenance Equipment	17.292	20.708	10.039	10.475	10.425	12.964	81.904
CIP 135	Train Control Signal	1.031	10.265	10.297	0.000	0.000	0.000	21.593
CIP 133	Wayside Work Equipment	4.123	3.080	2.059	2.066	0.000	0.000	11.328
Subtotal		$37.582	$55.574	$51.006	$28.530	$16.991	$19.571	$209.254
Bus Repair Equipment								
CIP 004	Bus Repair Equipment	$2.732	$2.855	$3.015	$3.125	$3.213	$3.380	$18.320

	Annual Work Plan Year: FY2011 Budget	FY2012 Forecast	FY2013 Forecast	FY2014 Forecast	FY2015 Forecast	FY2016 Forecast	Total FY2011-16
Subtotal	$2.732	$2.855	$3.015	$3.125	$3.213	$3.380	$18.320
Business Facilities Equipment							
CIP 028 Materials Handling Equipment	$0.158	$0.139	$0.144	$0.149	$0.153	$0.158	$0.901
CIP 029 Warehouse Vertical Storage Units/Shelving	0.675	0.695	0.600	0.622	0.766	0.660	4.018
Subtotal	$0.833	$0.834	$0.744	$0.771	$0.919	$0.818	$4.919
Subtotal	$41.147	$59.263	$54.765	$32.426	$21.123	$23.769	$232.493
H Other Facilities							
Business Support Facilities							
CIP 134 Carmen Turner Facility Parking Garage	$0.000	$0.000	$0.000	$0.000	$0.000	$0.000	$0.000
CIP 080 Jackson Graham Building Renovation	3.608	0.000	0.000	0.000	0.000	0.000	3.608
CIP 033 Replacement of Revenue Facility Equipment	0.695	0.266	0.180	0.507	0.409	0.264	2.321
CIP 034 Revenue Collection Facility (RCF) Building Expansion	0.000	1.274	1.320	0.000	0.000	0.000	2.594
Subtotal	$4.303	$1.540	$1.500	$0.507	$0.409	$0.264	$8.523
MTPD Support Facilities							
CIP 101 Police Substation - New District 2/Training Facility	$1.296	$2.524	$13.014	$0.544	$0.000	$0.000	$17.379
CIP 102 Police Substation - New District 4	0.000	0.000	0.000	0.000	0.000	0.000	0.000
CIP 100 Police Training Facility	0.000	0.000	0.000	0.000	0.000	0.000	0.000
CIP 106 Special Operations Division Facility	0.831	1.626	8.338	0.341	0.000	0.000	11.136
Subtotal	$2.127	$4.150	$21.353	$0.885	$0.000	$0.000	$28.515
Subtotal	$6.429	$5.690	$22.853	$1.393	$0.409	$0.264	$37.038
I Project Management and Support							
Program Management							
CIP 130 Program Management	$0.000	$0.000	$0.000	$0.000	$0.000	$0.000	$0.000
Subtotal	$0.000	$0.000	$0.000	$0.000	$0.000	$0.000	$0.000
Credit Facility							
CIP 131 Credit Facility	$5.000	$6.000	$6.000	$6.000	$6.500	$6.500	$36.000
Subtotal	$5.000	$6.000	$6.000	$6.000	$6.500	$6.500	$36.000
Subtotal	$5.000	$6.000	$6.000	$6.000	$6.500	$6.500	$36.000
Total	$709.325	$749.831	$751.514	$800.269	$962.404	$980.396	$4,953.739

ATTACHMENT 2

Implementation of Capital Funding Agreement Debt Option

As provided for under section 4(b)(2)(D) of the Agreement, Contributing Jurisdictions may opt out of long-term debt issued by WMATA.

Long-term debt will include debt with a term longer than one year including, but not limited to, revenue bonds, certificates of participation, revenue anticipation notes and leases but excluding Short Term Debt and Interim Financing.

Jurisdictions will not have the option to opt out of Short-Term Debt and Interim Financing (including any lines of credit) that WMATA will use to balance short-term cash flow requirements and to satisfy the anti-deficiency provisions of the WMATA Compact.

Each year WMATA will indicate its plans to issue Long-Term Debt and provide for local jurisdictions to opt out as part of the Annual Work Plan process. WMATA will make its best efforts to estimate the debt issue's par amount, net proceeds, structure, the anticipated average interest rate and cost of issuance, to facilitate local decision-making.

Any local jurisdiction that chooses to opt out of a debt issue will fund its proportion of the net proceeds in cash on or before the date of closing of the debt issue. The jurisdiction's share of the proposed net proceeds will be determined by the Capital Funding Agreement allocation formula.

The debt service for the bond issue will be paid by the remaining jurisdictions according to their pro rata share, as determined by the Capital Funding Agreement Program allocation formula.

Hypothetical Example:

If in FY 2011, the Capital Funding Agreement Annual Work Plan indicates a need for $120 in debt financing. WMATA plans to issue long-term debt to meet this need and estimates annual debt service of $9.60 per year. Jurisdiction A, whose share of the Capital Funding Agreement formula is 20% chooses to opt out of the debt and informs WMATA in writing of that decision during the approval period for the annual work program.

At closing of the bond issue, Jurisdiction A provides $24 (20% of $120) to WMATA and WMATA funds the balance with the proceeds of the bond issue. The size of the bond issue is reduced to net $96. Debt service is set at $7.70 per year.

Jurisdiction A has no further obligation regarding this debt issue. The remaining jurisdictions will make capital contributions including debt service to WMATA when billed so WMATA can make timely payments to the lenders.

Capital contributions for debt issues will be considered the "first in" funds from the local jurisdictions relative to annual and total funding caps. Annual funding caps for the opting out jurisdiction will be reduced by the estimated debt service that would be due if the Jurisdiction did not opt out. The balance of the local funding capacity will be used to pay project expenditures along with federal funds and other miscellaneous capital revenue sources.

ATTACHMENT 3

ATTACHMENT 3

LOCAL CAPITAL FUNDING AGREEMENT

By and Between

The District of Columbia;

And

The Washington Metropolitan Area Transit Authority

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LOCAL CAPITAL FUNDING AGREEMENT

THIS LOCAL CAPITAL FUNDING AGREEMENT (Agreement) is made and entered into this ____ day of _____, 2010, by and between **the Washington Metropolitan Area Transit Authority (WMATA)**, a body corporate and politic created by interstate compact between Maryland, Virginia, and the District of Columbia; **and the District of Columbia,** a municipal corporation **(Contributing Jurisdiction).**

RECITALS

1. The WMATA transit system has played a critical role in the growth and prosperity of the National Capital Region and environs, and WMATA's continued economic vitality is essential to the regional transportation system and the environmental quality, economic, educational and cultural life of the Washington region.

2. The WMATA system was built and is operated through the substantial investment of public funds by the Federal Government and by State and local governments in the region.

3. The lack of sufficient secure and reliable funding to rehabilitate and maintain the WMATA transit system and to replace rail cars, buses, and other key transit assets is creating a transportation crisis, threatening the continued health and vitality of the system and jeopardizing the public investment.

4. Previously, the Parties entered into an agreement covering specific capital projects for FY2005 through FY10 (Metro Matters Funding Agreement) along with associated financing arrangements to cover those capital projects. That agreement expires on July 1, 2010 and the Parties wish to create a follow-on agreement for both funding FY2011-2016 on an expenditure basis.

5. To address this issue, the Parties have agreed upon a Capital Funding Agreement that will, with the cooperation and participation of the other members of the interstate compact, namely, the State of Maryland; Arlington County, Virginia; Fairfax County, Virginia; the City of Alexandria, Virginia; the City of Fairfax, Virginia; and the City of Falls Church, Virginia (the "Other Contributing Jurisdictions") (the Contributing Jurisdiction and the Other Contributing Jurisdictions are hereafter referred to collectively as the "Contributing Jurisdictions"), and the Federal Government, provide sufficient revenues to fund the Capital Funding Agreement, for fiscal years 2011 through 2016.

NOW, THEREFORE, in consideration of the mutual promises and obligations hereinafter set forth, the Parties hereby agree as follows:

SEC. 1 DEFINITIONS

As used in this Agreement, the following terms shall have the following meanings, unless the context otherwise requires:

(1) "Agreement" means this Local Capital Funding Agreement.

(2) "Allocated Contribution" means the financial share of the cost of the Capital Improvement Program to be contributed by a Contributing Jurisdiction, in accordance with the terms of this Agreement but shall not include payments provided to match the Dedicated Funding (PRIIA) funds. Notwithstanding the foregoing, the maximum amount of the Contributing Jurisdiction's financial share of the cost of the capital Improvement Program shall not exceed $397,314,000. The Allocated Contribution, as shown on Table 1 of Attachment 1 to this Agreement, may not be increased above the aggregate amount of $397,314,000 to be paid from the District of Columbia Capital Funds without written approval of the District of Columbia. Payments for Long Term Debt service on the Metro Matters Funding Agreement

debt and Long Term Debt service anticipated in this Agreement are not included in the Allocated Contribution aggregate cap for the District of Columbia. For informational purposes only, the District of Columbia represents that payments for amounts such as Long Term Debt service under the Metro Matters Funding Agreement and funds associated with debt service for projects under this Agreement are funded through annual appropriations in its Operating Budget. For example, the District of Columbia has included in its proposed Operating Budget for FY 2011 $258,318,034 for payment to WMATA, which includes an amount sufficient to pay Long Term Debt service for FY 2011.

(3) "Annual Work Plan" means the annual plan developed by WMATA on both obligation and expenditure bases and submitted to the Contributing Jurisdictions which identifies the Capital Improvement Program projects and activities to be undertaken in the Capital Budget for a specific fiscal year and the estimated annual cash requirement of those projects and activities and the sources of funds expected to be used on an expenditure basis to meet that cash requirement.

(4) "Authorized Representative" means the individual designated by the chief executive officer (or comparable official) of the Contributing Jurisdiction or WMATA to take actions on behalf of that Party regarding issues that arise in carrying out this Agreement.

(5) "Capital Budget" is synonymous with the term Annual Work Plan.

(6) "Capital Improvement Program" ("CIP") means the list of project elements including the useful life computations for each project contained therein for the period of July 1, 2010 through June 30, 2016 approved by the WMATA Board of Directors for the period of July 1, 2011 – June 30, 2016 as may subsequently be updated for this six-year period or each successive six-year period (for planning purposes only) and specific fund sources for use in

supporting the specific scope, schedule, and budget (expressed in both obligation and expenditure terms) of projects that advance the Authority's strategic objectives. See Attachment 1 for the FY2011-2016 CIP. The CIP is not considered a payment schedule. The CIP shall be updated annually as described in this Agreement.

(7) "Capital Funding Agreement" means that certain agreement by and among the Washington Metropolitan Area Transit Authority (WMATA), the District of Columbia, and the Other Contributing Jurisdictions to provide funding for WMATA for its FY2011-2016 CIP.

(8) "Capital Project" means any physical public betterment or improvement, the acquisition of property of a permanent nature, or the purchase of equipment or furnishings, and includes:

(A) Costs of any preliminary plans, studies, and surveys in connection with such betterment, improvement, acquisition or purchase;

(B) Costs incidental to such betterment, improvement, acquisition, or purchase, and the financing thereof, including the cost of any election, professional fees, printing or engraving, production or reproduction of documents, publication of notices, taking title, bond insurance, and interest during construction; and

(C) The reimbursement of any fund or account for amounts expended for the payment of any such costs.

(9) "Contributing Jurisdiction" means the District of Columbia acting by and through the Mayor.

(10) "Contributing Jurisdictions" means collectively, the Contributing Jurisdiction and the Other Contributing Jurisdictions.

(11) "Days" means calendar days, unless otherwise specifically provided.

(12) "Debt" means any bond, security, debt issuance, certificate of participation, Grant Anticipation Debt, or other evidence of indebtedness issued by a public body, and includes commercial paper, lines of credit, and letters of credit to finance the program of projects to be completed under the terms of this Agreement.

