



Finance & Administration Committee

Action Item III-A

November 3, 2016

**Capital Program Update and
CIP Amendments**

Washington Metropolitan Area Transit Authority

Board Action/Information Summary

☒ Action ☐ Information

MEAD Number:
201796

Resolution:
☒ Yes ☐ No

TITLE:

Capital Program Update and CIP Amendments

PRESENTATION SUMMARY:

This item will provide an update on capital investment during the first quarter of FY2017; provide an outlook for capital investment during FY2018, ahead of the GM/CEO's capital budget proposal in December; and request amendments to the current FY2017-2022 CIP to accommodate accelerated 7000 series railcar deliveries and the SafeTrack program and to incorporate recently-awarded Northern Virginia Transportation Authority (NVTA) grant funding.

PURPOSE:

Staff seeks Board approval of three amendments to the FY2017-2022 Capital Improvement Program (CIP). The first amendment will increase the approved FY2017 capital budget by \$150 million to support the SafeTrack program and the accelerated delivery of 7000 series railcars. The second amendment will reprogram \$13 million of budget authority (with no net change to total funding) among program areas that are either ahead of or behind schedule. The third amendment will incorporate \$17.4 million of recently-awarded NVTA grant funding to support traction power upgrades on the Blue Line in FY2018 and FY2019.

The Board will also receive a progress report on capital investment in the first quarter of FY2017 and an outlook on the FY2018 capital program in advance of the General Manager/Chief Executive Officer's (GM/CEO) proposal of the FY2018-2023 CIP in December.

DESCRIPTION:

Key Highlights:

- Total capital investment in the first quarter of FY2017 was \$291 million, significantly above the planned investment level of \$142 million. Expenditures above plan were driven particularly by accelerated delivery of new 7000 series railcars and by the SafeTrack program that kicked off in June 2016, which was not included in the budget originally adopted in April. Based on current trends, total FY2017 capital investment is expected to reach \$1.1 to \$1.2 billion, well above the adopted budget of \$950 million.
- As anticipated during the adoption of the budget in the spring in the event of accelerated railcar deliveries, staff is recommending an amendment to the capital budget to provide \$90 million of additional budget to the Railcar Acquisition program (for new 7000 series railcars) and \$60 million of additional budget to the Fixed Rail program (for SafeTrack). This additional budget authority will be funded through the use of Metro's existing lines of credit (LOC) or other short-term debt

instruments, with no additional jurisdictional contribution required in FY2017. The short-term debt will be paid back in FY2018 through jurisdictional contributions and/or a long-term debt issuance.

- Staff also recommends two additional amendments to the Capital Improvement Program (CIP): a reprogramming of \$13 million in budget authority to update programs that are either ahead of or behind schedule, and the incorporation of recently-awarded NVTa grant funding for traction power upgrades.

Background and History:

With the goal of setting an achievable budget, the GM/CEO directed that the FY2017 capital budget of \$1.13 billion that was originally proposed in December 2015 be reduced to \$950 million when approved in April 2016. Within the budget, expense forecasts were aligned with more conservative project schedules. However, during consideration of the budget with the Board, it was understood that one or more mid-year budget amendments could be required if investment performance was strong and total expenditures were on track to exceed \$950 million. In particular, the \$950 million budget assumes the delivery of only 12 new 7000 series railcars per month, but the potential for delivery and acceptance of 16 or even 20 railcars per month was highlighted as a risk factor. In addition, the SafeTrack program had not been announced and implemented at the time of the budget adoption.

Discussion:

FY2017-Q1 Capital Program Highlights

Metro delivered \$291.0 million of CIP investment in the first quarter of FY2017, or 31 percent of the total annual CIP budget. This is a significant improvement compared to FY2016 when 16 percent of the annual CIP budget was expended. During FY2017, Metro is focused on the delivery of key CIP investments that improve the safety and reliability of the system. Capital program performance compared to budget through the first quarter of FY2017 is summarized by Investment Category and Program in the analysis below.

Railcar Investments

In the first quarter of FY2017, WMATA expended over \$113.1 million on Railcar Investments – a category which includes three programs: Railcar Acquisition; Railcar Maintenance & Overhaul; and Railcar Maintenance Facilities.

Railcar Acquisition

Metro invested over \$78.8 million in Railcar Acquisition during the first quarter of FY2017. The priority continues to be the replacement of the 1000 series railcars. In the first quarter of Fiscal 2017, 52 new railcars were conditionally accepted – 16 in July, 16 in August, and 20 in September. Of the 52 accepted cars, 48 were placed into revenue service during this period, bringing the total number of new 7000 series railcars in service to 196. The plan assumed acceptance of only 36 railcars or 12 per month during the quarter. The first quarter expense total included a \$9.1 payment for contractual cost escalation on all railcars previously received.

