



Finance, Administration and Oversight Committee

Action Item III-B

September 13, 2007

Capital Improvement Program Reprogramming
(materials to be provided at the meeting)

**Washington Metropolitan Area Transportation Authority
Board Action/Information Summary**

Action
 Information

MEAD Number:

Resolution:
 Yes No

PURPOSE

To request Board of Directors approval to: 1) increase the budgets for a small subset of Metro Matters projects in the FY08 Capital Improvement Program (CIP) totaling \$68 million to be financed by a reduction in the budget for two Metro Matters projects and the issuance of debt for the remaining cost, 2) add two additional non-Metro Matters projects to the CIP budget (the Southeastern Bus Garage for \$100 million and rail power systems improvements for \$25 million), and 3) issue \$125 million in debt to provide the required additional funding for the additional projects.

DESCRIPTION

The Metro Matters budget is over \$3.3 billion. To be completed, a small subset of Metro Matters projects will need budget increases of 2 percent or \$68 million. To fund these increases, staff proposes that two project budgets be reduced, and debt be issued, providing the needed \$68 million. A list of the projects is attached to the resolution.

In addition, staff proposes that \$125 million in debt be issued to provide funding for the additional non-Metro Matters projects (the Southeastern Bus Garage for \$100 million and rail power systems improvements for \$25 million). The annual debt service of approximately \$12 million (assuming a 20 year bond period) will be funded through a share of the proposed fare increase if adopted.

FUNDING IMPACT

There is no change to jurisdictional funding levels during the term of the Metro Matters agreement, through FY10.

RECOMMENDATION

Recommend Board of Directors approval to: 1) reprogram \$37 million in budget authority to the Metro Matters projects identified on Attachment A, Page 1 of the Board resolution; 2) issue \$31 million in debt necessary to fund remaining cost of

the Metro Matters projects on Attachment A, Page 1 of the Board resolution; 3) add two additional non-Metro Matters projects (the Southeastern Bus Garage for \$100 million, and rail power systems improvements for \$25 million); and 4) issue \$125 million in debt to provide the required additional funding for the added non-Metro Matters projects.

PRESENTED AND ADOPTED:

SUBJECT: CAPITAL IMPROVEMENT PROGRAM REPROGRAMMING

PROPOSED
RESOLUTION
OF THE
BOARD OF DIRECTORS
OF THE
WASHINGTON METROPOLITAN AREA TRANSPORTATION AUTHORITY

WHEREAS, On June 28, 2007 the Board of Directors approved the FY08 Capital Improvement Program (CIP) totaling \$730.8 million; and

WHEREAS, Metro Matters has a small subset of projects needing budget increases amounting to approximately 2 percent, or \$68 million, of a \$3.3 billion program; and

WHEREAS, \$37 million in funding for bus garage construction and parking structure rehabilitation can be reduced with no detrimental impact on those projects; and

WHEREAS, \$31 million in additional funding is required but not available to complete these Metro Matters capital projects; and

WHEREAS, Two new non-Metro Matters capital projects (the Southeastern Bus Garage project and a project to improve rail power systems) are proposed, with estimated costs to complete of \$100 million and \$25 million respectively, for which funding is required but not available; now, therefore, be it

RESOLVED, That the Board of Directors authorizes the reprogramming of \$37 million in budget authority to the Metro Matters projects identified on Attachment A, Page 1 of the Board resolution; and be it further

RESOLVED, That the Board authorizes the issuance of \$31 million in debt necessary to fund remaining cost of the Metro Matters projects on Attachment A, Page 1 of the Board resolution; and be it further

RESOLVED, That the Board adds two additional non-Metro Matters projects (the Southeastern Bus Garage for \$100 million, and rail power systems improvements for \$25 million) to the Capital Improvement Program; and be it further

RESOLVED, That the Board authorizes the issuance of \$125 million in debt to provide the required additional funding for the added non-Metro Matters projects as shown on Attachment A, page 2 to this Resolution; and be it further