(13) "Dedicated Funding" (PRIIA) means those federal funds provided to WMATA under the Passenger Rail Investment and Improvement Act of 2008 (Pub. L. 110-432). The PRIIA matching funds will be made available to WMATA pursuant to the applicable laws of the District of Columbia, Maryland, and the Commonwealth of Virginia.

(14) "Discretionary Grant" means any award of discretionary Federal financial assistance for a new or existing fixed guideway system from the capital investment grant program authorized under Section 5309 of Title 49 of the U.S. Code, or from any other discretionary grant program from any federal agency under which funds are provided on other than a formula basis.

(15) "Federal grant" means an award of financial assistance, including formula grants, discretionary grants, and cooperative agreements, in the form of money, or property in lieu of money, by the Federal Government through the Federal Transit Administration or any other federal agency to an eligible grantee. The term does not include technical assistance which provides services instead of money, or other assistance in the form of revenue sharing, loans, loan guarantees, interest subsidies, insurance, or direct appropriations. Also, the term does not include assistance, such as a fellowship or other lump sum award, which the grantee is not required to account for.

(16) "FTA" means the Federal Transit Administration.

(17) "Formula grant" means any award of Federal financial assistance from the urban formula program authorized under Section 5307 of Title 49 of the U.S. Code or the fixed guideway modernization program authorized under Section 5309 of Title 49 of the U.S. Code, or similar successor programs.

(18) "Funding Sources" shall be the various categories of funds to be used to pay for the projects covered in the CIP. These funds may be either from federal or non-federal sources. Where the Agreement requires a more detailed description of the funding source, then the following categories shall be used: Dedicated Funding, Dedicated Funding matching funds, Formula Grants, Formula Grants matching funds, Other Federal Grants, Other Federal Grants matching funds, System Performance Funds, and Other funds.

(19) "Grant Anticipation Debt" means any debt issuance the principal and interest on which are to be paid with the proceeds of Federal grant funds.

(20) "Interim Funding Sources" means one or more letters of credit or lines of credit and related reimbursement agreements, standby bond purchase agreements, commercial paper, or similar agreements or obligations, or any combination of the foregoing, issued to or for WMATA or entered into with WMATA by a bank, insurance company, or other financial institution, or one or more resolutions, indentures, or other security agreements providing for bonds or other evidence of indebtedness of WMATA.

(21) "Long-Term Debt" means Debt with a maturity greater than 1 year.

(22) "Metro Matters Funding Agreement" means the capital funding agreement dated October 25, 2004 by and among the Washington Metropolitan Area Transit Authority; the State of Maryland acting by and through the Washington Suburban Transit District and the Department of Transportation; the District of Columbia; Arlington County, Virginia; Fairfax

County, Virginia; the City of Alexandria, Virginia; the City of Fairfax, Virginia; and the City of Falls Church, Virginia and covering projects in WMATA's Fiscal Years 2005-2010.

(23) "Minimum Annual Allocated Contribution" means that annual amount of funds payable by a Contributing Jurisdiction sufficient to provide any required matching funds for (a) all federal formula and other federal grant funds awarded to WMATA and expected to be expended in the current Annual Work Plan excluding the local match to be provided by the District of Columbia, Virginia and Maryland for the Dedicated Funding (PRIIA) funds, and (b) the System Performance Funds necessary to meet any maintenance of effort requirement for WMATA to receive Dedicated Funding.

(24) "Non-Federal funds" means funds provided by State and local sources and debt sources.

(25) "Other Contributing Jurisdictions" means the State of Maryland acting by and through the Washington Suburban Transit District and the Department of Transportation; the District of Columbia; Arlington County, Virginia; Fairfax County, Virginia; the City of Alexandria, Virginia; the City of Fairfax, Virginia; and the City of Falls Church, Virginia.

(26) "Party" or "Parties" means WMATA and the Contributing Jurisdictions.

(27) "Preventive Maintenance" means upgrades to, repairs to, and maintenance of, capital assets that provides additional value to the capital asset. The FTA definition of "preventive maintenance" is separate from and not connected to Preventive Maintenance as defined herein.

(28) "Reprogramming" means a change to an Annual Work Plan or Capital Budget that occurs outside of the Annual Work Plan process.

(29) "Short-Term Debt" means Debt with a maturity of 1 year or less.

(30) "System Performance Funds" means jurisdictional funds over and above those funds required to match any Federal grant and to be used for Capital Improvement Plan projects contained in the applicable Annual Work Plan.

(31) "WMATA" or "Authority" means the Washington Metropolitan Area Transit Authority.

SEC. 2 CAPITAL IMPROVEMENT PROGRAM

(a) Agreement of the Parties. -- WMATA and the Contributing Jurisdictions have agreed to and adopted the Capital Improvement Program attached as Attachment 1 to the Capital Funding Agreement executed by WMATA and the Contributing Jurisdictions. The Parties further agree to comply with the terms and conditions of this Agreement and to fully and faithfully carry out their respective obligations under this Agreement. The Contributing Jurisdiction's obligations under the terms and conditions of this Agreement are subject to the following:

(1) Pursuant to the provisions of (i) the federal Anti-Deficiency Act, 31 U.S.C. §§ 1341, 1342, 1349-1351 1511-1519 (2008) (the "**Federal ADA**"), and D.C. Official Code §§ 1-206.03(e) and 47-105; (ii) the District of Columbia Anti-Deficiency Act, D.C. Official Code §§ 47-355.01 – 355.08 (the "**D.C. ADA**" and (i) and (ii) collectively, as amended from time to time, the "**Anti-Deficiency Acts**"); and (iii) Section 446 of the District of Columbia Home Rule Act, D.C. Official Code § 1-204.46, the District cannot obligate itself to any financial commitment in any present or future year unless the necessary funds to pay that commitment have been appropriated by the Congress of the United States (the "Congress") and are lawfully available for the purpose committed. Thus, pursuant to the Anti-Deficiency Acts, nothing in this Agreement creates an obligation of the District in anticipation of an appropriation

by Congress for such purpose, and the District's legal liability for the payment of any amount under this Agreement does not and may not arise or obtain in advance of the lawful availability of appropriated funds for the applicable fiscal year as approved by Congress.

(2) During the term of this Agreement, the Mayor of the District of Columbia or other appropriate official shall, for each fiscal period, include in the appropriate budget application submitted to the Council of the District of Columbia the amount necessary to fund the District's known potential financial obligations under this Agreement for such fiscal period. In addition, in the event that the District proposes to issue bonds or notes to refund the bonds subject to this Agreement, the Mayor of the District of Columbia or other appropriate official, and if any payments under this Agreement have not been made, the Mayor shall include in a budget application submitted to the Council of the District of Columbia the amount necessary to fund the District's known unpaid amounts. In the event that a request for such appropriations is excluded from the budget approved by the Council and submitted to Congress by the President for the applicable fiscal year or if no appropriation is made by Congress to pay any amount under this Agreement for any period after the fiscal year for which appropriations have been made, and in the event appropriated funds for such purposes are not otherwise lawfully available, the District will not be liable to make any payment under this Agreement upon the expiration of any then-existing appropriation.

(3) Notwithstanding the foregoing, no officer, employee, director, member or other natural person or agent of the District shall have any personal liability in connection with the breach of the provisions of this Section or in the event of a Default by the District under this Agreement.

(4) This Agreement shall not constitute an indebtedness of the District nor shall it constitute an obligation for which the District is obligated to levy or pledge any form of taxation or for which the District has levied or pledged any form of taxation. No District of Columbia Official or employee is authorized to obligate or expend any amount under this Agreement unless such amount has been appropriated by Act of Congress and is lawfully available.

IN ACCORDANCE WITH § 446 OF THE HOME RULE ACT, D.C. OFFICIAL CODE § 1-204.46, NO CONTRIBUTING JURISDICTION OFFICIAL IS AUTHORIZED TO OBLIGATE OR EXPEND ANY AMOUNT UNDER THIS AGREEMENT UNLESS SUCH AMOUNT HAS BEEN APPROVED AND APPROPRIATED BY CONGRESS.

Nothing in this Agreement affects requirements placed on the District of Columbia, State of Maryland and Commonwealth of Virginia by the Passenger Rail Investment and Improvement Act of 2008.

(b) Elements of Capital Improvement Program.

(1) Program Elements. – The Capital Improvement Program proposed to be funded by the Capital Funding Agreement among the Parties and this Agreement consists of those projects identified for funding and the sources of that funding in the annually approved CIP as they are updated in accordance with this Agreement. The CIP may include any capital project or purchase eligible for capital funding and may include, for example, projects in any of the following categories:

(A) Vehicles and Vehicle Parts, covering the replacement or purchase of new rail cars, buses, paratransit vehicles and/or service vehicles, rehabilitation of rail cars and buses and replacement parts to maintain the vehicle fleet.

(B) Rail System Infrastructure Rehabilitation, covering the multiple systems and equipment within the rail stations and tunnels that enable safe, reliable service.

(C) Maintenance Facilities, covering the rehabilitation, maintenance, replacement and/or new bus garages and rail yards to support repairs to vehicle fleet.

(D) Systems and Technology, covering the technology systems, software and equipment supporting transit operations and business functions.

(E) Track and Structures, covering the steel running rail that guides Metro's train cars, the cross ties and fasteners that hold the rail in place, the ballast bed that supports the cross ties and the third rail that provides power to the train. Structures include the retaining walls that protect the track bed and underground tunnels, the concrete pads that keep the track bed properly elevated and the bridges that span roads and bodies of water.

(F) Passenger Facilities, covering the facilities at Metro's 86 Metrorail stations, including bus loops, bus stops, parking garages, surface lots, Kiss-and-Ride spaces, access roads and bus loops, bike racks and lockers.

(G) Maintenance Equipment, covering the Equipment to rehabilitate track and maintain the vehicle fleet (rail and bus).

(H) Other Facilities, covering the facilities that house administrative offices, training rooms, revenue processing activities, material storage, police work and a print shop.

(I) Program Management and Support including Credit Facility and Other Financial Fees and Expenses and Program Contingencies.

(J) Safety and Security Projects.

(K) Preventive Maintenance as defined in this Agreement.

(2) Description. -- The specific projects and activities and the sources of funding to support those specific projects and activities will be set forth in the Annual Work Plan.

(c) Cost. -- The estimated program cost of the initial Capital Improvement Program is approximately $5,000,000,000 in year of expenditure dollars and covering a six-year period.

The initial CIP covering FY 2011-2016 is provided as Attachment 1.

(d) **Schedule.** -- The initial Capital Improvement Program will be implemented over the period beginning WMATA fiscal year 2011 and ending fiscal year 2016. There will be an Annual Work Plan for each fiscal year, as more specifically described in Section 4 of this Agreement.

(e) **Agreement to Fund Capital Improvement Program.** -- WMATA and the Contributing Jurisdiction hereby concur in and agree to fund the Capital Improvement Program in accordance with 4(b)(1)(B) of this Agreement for those projects in the CIP which meet the Contributing Jurisdiction's definition of "Capital Project" as defined in this Agreement.

(f) **Authorized Representative.** – Within 30 days after the Effective Date of this Agreement, WMATA and the Contributing Jurisdictions shall designate an Authorized Representative to act on that Party's behalf in implementing this Agreement.

SEC. 3 CAPITAL IMPROVEMENT PROGRAM FINANCIAL PLAN

(a) **Funding Sources.**

The projects and activities in the Capital Improvement Program shall be funded in the most cost effective manner from one or more of the following sources: (A) Funding Sources; (B) the issuance of Debt by WMATA, with WMATA's debt service to be paid with funds received from the Contributing Jurisdictions unless the Contributing Jurisdiction or Other Contributing Jurisdiction has opted out of the Long-Term Debt issue in accordance with this Agreement; and (C) such other funding sources, cash management strategies or financing methods as WMATA determines to be appropriate to accomplish the goals of the Capital Improvement Program The specific amounts estimated from each Funding Source will be set forth in each Annual Work Plan.

