



Finance and Capital Committee

Information Item III-B

January 10, 2019

**Quarterly Capital Plan Execution Update and
Capital Budget Work Session**

Washington Metropolitan Area Transit Authority

Board Action/Information Summary

☐ Action ☒ Information

MEAD Number:
202057

Resolution:
☐ Yes ☒ No

TITLE:

FY2020 Capital Budget Work Session

PRESENTATION SUMMARY:

In this session, staff will provide additional information on the proposed capital budget for the Committee's consideration.

PURPOSE:

Staff will provide the Committee with an update on the capital program as well as additional information in response to Board member questions for the work session on the FY2020 proposed capital budget.

DESCRIPTION:

Key Highlights:

Following the General Manager/Chief Executive Officer's (GM/CEO) proposal of the FY2020 budget in November, the Finance and Capital Committee is convening work sessions to review the budget in greater detail. This is the second work session, focused on delivery of the capital program and how the proposed capital budget supports this program.

Background and History:

The GM/CEO's recommended budget totals \$3.4 billion, including \$2.0 billion of operating expenses and \$1.4 billion in capital program spending in FY2020 and is grounded in the principles set forth in the Keeping Metro Safe, Reliable and Affordable (KMSRA) plan endorsed by the Board in 2017.

Discussion:

The FY2020 Budget and FY2020-2025 Capital Improvement Program (CIP) priorities include the following:

- Improve safety for customers, employees and contractors
- Improve service reliability and enhance customer experience
- Increase efficiency and reduce future operating costs to improve financial stability

- Invest federal, jurisdiction and dedicated funding wisely
- Develop and evaluate projects to address priority system preservation and state of good repair needs and proactively plan for future needs
- Pursue reauthorization of federal PRIIA to avoid need for \$750 million increase in contributions from jurisdictions over five years

To deliver on these priorities and build on successful delivery of the capital program over the last three years, Metro is focused on key program planning and management objectives in FY2019 and FY2020, including:

- Deliver active projects efficiently and effectively and accelerate execution of priority projects that improve safety, compliance, reliability, customer service and long-term cost-savings
- Develop pipeline of projects prioritizing safety, reliability and state of good repair
- Publish and implement FTA-compliant Transit Asset Management Plan
- Build capacity to manage larger capital program and to plan and execute more capital projects
- Implement improved capital planning and programming practices including Development and Evaluation program to ensure project readiness for programming and execution
- Refresh WMATA's prioritized Capital Needs Inventory last updated in 2016 and incorporate additional asset condition data
- Formalize capital program management policies and procedures for FY2021-2026 and beyond
- Develop and report on additional capital program-wide performance metrics

The proposed FY2020 capital budget of \$1.4 billion and six-year capital plan of \$9.2 billion include investment in ongoing projects, prioritized system preservation and renewal needs from the Capital Needs Inventory. The six-year plan includes \$436 million of reimbursable projects such as the Silver Line, the Potomac Yard infill station, and the Purple Line.

Federal funding through the Passenger Rail Investment and Improvement Act (PRIIA) ends in Federal FY2019; without reauthorization from Congress, capital contributions from jurisdictions will increase by nearly \$750 million over five years. With PRIIA, Jurisdictional Match and System Performance requirements will total \$2.6 billion over six years. Without PRIIA, Jurisdictional Match and System Performance will need to increase to \$3.3 billion over that time frame.

The presentation includes an update on progress in delivery of the FY2019 capital program, an overview of major investments in the CIP. Responses to Board member questions regarding the proposed FY2020 capital budget are included as an attachment.

FY2019 Capital Program Delivery

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 previous forecasts. Management is refining the forecast and will recommend an FY2019 capital budget amendment to the Board in spring 2019.

FUNDING IMPACT:

Information item only, no immediate impact on funding.

TIMELINE:

Previous Actions	November 2018 - GM/CEO proposal of FY2020 operating budget and FY2020-2025 Capital Improvement Program November 2018 - Operating budget work session December 2018 - Board authorization of public hearing and budget deliberations
Anticipated actions after presentation	January/February 2019 – Staff will conduct Compact Public Hearings and solicit public feedback on the FY2020 operating budget and FY2020-2025 Capital Improvement Program March 2019 - Return to the Board with a Compact Public Hearing Staff Report March 2019 - Request approval of the FY2020 Operating Budget and FY2020-2025 Capital Improvement Program