RESOLVED, That the annual debt service cost of approximately \$12 million (on an assumed 20 year bond period) for the non-Metro Matters projects will be paid for through the use of a share of the proposed fare increase if adopted; and be it further

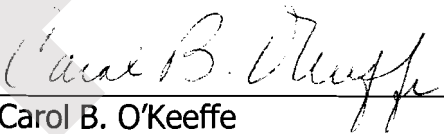
RESOLVED, That Board approves amending and increasing the Fiscal 2008 Capital Improvement Program Budget by \$156,000,000 from \$730,800,000 to \$886,800,000; and be it further

RESOLVED, That the list of pre-approved contracts contained in Resolution 2007-24, Attachment E is amended to add Items 1-10 of Attachment A, Page 1 of this Resolution to the list of pre-approved contracts; and be it further

RESOLVED, That the amended FY08 Metro Matters Annual Work Plan will be transmitted to the local jurisdictions with the draft FY09 Annual Work Plan; and be it finally

RESOLVED, That this Resolution will be effective immediately.

Reviewed as to form and legal sufficiency.



Carol B. O'Keeffe
General Counsel

Capital Improvement Reprogramming Action
\$ Millions

Projects Needing Budget Increases:

1.	2000/3000 Series Rail Car Rehabilitation	\$ 18
2.	Information Technology and Security	18
3.	Radio Communications System	7
4.	Underground Stations Structural Rehab	6
5.	Railcar Washers Rehabilitation	5
6.	Bus Garage Renovations	5
7.	Station Platform Edge Repair	3
8.	Fare Collection Regional Clearinghouse	3
9.	ADA Compliance at Rail Stations	2
10.	Smartcard System Capabilities	1
	total	\$ 68

Project Budgets to be Reduced:

1.	West Ox Bus Garage	\$ (30)
2.	Parking Garages Rehab	(7)

Issue Debt to Fund Remainder:

		(31)
	total	\$ (68)

September 13, 2007 Action Item to Issue Debt:
\$ Millions

<u>Metro Matters Debt</u>	
Integrated Financial Plan	\$611
Federal Funding Shortfall for Railcars	156
	<u>\$767</u>
<u>New & Existing Projects Debt</u>	
Rail Power System Upgrades	25
Projects Needing Budget Increases	31
S.E. Bus Garage	100
	<u>156</u>
Total Debt to be Issued.....	<u>\$923</u>

Planned Debt Issuances:

	Original Metro Matters Plan	Current Plan:		
		MetroMatters + Rail Cars	Other Projects	Total
FY05	\$48	\$0	\$0	\$0
FY06	155	0	0	0
FY07	201	0	0	0
FY08	115	400	25	425
FY09	57	200	50	250
FY10	35	167	81	248
Total Debt	<u>\$611</u>	<u>\$767</u>	+	<u>\$156</u>
			=	<u>\$923</u>



Capital Improvement Program (CIP) Reprogramming

Presented to the Board of Directors:

**Finance, Administration and Oversight
Committee**

September 13, 2007





CIP Reprogramming Action

- **“Metro Matters” is a commonly used name for the CIP**
- **Metro Matters is a joint agreement, signed by the local jurisdictions, that guarantees funding to Metro in exchange for Metro’s delivery of certain projects**
- **Metro Matters is a \$3.3 billion capital improvement budget started in FY05, ending in FY10**
- **To be completed, a small subset of Metro Matters projects will need budget increases amounting to 2%**

Metro Matters Does Not Have a Contingency Account



Projects Needing Budget Increases

Board Resolution "Attachment – A"

Projects Needing Budget Increases:

1. 2000/3000 Series Rail Car Rehabilitation	\$ 18
2. Information Technology and Security	18
3. Radio Communications System	7
4. Underground Stations Structural Rehab	6
5. Railcar Washers Rehabilitation	5
6. Bus Garage Renovations	5
7. Station Platform Edge Repair	3
8. Fare Collection Regional Clearinghouse	3
9. ADA Compliance at Rail Stations	2
10. Smartcard System Capabilities	1
<i>total</i>	<u>\$ 68</u>

A detailed explanation of the issues behind each of these projects is contained in the appendix



\$68 million / \$3 billion = 2% Budget Change



Recommended Sources of Funding

Project Budgets to be Reduced:

- | | |
|--------------------------|---------|
| 1. West Ox Bus Garage | \$ (30) |
| 2. Parking Garages Rehab | (7) |

Issue Debt to Fund Remainder: (31)

total \$(68)

Shared facility with Fairfax will not require full use of project funding

Favorable bids will not require full use of project funding

Debt issuance will be timed to meet cash flow needs for the various projects



Requested Board Action

Authorize transfer of \$37 million budget authority between the projects identified and the issuance of \$31 million in debt to generate \$68 million in required funding

- **Board approval of reprogramming does not change jurisdictional funding levels during the term of the Metro Matters Agreement (through FY10)**
- **Amended FY08 Annual Work Plan will be transmitted to local jurisdictions with the draft FY09 Annual Work Plan**



CIP Reprogramming

Appendix



Appendix

2000/3000 Series Rail Car Rehabilitation Project

\$18 Million

- 364 rail cars (approximately one-third of the entire rail fleet) originally manufactured by Breda are under-going a mid-life rehabilitation by Alstom
- 266 rail cars have been rebuilt and accepted back into the fleet as of August 2007
- The project budget was \$382 million
- \$18 million increase is needed to pay for negotiated change-orders, delay claim and other costs associated with the delay to finish the program
- The project was originally expected to complete in December 2005
The current completion date is between March and August of 2008
- Delays have resulted from:
 - Problems with procuring rail car trucks (resolved)
 - Quality problems resulting in incorrect wheel profiles (corrected)
 - Modifications to automatic train control (ATC) and brake components (completed)
 - Unacceptable performance of rebuilt brake units and air compressors (corrected)
 - Earlier difficulties in meeting production quotas (now on schedule)



Appendix

Information Technology and Security

\$18 Million

- Major Information Technology (IT) systems have been replaced:
 - PeopleSoft (financial systems and human resources)
 - Maximo (inventory and operations maintenance)
 - Trapeze (bus and rail scheduling)
- Underlying support technology not sufficient to carry workload
Business processes are being slowed
- Network communications
Unreliable, outdated technology, expensive to maintain
- Data security risk
Credit card system upgrades required to protect customers



Metro Matters/CIP Reprogramming

Radio Communication Equipment

\$7 Million

- To replace rather than rehabilitate radios in existing rail fleet
- Comprehensive Radio Communication System contract called for Motorola to rehabilitate railcar communication control panels and install mobile radios in all but 6000 Series Rail Cars
- During this work it was determined there were field modifications in rail cars which made the rehabilitation very complicated
- Metro agreed to replace the communication panels rather than complete the planned rehabilitation
- Motorola, in turn, agreed to delete the rehab work from its contract and provide credit for the original rehabilitation costs included in the negotiated proposal



Metro Matters/CIP Reprogramming

Underground Station Structure Rehabilitation

\$6 Million

- The original station and platform concrete structures were constructed prior to 1985. Normal deterioration of these structures has caused cracks, leaks and spalls.
- Repair is essential to ensure the overall safety and longevity of the concrete structures
- The majority of work will be performed on the station domes and at the platform overhand edge
- This funding will provide for the rehabilitation of the station vaults at five underground stations on the Red Line (Farragut North, Metro Center, Gallery Place, Judiciary Square and Union Station)
- Funding is also included for the cost of moving a Metrorail electrical conduit and ductbank. Metro has long standing agreement with Dominion-Virginia Power to reimburse them for work they perform on the rail system



