



**Finance and Capital Committee**

**Action Item III-A**

**March 14, 2019**

**Amend FY2019 Budget for Local 922 CBA  
and Capital Investments**

Washington Metropolitan Area Transit Authority

## Board Action/Information Summary

☐ Action ☒ Information

MEAD Number:  
202067

Resolution:  
☒ Yes ☐ No

### TITLE:

Amend FY2019 Operating and Capital budgets

### PRESENTATION SUMMARY:

Staff will present budget changes and seek approval to amend the FY2019 Operating and Capital Budget to fund additional personnel costs associated with Local 922 labor and additional capital investments.

### PURPOSE:

Amend Fiscal Year 2019 Operating and Capital Budget to fund International Brotherhood of Teamsters Local 922 (L922) labor agreement and additional capital investments.

### DESCRIPTION:

#### Key Highlights:

The Authority recently reached a labor agreement with International Brotherhood of Teamsters Local 922 which requires additional personnel expenses beyond amounts in the FY2019 Operating Budget. The Board approved this agreement on February 28, 2019, and accordingly staff recommends amendment of FY2019 Operating Budget to account for these personnel costs. The additional local funding required is \$1.146 million.

Furthermore, changes in capital project schedules, plans and scopes require accelerated funding for key projects. Staff recommends amending the FY2019 Capital Budget to increase funding authorization by \$154 million to account for these costs. Capital changes necessitating this amendment include the following:

- Fully scoped Platform Reconstruction Program
- Increased efficiency of Track Rehabilitation and Preventive Maintenance
- Award and acceleration of the design build contract for Potomac Yard
- Acceleration of Office Consolidation Program

#### Background and History:

In March 2018, the Board of Directors approved the FY2019 Operating and Capital Budget. Since that time, two amendments have been approved: one in June 2018 for bus services and elimination of the Red Line Turnback, and another in November 2018 to provide additional funding for L689 and Local 2 labor settlements and ADA

paratransit. In addition to these amendments, today's action requests approval of funding for the L922 agreement, approved by the Board on February 28.

As discussed with the Board in January 2019, Metro's capital program delivery rate continues to improve, with priority safety, reliability and cost-saving projects on or ahead of schedule. FY2019 capital program investment is now expected to exceed \$1.4 billion, \$154 million ahead of FY2019 Capital Budget due to project schedules being pulled forward. The increased capital project expenses of \$154 million will be covered by a combination of 1) increased Federal grant funding, 2) debt funding from WMATA's lines of credit (LOC), and other sources. No incremental capital contribution from the jurisdictions is required.

The allocation of operating subsidy contributions by jurisdiction is included in Attachment A (Operating); details of the incremental Capital funding sources are included in Attachment B (Capital).

### **Discussion:**

When the budgets for FY2018 and FY2019 Budgets were approved, WMATA was still negotiating with several employee labor unions. The budgets for those fiscal years did not include estimates of employee wage increases that would result from those negotiations.

In July 2018, WMATA and OPEIU Local 2 reached an agreement through collective bargaining that provides wage increases as well as greater employee contributions to health care. The personnel costs for fiscal year 2018 and fiscal year 2019 associated with that agreement were included in the budget amendment of November 2018.

WMATA worked to reach a negotiated agreement with ATU Local 689 as well, however, negotiations reached an impasse and the parties moved to binding arbitration. The arbitration award was issued in August 2018. The personnel costs for fiscal year 2018 and fiscal year 2019 associated with that award were included in the November 2018 budget amendment.

This proposed amendment requests additional operating budget funding support for the labor agreement recently concluded with L922. The additional subsidy request from the jurisdictions to cover the incremental operating costs in FY2019 totals \$1.146 million.

With adoption of the L922 agreement, Metro has now reached agreements with three of five bargaining units. Negotiations are ongoing with the Fraternal Order of Police (FOP) for Metro Transit Police and with the International Brotherhood of Teamsters Local 639 for Special Police.

Approval of the additional \$154 million in funding for the capital program allows work to proceed ahead of schedule and enables Metro to take advantage of planned service outages, such as the Blue and Yellow line shutdown to begin in May 2019, therefore reducing future service disruptions for customers.