As the new 7000 series railcars arrive and are put into revenue service, the old 1000 series cars are disposed. During the first quarter another 48 railcars were disposed,

leaving 192 1000 series cars remaining on Metro property.

Railcar Maintenance & Overhaul

In the first quarter of FY2017, Metro invested \$26.6 million in Railcar Maintenance & Overhaul to maintain the reliability and safe operating condition of the equipment and achieve the maximum useful life of the asset. Of this total, \$18.8 million was invested in preventive maintenance activities to maintain the WMATA rail fleet in a state of good repair.

Also during the first quarter, Metro invested \$0.5 million on railcar safety and reliability enhancements, including the implementation and testing of software to automate the consistent stopping of railcars and ensure optimal alignment with the platform for six and eight car consists.

Railcar Maintenance Facilities

In the first quarter WMATA expended \$7.7 million in improvements to Railcar Maintenance Facilities. Construction on the New Carrollton Yard is 100 percent complete and has moved into closeout, while construction continues at Brentwood and Alexandria Yards, with a particular focus on the Brentwood Service & Inspection (S&I) Shop Rehabilitation.

Rail Systems

Metro invested \$13.2 million in Rail Systems during the first quarter. This investment category includes two major programs: Propulsion and Signals & Communications.

Propulsion

Metro invested \$6.4 million in the Rail Systems Propulsion program in the first quarter. \$3 million of this expense was allocated to upgrades of the traction-power system. Upgrades of Tie Breaker Stations (TBS) were completed at six locations on the Orange/Blue Line.

Also in the first quarter, Metro invested \$3.1 million to provide for the replacement of traction power related components that are beyond or nearing the end of their useful life. Power crews completed a total of 1,641 orange boot repairs through the system and supported SafeTrack Surges 3 through 8. All underground orange boots were completed in FY2016, and the rehabilitation of aboveground orange boots is expected to be completed by the end of FY2017.

Signals & Communications

WMATA invested \$6.8 million in the Signals & Communications program in the first quarter, continuing the implementation of National Transportation Safety Board (NTSB) safety improvements, corrective action plans, assessments and testing system-wide. Work to ensure the state of good repair of the Automatic Train Control (ATC) system continues, as well as the replacement of the Comprehensive Radio Communications System (CRCS) along with cellular phone cable.

Metro continued the replacement of aging Generation 2 GRS track circuits at Fort Totten, Mt. Vernon Square, Van Dorn Street, and Franconia Springfield stations. In the first quarter, permanent fixes were applied at East and West Falls Church stations, while bonds and card files were installed at Mt. Vernon.

Track & Structures Rehabilitation

The SafeTrack project continued in the first quarter of FY2017, addressing the backlog of deferred maintenance that is essential to bringing asset and right-of-way conditions into line with Metro's safety standards. SafeTrack accounts for the single largest investment in this category, and the initiative falls under the Fixed Rail program.

Fixed Rail

Metro invested \$38.4 million in Fixed Rail in the first quarter and completed SafeTrack Surges 3 through 8. A midway progress report on SafeTrack, including a summary of the accomplishments of each surge, was provided separately to the Board and the public at the October 13 meeting of the Customer Service, Operations, and Security Committee.

Structures

Metro invested approximately \$0.9 million in the Structures program in the first quarter. The most of this funding (\$0.76 million) was invested in the restoration of the structural integrity of tunnel liners, leak prevention, drainage repairs and maintenance, elimination of stray currents and reducing corrosion of wayside equipment and track components. In the first quarter, 1,150 leaks and 28,000 linear feet of drains were repaired.

Stations & Passenger Facilities

Metro invested \$46.7 million in the Stations & Passenger Facilities category through September. This category consists of five capital programs, as detailed below.

Platforms & Structures

In the first quarter Metro invested \$33.4 million in Platforms & Structures. The largest share, \$30.9 million was invested in Stage One of the Orange/Blue Line Rehabilitation. Five Monitor Control Systems (MCC) were completed, along with one Traction Power Substation and the installation of five exhaust fans. This project has, however, experienced delays, as other requirements have taken priority and limited track access. Metro is currently in the process of negotiating contract extensions to accommodate the longer timeline.

Metro expended \$2.5 million in station rehabilitation in the first quarter, completing full rehabilitations at Eisenhower Avenue, Union Station, and White Flint stations, as well as partial rehabilitations at Largo Town Center, Morgan Blvd., and Shady Grove stations. Station entrance canopy installation is delayed due to an extended procurement process and contractor mobilization challenges.

Vertical Transportation

WMATA continues to invest in replacing the system's aging escalator infrastructure. WMATA expended \$8.7 million on improvements and renovations to vertical transportation in the first quarter. An updated summary of the renovation and replacement activities for escalators and elevators in the first quarter of FY2017 is below:

- Elevator Rehabilitation – In the first quarter expenses of \$1.3 million were invested to rehabilitate four elevators at Silver Spring, Shady Grove, Archives and Medical Center stations. A total of 14 units are forecast to be completed in FY2017.