Capital Program Update and Committee Work Session

Finance & Capital Committee

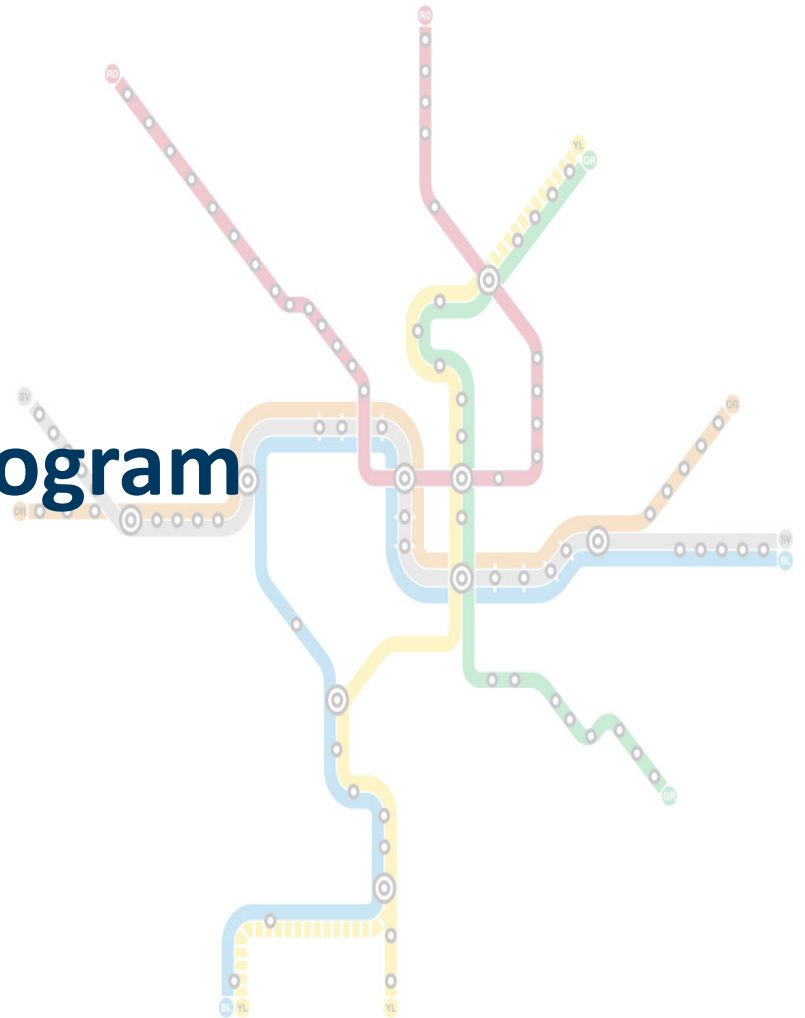
January 10, 2019



Capital Program Updates and Committee Work Session:

- Capital Improvement Program Overview
- FY2019 Capital Program Financial Update
- Committee Discussion

Capital Improvement Program Overview



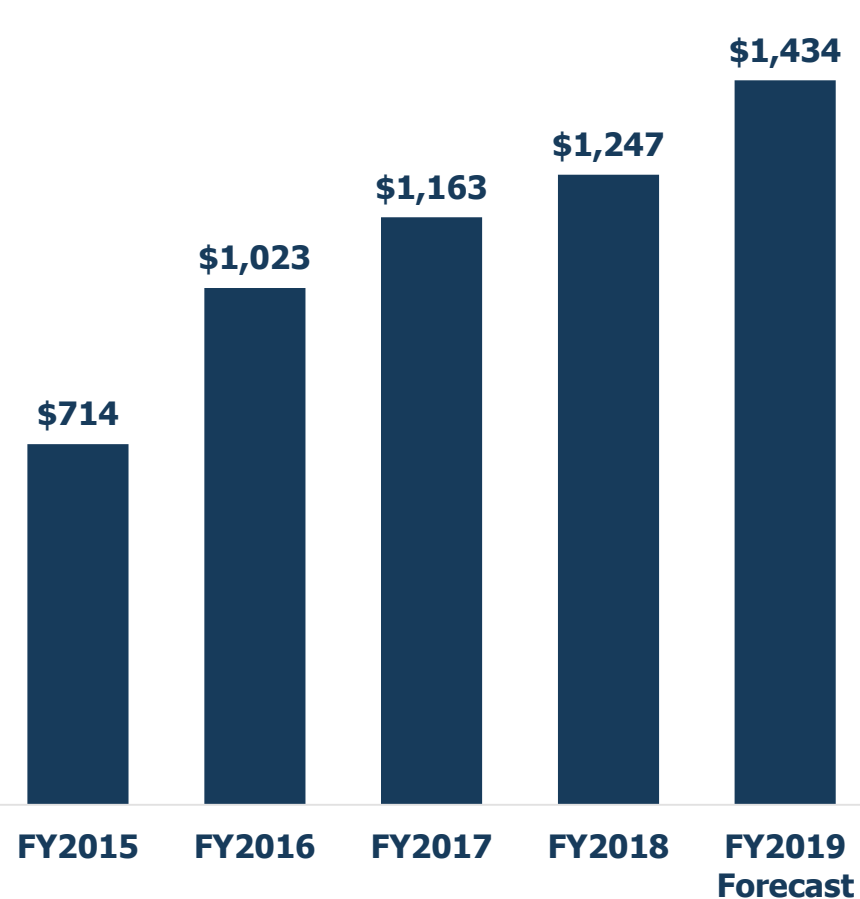
Capital Program Priorities

- Improve **safety, service reliability** and **financial stability**
- Invest federal, jurisdiction and dedicated funding wisely
- Develop and evaluate projects prioritizing system preservation and state of good repair and planning for future needs
- Pursue **reauthorization of federal PRIIA** to avoid need for \$750 million increase from jurisdictions over five years