**FUNDING IMPACT:**

Budget:	Operating Budget, Fiscal 2019
Project Manager:	Dennis Anosike
Project Department/Office:	CFO/OMBS
This Action:	\$1.146 million
Remarks:	Additional budget funding to cover labor expenses.

Fiscal Year:	2019	
Capital Budget:	\$1,279 million	
This Action:	\$154 million	
With Approval:	\$1,434 million	

**TIMELINE:**

<b>Previous Actions</b>	<p>March 2018 – Board approved the FY2019 Operating and Capital budgets</p> <p>June 2018 – Board approved an amendment to the FY2019 Operating budget for rail and bus service increases</p> <p>November 2018 – Board amended the FY2018 and FY2019 Operating budgets to cover incremental labor costs from the Collective Bargaining Agreement with Local 2 and the arbitration award for Local 689, plus additional MetroAccess costs</p>
<b>Anticipated actions after presentation</b>	July 2019 – Jurisdictions provide additional contributions for FY2019 Operating budget amendment

**RECOMMENDATION:**

Approve amendments to FY2019 Operating and Capital Budget to fund International Brotherhood of Teamsters Local L922 labor agreement and additional capital investments.

# Amend FY2019 Budget for Local 922 CBA and Capital Investments

Finance & Capital Committee  
March 14, 2019



# Purpose

- Amend Fiscal Year 2019 Budget to fund the Union of International Brotherhood of Teamsters (L922) labor agreement and additional capital investments

## Impact of Local 922 CBA on FY2019 Operating Subsidy

(\$ in Millions)	Subsidy
FY2019 Approved	\$1,008.93
FY2019 Revised (November 2018)	\$1,079.65
<i>Required Subsidy - Local 922</i>	<i><b>\$1.15</b></i>
Updated FY2019 Base Subsidy	\$1,080.79