- Escalator Rehabilitation – In the first quarter, Metro invested \$0.4 million in escalator rehabilitation. One escalator was returned to service at Farragut West.
- Escalator Replacement – Metro expended \$6.4 million and replaced four escalators at Friendship Heights, Capitol Heights, Van Ness, and Woodley Park stations.

Fare Collection

Metro expended \$1.4 million in the Fare Collection program in the first quarter, continuing its focus on investments to ensure that gates and ticket machines work reliably for customers.

Station Systems

In the first quarter of FY2017, Metro invested \$1.8 million in the Station Systems program. Of this total, \$0.9 million was expended on upgrades to fire alarm systems in auxiliary facilities. Accomplishment in the quarter include the completion of the final two of 14 standpipes and ongoing fire detection and sprinkler system work. Another \$0.4 million was invested in station cooling systems, funding the rehabilitation or replacement of chiller plants, cooling towers, ventilation systems, air handling units and ductwork.

Parking Facilities

Metro expended \$1.4 million on parking facilities. Significant first quarter accomplishments include continued work on the rehabilitation of Franconia/Springfield East parking garages; completion of the concrete rehab work in Vienna; and design work for the rehabilitation of West Falls Church, Largo Town Center, White Flint, and New Carrollton Parking Garages.

Bus & Paratransit Vehicles

Bus Acquisition

WMATA Invested \$39.4 million in the Bus Acquisition program in the first quarter. Metro replaces an average of 100 buses per year and continues to procure buses that utilize clean fuel technologies, with a long-term goal of a fleet composed of 50 percent hybrid/electric diesel and 50 percent Compressed Natural Gas (CNG). First quarter highlights include New Flyer 40' CNG buses (40 delivered and 25 placed in revenue service) and New Flyer 40' Hybrid electric buses (34 delivered and 32 placed in revenue service).

Bus Maintenance & Overhaul

WMATA's bus maintenance and overhaul investments are focused on maintaining reliability and the safe operating condition of the equipment and to achieve the maximum useful life of the asset. Metro invested \$13.6 million in the Bus Maintenance & Overhaul program in the first quarter, \$8.8 million of which was invested in the comprehensive mechanical, electrical, and structural rehabilitation that takes place at 7.5 years of life for each bus. Metro completed the rehabilitation of 25 buses in the first quarter. This fiscal year, Metro plans to rehabilitate 75 additional buses.

Bus Maintenance Facilities

Through the first quarter of FY2017, Metro has invested \$11.7 million in Bus Maintenance Facilities. Metro expended \$2.7 million on the replacement of the Southern Avenue Bus Garage with a modern Leadership in Energy and Environmental Design (LEED) Silver facility that will increase capacity from 103 to 175 buses. The new bus

garage is currently under construction at the Andrews Federal Center, and environmental clearance and permitting has already been issued. In the first quarter, WMATA installed utility services, coordinated design, and continued grading.

At the new Cinder Bed Road facility, which is replacing the Royal Street Bus Garage, steel erection was completed for the building and fuel wash-house, as sprinkler system piping began along with metal paneling. Roofing, masonry, and windows were also completed. Through the first quarter, Metro expended \$5.4 million of the planned \$20.0 million for this project.

Bus Passenger Facilities & Systems

During the first quarter of FY2017, Metro invested \$1.6 million in the Bus Passenger & Facilities program. The projects funded by the \$11.1 million TIGER grant, including bus priority-corridor enhancements at Addison Road and VA 7 (Leesburg Pike) and station improvements at Pentagon and Franconia Springfield, were completed or substantially completed with all grant funds expended. Only fencing at the Pentagon Metro Station remains to be installed, and this is projected to be delivered in November 2016.

Paratransit

In the first quarter, Metro expended \$0.04 million on the Paratransit program. Pilot vehicle production was completed in September, and vehicle production is scheduled to begin in the second quarter, with 207 vehicles scheduled to be delivered in FY2017.

Business Support

Metro invested \$12.3 million in the first quarter of FY2017 in the Business Support Investment program.

Information Technology

WMATA's focus on securely and efficiently collecting, sharing, managing, and applying data continued in the first quarter of FY2017. In support of this key support structure, \$8.9 million was invested in Information Technology. Of this expense, \$2.7 million was invested in replacing and/or updating software that supports critical corporate decision-making and financial management. This includes treasury, budget, cash management, Human Capital Management (HCM), procurement, asset management, Customer Relationship Management, Service Oriented Architecture (SOA) and vendor management functions.