(b) **Formula for Contributing Jurisdiction Funding.** -- The Allocated Contributions of the Contributing Jurisdictions for the Capital Improvement Program, will be based on the Board-adopted FY 2010 Operations Allocation Formulas applied to each project as shown in the FY2011-2016 CIP applied to each element of the Capital Improvement Program as follows:

(1) The Rail allocation formula will apply to Rail projects and debt issued for Rail projects.

(2) The Bus allocation formula will apply to Bus projects and debt issued for Bus projects.

(3) The Paratransit formula will apply to Paratransit projects and debt issued for Paratransit projects.

(4) An average of the Rail and Bus allocation formulas will apply to General financing expenditures and for project expenditures that cannot be allocated to Rail, Bus, or Paratransit.

(5) Dedicated Funding funded projects - Will be divided equally among the District of Columbia, State of Maryland, and Commonwealth of Virginia subject to the provisions of the various state laws establishing dedicated funding sources to match federal funds made available under the Passenger Rail Investment and Improvement Act of 2008.

The allocation formulas will be recalculated every three (3) years to reflect the then-current Operating Budget allocations and applied prospectively to the three subsequent Annual Work Plans.

(c) **Debt Service.** – Debt service on obligations agreed to by the Contributing Jurisdictions and issued under the Metro Matters Funding Agreement shall become obligations issued under this Agreement. The Contributing Jurisdictions shall continue to make any debt service payments as were required under the terms of the Metro Matters Funding Agreement. New debt service for obligations issued under the terms of this Agreement will be funded by the Contributing Jurisdictions as more fully set forth in Section 4(b)(2) of this Agreement.

(d) **FY 2010 Capital Projects.** -- WMATA and the Contributing Jurisdictions agree that all projects whose funding was obligated under the Metro Matters Funding Agreement but for which expenditures will occur during the scope of this Agreement will become projects under this Agreement and governed by the terms of this Agreement including the funding obligations of the Contributing Jurisdictions thereto. It is the intent of the Parties to terminate the Metro Matters Funding Agreement and incorporate all its capital commitments into this Agreement.

SEC. 4 IMPLEMENTATION OF CAPITAL IMPROVEMENT PROGRAM

(a) **Programmatic Aspects.**

(1) **Long Term Programming** -- To assist in the prioritization of projects, each Contributing Jurisdiction will, at the execution of this Agreement, provide a schedule of funds expected to be made available to WMATA for the FY2011-2016 period and successor periods (for planning purposes only) covered by this Agreement. The schedule for WMATA Fiscal Years 2012-2016 is subject to adjustment as the submitting Contributing Jurisdiction obtains more updated information. It is not binding on any Party and shall not be considered a funding or payment schedule. The Annual Work Plan will contain the actual funding requirements and sources of funds for the current year. The WMATA Board of Directors will approve a six-year capital program each year, with such program covering potential funding sources, a description of the project prioritization process, an explanation of how the CIP would further the strategic goals of WMATA, and an identification of the performance metrics by which the outcome of the CIP will be measured. The prioritization process shall rank and select projects based on the projects' support of WMATA's strategic goals and funding availability.

The annual documentation of the capital program will describe qualitatively and quantitatively the broad outlines of the proposed capital spending and sources for that spending

for the forthcoming fiscal year and the outcomes expected to be achieved by the proposed program. The discussion of the proposed spending shall include at least the following: (i) the sources of funds for the proposed spending, (ii) expenditures by mode (e.g. bus, rail, paratransit), (iii) expenditures by project phase (e.g. planning, design, land acquisition, construction), (iv) the indicators of the outcomes to be achieved by the proposed projects, and (v) projected spending compared to prior year actual spending rate.

(2) **Annual Work Plan**. -- WMATA shall, as a part of its annual budget process each year during this Agreement, develop and submit to the Contributing Jurisdictions a draft Annual Work Plan for the Capital Improvement Program which shall include the preliminary results of the Budget Reconciliation process contained in section 5 of this Agreement. The Annual Work Plan shall be based upon and be consistent with the updated Capital Improvement Program prepared pursuant to the reconciliation process under Section 5 of this Agreement. The Annual Work Plan along with the Capital Program will be approved by the WMATA Board of Directors prior to the start of the fiscal year covering the specific Annual Work Plan.

(3) **Contents of Plan**. -- The Annual Work Plan shall include --

(A) an identification and description of the projects and activities in the Capital Improvement Program for which funds will be obligated or expended during the next WMATA fiscal year;

(B) a budget for the Annual Work Plan that includes a cost estimate and source of funds for each project and activity in the Plan, by CIP category;

(C) a statement of the Contributing Jurisdiction's and Other Continuing Jurisdictions' required Allocated Contribution for the Annual Work Plan, based on a

schedule of projected quarterly cash needs and including an identification of what portion of that contribution is a direct capital contribution, and what portion (if any) is to be used by WMATA to pay debt service on WMATA Long-Term Debt and WMATA Short-Term Debt (each to be stated separately in the Plan);

(D) a summary of the CIP projects and activities undertaken in the then-current WMATA fiscal year, together with the costs incurred to date and the estimated remaining costs for those projects and activities; and

(E) the preliminary results of the Budget Reconciliation process contained in section 5 of this Agreement and a revised proposed CIP.

(4) **Schedule for Approval of CIP and Annual Work Plan** – To ensure a coordinated program, the Parties agree that each annual program will be developed and approved under the following schedule:

(A) The updated 6-year CIP will be made available to the Contributing Jurisdictions no later than the 10th business day in October.

(B) A presentation will be offered to the Northern Virginia Transportation Commission at a scheduled meeting no later than the November meeting.

(C) A presentation will be offered to the Mayor and Council of the District of Columbia no later than the Wednesday immediately prior to Thanksgiving.

(D) Subject to consultation with the Maryland Department of Transportation, a public presentation will be offered in both Prince George's County and Montgomery County no later than the Wednesday immediately prior to Thanksgiving.

(E) WMATA will also present the capital program and the Annual Work Plan information to affected legislative bodies as requested.

(F) The draft Annual Work Plan shall be submitted to the Contributing Jurisdictions by December 15.

(G) Comments are due from the Contributing Jurisdictions no later than February 15th. WMATA may not be able to consider comments received after February 15th in the development of the proposed Annual Work Plan.

(H) The proposed Annual Work Plan shall be provided to the Contributing Jurisdictions immediately following the March WMATA Board meeting. The time prior to final Board adoption of the Annual Work Plan may be used by Contributing Jurisdictions to discuss any additional concerns with their WMATA Board Members. The amount included as the Minimum Annual Allocated Contribution on this proposed Annual Work Plan will remain substantially the same for the upcoming fiscal year, subject to downward adjustment as provided in Section 4(b)(3)(B), or as otherwise requested by the WMATA Board and approved by the Contributing Jurisdictions. The final CIP and Annual Work Plan will be adopted by the WMATA Board no later than the June meeting.

(5) **WMATA Implementation Responsibilities** --

(A) General. -- WMATA will administer the Capital Improvement Program and carry out all necessary procurement actions and management oversight. All procurement actions will be undertaken in accordance with WMATA procurement policies and applicable law.

(B) Federal Grants. -- To the extent that Federal financial assistance is provided for any project or activity in the Capital Improvement Program, WMATA will develop the required Federal grant applications and/or other necessary documentation to meet FTA or

other Federal program requirements, and will carry out the federally assisted project or activity in compliance with all applicable Federal requirements.

(6) **Funding Methodology For Projects in the Annual Work Plan.** New projects for the Annual Work Plan will be listed with their funding identified by both year and Funding Source. A project may be funded by more than one type of funding. If a project is a multi-year project, then in the second and succeeding years, that project will have the first call on that funding source unless another funding source is identified. In every case, funds needed for debt service including Short Term Debt and Interim Financing and funds needed for annual "state of good repair" items shall have first claim on all funds that may legally be spent on such projects. Projects which are underway but which have remaining amounts budgeted for them in the CIP shall have the unexpended funds "rolled over" to the succeeding fiscal year. The unexpended funds shall be in addition to the succeeding year's CIP funding requirements.

(b) **Financial Aspects.**

(1) **Cash Sources.**

(A) Federal Funds. -- WMATA commits to take all necessary and appropriate actions to secure Federal funding in the CIP (including Federal formula and discretionary grant funds under the Federal transit/highway program, the Passenger Rail Investment and Improvement Act of 2008, and such other Federal financial assistance as may be made available during the term of this Agreement) to assist in the funding of the Capital Improvement Program. WMATA will manage the Capital Improvement Program within the funding amounts agreed to by the Contributing Jurisdictions, except as otherwise provided in paragraph (C) of this subsection.

(B) Jurisdictional Commitment.

(i) To the extent applicable, the Contributing Jurisdiction agrees to make its Allocated Contribution to fund the Capital Budget component of the CIP and the CIP as a whole as adjusted annually in accordance with this Agreement; provided, however, that in no case will the Allocated Contribution be less than the Contributing Jurisdiction's estimated annual share of any required matching funds for (*1*) all federal formula and other federal grant funds awarded to WMATA and expected to be expended in the current Annual Work Plan, and (*2*) the System Performance Funds necessary to meet any maintenance of effort requirement for WMATA to receive Dedicated Funding ("Minimum Annual Allocated Contributions"). Such contributions shall be made in accordance with the requirements and procedures in subsection (3) of this Section. The source of funds for such capital contributions is in the discretion of the Contributing Jurisdiction; provided that such funds must qualify as local match under applicable FTA or other agency grant program requirements. To assist the Contributing Jurisdiction with using the correct sources of funds for its Allocated Contributions, WMATA agrees to invoice the Contributing Jurisdiction for its Allocated Contributions by such subelements as the Contributing Jurisdiction shall reasonably request in order to ensure compliance with the Capital Project definition contained in this Agreement. WMATA agrees to provide the Contributing Jurisdiction with its estimated Allocated Contribution by the 10th business day in October each year.

(ii) If the expected amount of federal grant funds requiring a non-federal match increases by more than 20% over the previous year's grant funds received by WMATA, then the Parties will confer within 30 days to determine if a change to the funding requirement contained in Section 4(b)(1)(B)(i) of this Agreement is appropriate.

(iii) Additionally, the Contributing Jurisdiction agrees to make its best efforts to provide necessary System Performance Funds to pursue the projects in the Annual

Work Plan to be funded with System Performance Funds above those required to obtain Dedicated Funding. The Contributing Jurisdictions shall inform WMATA of the amount of any such System Performance Funds to WMATA in sufficient time for WMATA staff to prepare the draft and final capital program and Annual Work Plan. The System Performance Funds will be programmed into the CIP and Annual Work Plan using the WMATA funding formulas described in Section 3(b) of this Agreement. Only those amounts which are balanced among the Contributing Jurisdictions based on the aforementioned funding formulas will be programmed into the CIP and Annual Work Plan.

(C) Additional Limitations.

(i) As authorized in Section 4(b)(7) of the Capital Funding Agreement, WMATA and the District of Columbia have entered into a separate Local Capital Funding Agreement (the "Agreement") of even date herewith to address certain issues concerning the implementation of this Agreement that must be handled separately according to District of Columbia law. The implementation of District of Columbia obligations, representations, and warranties under this Agreement shall be controlled by the provisions of the Agreement to the extent of any inconsistency between the Capital Funding Agreement and the provisions of the Agreement. Section 4(b)(2)(D) of the Agreement provides that, if the District of Columbia exercises its prepayment rights for all long-term debt under 4(b)(2)(D) of the Capital Funding Agreement, then notwithstanding anything to the contrary herein, the Allocated Contribution of the District of Columbia may not be increased above the aggregate amount of $397,314,000 to be paid from District of Columbia capital funds. Payments for Long Term Debt service on Metro Matters debt, and Long Term Debt service anticipated in this Agreement, are not included in the Allocated Contribution aggregate cap and are not subject to such aggregate

cap for the District of Columbia as shown on Table 1 of Attachment 1 of this Agreement. For information purposes only, the District of Columbia represents that payments for amounts such as Long Term Debt service under Metro Matters and funds associated with debt service for projects under this Agreement are funded through annual appropriations in its Operating Budget. For example, the District of Columbia has included in its proposed Operating Budget for FY 2011 the sum of $258,318,034 for payment to WMATA, which includes an amount sufficient to pay Long Term Debt service for FY2011.