Capital Improvement Program

Improving Capital Program Delivery and Service Reliability

Capital Program Investment Ramp-Up



Resulting Improvements

- 600+ 7000 Series Railcars in Service
- Railcar Performance Highest in Eight Years
- Track Rehabilitation & Preventive Maintenance Programs Reducing Incidents and Delays – 66% fewer insulator-related smoke/fire incidents
- 90% of Rail Trips On-Time in September 2018 – highest Performance in More than Seven Years
- Underground Wireless Availability Expanding
- Brighter & Energy Efficient Station Lighting
- New Buses & MetroAccess Vehicles in Service
- New Cinder Bed Road Bus Facility Open & Andrews Federal Center Nearing Completion

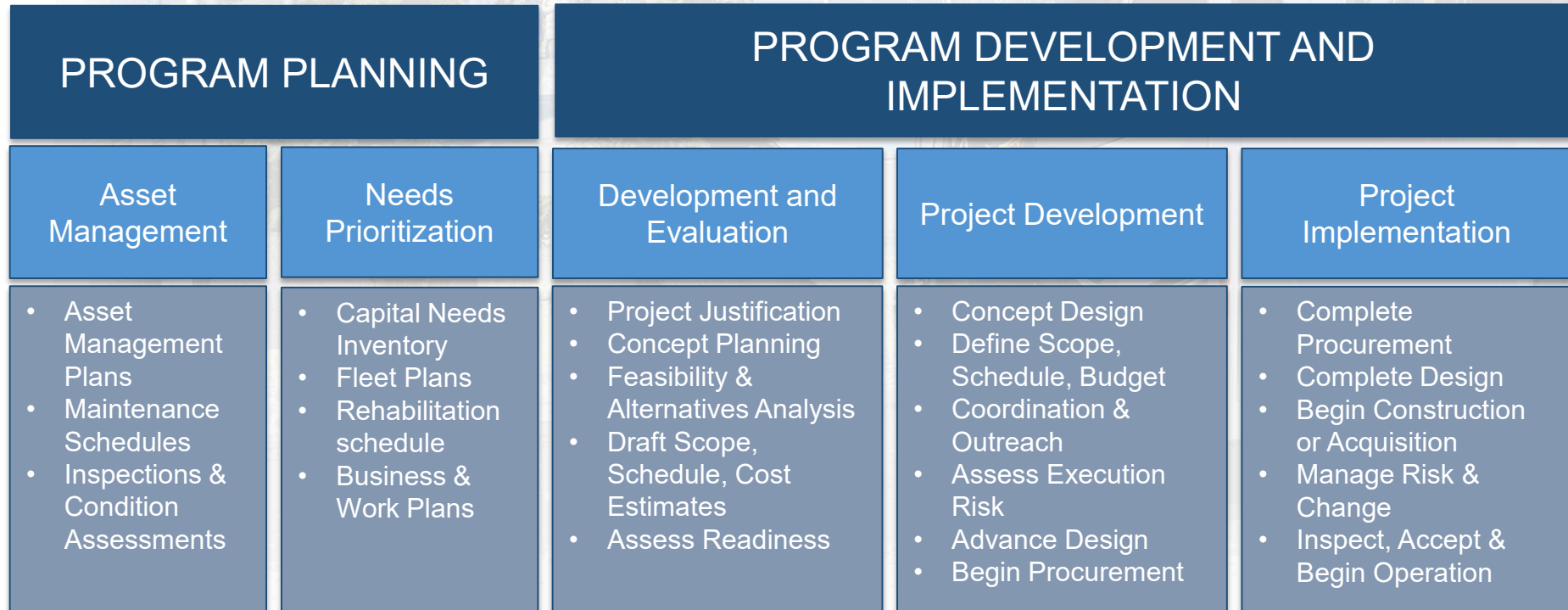
Notes: FY2019 expenditure forecast as of December 2018. Dollars in millions.

Capital Program Planning and Management Updates

Capital Program Management Emphasis for FY2019-2020

- Deliver active **safety and reliability projects** efficiently and effectively and **accelerate** execution of priority projects
- Develop **pipeline of projects** prioritizing safety, reliability and state of good repair
- Publish and implement FTA-compliant **Transit Asset Management Plan**
- **Build capacity to manage** larger capital program and to plan and execute more capital projects
- Implement **improved capital planning and programming** practices including Development and Evaluation program
- Refresh prioritized **Capital Needs Inventory** last updated in 2016 and incorporate additional asset condition data
- Formalize program management policies and procedures for FY2021-2026 and beyond
- Develop and report on additional capital program-wide **performance metrics**

Capital Program Planning and Management Process



FY2020-2025 Proposed Capital Improvement Program

Railcar Investments

Acquire, rehabilitate, and maintain railcars and facilities in state of good repair