WMATA's new Funds Management System began operating on July 1, the first day of the fiscal year. This new product, which manages FTA grants and other funds, resolves critical financial system deficiencies that led to WMATA's ECHO grant drawdown restrictions with FTA. While the core functionality was in use on July 1, WMATA continued to develop reports and ancillary functionality through its initial operating period.

Metro Transit Police Department

A total of \$2.4 million has been invested in the Metro Transit Police Department (MTPD) capital program in the first quarter. These investments have primarily been for closeout activities related to two major new projects that recently opened -- the MTPD Special Operations Division facility near Franconia-Springfield and the new District Two substation.

Support Equipment & Services

Metro expended \$1.0 million in this program during the first quarter of FY2017. Of this total, \$0.2 million was invested in the upgrade and replacement of equipment and facilities in order to maintain compliance with applicable environmental regulations. Surveys of transformer tanks were completed in the quarter, and a pilot test at New Hampshire Avenue will begin in the second quarter.

Proposed CIP Amendments

Based on the investment progress through the first quarter described above, total capital program expenditures for FY2017 are now forecast at \$1.1 to \$1.2 billion. In order to ensure uninterrupted delivery and acceptance of new 7000 series railcars and continuation of the SafeTrack program, along with all the other program investments, additional capital budget authority is required in FY2017.

Staff recommends an additional \$150 million in FY2017 budget authority across two program areas: \$90 million for Railcar Acquisition and \$60 million for Fixed Rail (which includes the SafeTrack program). This additional proposed investment would be financed in FY2017 with Metro's existing lines of credit (LOC) or other short-term debt instruments. If other short-term debt instruments beyond the LOC are recommended by the GM/CEO or Chief Financial Officer, all necessary Board notifications and/or authorizations will be in place before proceeding. By utilizing short-term debt, no additional jurisdictional contribution will be required in FY2017. This short-term financing would then be paid off as part of the FY2018 capital budget through either additional jurisdictional contributions or as part of a long-term debt issuance.

Staff is also seeking a reprogramming of budget authority within the FY2017 capital budget that will have no net impact on funding. The Propulsion program and the Signals & Communication program are not expected to fully achieve their planned expenditures in FY2017 due to schedule delays, while the Platforms & Structures program is expected to expend more budget than originally planned as a result of negotiated contract modifications. The proposed budget amendment reduces budget authority in FY2017 by \$7 million for Propulsion and \$6 million for Signals & Communication and increases budget authority for Platforms & Structures by \$13 million.

As noted above, the forecast range of total capital investment in FY2017 is \$1.1 to \$1.2 billion. Therefore, there is a potential need for an additional budget amendment in the second half of the fiscal year if investment reaches the higher level of that range. Management will monitor and update the investment forecast and will advise the Board if an additional amendment is needed.

NVTA Grant Funding for Traction Power Upgrades

In July 2016, Metro was awarded a \$17.4 million grant from the Northern Virginia Transportation Authority (NVTA) to fund Metrorail power upgrades on the Blue Line. NVTA requires that grantees execute a Standard Project Agreement (SPA) for the funding within six months of award. The General Manager/Chief Executive Officer (GM/CEO) will execute a SPA with NVTA in November 2016, as authorized by the Board in Resolution 2015-66, following the approval of the proposed CIP amendment.

NVTA was created by the Virginia General Assembly in 2013 to provide additional regional transportation funding for Northern Virginia. NVTA is authorized to fund certain transportation capital projects within Virginia's Planning District Eight, and certain

projects within Metro's annual capital program are qualified uses for that NVTA funding, such that Metro may be the sponsoring entity for an NVTA-funded project.

In January 2014, NVTA adopted a resolution (14-08) requiring that regional projects involving non-NVTA jurisdictions obtain a commitment from those jurisdictions to "pay their share" of the regional project. For Metro, this resolution means that Board approval of a capital budget is required along with identified match funds from Maryland and the District of Columbia.

In September 2015, NVTA issued a Call for Projects for their FY2017 Program Year. NVTA requires that a formal resolution of support from potential grantees accompany their applications, and through Resolution 2015-66, the Metro Board authorized the GM/CEO to apply for \$17.4 million of NVTA funding for Metrorail traction power upgrades. The project includes fabrication and installation of five tie-breaker stations (TBS) and one direct-current switchgear (DC Gear) along the Blue Line. The total estimated project cost is \$62.1 million, with \$17.4 million in Virginia/NVTA funds matched by \$23.1 million from the District of Columbia and \$21.6 million from Maryland.