(ii) The District of Columbia agrees to review its Allocated Contributions annually to determine if any adjustments may be made. If any adjustment is made to increase the District of Columbia Allocated Contributions cap by an amendment to this Agreement, then such increase will be incorporated into the Capital Funding Agreement pursuant to the Annual Work Plan process

(iii) In the event that (*1*) WMATA proposes an increase that would cause the District of Columbia's Allocated Contribution to exceed an aggregate amount of $397,314,000; and (*2*) the District of Columbia denies or withholds approval of the increase in excess of that stated amount, all other Contributing Jurisdictions shall be relieved of any obligation to fund the increase proposed by WMATA in their Allocated Contributions.

(iv) In the event that the District of Columbia denies or withholds approval of such increase, all Parties shall cooperate to develop alternative solutions to any resulting revenue or program shortfalls.

(2) Debt Sources.

(A) General. -- In accordance with the Annual Work Plan, all or any portion of the Capital Improvement Program may be funded through short- or long-term debt

financing as described in this subsection and in accordance with Section 21 and Articles IX and X of the WMATA Compact.

(B) WMATA Responsibility. -- WMATA may issue debt to assist in the financing of the Capital Improvement Program. The WMATA Board may authorize the issuance of such debt, in one or more issuances during the term of this Agreement, at such times as it determines appropriate, in its discretion, taking into account factors such as the cash flow needs of the CIP, market conditions for financing, and WMATA's debt capacity. Any debt issued by WMATA under this subsection may be secured by a lien and pledge of WMATA's gross revenues, or (subject to any required FTA approval) of WMATA's capital assets. Any such debt secured by WMATA's gross revenues may be on parity with or subordinate to the 2003 Gross Revenue Transit Refunding Bonds, the Gross Revenue Transit Bonds Series 2009A, and the Gross Revenue Transit Bonds Series 2009B. For any such debt that is secured by WMATA's capital assets, WMATA will endeavor, consistent with the cash flow needs of the CIP and with market demands, to match the length of the debt financing to the useful life of the pledged assets, unless WMATA determines that market or other financial considerations make a different debt length more prudent. In addition to debt secured by gross revenues or capital assets as described in this paragraph, WMATA may issue debt in accordance with subsection (f) of this Section.

(C) Contributing Jurisdiction and Other Contributing Jurisdiction Responsibilities. -- The Contributing Jurisdictions which have not elected to prepay pursuant to paragraph (D) of this subsection each commit, subject to annual appropriations, to make the annual contributions necessary in order that WMATA can make payments of debt service on debt issued by WMATA under paragraph (B) of this subsection. The amount of such

contributions will be included in the respective Allocated Contribution amounts of the Contributing Jurisdictions set forth in the CIP. Such contributions shall be made in accordance with the requirements and procedures in subsection (3) of this Section. The obligation to make contributions to pay such debt service shall survive the term of this Agreement and shall remain in effect throughout the term of the WMATA debt issuance involved.

(D) Prepayment Alternative for Contributing Jurisdictions.

(1) Election. -- A Contributing Jurisdiction or Other Contributing Jurisdiction may elect to prepay its portion of the debt financing (other than commercial paper, letter of credit, or line of credit) needed to fund the Capital Improvement Program, as described in the CIP, in lieu of making annual contributions to pay WMATA debt service pursuant to paragraph (3) of this subsection. The elections and commitments of the Contributing Jurisdictions to make such prepayments, as of the Effective Date of this Agreement, are reflected in the CIP. If any update to the CIP during the term of this Agreement contemplates long-term debt issuances by WMATA, then the Contributing Jurisdictions shall have an opportunity to change their elections regarding prepayment, by notice to WMATA. Such notice shall be provided in writing no later than one hundred twenty (120) days after the date WMATA notifies the Contributing Jurisdictions of the need to make an election regarding such additional debt issuance.

(2) Responsibility for Repayment. -- If a Contributing Jurisdiction issues debt to make its prepayment under this paragraph, it shall pay the proceeds of such debt issuance directly to WMATA in accordance with its Allocated Contribution as set forth in the CIP and in accordance with the procedures set forth in Attachment 2. Such

Contributing Jurisdiction shall be solely responsible for the repayment of the principal and interest of any debt it issues under this paragraph.

(3) Contributing Jurisdiction Commitment.

(A) General. – The maximum amount of the Contributing Jurisdictions' Allocated Contribution of the costs of the CIP is subject to the provisions of Section 4(b)(1)(C) of this Agreement. Nothing in this Agreement shall be construed to obligate the Contributing Jurisdiction or any Other Contributing Jurisdiction to have, as of the date that it enters into this Agreement, funding or an appropriation in the full amount of its Allocated Contribution of the costs of the CIP. The Contributing Jurisdictions shall be solely responsible for their Allocated Contributions of the cost of the CIP. The Contributing Jurisdiction commits, subject to its constitutional or legally equivalent provisions and throughout the term of this Agreement, to use all reasonable efforts including, but not limited to, a request by the responsible official to include the Minimum Annual Allocated Contribution as described in the draft Annual Work Plan in the Contributing Jurisdiction's annual proposed budget or other financial submission to its fiscal authority and to pursue all legally available means to secure the necessary and appropriate budget, legislative, and appropriations actions in order to obtain funding in the full amount of its Allocated Contribution of the costs of the Capital Improvement Program. The Contributing Jurisdiction shall be solely responsible for providing its Allocated Contribution to the cost of the CIP, and in no circumstance shall one Contributing Jurisdiction be responsible for the Allocated Contribution or other obligations of any other Contributing Jurisdiction under this Agreement.

(B) Annual Commitment. -- The Contributing Jurisdiction shall annually provide WMATA with written notice, concurrent with comments on WMATA's

proposed budget, that funds have been, are intended to be, or will not be appropriated to cover its Allocated Contribution for WMATA's upcoming fiscal year, and committing to make payment of such Allocated Contribution to WMATA. No CIP or Annual Work Plan shall be approved without the certification of the Contributing Jurisdiction and the Other Contributing Jurisdictions that the funding levels are reasonable and accurate reflections of funds to be made available. If the Contributing Jurisdiction's Mayor has not submitted its annual budget request to the Council of the Contributing Jurisdiction by June 1, the Contributing Jurisdiction shall provide to WMATA: (A) a written explanation for the failure to make such submission by June 1 and documentation showing that the necessary sums are included in that budget request, and (B) written assurance that the Mayor will make all reasonable efforts to pursue all legally available means to secure the ultimate appropriation of funds in a prompt and timely fashion, all in accordance with the provisions of Sections 2(a) of this Agreement and Subsection (a)(3) of this Section or, if funds will not be appropriated, then the Contributing Jurisdiction shall notify WMATA and all Other Contributing Jurisdictions through their representatives listed in section 12 of this Agreement or as may be updated by the Contributing Jurisdictions in the future within five business days of the fiscal body's action. If there is a failure to appropriate the full annual Allocated Contribution, the Annual Work Plan shall be revised to conform to the available funds and submitted to the WMATA Board of Directors and the Contributing Jurisdictions for approval.

(C) Quarterly Payments. -- The Contributing Jurisdiction's Allocated Contribution shall be based on the approved Annual Work Plan and any subsequent adjustments derived from the Annual Budget Reconciliation Process for the quarter covered by the invoice, and paid to WMATA on a quarterly basis in advance, no later than the first day of each quarter,

throughout the term of this Agreement. Any debt service included in the invoice for either Short-Term Debt or Long-Term Debt shall be separately identified on the invoice. WMATA shall submit bills to the Contributing Jurisdictions for such quarterly payments forty-five (45) days prior to the date such payments are due. Thus, for example, for the July-September quarter WMATA will bill the amount in the Annual Work Plan as approved or adjusted for July-September and send the Contributing Jurisdiction and the Other Contributing Jurisdictions an invoice for its Allocated Contribution no later than the immediately preceding May 15th. Contributing Jurisdiction payments must be received by WMATA no later than July 1. The sum of the Contributing Jurisdiction's quarterly invoices during a given fiscal year shall not exceed the Contributing Jurisdiction's Allocated Contribution in the approved Annual Work Plan.

(4) **Transitional System for FY2011 Billings** -- To transition to the billing system covered by this Agreement, WMATA shall:

(A) Bill the Contributing Jurisdictions ¼ of the annual capital budget amounts for each of the first two quarters in FY2011 instead of the expected cash flow needs. The invoice for the 1st quarter of FY2011 shall be due on or before July 1, 2010.

(B) Issue the final Annual Work Plan for FY2011 on or before July 1, 2010.

(C) Apply the Annual Budget Reconciliation Process to FY2011.

(D) Start the Quarterly Reporting required under the Agreement for the 1st quarter which closes on September 30, 2010, with the content of the report being progressively refined to meet the requirements of section 4(b)(5) and coming into full compliance with the report covering the 3rd quarter of FY2011..

(5) **Quarterly Reports.** At the conclusion of every quarter, WMATA shall prepare a report on the result of the preceding quarter for submittal to the Contributing Jurisdiction no later than forty-five (45) calendar days following the close of the quarter. Such report shall contain a review of capital project scope, cost, and schedule changes; the status of contracts necessary for the implementation of capital projects; the status of year-to-date expenditures relative to budget and the Annual Work Plan; the status of all cash and debt sources relative to budget and the Annual Work Plan; updated project cash flow projections and program cash requirements; and a comparison of the billed amount to amounts actually paid out for the preceding quarter. The report shall be on a project by project basis. Such report shall be provided in a quarterly financial report to the WMATA Board.

(6) Timeliness of Payment.

(A) Treatment of Payments. -- Interest shall accrue on all payments made by a Contributing Jurisdiction until the funds are expended. WMATA shall place such funds so contributed into an interest earning account, with interest to be compounded monthly at WMATA's then current earnings rate for its short-term investments. Interest earned on funds contributed by the Contributing Jurisdiction shall be applied as a credit against future payments for Allocated Contributions due from that jurisdiction under this Agreement, unless otherwise directed in writing by that jurisdiction.

(B) Non-Payment or Late Payments. -- If the Contributing Jurisdiction fails to make a quarterly payment in full to WMATA when such payment is due after certification by the Contributing Jurisdiction as required under section 4(b)(3)(B), WMATA shall notify the Other Contributing Jurisdictions and may issue debt or otherwise advance funds as deemed necessary by the WMATA General Manager to replace the amount of payment not

timely received. In the event that WMATA issues debt, WMATA shall charge the Contributing Jurisdiction an amount equal to the sum of (i) the financing and interest costs and expenses (or lost interest earnings) incurred by or on behalf of WMATA in connection with such debt issuance or advance of funds; (ii) any administrative costs incurred by WMATA in connection with obtaining such replacement funding; and (iii) any penalties or losses incurred by WMATA assessed by a third party as a result of such late or non-payment. The total amount of the charges assessed under this paragraph, together with the unpaid quarterly payment, shall be due and payable to WMATA no later than thirty (30) days after the date of assessment by WMATA plus interest compounded monthly at the WMATA short-term investment earnings rate until the date of full payment.

(7) **Local Capital Funding Agreements**. -- WMATA, with the approval of the WMATA Board, may enter into Local Funding Agreements with some or all of the Contributing Jurisdictions, consistent with the Capital Funding Agreement and the Attachments thereto, to establish arrangements to implement the Contributing Jurisdiction's commitment to pay its Allocated Contribution of the cost of the Capital Improvement Program, in the event that the budgetary process of the Contributing Jurisdiction makes such an agreement necessary or appropriate.

(8) **Interim Funding Sources and Security Interests**.

(A) Interim Funding Authority. -- The WMATA Board of Directors is authorized to use Interim Funding Sources, including borrowing, on behalf of WMATA in such amounts and at such times as, in the Board's sole judgment, are necessary and appropriate for the purpose of implementing the projects and activities in the Capital Improvement Program and any Annual Work Plan funded through direct capital contributions.