Active Projects		Project Development/ Procurement		Development & Evaluation	
<ul style="list-style-type: none">• 7000 Series Railcars - 748 cars in service in 2019• Railcar Rehabilitation & Maintenance Programs		<ul style="list-style-type: none">• 8000 Series Railcars• Railcar Heavy Maintenance & Overhaul Facility		<ul style="list-style-type: none">• Rail Yard Facility Rehabilitation & Upgrade Program	
Planned Investment		FY2019	FY2020	Six Year	
Railcar Programs		\$369	\$255	\$1,783	

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

FY2020-2025 Proposed Capital Improvement Program

Rail Systems Investments

Replace, rehabilitate and maintain rail power, signal and communications systems in a state of good repair

Active Projects

- Radio & Wireless Upgrades – cellular in all underground in 2020; radio system deployed by 2022
- Rail Power System Rehabilitation (Systemwide) & Upgrades (Orange/Blue/Yellow Lines)
- Train Control System Rehabilitation

Project Development/Procurement

- Rail Power System Upgrades (Red, Yellow, Green Lines)

Development & Evaluation

- Train Control System Modernization

Planned Investment

FY2019

FY2020

Six Year

Rail System Programs

\$174

\$187

\$1,225

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

FY2020-2025 Proposed Capital Improvement Program

Track and Structures Investments

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

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

Planned Investment	FY2019	FY2020	Six Year
Track and Structures Programs	\$153	\$171	\$1,491

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

FY2020-2025 Proposed Capital Improvement Program

Station and Passenger Facility Investments

Construct, replace, and rehabilitate rail station and passenger facilities

Active Projects	Project Development/ Procurement	Development & Evaluation
<ul style="list-style-type: none">• Elevator & Escalator Rehabilitation & Replacement• Station Lighting & Cooling Programs• Parking Garage Rehabilitation• Station Entrance Canopies• Silver Line Extension Construction Support (Reimbursable)• Potomac Yard Station (Reimbursable)	<ul style="list-style-type: none">• Station Platform Rehabilitation Program• Bicycle & Pedestrian Access Improvement Program• Union Station Entrance Improvements	<ul style="list-style-type: none">• Station Customer Circulation & Access Improvements (Core Stations & Jurisdiction-Sponsored Projects)• Shady Grove Station & Track Infrastructure• Station Audio & Digital Signage Improvements

Planned Investment	FY2019	FY2020	Six Year
Station and Passenger Facility Programs	\$338	\$360	\$2,066

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

FY2020-2025 Proposed Capital Improvement Program

Bus and Paratransit Investments

Acquire, rehabilitate, and maintain buses and paratransit vehicles and supporting facilities and systems in a state of good repair

Active Projects

- New Buses – 122 planned for FY2020
- New MetroAccess Vehicles – 275 planned for FY2020
- Bus Rehabilitation & Maintenance Programs
- Andrews Federal Center Bus Facility – Open for operation in 2019

Project Development/Procurement

- Replacement of Bladensburg Bus Garage
- Replacement of Northern Bus Garage
- Transit Signal Priority Program Expansion
- Bus Shelter Replacement Program

Development & Evaluation

- Bus Transformation Strategy
- Western Bus Garage Replacement
- Bus Facility Rehabilitation Program

Planned Investment

FY2019

FY2020

Six Year

Bus and Paratransit Programs

\$197

\$205

\$1,374

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

FY2020-2025 Proposed Capital Improvement Program

Business Support Investments

Acquire, rehabilitate, and maintain support facilities, information technology infrastructure and systems, and other equipment and infrastructure

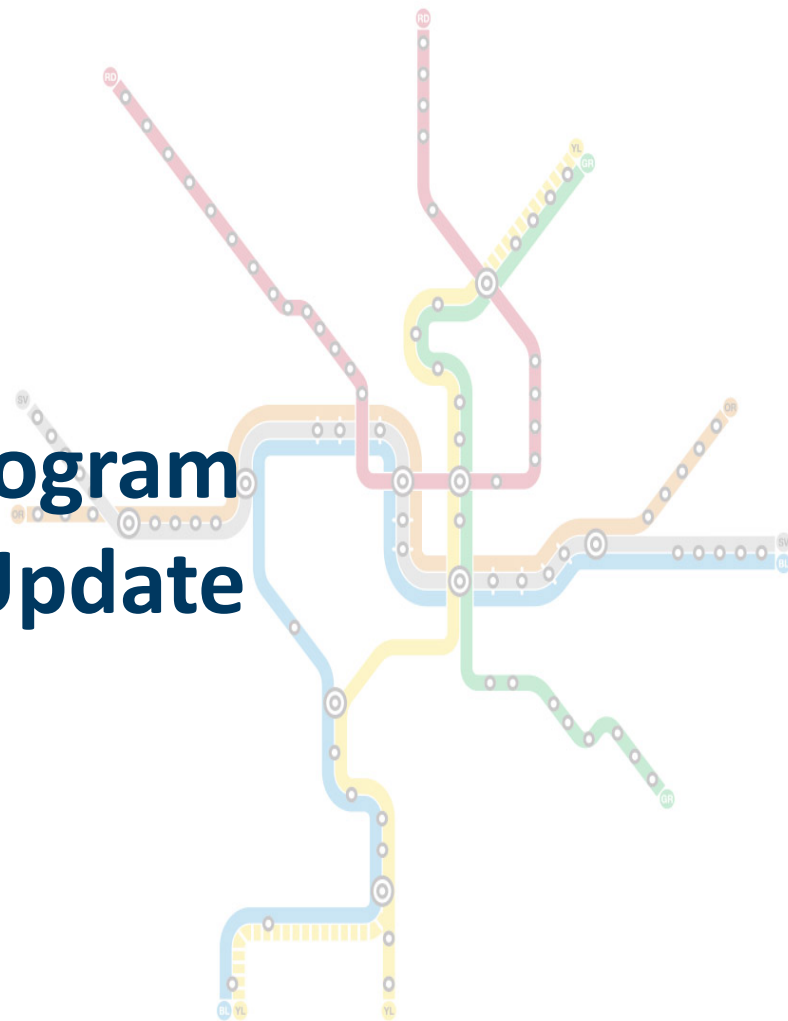
Active Projects		Project Development/ Procurement		Development & Evaluation	
<ul style="list-style-type: none">• WMATA Office Consolidation Project• Roof Rehabilitation• IT Infrastructure & System Improvements		<ul style="list-style-type: none">• Rail & Bus Control Centers• Financial System Upgrades		<ul style="list-style-type: none">• Asset Management and Work-Order System Upgrades• Data Center Replacement	
Planned Investment		FY2019		FY2020	
Business Support Programs		\$203		\$174	