Resolution 2015-66 also authorized the GM/CEO to execute a SPA with NVTA for the grant funding if the application was successful, subject to approval of an FY2017-2022 Capital Improvement Program (CIP) that included the project, the NVTA grant funding, and the corresponding matching funds from Maryland and the District of Columbia. The FY2017-2022 CIP was unanimously adopted by the Metro Board in April 2016 through Resolution 2016-24, and it included the expenses associated with the Blue Line traction power upgrades in FY2018 and FY2019. However, since the grant had not yet been awarded, the project is funded with future system performance funds. The proposed amendment will reduce jurisdictional system performance funding by \$62.1 million and incorporate the NVTA funding and matching funds for Rail Power System Upgrades from DC and Maryland in the same total amounts, such that total funding in the CIP Financial Plan remains unchanged.

FY2018 Capital Outlook

The proposed investment priorities for FY2018 will be similar to those being delivered in FY2017, including 7000 series railcars, track and structures rehabilitation, systemwide state of good repair (SGR) efforts, replacement of buses and paratransit vehicles, and continued construction and rehabilitation of bus garages, rail yards, and other facilities. The FY2018 capital budget will also include project development funding for the priority needs identified as part of the ongoing Capital Needs Inventory (CNI).

The current estimated investment in the six-year CIP from FY2018 through FY2023 is approximately \$7 billion, or an average of \$1.2 billion per year. The funding projections supporting this investment assume continuation of federal formula funding as well as reauthorization of PRIIA funding. The jurisdictional discussions on the renewal of the Capital Funding Agreement (CFA) will resume in November.

FUNDING IMPACT:

Net increase in FY2017 budget of \$150 million (from \$950 million to \$1.1 billion) for accelerated 7000 series railcar delivery and SafeTrack to be funded by lines of credit and/or other short-term debt instruments in FY2017 and paid back in FY2018 by jurisdictional
--

contributions or long-term debt issuance. No net change in funding for reprogramming or for incorporation of NVTAG grant funding.

Project Manager:	Thomas J. Webster
Project Department/Office:	CFO/OMBS

TIMELINE:

Previous Actions	April 2016 - adoption of the FY2017 capital budget
Anticipated actions after presentation	February 2017 - FY2017 Second Quarter Financial Update Second half of FY2017 - potential for additional budget amendment

RECOMMENDATION:

Recommend approval to amend FY2017-2022 CIP:

- Increase FY2017 budget for Railcar Acquisition by \$90 million and Fixed Rail by \$60 million, to be funded in FY2017 through lines of credit or other short-term debt instrument
- Reprogram FY2017 CIP budget to reflect updated expenditure forecasts (no net funding impact):
 - Propulsion: reduce by \$7 million
 - Signals & Communication: reduce by \$6 million
 - Platforms & Structures: increase by \$13 million
- Modify FY2017-2022 CIP to incorporate \$17.4 million of NVTAG grant funding



Washington Metropolitan Area Transit Authority

Capital Program Update and CIP Amendments

Finance Committee
November 3, 2016



Purpose

Update Committee on progress of capital program and request Board approval of proposed amendments to FY2017 capital budget and FY2017-2022 Capital Improvement Program (CIP) to:

- provide additional budget for SafeTrack program and accelerated 7K railcar delivery
- reprogram existing budget authority to reflect updated expenditure forecasts
- incorporate NVRTA grant funding for traction power upgrades



Recap of FY2017 Capital Budget

- Reduced original proposed budget from \$1.13 billion to \$950 million
- Expense forecasts aligned with more conservative project schedules given pre-FY2016 experience
- Anticipated returning to Board mid-year if performance was strong and investment projected to exceed \$950 million





FY2017-Q1 Summary: Plan vs. Actual

Investment Category	Q1 Plan	Q1 Actual	Variance
Railcars	\$52.9	\$113.1	\$60.2
Rail Systems	15.6	13.2	(2.4)
Track & Structures Rehabilitation	13.4	39.3	25.9
Stations & Passenger Facilities	19.9	46.7	26.8
Bus & Paratransit Vehicles	32.2	66.4	34.2
Business Support	7.7	12.3	4.6
Contingency	--	--	--
TOTAL	\$141.7	\$291.0	\$149.3



Railcars

FY2017 Budget: \$353.6M

Current Forecast: \$480.0M (136%)

Investment by Program	Q1 Plan	Q1 Actual	Variance
Acquisition	\$30.5	\$78.8	\$48.3
Maintenance/Overhaul	17.2	26.6	9.4
Maintenance Facilities	5.2	7.7	2.5
Total	\$52.9	\$113.1	\$60.3

FY2017-Q1 Activities

- 48 new 7000 series railcars delivered and put into service to replace 1000 series
- Continued overhaul of wheels, brakes, motors, and other heavy components
- Construction progressing at Brentwood and Alexandria Yards, into closeout on New Carrollton Yard





Rail Systems

FY2017 Budget: \$104.3M | Current Forecast: \$96.7M (93%)

Investment by Program	Q1 Plan	Q1 Actual	Variance
Propulsion	\$5.9	\$6.4	\$0.4
Signals & Communications	9.6	6.8	(2.8)
Total	\$15.6	\$13.2	(\$2.4)