(B) Security Interests. -- WMATA may create security interests in its rights and interests in amounts paid or received as direct capital contributions from the Contributing Jurisdictions under this Agreement, as such amounts shall become available and are paid to or for the account of WMATA under the terms of this Agreement. Such amounts may be pledged as security for the costs of Interim Funding Sources. The Contributing Jurisdiction shall comply with any reasonable and legal request of WMATA to execute, acknowledge, and deliver appropriate instruments and assurances as may be necessary or desirable to confirm and effectuate any such security interest created by WMATA in connection with Interim Funding Sources. Nothing in this subsection shall be construed as requiring the Contributing Jurisdiction to make any payment under this Agreement to anyone other than WMATA. For purposes of this subsection, the "cost of Interim Funding Sources" includes payments of principal and interest thereunder and all fees, expenses, and other amounts incurred or payable under any Interim Funding Sources.

(C) Limitation. -- The borrowing authority authorized by this subsection may not be used by the Contributing Jurisdiction to satisfy its funding obligations under this Agreement.

(9) WMATA Risk Mitigation. -- Section 22 of the WMATA Compact prohibits WMATA from making any commitment or incurring any obligations with respect to the construction or acquisition of any transit facilities "until funds are available therefor." The Parties acknowledge that the commitments of the Contributing Jurisdictions under this Agreement are intended to satisfy the requirements of Section 22 under an expenditure-based budget. In order to address the risk of non-appropriation or late payment of funds by a Contributing Jurisdiction or insufficient funding by the Federal Government, and to assure

compliance with Section 22 of the WMATA Compact, WMATA intends to continue to maintain a risk mitigation credit facility using one or more of the following: a line of credit, letter of credit, commercial paper program, or other credit facility determined by WMATA in its discretion to be appropriate and feasible. Such risk mitigation credit facility shall be in addition to any other credit facility which may be put in place as a working capital or other cash flow aid.

(10) Annual Changes to the CIP -- In addition to making the funding commitments described in this Section, and subject to the provisions of the District of Columbia Local Capital Funding Agreement (attached as Attachment 3), the Parties agree to adjust the program of projects included in the scope of this Agreement, each year within the term of this Agreement on a rolling basis, in order to provide the funding required to meet WMATA's ongoing and updated CIP needs and other capital needs, and for planning WMATA's ongoing and updated CIP needs and other capital needs on a rolling basis for years beyond the term of this Agreement.

SEC. 5 ANNUAL BUDGET RECONCILIATION PROCESS

(a) Reconciliation. -- As part of its annual budget process in each year during the term of this Agreement, WMATA shall prepare a reconciliation of –

(1) the actual expenditures for projects and activities under the current Capital Improvement Program to date, and for that fiscal year, as compared to the planned expenditures for such projects and activities for the same fiscal year;

(2) the actual Allocated Contribution of each of the Contributing Jurisdictions to date, as compared to the scheduled Allocated Contribution of each Contributing Jurisdiction for the current CIP;

(3) the projected Allocated Contributions of each Contributing Jurisdiction for the current CIP;

(4) the actual amount of Federal grant funds received for the Capital Improvement Program, as compared to the budgeted or projected amount of Federal grant funds for the same fiscal year; and

(5) the current forecast of expenditures; and

(6) the estimated cost to complete the remaining projects and activities in the current Capital Improvement Program and expected sources of those funds.

(b) Application of Reconciled Payment Amounts. On or before October 15th, WMATA shall have performed the reconciliation described in the above section, including whether there is a surplus of funds paid in by the Contributing Jurisdictions. The results of this reconciliation shall be used in the Annual Work Plan currently under development as well as to review the Annual Work Plan for the fiscal year then currently in effect at the time that the reconciliation is completed. If the results of the reconciliation indicate a need to adjust the then-current year's Annual Work Plan billing amounts, those adjustments shall become effective with the billing for the 3rd quarter, which begins on January 1. The surplus amount may be made available to the Contributing Jurisdictions only if there is no expectation that those funds will be needed within the next six succeeding quarters and that the refund of the surplus will not result in WMATA receiving less funds (including the surplus funds) than is required to be needed to meet the expected costs of the program over the next six calendar quarters measured from WMATA's fiscal year 3rd quarter (beginning on January 1). If surplus funds are provided to the Contributing Jurisdictions, the funds will be made available prior to the 3rd or 4th quarter of the fiscal year in which the reconciliation was completed.

(c) **Revenue Shortfalls**. -- If the reconciliation process conducted under subsection (a) of this Section reveals that there are shortfalls in revenues for the Capital Improvement Program due to late or insufficient contributions by one or more of the Contributing Jurisdictions or to the receipt of less than the assumed level of Federal funds, or other funds that support the CIP, WMATA shall develop a recovery plan for addressing such shortfalls. Such recovery plan, as approved by the WMATA Board of Directors through its annual budget process, shall include one or more of the following alternatives: (1) utilization of Interim Funding Sources; (2) value engineering, project re-design, or other cost reduction measures for future projects or activities; (3) re-scheduling of projects or activities in the Capital Improvement Program; (4) subject to agreement of the Contributing Jurisdictions, increasing the levels of Allocated Contributions from the Contributing Jurisdictions; and/or (5) the implementation of Project Deferrals under subsection (e) of this Section.

(d) **Revenue Increases**. -- If the reconciliation process conducted under subsection (a) of this Section reveals that Federal or other funds have been received which substantially exceed the assumed level of funding, such excess funds shall be applied to (1) to the unfunded priorities in the Capital Needs Inventory or to other needs identified by the WMATA Board; or (2) to any outstanding indebtedness, thereby reducing the Allocated Contributions of the budget process.

(e) **Project Deferrals**. -- If WMATA is unable to satisfactorily address revenue shortfalls under subsection (c) of this Section, the WMATA Board may, through the next WMATA budget process, modify the Capital Improvement Program to defer certain projects or activities in order to assure that the Capital Improvement Program can be funded during the term of this Agreement within the amount of available financial resources.

(f) **Updated Capital Improvement Program**. The WMATA staff shall, as soon as practical after each annual reconciliation process conducted under this Section, develop an updated Capital Improvement Program. This updated document, if approved by the WMATA Board, will replace and supercede all previous versions of the Capital Improvement Program and.

(g) **Reprogramming of Funds and Projects During the Term of This Agreement.** The Parties recognize that the scope, pricing or desirability of some projects will change during the term of this Agreement. To address these possibilities, WMATA agrees to provide the Contributing Jurisdictions with advance notice of any request to reprogram funds in an amount greater than $1,000,000 per project.

(h) **Final Distribution.** – In the event that this Agreement is terminated pursuant to section 8 of this Agreement, any amounts remaining at the expiration of this Agreement shall be first used to fund any remaining unfunded projects or activities in the Capital Improvement Program as indicated in the attached Capital Improvement Program, and then, if any funds remain, will be credited or refunded to the Contributing Jurisdictions, as directed by the Contributing Jurisdictions.

(i) **Financial Records.**

(1) Maintenance of Records. -- During the term of this Agreement, WMATA agrees to maintain separate and complete accounting records which are consistent with generally accepted governmental accounting procedures and which accurately reflect all income and expenditures of funds which may be provided under this Agreement. WMATA will retain all such CIP records for the same period that records are required to be kept for the FTA or other federal grants, unless there is an outstanding written Contributing Jurisdiction or FTA financial

or audit question, which is not resolved by the Contributing Jurisdiction or FTA auditor. The records of WMATA must be in sufficient detail to determine the character and timing of fund items; and of contract obligation and expenditure transactions authorized by this Agreement.

(2) Audits.

(A) Timing for Performance. -- The Contributing Jurisdiction or its agent may perform an audit of WMATA's expenditures of funds and the sources of those funds provided by this Agreement for a period of up to three (3) fiscal years preceding the request for audit from the Contributing Jurisdiction provided that the request is received no later than one hundred-eighty (180) days after the release of the WMATA audit for the preceding year. Any such audit shall be commenced within sixty (60) days after the date of the request, and shall be completed (to the maximum extent practicable) within 180 days after the date it is commenced. The Contributing Jurisdiction will assume all financial responsibility for any costs associated with the performance of such audits. If the Contributing Jurisdiction and one or more Other Contributing Jurisdictions initiates an audit on a timely basis under this paragraph, the audits shall be consolidated into a single audit for the applicable fiscal years and the Contributing Jurisdictions participating in the audit shall share in the cost of the audit. WMATA agrees to cooperate fully with the Contributing Jurisdiction or its authorized agent or designee in the conduct of any audit carried out in accordance with this paragraph. In addition to the foregoing, in the event that the Contributing Jurisdiction's bond, the proceeds of which were used to meet the funding obligation of the Agreement or any transaction pertaining to such Contributing Jurisdiction's bond, is the subject of any tax, securities or similar federal or state law investigation, inquiry or suit, WMATA shall promptly allow the Contributing Jurisdiction access, at the Contributing Jurisdiction's expense, to any record it may have relating to

WMATA's use of the proceeds of such Contributing Jurisdiction's bond so that the Contributing Jurisdiction may participate and respond to any aspect of such investigation, inquiry or suit. In the event WMATA is notified that any Contributing Jurisdiction's bond, the proceeds of which were used to meet funding obligations of this Agreement or any transaction pertaining to any such Contributing Jurisdiction's bond, is the subject of any tax, securities or similar federal or state law investigation, inquiry or suit, WMATA shall promptly notify the Contributing Jurisdiction and allow the Contributing Jurisdiction to participate in all aspects of the conduct or any response WMATA may make in such regard.

(B) Audit Results. -- If it is determined as a result of such an audit under this paragraph that the Contributing Jurisdiction has made payments in excess of or less than the amount(s) provided for pursuant to the terms and conditions of this Agreement and the CIP, WMATA will make appropriate adjustments in the amount due to WMATA from such Contributing Jurisdiction in the next fiscal year. The audit rights provided under this paragraph shall survive the termination date of this Agreement.

SEC. 6 DISPUTES

(a) Informal Resolution -- The Parties agree to use all reasonable efforts to resolve any disputes, which arise under or otherwise relate to this Agreement. If the Parties, at staff level, cannot resolve such a dispute through initial discussions within thirty (30) days after the date it first arises, then the Party seeking a resolution shall, through its Authorized Representative, provide written notice of the nature of the dispute and the issues involved to the Authorized Representatives of each other Party involved. Such other Parties shall respond within thirty (30) days, stating their position on the issue presented and their proposal for resolution. The Authorized Representatives shall then meet within the next thirty (30) days in an

attempt to resolve the dispute. If the dispute is not resolved within thirty (30) days following the date of the last meeting, any Party to the dispute may refer the matter to the WMATA Board for resolution.

(b) Alternative Resolution. -- If a dispute arising under this Agreement is not resolved pursuant to subsection (a) of this Section, the Parties thereto may agree to pursue a mutually acceptable alternative dispute resolution procedure. If such a procedure is not utilized or does not result in a final and binding resolution of the dispute, any Party thereto may pursue a civil action for appropriate relief in a court of competent jurisdiction.

SEC. 7 REPRESENTATIONS AND WARRANTIES

(a) By WMATA. -- WMATA makes the following representations as of the Effective Date of this Agreement as a basis for the undertakings pursuant to this Agreement.

(1) WMATA has full power and authority to enter into the transactions contemplated by this Agreement and to carry out its obligations hereunder;

(2) WMATA by proper WMATA Board action has duly authorized the execution and delivery of this Agreement;

(3) When executed and delivered by the Contributing Jurisdictions and by WMATA, this Agreement will constitute the legal, valid and binding obligation of WMATA enforceable in accordance with its terms, except as such enforceability is limited by annual appropriations, bankruptcy, reorganization, insolvency, moratorium or other laws affecting the enforcement of creditors' rights generally.

(4) No director, officer, or employee of WMATA who exercises or has exercised any functions or responsibilities over any procurement contract in connection with the Capital Improvement Program shall have or obtain a personal or financial interest or benefit from

any activity in connection with the procurement contract or have an interest in any contract, subcontract, or agreement with respect thereto during the term of this Agreement.