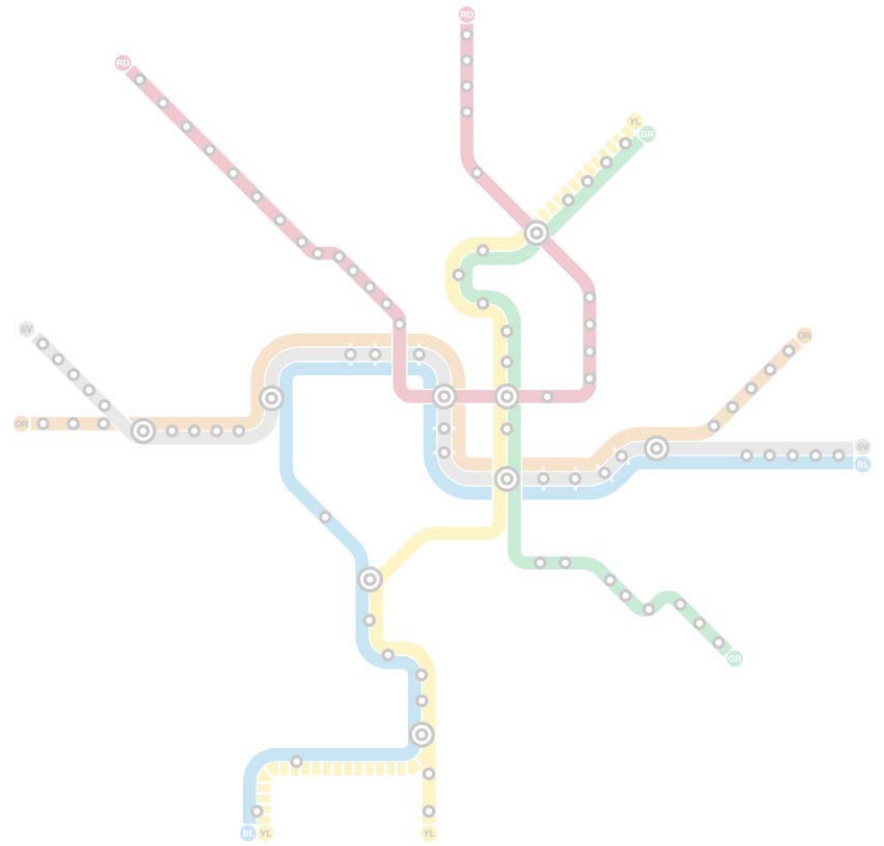
## FY2019 Approved Operating Budget

### Allocation of FY2019 Subsidy for L922 Based on Current Operating Formula

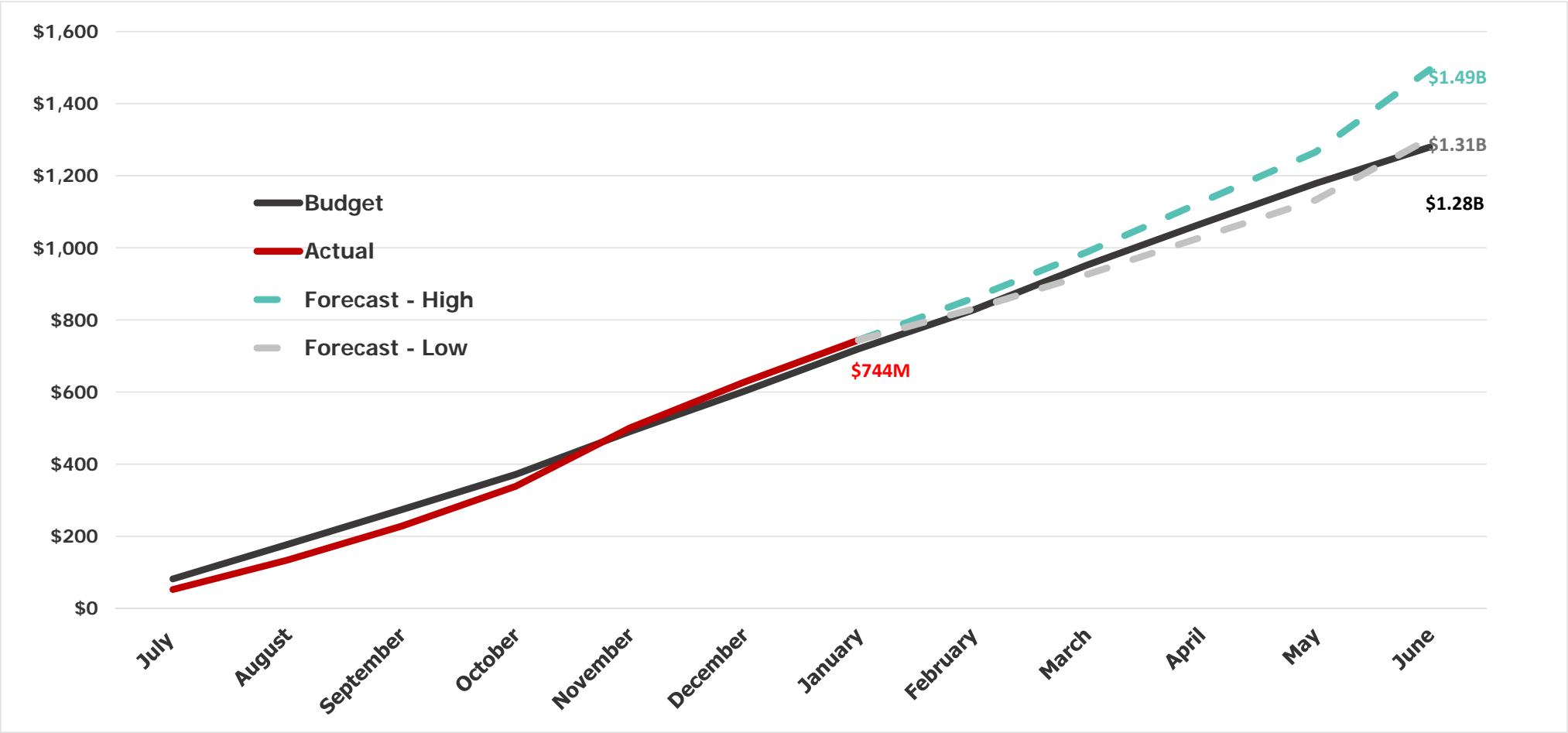
(\$ in Millions)	FY2019 Approved	L922 Adjustment	FY2019 Updated
<b>District of Columbia</b>	<b>\$391.647</b>	<b>\$0.480</b>	<b>\$392.127</b>
Montgomery County	\$181.949	\$0.170	\$182.119
Prince George's County	\$231.366	\$0.195	\$231.560
<b>Maryland Subtotal</b>	<b>\$413.315</b>	<b>\$0.364</b>	<b>\$413.679</b>
City of Alexandria	\$44.786	\$0.055	\$44.841
Arlington County	\$75.262	\$0.088	\$75.350
City of Fairfax	\$2.488	\$0.002	\$2.490
Fairfax County	\$149.018	\$0.152	\$149.170
City of Falls Church	\$3.130	\$0.004	\$3.135
Loudoun County	\$0.000	\$0.000	\$0.000
<b>Virginia Subtotal</b>	<b>\$274.685</b>	<b>\$0.302</b>	<b>\$274.986</b>
<b>Total Contribution</b>	<b>\$1,079.647</b>	<b>\$1.146</b>	<b>\$1,080.793</b>