FY2020-2025 Proposed Capital Improvement Program

Planned Investment	FY2019 Forecast	FY2020 Proposed	Six Year
Railcars	\$369	\$255	\$1,783
Rail Systems	\$174	\$187	\$1,225
Track and Structures	\$153	\$171	\$1,491
Stations and Passenger Facilities	\$338	\$360	\$2,066
Bus and Paratransit	\$197	\$205	\$1,374
Business Support	\$203	\$174	\$1,302
Total	\$1,434	\$1,352	\$9,241

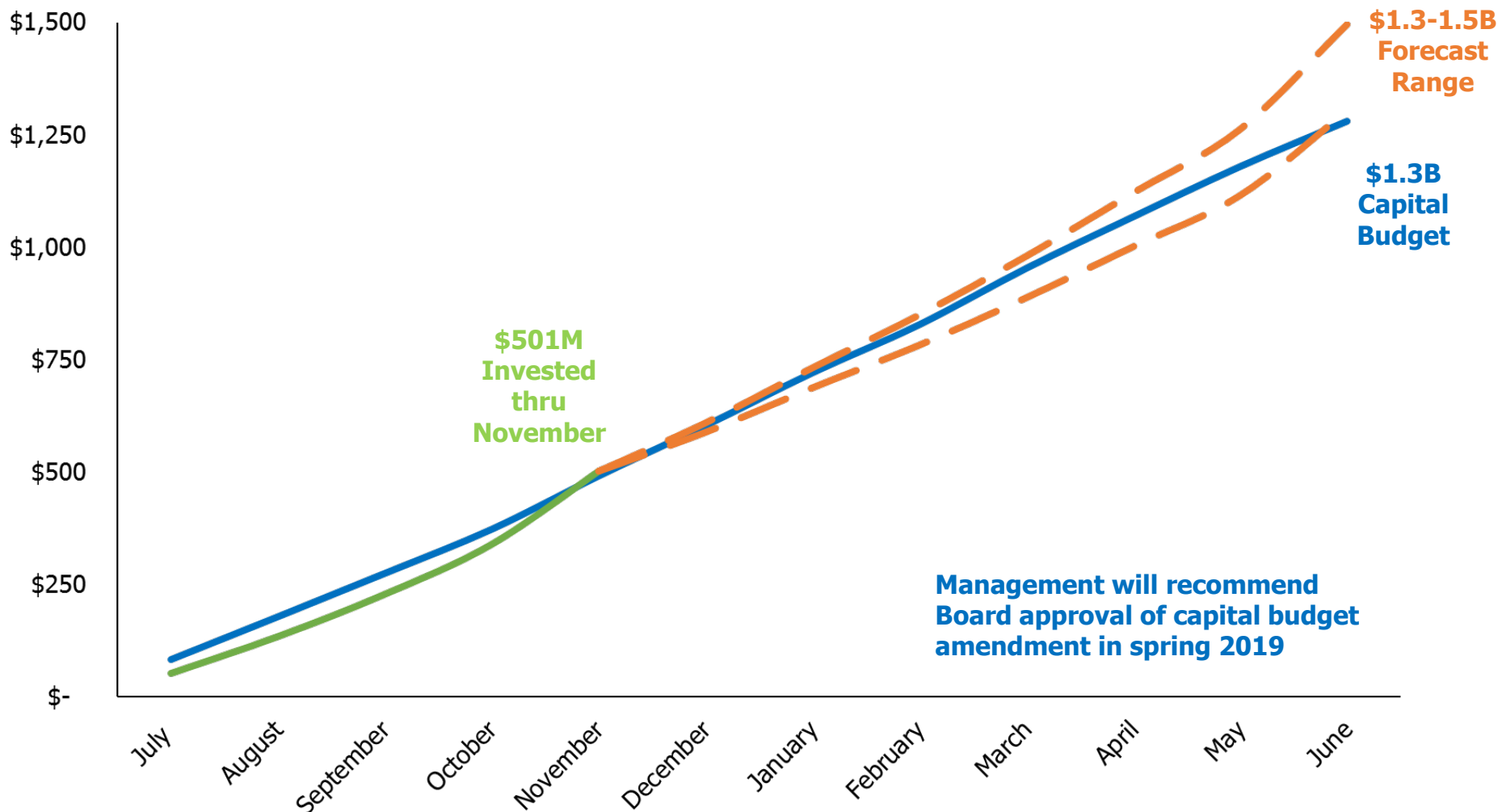
Notes: FY2019 expenditure forecast as of December 2018. Dollars in millions.