(b) **By the Contributing Jurisdiction**. -- The Contributing Jurisdiction makes the following representations as of the Effective Date of this Agreement as a basis for the undertakings pursuant to this Agreement.

(1) The Contributing Jurisdiction has all necessary power and authority to enter into the transactions contemplated by this Agreement and to carry out its individual obligations hereunder;

(2) The Contributing Jurisdiction has duly authorized the execution and delivery of this Agreement;

(3) When executed and delivered by the Contributing Jurisdiction, this Agreement will constitute the legal, valid and binding obligation of the individual entity enforceable in accordance with its terms, except as such enforceability is limited by annual appropriations, bankruptcy, reorganization, insolvency, moratorium or other laws affecting the enforcement of creditors' rights generally;

(4) No officer, or employee of the Contributing Jurisdiction who exercises or has exercised any functions or responsibilities over a procurement contract in connection with the Capital Improvement Program shall have or obtain a personal or financial interest or benefit from any activity in connection with the procurement contract or have an interest in any contract, subcontract, or agreement with respect therewith during the term of this Agreement.

SEC. 8 EFFECTIVE DATE AND TERM OF AGREEMENT

(a) Effective Date. The Parties acknowledge and agree that the Capital Funding Agreement is in consideration of and contingent upon the execution of the Local Funding

Agreement for Capital Funding by and between WMATA and the District of Columbia to be executed concurrently with the execution of this Agreement. Accordingly, this Agreement shall take effect on the date of execution by the last signatory of the District of Columbia Local Funding Agreement for Capital Funding or the last signatory of the Capital Funding Agreement.

(b) Term. The term of this Agreement shall begin on the Effective Date and shall terminate on June 30, 2016. Where there are projects which have been started during the term of the Agreement or where bonds or other financial instruments have been issued pursuant to the Metro Matters Funding Agreement (for the Contributing Jurisdiction or Other Contributing Jurisdictions who did not opt out of the Long Term Debt issuance) or pursuant to the Capital Funding Agreement, the Contributing Jurisdiction, subject to annual appropriations, agrees to continue to make its Allocated Contribution for those projects or debt service until the conclusion of the projects or the final maturity of the bonds or other financial instruments.

(c) Future Negotiations. No later than June 30, 2015, WMATA and the Contributing Jurisdiction agree to commence discussions for a successor capital funding agreement. No later than June 30, 2015, WMATA will ask the Contributing Jurisdiction and all Other Contributing Jurisdictions for an affirmative response to whether it wishes to participate in a successor agreement. The Contributing Jurisdiction shall give an affirmative notice in accordance with Section 12 of this Agreement, either that: (1) it intends to continue under the Agreement, subject to an amendment only of the projects included in the CIP and the cost of a new six-year CIP and the renegotiation of the DCLCFA with the District of Columbia; (2) it requests the renegotiation of additional terms of the Agreement in addition to those specified in the preceding clause; or (3) it wishes to terminate the Agreement as of June 30, 2016. It is the Parties' desire to limit negotiations only to the items listed in clause (1) if at all possible. A failure to timely respond

will be an election to terminate the Agreement. If a Contributing Jurisdiction gives or is deemed to give the required notice that it is terminating its participation in this Agreement, then the Agreement shall terminate on June 30, 2016 except as covered by subsection (b), above.

SEC. 9 RECITALS

The Recitals set forth in this Agreement are material parts of this Agreement and are binding on the Parties to the same extent as the other terms and conditions hereof.

SEC. 10 NO THIRD PARTY BENEFICIARIES

The Parties to this Agreement do not intend any non-signatory to this Agreement or any other third Party to be a third Party beneficiary to this Agreement, nor do the Parties intend for any such third Party to have any rights or benefits under this Agreement or to have standing to bring an action or claim in any court or other forum to enforce any provision of this Agreement.

SEC. 11 AMENDMENTS

This Agreement may be amended or modified only by written agreement duly executed by all the Parties.

SEC. 12 NOTICES

All notices under this Agreement shall be in writing and shall be deemed to have been sufficiently given or served when presented personally or sent by the U.S. Postal Service or by a courier service or national overnight delivery service, to WMATA or the Contributing Jurisdiction as follows:

To the District of Columbia:

Director
District Department of Transportation
2000 14th Street, N.W.
Washington, D.C. 20009

With copies to:

Chief Financial Officer for the District of Columbia
John A. Wilson Building, Room 203
1350 Pennsylvania Avenue, N.W.
Washington, DC 20004

Attorney General for the District of Columbia
John A. Wilson Building, Room 409
1350 Pennsylvania Avenue, N.W.
Washington, D.C. 20004

To the Washington Metropolitan Area Transit Authority:

General Manager
600 Fifth Street, N.W.,
Washington, D.C. 20001

with a copy to:

The General Counsel
Washington Metropolitan Area Transit Authority
600 Fifth Street, N.W., Second Floor
Washington, D.C. 20001

SEC. 13 SUCCESSORS AND ASSIGNS

This Agreement shall be binding on the successors and assigns of the Contributing Jurisdictions and WMATA.

SEC. 14 NO DEBT GUARANTEES

The Contributing Jurisdiction does not guarantees the debt of WMATA or any Other Contributing Jurisdiction, nor any obligation of WMATA or any Other Contributing Jurisdiction.

SEC. 15 REQUIREMENT FOR ANNUAL APPROPRIATIONS

Notwithstanding any other provisions of this Agreement, all obligations of the Contributing Jurisdictions are subject to discretionary annual appropriation of funds by the governing bodies thereof or other appropriate legislative bodies thereof and shall be consistent with the anti-deficiency laws applicable to each Contributing Jurisdiction.

SEC. 16 COUNTERPARTS

This Agreement may be executed in two (2) identical counterparts, each of which shall constitute an original and all of which shall constitute, collectively, one agreement. The counterpart with the most recent date shall determine the date of entry of this Agreement by the Parties listed on page one.

IN WITNESS WHEREOF, WMATA and the Contributing Jurisdiction have executed this Agreement on this _____ day of _____, 2010.

WASHINGTON METROPOLITAN AREA
TRANSIT AUTHORITY

Attest:

_____
Secretary

By:

_____[Seal]
Richard Sarles
Interim General Manager

Dated: _____

Approved as to Form and Legal Sufficiency:

By: _____
Office of General Counsel

[signatures continued on following page]

DISTRICT OF COLUMBIA

Attest:

_____ By: _____[[Seal]

Witness

Mayor

Approved as to Form and Legal Sufficiency:

By: _____

Attorney General

Dated: _____

ATTACHMENT 1

Attachment 1
(dollars in millions)

Financial Plan

	Annual Work Plan Year: FY2011 Budget	FY2012 Forecast	FY2013 Forecast	FY2014 Forecast	FY2015 Forecast	FY2016 Forecast	Total FY2011-16
▶ **Federal Funds:**							
Federal Formula Grant Funds:							
Section 5307 Grant	$139.944	$145.542	$151.363	$158.932	$166.878	$175.222	$937.881
Section 5309 Grant	101.468	105.527	109.748	115.235	120.997	127.047	680.021
Subtotal - Formula Grants	$241.412	$251.068	$261.111	$274.167	$287.875	$302.269	$1,617.902
Federal Bus Funds	-	-	-	-	-	-	-
Federal Dedicated Funds	150.000	150.000	150.000	150.000	150.000	150.000	900.000
▶ Subtotal: Federal Funds	$391.412	$401.068	$411.111	$424.167	$437.875	$452.269	$2,517.902
▶ **State and Local Funds:**							
Match to Federal Formula Grants	$60.353	$62.767	$65.278	$68.542	$71.969	$75.567	$404.476
Local Additional Funds	107.560	107.560	107.560	107.560	107.560	107.560	645.360
Subtotal: Federal Match & Local	$167.913	$170.327	$172.838	$176.102	$179.529	$183.127	$1,049.836
District of Columbia	62.973	63.879	64.820	66.044	67.330	68.679	393.725
Montgomery County	29.213	29.633	30.070	30.638	31.234	31.860	182.647
Prince Georges County	32.164	32.627	33.108	33.733	34.390	35.079	201.101
Maryland Subtotal	61.377	62.260	63.178	64.371	65.623	66.939	383.748
Alexandria	6.901	7.000	7.103	7.238	7.378	7.526	43.147
Arlington County	12.903	13.089	13.281	13.532	13.796	14.072	80.673
City of Fairfax	0.435	0.442	0.448	0.457	0.465	0.475	2.722
Fairfax County	22.871	23.200	23.542	23.987	24.454	24.944	142.998
Falls Church	0.451	0.458	0.465	0.473	0.483	0.492	2.822
Virginia Subtotal	43.562	44.189	44.840	45.687	46.576	47.509	272.363
Subtotal: Contributions	167.913	170.327	172.838	176.102	179.529	183.127	1,049.836
Match to Federal Dedicated Funds	$150.000	$150.000	$150.000	$150.000	$150.000	$150.000	$900.000
Subtotal: State and Local Funds	$317.913	$320.327	$322.838	$326.102	$329.529	$333.127	$1,949.836
Misc. CIP Funding Sources	$0.000	$28.435	$17.565	$0.000	$0.000	$0.000	$46.000
Total without Debt	$709.325	$749.831	$751.514	$750.268	$767.404	$785.396	$4,513.738
Debt Strategy	$0.000	$0.000	$0.000	$50.000	$195.000	$195.000	$440.000
Grand Total	$709.325	$749.831	$751.514	$800.269	$962.404	$980.396	$4,953.739

ATTACHMENT 1

Table 1

▶ **State and Local Funds:**

	Annual Work Plan Year: FY2011 Budget	FY2012 Forecast	FY2013 Forecast	FY2014 Forecast	FY2015 Forecast	FY2016 Forecast	Total FY2011-16
Match to Federal Formula Grants	$60.353	$62.767	$65.278	$68.542	$71.969	$75.567	$404.476
Local Additional Funds	$107.560	$107.560	$107.560	$107.560	$107.560	$107.560	$645.360
Subtotal: Federal Match & Local	$167.913	$170.327	$172.838	$176.102	$179.529	$183.127	$1,049.836
District of Columbia	62.973	63.879	64.820	66.044	67.330	68.679	393.725
Montgomery County	29.213	29.633	30.070	30.638	31.234	31.860	182.647
Prince Georges County	32.164	32.627	33.108	33.733	34.390	35.079	201.101
Maryland Subtotal	61.377	62.260	63.178	64.371	65.623	66.939	383.748
Alexandria	6.901	7.000	7.103	7.238	7.378	7.526	43.147
Arlington County	12.903	13.089	13.281	13.532	13.796	14.072	80.673
City of Fairfax	0.435	0.442	0.448	0.457	0.465	0.475	2.722
Fairfax County	22.871	23.200	23.542	23.987	24.454	24.944	142.998
Falls Church	0.451	0.458	0.465	0.473	0.483	0.492	2.822
Virginia Subtotal	43.562	44.189	44.840	45.687	46.576	47.509	272.363
Subtotal: Contributions	167.913	170.327	172.838	176.102	179.529	183.127	1,049.836
Match to Federal Dedicated Funds	150.000	150.000	150.000	150.000	150.000	150.000	900.000
Subtotal: State and Local Funds	$317.913	$320.327	$322.838	$326.102	$329.529	$333.127	$1,949.836

NOTES:

1) Does not include Debt Service.

2) Allocated based on six-year project expenditures using FY10 allocation. All modes use FY10 modal allocation (e.g. bus allocation for bus projects).