# Capital Improvement Program



# FY2019 Capital Improvement Program



# FY2019 Capital Improvement Program

## FY2019 Capital Program Changes

- **Major Drivers**
  - Changes in project schedules
  - Project plans and scopes developed
    - ✓ Platform Reconstruction Program fully scoped
    - ✓ Track Rehabilitation and Preventive Maintenance increased efficiency
    - ✓ Award of Design Build Contract for Potomac Yard accelerated
    - ✓ Acceleration of Office Consolidation Program
- **Dedicated Funding**
  - Will enable Metro to use debt to manage program cash flow needs
  - No Change to FY2019 jurisdictional contributions

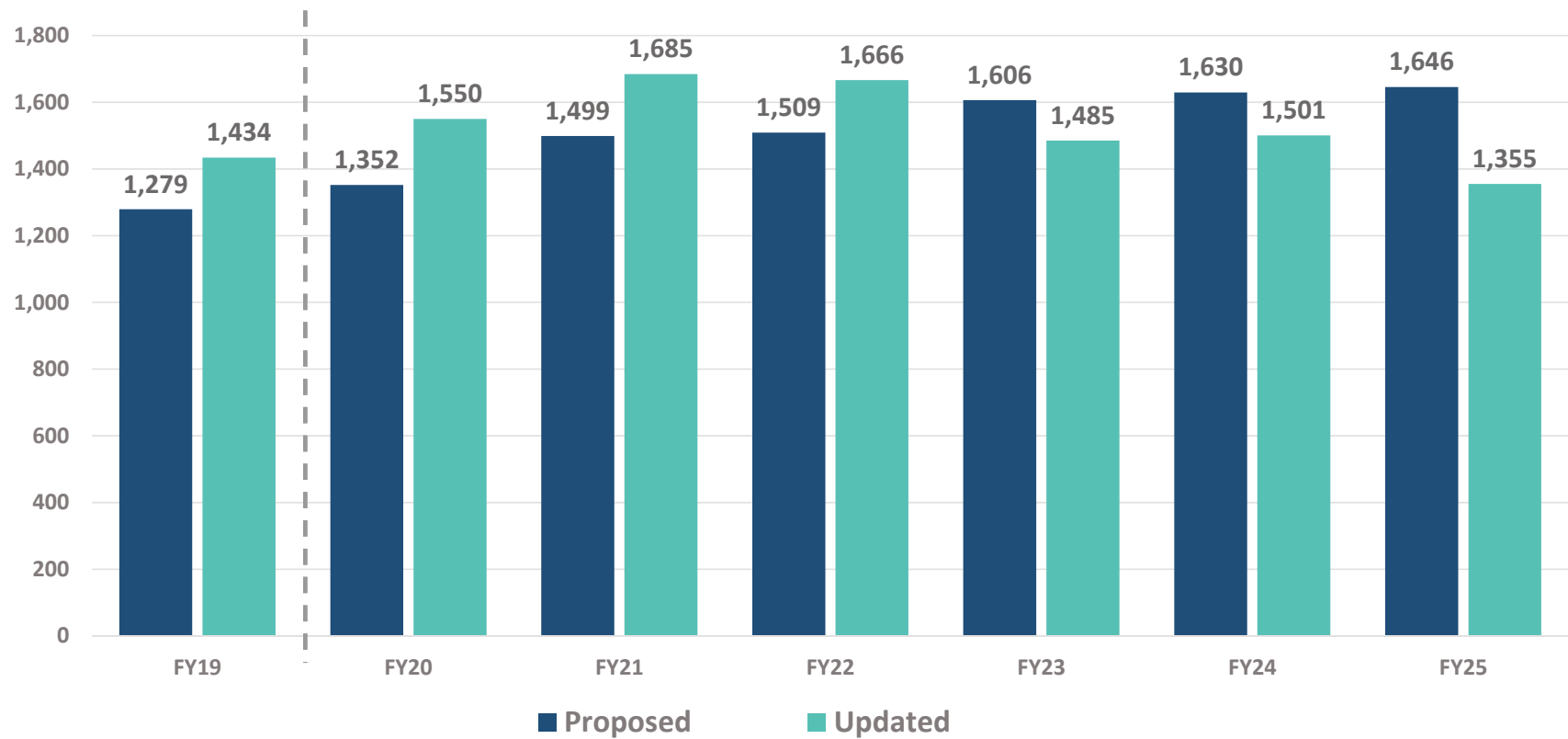
## FY2019 Capital Program Forecast

### Current capital investment is projected at \$1.4B

Planned Investment	FY2019 Budget	FY2019 Forecast	Variance	Status
Railcars	\$445	\$369	(\$76)	7000 series railcar deliveries behind forecast – issues resolved; some deliveries now expected in FY2020
Rail Systems	\$173	\$174	\$1	ATC and Power Rehabilitation work being accelerated to take advantage of summer shutdown
Track and Structures	\$105	\$153	\$48	Track rehabilitation & preventive maintenance program increased
Stations and Passenger Facilities	\$252	\$338	\$86	Increase for platform reconstruction program & accompanying station improvements & addition of Potomac Yard Station project
Bus and Paratransit	\$204	\$197	(\$7)	More buses accepted last fiscal year (FY18) than anticipated; no change to overall project, but fewer bus deliveries in FY2019
Business Support	\$100	\$203	\$103	Acceleration of office consolidation and facility improvement programs – including new headquarters building; Build up of capital program planning and management functions
<b>Total</b>	<b>\$1,279</b>	<b>\$1,434</b>	<b>\$154</b>	

# FY2020-2025 Capital Improvement Program

## Six-year planned capital investment remains at \$9.2B



Note: FY19 increase does not require additional jurisdictional contribution.