FY2017-Q1 Activities

- Traction power upgrades: 1,641 orange boot repairs throughout the system
- Radio and cell phone installation continued
- Automatic Train Control (ATC) system upgrades:
 - 3,400 linear feet of High Frequency Track Circuit cable laid
 - 9 switch machines at four locations
 - 27 High Current Bonds replaced
 - Marker coil installation completed





Track & Structures Rehabilitation

FY2017 Budget: \$89.3M

Current Forecast: \$149.3M (167%)

Investment by Program	Q1 Plan	Q1 Actual	Variance
Fixed Rail	\$11.8	\$38.4	\$26.6
Structures	1.6	0.9	(0.6)
Track Maintenance Equip.	--	--	--
Total	\$13.4	\$39.3	\$26.0

FY2017-Q1 Activities

SafeTrack Surges 3 through 8 completed:

- Installed 14,798 new crossties
- Replaced 2,354 insulators, 5,894 fasteners
- Welded 76 joints
- Cleaned 18,131 linear feet of track bed
- Tamped 40,880 linear feet of rail
- Repaired 28,000 linear feet of drains





Stations & Passenger Facilities

FY2017 Budget: \$133.0M

Current Forecast: \$158.8M (119%)

Investment by Program	Q1 Plan	Q1 Actual	Variance
Platforms & Structures	\$6.9	\$33.4	\$26.4
Vertical Transportation	7.1	8.7	1.6
Fare Collection	1.5	1.4	(0.1)
Station Systems	3.6	1.8	(1.8)
Parking Facilities	0.7	1.4	0.8
Total	\$19.9	\$46.7	\$26.8

FY2017-Q1 Activities

- O/B Rehab: completed 5 Monitor Control Systems, 1 traction power substation, 5 exhaust fans
- 4 elevators rehabilitated (Silver Spring, Shady Grove, Archives, Medical Center)
- 4 escalators replaced (Friendship Heights, Capitol Heights, Van Ness, Woodley Park)





Bus & Paratransit Vehicles

FY2017 Budget: \$218.1M | Current Forecast: \$225.7M (103%)

Investment by Program	Q1 Plan	Q1 Actual	Variance
Bus Acquisition	\$9.9	\$39.4	\$29.4
Bus Maintenance/Overhaul	12.1	13.6	1.5
Bus Maintenance Facilities	8.2	11.7	3.5
Bus Passenger Facilities	0.6	1.6	1.0
Paratransit	1.3	--	(1.3)
Total	\$32.2	\$66.4	\$34.2

FY2017-Q1 Activities

- Delivered 74 buses: 40 CNG and 34 Hybrid
- Completed TIGER projects: bus priority enhancements (Addison Road and Leesburg Pike) and station improvements (Pentagon and Franconia-Springfield)
- Paratransit van production now in second quarter





Business Support

FY2017 Budget: \$51.6M Current Forecast: \$58.7M (114%)

Investment by Program	Q1 Plan	Q1 Actual	Variance
IT	\$6.1	\$8.9	\$2.8
MTPD	0.2	2.4	2.2
Support Equip./Services	1.5	1.1	(0.4)
Total	\$7.7	\$12.3	\$4.6