Table 2

▶ **Estimate of Jurisdictional Share of Debt:**

Debt assumed to be issued for rail cars

	FY2011	FY2012	FY2013	FY2014	FY2015	FY2016	FY2017
District of Columbia				16.747	65.314	65.314	-
Montgomery County				10.015	39.057	39.057	-
Prince Georges County				8.954	34.919	34.919	-
Maryland Subtotal				18.968	73.976	73.976	-
Alexandria				2.216	8.643	8.643	-
Arlington County				4.651	18.139	18.139	-
City of Fairfax				0.158	0.616	0.616	-
Fairfax County				7.136	27.830	27.830	-
Falls Church				0.124	0.482	0.482	-
Virginia Subtotal				14.285	55.710	55.710	-
Total				50.000	195.000	195.000	-

Table 3

Estimate of Jurisdictional Share of Debt Service Payments:

	Annual Work Plan Year: FY2011 Budget	FY2012 Forecast	FY2013 Forecast	FY2014 Forecast	FY2015 Forecast	FY2016 Forecast	Total FY2011-16
District of Columbia				0.620	3.656	8.489	10.906
Montgomery County				0.371	2.186	5.076	6.521
Prince Georges County				0.331	1.955	4.539	5.831
Maryland Subtotal				0.702	4.141	9.615	12.352
Alexandria				0.082	0.484	1.123	1.443
Arlington County				0.172	1.015	2.358	3.029
City of Fairfax				0.006	0.034	0.080	0.103
Fairfax County				0.264	1.558	3.617	4.647
Falls Church				0.005	0.027	0.063	0.080
Virginia Subtotal				0.529	3.118	7.241	9.302
Total				1.850	10.915	25.345	32.560

Initial Capital Improvement Program:

	Annual Work Plan Year: FY2011 Budget	FY2012 Forecast	FY2013 Forecast	FY2014 Forecast	FY2015 Forecast	FY2016 Forecast	Total FY2011-16
A Vehicles/ Vehicle Parts							
Replacement of Rail Cars							
CIP 057 1000 Series Rail Car Replacement	$79.253	$20.465	$12.029	$135.633	$350.478	$120.199	$718.057
CIP 060 4000 Series Rail Car Replacement	0.000	0.000	0.000	22.899	0.728	186.220	209.847
Subtotal	$79.253	$20.465	$12.029	$158.531	$351.206	$306.419	$927.904
Replacement of Buses							
CIP 006 Bus Replacement	$74.227	$71.966	$56.307	$59.170	$80.347	$100.878	$442.894
Subtotal	$74.227	$71.966	$56.307	$59.170	$80.347	$100.878	$442.894
Rehabilitation of Rail Cars							
CIP 064 1000 Series Rail Car HVAC Rehabilitation	$4.247	$1.111	$0.000	$0.000	$0.000	$0.000	$5.358
CIP 058 2000/3000 Series Rail Car Mid-Life Rehabilitation	3.256	0.248	0.000	0.000	0.000	0.000	3.505
CIP 067 Rail Car Safety & Reliability Enhancements	12.082	2.499	1.502	1.653	1.699	1.755	21.191
CIP 063 Rail Rehabilitation Program	12.439	12.522	12.703	12.892	12.981	14.164	77.700
CIP 125 Rail Lifecycle Overhaul	40.861	20.800	20.864	20.932	20.831	20.831	145.118
Subtotal	$72.886	$37.179	$35.069	$35.476	$35.512	$36.750	$252.872
Rehabilitation of Buses							
CIP 005 Bus Rehabilitation Program	$24.401	$30.081	$30.862	$31.672	$32.251	$33.005	$182.273
CIP 008 Bus Repairables	7.178	7.907	12.770	11.511	15.378	16.427	71.172

	Annual Work Plan Year: FY2011 Budget	FY2012 Forecast	FY2013 Forecast	FY2014 Forecast	FY2015 Forecast	FY2016 Forecast	Total FY2011-16
CIP 137 Bus Lifecycle Overhaul	21.471	10.715	10.748	10.783	10.731	10.731	75.179
Subtotal	$53.050	$48.704	$54.380	$53.966	$58.361	$60.163	$328.624
Replacement of MetroAccess Vehicles							
CIP 015 MetroAccess Fleet Replacement	$11.428	$12.055	$12.202	$10.277	$8.571	$10.846	$65.379
Subtotal	$11.428	$12.055	$12.202	$10.277	$8.571	$10.846	$65.379
Replacement of Service Vehicles							
CIP 009 Service Vehicle Replacement	$2.062	$6.823	$7.964	$6.968	$7.937	$5.718	$37.472
Subtotal	$2.062	$6.823	$7.964	$6.968	$7.937	$5.718	$37.472
Rail Car Fleet Expansion							
CIP 062 6000 Series Rail Car Procurement	$8.052	$0.843	$1.658	$1.101	$0.000	$0.000	$11.654
CIP 069 75% 8-Car Train-- Rail Cars (7000 Series)	0.000	0.000	0.000	0.000	21.593	2.341	23.933
Subtotal	$8.052	$0.843	$1.658	$1.101	$21.593	$2.341	$35.587
Bus Fleet Expansion							
CIP 003 Bus Capacity Enhancements: Fleet Expansion	$0.000	$0.000	$0.000	$0.000	$8.687	$8.687	$17.374
Subtotal	$0.000	$0.000	$0.000	$0.000	$8.687	$8.687	$17.374
Bus Enhancements							
CIP 001 Antenna Reduction/ Security Enhancements	$0.000	$0.000	$0.000	$0.000	$0.000	$0.000	$0.000
CIP 002 Automatic Vehicle Location Equipment Replacement	9.419	16.053	13.530	0.000	0.000	0.000	39.002
CIP 007 Bus Camera Installation	0.000	3.006	0.000	0.000	0.000	0.000	3.006
Subtotal	$9.419	$19.059	$13.530	$0.000	$0.000	$0.000	$42.007
Subtotal	$310.376	$217.093	$193.138	$325.489	$572.214	$531.802	$2,150.112
B Rail System Infrastructure Rehabilitation							
Rail Line Segment Rehabilitation							
CIP 108 Rail Rehabilitation Tier 1: Dupont to Grosvenor	$0.000	$0.000	$0.000	$41.813	$51.405	$51.404	$144.622
CIP 107 Rail Rehabilitation Tier 1: Dupont to Silver Spring	57.010	65.480	54.549	28.395	0.000	0.000	205.434
CIP 110 Rail Rehabilitation Tier 1: National Airport to Stadium Armory	34.546	60.416	59.548	98.786	80.118	68.457	401.872
Subtotal	$91.556	$125.897	$114.097	$168.994	$131.523	$119.861	$751.928
Subtotal	$91.556	$125.897	$114.097	$168.994	$131.523	$119.861	$751.928
C Maintenance Facilities							
Rehabilitation and Replacement of Bus Garages							
CIP 085 Royal Street Bus Garage Replacement (Cinder Bed Road)	$16.595	$31.768	$47.979	$2.436	$0.000	$0.000	$98.779
CIP 086 Southeastern Bus Garage Replacement (DC Village)	5.732	30.746	14.918	0.000	0.000	0.000	51.396
CIP 084 Southern Avenue Bus Garage Replacement	10.533	29.246	51.759	21.720	0.000	0.000	113.258
Subtotal	$32.861	$91.759	$114.657	$24.156	$0.000	$0.000	$263.433
Maintenance of Bus Garages							

		Annual Work Plan Year: FY2011 Budget	FY2012 Forecast	FY2013 Forecast	FY2014 Forecast	FY2015 Forecast	FY2016 Forecast	Total FY2011-16
CIP 119	Bus Garage Facility Repairs Tier 1: Western, Northern and Lan	$18.879	$25.739	$31.052	$32.237	$19.800	$17.250	$144.957
Subtotal		$18.879	$25.739	$31.052	$32.237	$19.800	$17.250	$144.957
Maintenance of Rail Yards								
CIP 116	Rail Yard Facility Repairs Tier 1: Alexandria, Brentwood and Ne	$0.000	$24.761	$29.777	$41.770	$32.776	$26.671	$155.755
Subtotal		$0.000	$24.761	$29.777	$41.770	$32.776	$26.671	$155.755
Rail Maintenance Facilities								
CIP 071	Test Track & Commissioning Facility	$5.154	$17.451	$17.505	$0.000	$0.000	$46.264	$86.373
Subtotal		$5.154	$17.451	$17.505	$0.000	$0.000	$46.264	$86.373
Environmental Compliance Projects								
CIP 010	Environmental Compliance Projects	$0.623	$0.655	$0.692	$0.733	$0.770	$0.812	$4.285
CIP 011	Underground Storage Tank Replacement	2.135	4.406	2.530	2.426	1.004	2.934	15.435
Subtotal		$2.757	$5.061	$3.222	$3.159	$1.775	$3.746	$19.720
Maintenance Bus and Rail Facilities								
CIP 127	Support Equipment - MTPD	$1.031	$1.030	$1.030	$1.037	$1.033	$1.032	$6.192
CIP 126	Financial Planning, Project Administration, and System Wide Ir	2.169	1.642	3.340	1.060	3.724	3.211	15.146
Subtotal		$3.200	$2.672	$4.370	$2.097	$4.756	$4.243	$21.338
Expansion of Bus Garages								
CIP 078	Bladensburg Shop Reconfiguration	$3.092	$6.159	$7.208	$9.431	$0.000	$0.000	$25.890
CIP 038	Bus Garage Capacity Enhancements	1.562	0.000	0.000	0.000	0.000	22.802	24.364
Subtotal		$4.655	$6.159	$7.208	$9.431	$0.000	$22.802	$50.254
Subtotal		$67.505	$173.603	$207.790	$112.849	$59.107	$120.976	$741.831
D Systems and Technology								
Power System Upgrades - Rail								
CIP 077	8-Car Train Power Upgrades	$4.123	$0.000	$0.000	$0.000	$0.000	$0.000	$4.123
CIP 076	100 % 8-Car Train - Power Upgrades	0.000	0.000	6.986	7.980	6.791	7.258	29.016
Subtotal		$4.123	$0.000	$6.986	$7.980	$6.791	$7.258	$33.139
Operations Support Software								
CIP 042	Bus & Rail Asset Management Software	$1.109	$4.140	$5.872	$3.613	$6.757	$4.948	$26.439
CIP 043	Bus Operations Support Software	2.062	3.080	3.089	3.099	3.598	3.084	18.012
CIP 044	Customer & Regional Integration	4.295	4.791	3.776	4.821	4.797	4.797	27.278
CIP 045	Data Centers and Infrastructures	7.422	1.602	0.745	4.959	4.913	6.168	25.810
CIP 047	Enterprise Geographic Information System	2.062	3.080	2.574	2.583	3.598	2.570	16.467
CIP 052	Network and Communications	3.092	5.468	6.201	4.132	5.141	6.168	30.203
CIP 053	Network Operations Center (NOC)	1.937	3.500	3.573	3.099	1.028	0.000	13.138
CIP 051	Police Dispatch and Records Management	0.000	0.000	0.000	0.995	0.000	0.000	0.995
CIP 140	Rail Mileage Based Asset Management	4.123	0.000	0.000	0.000	8.504	10.281	22.909
CIP 056	Rail Operations Support Software	2.303	4.211	5.148	5.165	5.141	5.140	27.108