Capital Improvement Program FY2019 Capital Budget Update



FY2019 Capital Program Forecast

FY2019 Capital Delivery Forecast \$1.4 billion



FY2019 Capital Program Forecast

Planned Investment	Budget	Forecast	Variance	Status
Railcars	\$445	\$369	(\$76)	7000 series railcar deliveries behind forecast – issues resolved; some deliveries potentially delayed to early FY2020
Rail Systems	\$173	\$174	\$1	Station lighting & station cooling programs accelerated
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 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
Total	\$1,279	\$1,434	\$154	

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

FY2020 Operating Budget and FY2020-2025 Capital Improvement Program Timeline:

- **January – February 2019:** Budget Deliberations, Public Outreach and Public Comment Period
- **March 2019:** Board Adoption of FY2020 Budget and Six-Year CIP
- **April 2019:** Management Submits Federal Grant Applications
- **July 2019:** Fiscal Year 2020 Begins

**Washington Metropolitan Area Transit Authority
FY2020 Proposed Capital Budget and FY2020-2025 Capital Improvement Program
Board Member Questions and Answers**

Railcar Investments

- 1. If WMATA buys married quads for the 8000 series cars it will eliminate the option of operating six-car trains. What is the justification for the extra financial cost and personal safety cost of running all 8-car trains at all times especially in light of the spirit (if not the requirements) of the three percent subsidy growth cap? (Evans)**

The General Manager's proposed budget recommends that all trains be increased to their maximum length of eight cars to increase capacity and reduce crowding. The service improvement would also allow Metro to simplify its yard and maintenance operations by standardizing trainsets (i.e. reducing the need to continually add and remove cars to trains). The proposal would improve passenger safety by reducing platform crowding. As proposed, the expansion to eight car trains on all lines is a new initiative to drive ridership growth for the Board's consideration and above the three percent subsidy growth cap.

- 2. Given that capital investment choices have implications for operating costs (e.g. procuring railcars that only operate in 8-car trains), how can management and the board take into account the spirit of the three percent cap to shape future capital investment decision making? (Evans)**

Corrective maintenance and emergency repairs are expensive and negatively impact both the capital and operating budgets. On the capital side, depending on the assets involved, emergency or corrective actions can be more expensive than regularly scheduled replacement or rehabilitation. On the operating side, emergency repairs can result in unscheduled service reductions or shut downs. Proactively scheduled capital programs help mitigate these risks by replacing or rehabilitating physical assets before failure and/or before the cost profile of repairs exceeds the replacement value threshold – all while avoiding unscheduled service disruptions.

Metro will continue to improve capital program planning and development to reduce disruptive unplanned maintenance and transition to predictable planned maintenance and capital projects. Among the many strategies called out in Metro's Transit Asset Management Plan, Metro will implement more sophisticated lifecycle costing and formal evaluation of technological improvements as part of its capital investment decision-making process.

- 3. Provide a more detailed timeline for the 8000 Series railcar acquisition project working back from delivery of new railcars in FY2023. When is contractor to be selected; when final design agreed; when construction starts; testing; etc. How does the projected cost per car compare with the 7000 Series cars? (Goldman)**

The 8000-Series request for proposals was issued in September 2018. The program schedule is not yet confirmed, but Metro anticipates that the contract will be awarded in CY2020, final design will be completed by CY2022 and that production will begin in CY2023. Metro is currently in the procurement phase and, to ensure a fair and competitive process, cannot disclose internal cost estimates at this time.

Station & Passenger Facilities Investments

- 1. Provide a breakdown of the various projects under the \$ 359 M budgeted for Station & Passenger Facilities in FY20. How much for platform reconstruction, fare collection and other projects listed. Will all of fare collection projects be completed in FY20? (Goldman)**

The FY2020 planned investment for the Station and Passenger Facilities program includes \$118 million for recurring state of good repair (SGR) programs and minor projects. Annual SGR investments include: \$40 million for the rehabilitation and replacement of elevators and escalators, \$13 million for the rehabilitation of parking

garages and surface lots, \$10 million for improvements to fire systems and stand pipe replacement, and \$7 million to replace station cooling systems that are at the end of their useful life.