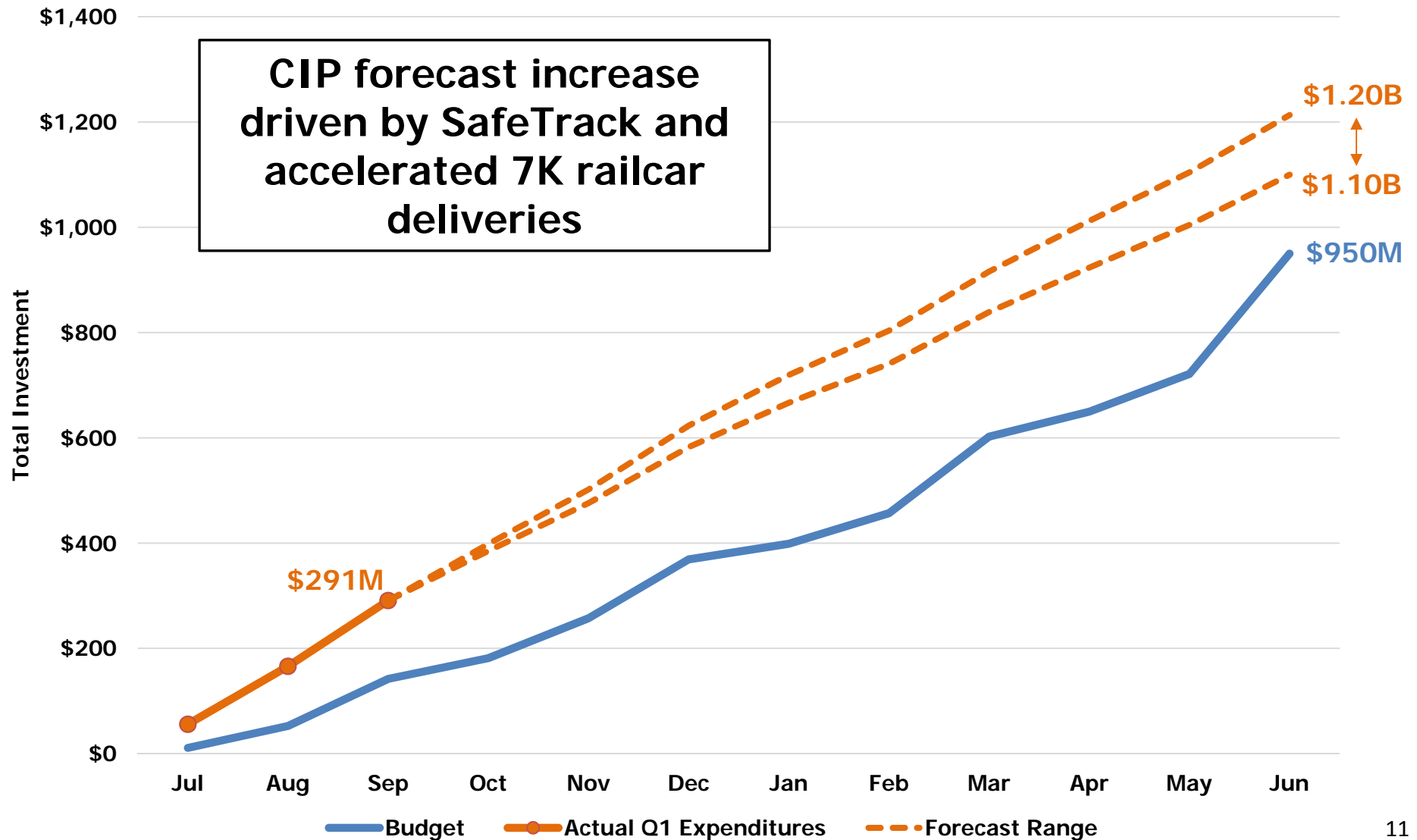
FY2017-Q1 Activities

- Environmental compliance: implemented interim petroleum leak remediation system at New Hampshire Avenue, completed surveys of transformer tanks
- Launched new funds management system





FY2017 CIP Year-End Forecast





CIP Amendment Proposal Part 1: Additional FY2017 Investments

- \$150 million additional FY2017 budget authority:
 - Railcar Acquisition: \$90 million
 - Fixed Rail (SafeTrack): \$60 million
- Investment to be financed in FY2017 with LOC or other short-term debt:
 - No additional jurisdictional contribution this year
 - Paid off in FY2018 with jurisdictional contributions and/or long-term debt
- Reprogram \$13 million between Rail Systems and Station/Passenger Facilities – no net change
- Potential need for additional budget amendment in second half of fiscal year



Outlook for FY2018 Capital Budget and FY2018-2023 CIP

- Proposed focus for FY2018 similar to FY2017:
 - 7000 series railcar deliveries
 - State of good repair (SGR) efforts on track and structures, power, facilities, vertical transportation, fare collection
 - Replacement of buses and paratransit vehicles
 - Bus garages (Cinder Bed Road and Andrews Federal Center)
- Will include project development program for priority needs identified in Capital Needs Inventory





Funding Outlook for Six-Year CIP

- Estimated six-year CIP investment of \$7 billion, averaging \$1.2 billion per year
- Funding projections assume current federal formula funding and reauthorization of PRIIA at current level
- Jurisdictional discussions on Capital Funding Agreement (CFA) renewal to resume in November
- Presentation of GM/CEO proposed FY2018-2023 CIP in December



CIP Amendment Proposal Part 2: NVRTA Grant Funding

- Traction power upgrade project already included in approved CIP in the Propulsion program
- No impact in FY2017 (project to begin in FY2018) and no net impact on six-year CIP investment
- Requires a shift of \$62.1 million of future system performance funding in FY2018-19 financial plan to Rail Power System Upgrade funding



Recommendation

Approval to amend FY2017-2022 CIP:

- Increase FY2017 budget for Railcar Acquisition by \$90 million and Fixed Rail by \$60 million, to be funded in FY2017 with short-term debt
- Reprogram FY2017 CIP budget to reflect updated expenditure forecast (no net impact):
 - Propulsion: reduce by \$7 million
 - Signals & Communication: reduce by \$6 million
 - Platforms & Structures: increase by \$13 million
- Modify FY2017-2022 CIP to incorporate NVRTA grant funding