# FY2019 Capital Program Forecast

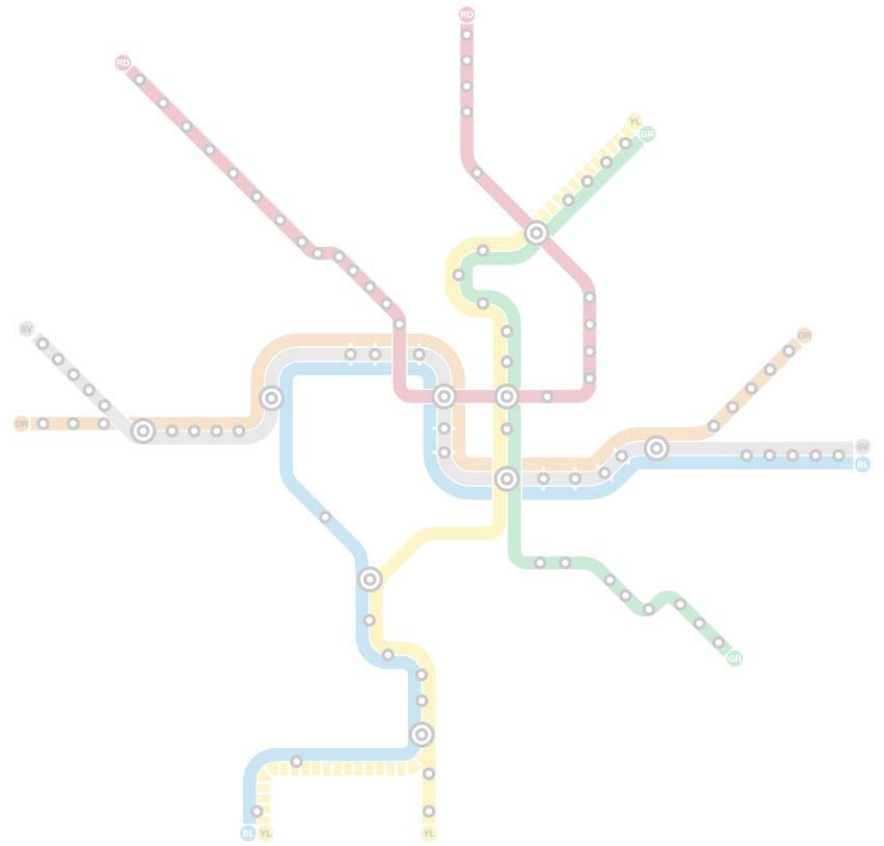
## Capital Funding

(\$ in Millions)		FY2019 Budget	FY2019 Update	Variance
<b>Federal Funding</b>	<b>Federal Grants</b>	<b>\$459</b>	<b>\$503</b>	<b>\$44</b>
<b>State &amp; Local Funding Contribution</b>	District of Columbia	\$125	\$125	
	Maryland	\$158	\$158	
	Virginia	\$241	\$241	
	Debt Funding	\$263	\$263	
<b>Total State &amp; Local</b>		<b>\$787</b>	<b>\$787</b>	<b>\$0</b>
	<b>Reimbursable Projects</b>	<b>\$33</b>	<b>\$42</b>	<b>\$10</b>
	<b>Additional Debt &amp; Other Sources</b>		<b>\$101</b>	<b>\$101</b>
<b>Total</b>		<b>\$1,279</b>	<b>\$1,434</b>	<b>\$154</b>

# Recommendation

- Approve amendments to FY2019 Budget to fund L922 labor agreement and additional capital investments

# Appendix





# FY2019 Capital Improvement Program Amendment

## Track and Structures Investments

Replace, rehabilitate, maintain, and upgrade track and rail infrastructure including bridges, tunnels, and cross-overs

Planned Investment	FY2019 Budget	FY2019 Forecast	Variance
Track and Structures Programs	\$105	\$153	\$48

Active Projects	Project Development/ Procurement	Development & Evaluation
<ul style="list-style-type: none"><li>• Track Rehabilitation and Preventive Maintenance Programs</li><li>• Tunnel Lighting Program</li></ul>	<ul style="list-style-type: none"><li>• Tunnel Water Mitigation Program</li><li>• Track Maintenance Equipment</li><li>• Bridge &amp; Aerial Structure Rehabilitation &amp; Maintenance Program</li></ul>	<ul style="list-style-type: none"><li>• Blue, Orange, Silver Line Corridor Reliability &amp; Capacity Alternatives Analysis (Potential Rosslyn Tunnel)</li><li>• Capacity &amp; Reliability of D&amp;G Junction Near Stadium-Armory</li></ul>

Notes: Expenditure forecast as of December 2018. Dollars in millions.

# FY2019 Capital Improvement Program Amendment

## Station and Passenger Facility Investments

Construct, replace, and rehabilitate rail station and passenger facilities

Planned Investment	FY2019 Budget	FY2019 Forecast	Variance
Station and Passenger Facility Programs	\$252	\$338	\$86

### Active Projects

- Elevator & Escalator Rehabilitation & Replacement
- Station Lighting & Cooling Programs
- Parking Garage Rehabilitation
- Station Entrance Canopies
- Silver Line Extension Construction Support (Reimbursable)
- Potomac Yard Station (Reimbursable)

### Project Development/Procurement

- Station Platform Rehabilitation Program
- Bicycle & Pedestrian Access Improvement Program
- Union Station Entrance Improvements

### Development & Evaluation

- Station Customer Circulation & Access Improvements (Core Stations & Jurisdiction-Sponsored Projects)
- Shady Grove Station & Track Infrastructure
- Station Audio & Digital Signage Improvements

Notes: Expenditure forecast as of December 2018. Dollars in millions.