This program category includes \$225 million of investments in major projects. This includes more than \$72 million of investment in jurisdictionally-funded reimbursable projects such as Potomac Yard Station, Purple Line and Silver Line project support and the Union Station entrance improvements. The FY2020 proposed budget includes \$88 million for the Platform Rehabilitation project, \$31 million to advance upgrades to station lighting, and \$26 million for Fare Collection Modernization, a multi-year program that will continue beyond FY2020 primarily to replace aging and unreliable equipment and systems, including fare gates and bus fareboxes.

Additionally, \$11 million is planned for initiatives in the Development and Evaluation program including feasibility analysis and preliminary engineering for station capacity improvements and potential improvements to technology at parking facilities.

Fare Collection

1. Will the Board receive a presentation on the fare collection hardware replacement program? What is the spending level and schedule for this project in the CIP? (Evans)

Staff will provide the Board with an update on the status and plans for the fare collection system hardware and software. Currently, the system hardware components, faregates and fare vending machines on the rail system and bus fareboxes, are at the end of their useful life, with frequent equipment failures. This aging equipment is not only expensive to maintain and repair, but the failures reduce revenue collections; both of these impacts put additional pressure on subsidy growth that is limited to three percent. Work is currently underway to solicit system integration services and faregates. The multi-year capital investment for this program spans multiple software and hardware systems and is in development. In FY2020, Metro plans to invest \$26 million primarily in three efforts: a mobile application for fare payment, replacement faregates, and bus farebox hardware and software updates.

2. Will the Board receive a presentation on the planned replacement of fare vending machines? What is the spending level and schedule for this project in the CIP? (Evans)

See response to question #1 above.

Operational Changes Linked to Capital Projects

1. What are the capital budget implications of the FY2020 New Initiatives that the GM has proposed? Can staff outline the short, medium, and long-term capital investment needs that the service changes require (if any)? (Evans)

The GM's FY2020 new initiatives do not require any infrastructure improvements in the near term. The proposed additional service will marginally increase the level of railcar and track maintenance that is required in the long term.

2. Investments to upgrade the D and G turnback east of Stadium-Armory station or construction of a new, simpler turnback immediately east of the station to turn Silver line trains, as originally intended in the Silver line EIS, offer opportunities for significant operating budget savings. What is the status of this project?

Metro is preparing to move the conceptual design for an upgraded D&G Junction into full Project Development, address any potential environmental review requirements, and arrive at a contract document suitable for construction procurement. This work is scheduled to begin in March 2019. There is close coordination between this project and state of good repair rehabilitation work at this location.

3. When will WMATA conduct, via a procurement, a bona fide market test of the value of its parking assets under a long-term concession? (Horner)

Metro issued a long-term concession Request for Proposals (RFP) in September 2016, which was withdrawn at the request of the Board in November 2016. Two consultants (McKinsey and PFM Financial Advisors) have separately evaluated the concession option and both have recommended generating more detailed and reliable data about the parking asset before issuing a new RFP. From Metro's perspective, any concession agreement must increase annual net operating revenue to Metro above current revenues received (approximately \$37 million/year in net operating income). Given recent years' ridership and parking utilization declines, in May 2018 the Capital and Strategic Planning Committee directed staff to retain the parking portfolio until ridership stabilized and to reassess the concession opportunity every two years.

Staff is implementing the recommended next steps, which are to:

- Enhance the value of the portfolio by increasing parking revenues
- Better manage asset conditions, which in turn should improve concessionaire responses to a future RFP
- Divide the portfolio into phases
- Reduce and/or clarify legal obligations related to managing the parking portfolio
- Continue outreach to concessionaire marketplace to maintain interest

4. Metro's energy costs are projected to grow to \$150M annually by 2025. Will Metro be providing reports on implementation and performance of energy efficient investments/energy use analysis from the capital investment in Enterprise Energy Management Software (p.81)? (Crawford)

Energy costs are Metro's largest non-personnel operating expense. Controlling these costs is paramount to controlling overall operating expenses, reducing exposure to budget risk, and continuing to provide efficient public transit for the region. Metro's Energy Action Plan lays out a path to control those costs. Implementation of the Energy Action Plan is projected to limit Metro's average annual energy cost growth to 1.7% compared to 3.0% annually as projected under business-as-usual conditions. Metro's Enterprise Energy Management software is being used to monitor energy use improvements and inform additional actions. Metro will also publish annual performance reports on the energy action plan implementation and benefits.