		Annual Work Plan Year: FY2011 Budget	FY2012 Forecast	FY2013 Forecast	FY2014 Forecast	FY2015 Forecast	FY2016 Forecast	Total FY2011-16
Subtotal		$28.406	$29.872	$30.979	$32.466	$43.477	$43.158	$208.358
Business Support Software & Equipment								
CIP 030	Currency Processing Machines	$1.014	$1.447	$0.439	$0.000	$0.000	$0.000	$2.900
CIP 054	Customer Electronic Communications & Outreach	1.546	3.336	2.832	2.066	2.056	2.056	13.893
CIP 046	Document Management System	1.546	0.000	0.000	2.626	2.613	4.667	11.453
CIP 049	Management Support Software	2.985	2.566	2.574	10.158	10.623	0.000	28.907
CIP 050	Metro IT OneStop and Office Automation	2.774	3.094	5.446	3.231	4.112	2.056	20.714
CIP 103	Police Portable Radio Replacement	0.670	0.667	0.669	0.000	0.000	0.668	2.675
CIP 048	Sensitive Data Protection Technology	4.476	5.221	4.760	4.259	4.112	4.112	26.941
Subtotal		$15.011	$16.332	$16.720	$22.341	$23.518	$13.560	$107.483
Rail Fare Equipment								
CIP 091	Automatic Fare Collection Machines	$0.000	$1.075	$1.030	$1.033	$4.613	$6.675	$14.426
CIP 031	Debit/Credit Processing Requirements	1.907	0.257	0.257	0.258	0.257	0.257	3.193
CIP 092	Ethernet Wiring for Rail Fare Machines	1.340	0.000	0.000	0.000	0.000	0.000	1.340
CIP 032	Fare Media Encoders	0.000	0.579	1.013	0.000	0.000	0.000	1.592
CIP 094	Improvements to Coin Collection Machines	2.276	0.000	0.000	0.000	0.000	0.000	2.276
CIP 093	Integrating regional NEXTFARE System	1.788	0.980	0.880	0.728	0.982	0.982	6.341
CIP 097	Open Bankcard and Automatic Fare Collection Systems	1.546	2.310	2.317	4.954	4.786	0.000	15.912
Subtotal		$8.858	$5.200	$5.498	$6.973	$10.638	$7.914	$45.081
Subtotal		$56.398	$51.405	$60.183	$69.760	$84.423	$71.891	$394.060
E Track and Structures								
Track Rehabilitation								
CIP 023	Third Rail Rehabilitation	$0.000	$5.518	$4.184	$4.408	$4.606	$4.835	$23.550
CIP 089	Track Fasteners	2.062	2.053	2.059	2.066	2.056	2.056	12.353
CIP 019	Track Floating Slab Rehabilitation	1.728	1.260	1.319	1.555	1.616	1.689	9.166
CIP 021	Track Pad/Shock Absorber Rehabilitation	4.334	2.047	2.155	2.271	2.419	2.491	15.716
CIP 024	Track Rehabilitation	44.449	33.269	33.223	31.918	33.369	37.239	213.468
CIP 022	Track Structural Rehabilitation	2.333	1.542	2.890	1.840	1.787	1.876	12.268
CIP 141	Cheverly Abutment	3.196	0.000	0.000	0.000	0.000	0.000	3.196
CIP 018	Track Welding Program	1.467	2.656	2.863	3.089	3.307	3.560	16.942
Subtotal		$59.568	$48.343	$48.693	$47.147	$49.161	$53.747	$306.658
Station/Tunnel Rehabilitation								
CIP 026	Station/Tunnel Leak Mitigation	$3.057	$3.298	$3.276	$3.451	$3.607	$3.761	$20.451
Subtotal		$3.057	$3.298	$3.276	$3.451	$3.607	$3.761	$20.451
Subtotal		$62.625	$51.642	$51.969	$50.598	$52.767	$57.508	$327.109
F Passenger Facilities								
Elevator/Escalator Facilities								
CIP 072	Elevator Rehabilitation	$2.371	$3.490	$2.265	$1.136	$1.645	$2.159	$13.067

		Annual Work Plan Year: FY2011 Budget	FY2012 Forecast	FY2013 Forecast	FY2014 Forecast	FY2015 Forecast	FY2016 Forecast	Total FY2011-16
CIP 132	Elevator/Escalator Repairables	4.329	4.825	4.840	4.855	5.346	4.832	29.027
CIP 073	Escalator Rehabilitation	4.948	8.315	11.738	13.946	13.879	9.767	62.594
Subtotal		$11.648	$16.630	$18.843	$19.938	$20.870	$16.758	$104.688
Maintenance of Rail Station Facilities								
CIP 138	System-wide Infrastructure Rehabilitation	$43.957	$30.210	$9.267	$0.000	$0.000	$0.000	$83.434
CIP 087	Station Rehabilitation Program	7.759	7.832	7.960	8.089	8.153	8.358	48.151
Subtotal		$51.716	$38.042	$17.227	$8.089	$8.153	$8.358	$131.585
Bicycle & Pedestrian Facilities								
CIP 035	Bicycle & Pedestrian Facilities: Capacity Improvements	$0.976	$1.019	$1.138	$1.197	$1.268	$1.338	$6.936
CIP 036	Replacement of Bicycle Racks & Lockers	0.457	0.469	0.421	0.436	0.448	0.464	2.695
Subtotal		$1.433	$1.488	$1.559	$1.633	$1.716	$1.801	$9.631
Rail Station: Capacity/Enhancements								
CIP 039	Core & System Capacity Project Development	$0.515	$1.027	$1.030	$1.033	$1.542	$1.028	$6.175
CIP 074	Installation of Parking Lot Credit Card Readers	0.000	0.000	0.000	0.000	0.000	3.364	3.364
CIP 088	Station Entrance Canopies	0.000	0.000	0.000	0.000	0.000	10.281	10.281
Subtotal		$0.515	$1.027	$1.030	$1.033	$1.542	$14.673	$19.820
Bus Priority Corridor Improvements								
CIP 037	Bus Priority Corridor Network Enhancements	$2.062	$2.053	$2.059	$2.066	$2.056	$6.168	$16.465
Subtotal		$2.062	$2.053	$2.059	$2.066	$2.056	$6.168	$16.465
Rail Station Equipment								
CIP 099	Police Emergency Management Equipment	$0.914	$0.000	$0.000	$0.000	$0.000	$0.067	$0.981
Subtotal		$0.914	$0.000	$0.000	$0.000	$0.000	$0.067	$0.981
Subtotal		$68.288	$59.240	$40.718	$32.759	$34.338	$47.825	$283.169
G Maintenance Equipment								
Rail Maintenance Equipment								
CIP 136	FCC Radio Frequency Communication Changes	$0.176	$1.027	$10.297	$9.298	$0.000	$0.000	$20.797
CIP 065	Geometry Vehicle	0.564	4.011	1.676	0.225	0.000	0.000	6.476
CIP 139	NTSB Recommendations	10.308	10.265	10.297	0.000	0.000	0.000	30.871
CIP 066	Rail Shop Repair Equipment	2.165	4.209	4.222	4.236	4.215	4.215	23.261
CIP 020	Replacement of Rail Track Signage	1.014	1.060	1.117	1.177	1.250	1.235	6.854
CIP 027	Switch Machine Rehabilitation Project	0.908	0.950	1.001	1.054	1.101	1.157	6.170
CIP 025	Track Maintenance Equipment	17.292	20.708	10.039	10.475	10.425	12.964	81.904
CIP 135	Train Control Signal	1.031	10.265	10.297	0.000	0.000	0.000	21.593
CIP 133	Wayside Work Equipment	4.123	3.080	2.059	2.066	0.000	0.000	11.328
Subtotal		$37.582	$55.574	$51.006	$28.530	$16.991	$19.571	$209.254
Bus Repair Equipment								
CIP 004	Bus Repair Equipment	$2.732	$2.855	$3.015	$3.125	$3.213	$3.380	$18.320

		Annual Work Plan Year: FY2011 Budget	FY2012 Forecast	FY2013 Forecast	FY2014 Forecast	FY2015 Forecast	FY2016 Forecast	Total FY2011-16
Subtotal		$2.732	$2.855	$3.015	$3.125	$3.213	$3.380	$18.320
Business Facilities Equipment								
CIP 028	Materials Handling Equipment	$0.158	$0.139	$0.144	$0.149	$0.153	$0.158	$0.901
CIP 029	Warehouse Vertical Storage Units/Shelving	0.675	0.695	0.600	0.622	0.766	0.660	4.018
Subtotal		$0.833	$0.834	$0.744	$0.771	$0.919	$0.818	$4.919
Subtotal		$41.147	$59.263	$54.765	$32.426	$21.123	$23.769	$232.493
H Other Facilities								
Business Support Facilities								
CIP 134	Carmen Turner Facility Parking Garage	$0.000	$0.000	$0.000	$0.000	$0.000	$0.000	$0.000
CIP 080	Jackson Graham Building Renovation	3.608	0.000	0.000	0.000	0.000	0.000	3.608
CIP 033	Replacement of Revenue Facility Equipment	0.695	0.266	0.180	0.507	0.409	0.264	2.321
CIP 034	Revenue Collection Facility (RCF) Building Expansion	0.000	1.274	1.320	0.000	0.000	0.000	2.594
Subtotal		$4.303	$1.540	$1.500	$0.507	$0.409	$0.264	$8.523
MTPD Support Facilities								
CIP 101	Police Substation - New District 2/Training Facility	$1.296	$2.524	$13.014	$0.544	$0.000	$0.000	$17.379
CIP 102	Police Substation - New District 4	0.000	0.000	0.000	0.000	0.000	0.000	0.000
CIP 100	Police Training Facility	0.000	0.000	0.000	0.000	0.000	0.000	0.000
CIP 106	Special Operations Division Facility	0.831	1.626	8.338	0.341	0.000	0.000	11.136
Subtotal		$2.127	$4.150	$21.353	$0.885	$0.000	$0.000	$28.515
Subtotal		$6.429	$5.690	$22.853	$1.393	$0.409	$0.264	$37.038
I Project Management and Support								
Program Management								
CIP 130	Program Management	$0.000	$0.000	$0.000	$0.000	$0.000	$0.000	$0.000
Subtotal		$0.000	$0.000	$0.000	$0.000	$0.000	$0.000	$0.000
Credit Facility								
CIP 131	Credit Facility	$5.000	$6.000	$6.000	$6.000	$6.500	$6.500	$36.000
Subtotal		$5.000	$6.000	$6.000	$6.000	$6.500	$6.500	$36.000
Subtotal		$5.000	$6.000	$6.000	$6.000	$6.500	$6.500	$36.000
Total		$709.325	$749.831	$751.514	$800.269	$962.404	$980.396	$4,953.739

ATTACHMENT 2

Implementation of Capital Funding Agreement Debt Option

As provided for under section 4(b)(2)(D) of the Agreement, Contributing Jurisdictions may opt out of long-term debt issued by WMATA.

Long-term debt will include debt with a term longer than one year including, but not limited to, revenue bonds, certificates of participation, revenue anticipation notes and leases but excluding Short Term Debt and Interim Financing.

Jurisdictions will not have the option to opt out of Short-Term Debt and Interim Financing (including any lines of credit) that WMATA will use to balance short-term cash flow requirements and to satisfy the anti-deficiency provisions of the WMATA Compact.

Each year WMATA will indicate its plans to issue Long-Term Debt and provide for local jurisdictions to opt out as part of the Annual Work Plan process. WMATA will make its best efforts to estimate the debt issue's par amount, net proceeds, structure, the anticipated average interest rate and cost of issuance, to facilitate local decision-making.

Any local jurisdiction that chooses to opt out of a debt issue will fund its proportion of the net proceeds in cash on or before the date of closing of the debt issue. The jurisdiction's share of the proposed net proceeds will be determined by the Capital Funding Agreement allocation formula.

The debt service for the bond issue will be paid by the remaining jurisdictions according to their pro rata share, as determined by the Capital Funding Agreement Program allocation formula.

Hypothetical Example:

If in FY 2011, the Capital Funding Agreement Annual Work Plan indicates a need for $120 in debt financing. WMATA plans to issue long-term debt to meet this need and estimates annual debt service of $9.60 per year. Jurisdiction A, whose share of the Capital Funding Agreement formula is 20% chooses to opt out of the debt and informs WMATA in writing of that decision during the approval period for the annual work program.

At closing of the bond issue, Jurisdiction A provides $24 (20% of $120) to WMATA and WMATA funds the balance with the proceeds of the bond issue. The size of the bond issue is reduced to net $96. Debt service is set at $7.70 per year.

Jurisdiction A has no further obligation regarding this debt issue. The remaining jurisdictions will make capital contributions including debt service to WMATA when billed so WMATA can make timely payments to the lenders.

Capital contributions for debt issues will be considered the "first in" funds from the local jurisdictions relative to annual and total funding caps. Annual funding caps for the opting out jurisdiction will be reduced by the estimated debt service that would be due if the Jurisdiction did not opt out. The balance of the local funding capacity will be used to pay project expenditures along with federal funds and other miscellaneous capital revenue sources.