WASHINGTON METROPOLITAN AREA TRANSIT AUTHORITY

# FY2019 Capital Improvement Program Amendment

## Business Support Investments

Acquire, rehabilitate and maintain support facilities, information technology infrastructure and systems, and other equipment and infrastructure to support safe and reliable transit service and business functions

Planned Investment	FY2019 Budget	FY2019 Forecast	Variance
Business Support Programs	\$100	\$203	\$103

### Active Projects

- WMATA Office Consolidation Project
- Roof Rehabilitation
- IT Infrastructure & System Improvements

### Project Development/ Procurement

- Rail & Bus Control Centers
- Financial System Upgrades

### Development & Evaluation

- Asset Management and Work-Order System Upgrades
- Data Center Replacement

Notes: Expenditure forecast as of December 2018. Dollars in millions.

WASHINGTON METROPOLITAN AREA TRANSIT AUTHORITY

SUBJECT: AMEND FISCAL YEAR 2019 BUDGET FOR LOCAL 922 COLLECTIVE BARGAINING AGREEMENT AND INCREASED CAPITAL PROJECT COSTS

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

WHEREAS, Resolution 2011-30 requires approval of the Board of Directors to adjust the total operating and capital budgets; and

WHEREAS, WMATA reached a contract settlement with the International Brotherhood of Teamsters Local 922, which increased personnel expenses for Fiscal Year (FY) 2019; and

WHEREAS, WMATA has increased the amount of capital investment in FY2019, resulting in additional costs for FY2019 capital budget to fund the platform reconstruction program, increase track rehabilitation and preventive maintenance, the Potomac Yard design-build, and the accelerated office consolidation program;


NOW, THEREFORE, be it

*RESOLVED*, That the FY2019 operating budget is increased by \$1.146 million to be shared by the jurisdictions as shown in Attachment A; and be it further

*RESOLVED*, That the FY2019 capital budget is increased by \$154 million to be funded by additional grants, the use of the lines of credit, and other sources as shown in Attachment B; and be it finally

*RESOLVED*, That this Resolution shall be effective 30 days after adoption in accordance with § 8(b) of the WMATA Compact.

Reviewed as to form and legal sufficiency,

  
for Patricia Y. Lee  
General Counsel

WMATA File Structure No.:  
4.2.2 Fiscal Year Budgets

PROPOSED

## Attachment A

### Operating Subsidy by Jurisdiction

FY2019 with Subsidy for Local 922			
	FY2019 Approved	L922 Adjustment	Total FY2019 with L922
District of Columbia	\$391,647,117	\$480,054	\$392,127,171
Montgomery County	\$181,949,079	\$169,709	\$182,118,788
Prince George's County	\$231,365,806	\$194,622	\$231,560,428
Maryland Subtotal	\$413,314,884	\$364,332	\$413,679,216
City of Alexandria	\$44,786,228	\$54,796	\$44,841,023
Arlington County	\$75,262,278	\$88,026	\$75,350,304
City of Fairfax	\$2,487,822	\$2,030	\$2,489,853
Fairfax County	\$149,018,181	\$152,251	\$149,170,432
City of Falls Church	\$3,130,080	\$4,448	\$3,134,528
Loudoun County	\$0	\$0	\$0
Virginia Subtotal	\$274,684,588	\$301,551	\$274,986,140
Total Contribution	\$1,079,646,590	\$1,145,937	\$1,080,792,527



## Attachment B

### Capital Improvement Program - Allocation of Federal, State & Local Resources

(\$ in Millions)		FY2019 Budget	FY2019 Forecast	change
<b>Federal Funding</b>	<b>Federal Grants</b>	<b>\$459</b>	<b>\$503</b>	<b>\$44</b>
<b>State &amp; Local Funding Contribution</b>	District of Columbia	\$125	\$125	\$0
	Maryland	\$158	\$158	\$0
	Virginia	\$241	\$241	\$0
	Debt Strategy	\$263	\$263	\$0
<b>Total State &amp; Local</b>		<b>\$787</b>	<b>\$787</b>	<b>\$0</b>
	<b>Reimbursable Projects</b>	<b>\$33</b>	<b>\$42</b>	<b>\$10</b>
	<b>Additional Debt Funding &amp; Other Sources</b>		<b>\$101</b>	<b>\$101</b>
<b>Grand Total</b>		<b>\$1,279</b>	<b>\$1,434</b>	<b>\$154</b>