Metro Matters/CIP Reprogramming

Rail Car Washer Rehabilitation

\$5 Million

- In June 2006, the Board approved reprogramming \$6.3 million in uncommitted capital funds for rehabilitating the rail car wash facilities at West Falls Church and Alexandria rail yards
- These rail car wash facilities, along with four others, needed to be rehabilitated in order to meet environmental regulations and to accommodate eight-car trains
- The \$5 million will fund:
 - Rehabilitation of the four remaining facilities (Branch Avenue, Glenmont, Greenbelt, and Shady Grove)
 - Design and construction of a rail car hand-washing facility



Metro Matters/CIP Reprogramming

Bus Garage Renovation

\$5 Million

- APTA peer review of Metrobus operations recommended repairing maintenance facilities: restrooms and locker rooms
- Work to be performed is basic refurbishment (e.g. tile re-grouting, toilet replacements, repair of lockers, better lighting, sinks, showers, ceiling tiles, etc.)
- Typical cost per facility is approximately \$0.7 million
- Garages that may be replaced or rebuilt will be skipped



Appendix

Station Platform Edge Repair

\$3 Million

- A pilot project to replace portions of the deteriorated platform at Minnesota Avenue and Deanwood Stations was approved by the Board
- The project includes a new method to install pre-cast platform sections that has never been attempted in the operating system
- This method was selected due to the limited time available during non-revenue hours
- The contracting process has resulted in one proposal well above the original approved budget of \$2.8 million
- To obtain additional proposals the contract will be re-advertised for the base work at the two stations with options for work at up to nine more stations.



Metro Matters/CIP Reprogramming

Regional Clearinghouse

\$3 Million

- Regional partnership between Metro, the Maryland Transit Administration, and local transit agencies in Maryland and Northern Virginia
- Project goals:
 - Allow for the use of SmarTrip cards across all regional transit agencies
 - Centralize customer service and card management
 - Establish a central data-processing system for all member agencies
 - Allow member agencies to participate in centralized clearing and settlement
 - Establish a network of point-of-sale devices for the cards throughout the region
- Regional clearinghouse is part of Metro's comprehensive program to upgrade its automatic fare collection (AFC) systems, including:
 - Upgrade Metro's near-obsolete rail AFC system software
 - Extend SmarTrip acceptance to Metrobus and regional bus operators
 - Improve system software capacity and flexibility
- \$3 million will pay for additional cost associated with resolving technical problems, change orders and delays that have arisen from complex integration of the various systems



Appendix

ADA Compliance at Rail Stations

\$2 Million

- **Twenty eight Metrorail stations are not currently equipped with “Bumpy Domes”**
- **Five of those stations are currently scheduled for rehabilitation/rebuilding and bumpy domes will be installed along the platform edges**
- **Metro is in compliance with the ADA laws on all of the remaining twenty three stations**
- **Expansion of this program increase customer safety by potentially preventing accidents**
- **At the rate of approximately \$0.5 million per station the next four stations on the un-equipped list could be converted**



Appendix

Smart Card System Capabilities

\$1 Million

- Action allows the Metrobus fare collection system to be upgraded earlier than originally scheduled with key benefits including:
 - Advanced delivery of autoload and pass products to SmarTrip bus customers
 - Accelerate transition from Metrochek to SmartBenefits for bus customers
 - Aligns Metrobus to parity level with systems of regional bus operators
- Further software improvements at the card, reader and back-end levels are necessary to advance the existing regional SmarTrip program
 - Contactless smart card industry is advancing at a rapid pace
 - SmarTrip is a first generation smart card system
 - Nationally, transit fare collection is migrating to a banking industry model
 - Aligning SmarTrip to the open payments model will position program to capture efficiencies and operational savings
- \$1 million will pay for additional work to advance delivery of fare products for Metrobus and develop key infrastructure for moving toward open payment systems