SUBJECT: AMENDMENT TO FISCAL YEAR 2017-2021 CAPITAL IMPROVEMENT PROGRAM

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

WHEREAS, The Washington Metropolitan Area Transit Authority (WMATA) has identified certain capital program investment areas that are ahead of schedule and will incur higher than expected expenses in Fiscal Year (FY) 2017, as well as other program areas that are behind schedule and will incur lower than expected expenses; and

WHEREAS, The Railcar Acquisition program, which has an approved FY2017 budget of \$203.8 million, requires additional budget authority due to the accelerated delivery of new 7000 series railcars above the rate assumed in the FY2017 capital budget; and

WHEREAS, The Fixed Rail program, which has an approved FY2017 budget of \$78.9 million, requires additional budget authority due to the ongoing SafeTrack program that was initiated in June 2016 (after the FY2017 budget was adopted) to accelerate track work to address safety recommendations and rehabilitate the Metrorail system to improve safety and reliability; and

WHEREAS, The Propulsion program, which has an approved FY2017 budget of \$39.8 million, and the Signals & Communication program, which has an approved FY2017 budget of \$64.5 million, are not expected to fully achieve their planned expenditures in FY2017, due to schedule delays; and

WHEREAS, The Platforms & Structures program, which has an approved FY2017 budget of \$46.4 million, is expected to expend more budget than originally planned as a result of negotiated contract modifications; and

WHEREAS, In July 2016, WMATA was awarded \$17.4 million from the Northern Virginia Transportation Authority (NVTA) to support Metrorail traction power upgrades on the Blue Line in Northern Virginia, and a Special Project Agreement (SPA) must be executed between WMATA and NVTA before the funds can be released; and

WHEREAS, In accordance with Board Resolution 2015-66, the General Manager/Chief Executive Officer (GM/CEO) is authorized to execute a SPA for the NVTA funding, subject

to approval of an FY2017-2022 Capital Improvement Program (CIP) that includes the necessary matching funding for the project; and

WHEREAS, The FY2017-2022 CIP includes \$62.1 million in planned expenditures on Blue Line traction power upgrades in FY2018 and FY2019 within the Propulsion program, with these expenditures planned to be funded through future state/local System Performance funds; now, therefore be it

RESOLVED, That the FY2017 CIP budget for Railcar Acquisition is amended to increase total budget authority for the program by \$90.0 million to \$293.8 million to support accelerated delivery of new 7000 series railcars; and be it further

RESOLVED, That the FY2017 CIP budget for Fixed Rail is amended to increase total budget authority for the program by \$60.0 million to \$138.9 million to support ongoing SafeTrack efforts; and be it further

RESOLVED, That the additional budget authority for these programs shall be funded in FY2017 through the utilization of WMATA's short-term lines of credit (LOC) and/or other short-term debt instruments as shall be deemed appropriate by the GM/CEO and the Chief Financial Officer (CFO), and subject to any required Board of Directors approvals; and be it further

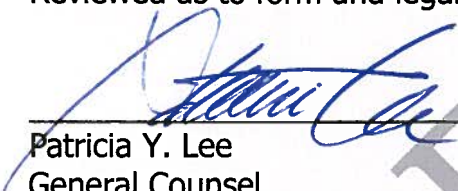
RESOLVED, That the short-term financing utilized in FY2017 shall be paid off in FY2018 through additional jurisdictional contributions and/or through the issuance of long-term debt; and be it further

RESOLVED, That the FY2017 CIP budget is amended to reprogram \$13.0 million of total budget authority into Platforms & Structures, increasing the total budget for that program to \$59.4 million, and that the FY2017 budgets for Propulsion and for Signals & Communication are reduced by \$7.0 million (to \$32.8 million) and \$6.0 million (to \$54.8 million), respectively, such that the net funding impact of the reprogramming action on the FY2017 CIP is zero; and be it further

RESOLVED, That the Financial Plan for the FY2017-2022 CIP shall be modified to incorporate \$17.4 million of NVTAF funding for traction power upgrades and \$44.7 million of matching funds from the District of Columbia and the State of Maryland in FY2018 and FY2019, with total system performance funding in the same period reduced by the same total amount of \$62.1 million, such that total state and local contributions within the CIP Financial Plan remain unchanged; and be it finally

RESOLVED, That because the requested budget amendment will impact the upcoming FY2018-2023 CIP to be presented to the Board of Directors for consideration in December 2016, and to ensure that 7000 series railcar deliveries and SafeTrack activities may continue without interruption, this Resolution shall be effective immediately.

Reviewed as to form and legal sufficiency,



Patricia Y. Lee
General Counsel

WMATA File Structure Nos.:
4.2.3 Budget Reprogramming
4.4.2 Grant Applications

PROPOSED