5. In previous Board presentations on the Office Consolidation strategy, savings of \$130 million were cited, and a schedule was presented that showed the acquisition of MD & VA offices by FY19 Q4. Now, however, the FY20 proposed budget shows both schedule and costs for Office Consolidation "to be determined" (p 76). (similar concern to our question above). How can WMATA cite savings to be realized if costs have yet to be determined? How and when will income from ground lease of the JGB site be presented/shared? (Crawford)

The projected savings are based on an analysis of estimated costs and expenses over a 20-year period for nine facilities under a "do nothing" alternative compared with a strategy to consolidate and relocate Metro's offices. The savings estimates of the strategy considered the reduction of 100,000 square feet that would be achieved by consolidating multiple inefficient offices, plus the avoidance of cost for swing space and multiple moves. The FY20 budget identifies schedule and project costs for the office consolidation as "to be determined" because specific project costs for the Maryland and Virginia buildings will be determined once the scope of each facility is defined. The ground lease income for the JGB site will be determined by competition, when developers and investors bid to lease the JGB site; the solicitation for the JGB site will be released Spring 2019.

Budget Publication

- 1. In Chapter 5, a number of program items show a schedule “to be determined” (when in previous year there was a schedule) and an ‘order of magnitude estimate” note with a greater than \$100 million or greater than \$50 m note for instance instead of total project cost (as was included last year). This includes platform rehabilitation, fare collection modernization, and fire alarm system upgrades. Why are there fewer details available for these program items this year, after the projects have already begun, than last year. Have the details on these programs changed? If so, what are the changes, and why were they made? What is the impact of the changes on these programs? It would seem that project details would become more clear over time, not less so. Why is less detail being presented now? (Crawford)**

Previous budget documents included estimates for project costs and schedules based on a capital need. Going forward, Metro will establish specific program and project budgets when scope, schedule and cost estimates are defined through the development and evaluation program. The multiyear CIP includes order-of-magnitude estimates to address known capital needs. Later this month Metro will publish a capital program document that includes details on capital projects in development.

- 2. If the Board approved in Nov. 2018 a public hearing for a heavy rail repair/overhaul facility (Pennsy Drive) with an estimated cost of \$300-400 million, then why are Railcar Maintenance Facilities reporting a \$0 expense under major active capital projects (p.64)? (Crawford)**

The FY2020 Proposed Budget publication incorrectly categorized the Heavy Repair and Overhaul Facility as a State of Good Repair investment in the Railcar Maintenance Facilities program (\$356 million- page 64). When the final budget book is published this project will be identified as a Major project under Railcar Maintenance Facilities.

Program Funding

- 1. Will staff be circulating a revised table of jurisdictional capital contributions based on the Proposed Operating Subsidy Allocation V6 included in the November 15, 2018 Operating Budget Work Session? (Evans)**

A table showing the proposed capital contributions by jurisdiction is included on page 63 of the FY2020 Proposed Budget, available [online](#). The jurisdiction funding for the FY2020 plan was calculated per the Capital Funding Agreement and the Board Resolutions for the Subsidy allocation method.

- 2. As indicated in previous responses to WMATA Board member questions, WMATA staff have generated an alternative subsidy allocation formula for operating costs. Please describe the methodology and provide documentation of these changes and outline how these changes would impact jurisdictional capital allocations and obligations. (Dorsey)** See response to question #1 above.
- 3. The FY2020 capital budget proposes to collect more revenue from the localities than is needed to fund the FY2020 budget. As answered in previous work sessions, WMATA has indicated it plans to hold the extra dedicated funding for future year expenditures. In Virginia, regional transportation funds were diverted to the WMATA capital fund to be spent on urgent capital needs. Please provide an updated alternative Financial Plan (page 63 of the budget book) that bills the localities for what is expected to be expended each fiscal year and reduces their obligation based on their relevant share of dedicated capital funding. (Dorsey)**

As described in the presentation, forecasted delivery of the FY2019 capital program is exceeding expectations. The Keeping Metro Safe, Reliable and Affordable (KMSRA) plan calls for Metro to ramp up to deliver an average of \$1.5 billion in capital investments each year. In the last five years, program delivery climbed from approximately \$714 million in FY2015 to \$1.25 billion in FY2018. In keeping with the KMSRA commitment to prioritize investments in safety and reliability, the capital forecast for FY2019 now exceeds \$1.4 billion.

Three factors are primarily responsible for the forecast change: certain projects are proceeding ahead of schedule, bid costs are higher than estimates due to market forces, and project scopes are being adjusted to leverage opportunities to address additional needs. As a result of these dynamics, the FY2019 capital program forecast has increased by more than \$150 million. This increase is consistent with the sum of the “under” amounts shown in FY2020 and FY2021 years of the financial plan, so rather than having “extra” funding, the amounts shown in the plan are expected to be fully utilized.

4. What is WMATA’s plan for expenditure and bonding of the dedicated capital funding? When does WMATA intend to start bonding against it and how much? (Dorsey)

Staff is working to refine project schedules and forecasts to prepare for the capital program’s cash flow needs in FY2020 and beyond. This process will develop forecasts of these needs by year, and to the extent that needs exceed the State & Local Contributions shown in the Financial Plan (page 63), management will recommend a strategy to meet cash flow needs, which could include a debt strategy.

5. How does WMATA intend to fund the “over funding” of between \$14.7 million in FY22 to \$192.1 million in FY2025? (Dorsey) See response to question #4 above.