



Finance Committee

Action Item III-B

April 14, 2016

**Approval of FY2017 Capital Budget and
FY2017-2022 Capital Improvement Program**

Washington Metropolitan Area Transit Authority

Board Action/Information Summary

☒ Action ☐ Information

MEAD Number:
201729

Resolution:
☒ Yes ☐ No

TITLE:

Approval of the FY2017 Capital Budget

PRESENTATION SUMMARY:

This presentation will provide information to the Board to inform its decision to adopt the GM/CEO's proposed \$950 million FY2017 Capital Budget and \$6 billion six-year Capital Improvement Program (CIP).

PURPOSE:

Staff seeks Board approval of the updated FY2017 Capital Budget and FY2017-FY2022 Capital Improvement Program.

DESCRIPTION:

Key Highlights:

- The program funds critical safety and security investments for customers and employees, provides for the rehabilitation and replacement of Metro's transit assets, and supports service initiatives to improve reliability and regain customers' trust.
- Total planned FY2017 capital expenditures are \$950 million (as compared to the original December 2015 proposal of \$1.13 billion) and are supported by FTA grant programs and a one-year extension of the current Capital Funding Agreement (CFA).
- In comparison to the December proposal, the updated FY2017 Capital Budget and six-year Capital Program reflect an investment plan that is aligned with achievable project schedules.

Background and History:

The FY2017 budget development process kicked off in September 2015 with staff's presentation of budget and strategic information on the challenges and opportunities facing Metro in the development of the FY2017 budgets, with a focus on identifying and funding key safety and state of good repair investments.

In November, three high-level options were presented for capital investment. The base option maintained current funding levels of approximately \$6 billion over six years to support required safety and state of good repair investment. The other scenarios of \$7 billion and \$8 billion in funding would allow for investment in currently deferred projects,

a contingency for potential additional safety and reliability needs, and additional investments to prepare for the future.

In December, management proposed a six-year, \$6 billion capital investment plan which anticipated \$1.1 billion in capital expenditures in FY2017. The financial assumptions underpinning this proposal included approximately \$4 billion of federal funding and required jurisdictional match, coupled with approximately \$2 billion of additional jurisdictional funding through a combination of system performance funds and long-term debt.

In January and February, discussions on specific items contained within the proposed budget occurred during budget work sessions. The Board also authorized a public hearing on the budget, including the proposed FY2017 'program of projects' (as required for all FTA grant recipients). The hearing and associated public outreach activities were completed in February, and a staff report on all feedback received from the public was provided to the Board as part of the FY2017 operating budget adoption in March.

Discussion:

Updated FY2017 Capital Budget and Extension of Capital Funding Agreement (CFA)

Metro staff and the legal and financial representatives of the Contributing Jurisdictions worked jointly on negotiating a renewal of the current CFA for over a year. During that time, significant progress was made on updates to the legal language of the agreement. However, consensus could not be reached on the estimated program cost of the initial six-year capital program that would be included in a renewed agreement.

Instead, all parties agreed that Metro needs to 'reset' its capital program before a new six-year funding agreement can be finalized. To facilitate this reset, Metro and the Contributing Jurisdictions agreed to a one-year extension of the CFA under the current terms. In March, the Board authorized the GM/CEO to execute this one-year extension.

The one-year CFA extension will support the updated FY2017 capital budget. Metro now estimates that \$950 million of the \$1.1 billion originally proposed in December is achievable in FY2017. This updated budget, which is described below, has expense forecasts aligned with realistic project schedules without shifting priorities away from safety projects. The FY2017 budget is also now programmatically aligned with FTA asset management and grants administration requirements.

FY2016 Investment to Date

Metro has invested \$536 million of the \$1.2 billion FY2016 capital program (44 percent) through February, as summarized in the table below:

FY2016 Capital Program to Date (millions)

Category	FY2016 Budget	FY2016 Thru Feb	Remaining
Railcars	\$342	\$146	\$196
Bus & Paratransit	\$320	\$141	\$179

Vehicles			
Stations & Passenger Facilities	\$213	\$111	\$102
Rail Systems	\$123	\$43	\$80
Track & Structures Rehabilitation	\$114	\$58	\$56
Business Support	\$95	\$38	\$58
TOTAL	\$1,207	\$536	\$671

Through the same period last year, Metro had expended \$314 million of the \$1.1 billion FY2015 capital budget, or 28 percent. Historically, Metro realizes a significant percentage of its total annual capital expenditures in the fourth quarter of each fiscal year. Based on this spending pattern, and given current expenditures through February, management expects total capital investment of \$900 million to \$1 billion by the end of FY2016. There is still significant uncertainty regarding this year-end forecast, which is dependent on 7000 series railcar delivery and acceptance rates, identification of additional track and power needs, and other safety and reliability projects. Staff will provide the Committee with a third quarter capital progress report in May and will present a preliminary FY2016 year end report in September.

FY2017 Capital Investments

A summary of the updated FY2017 capital budget by investment category is provided in the table below, and explanations of the programs and deliverables in each area follows. Additional detail is also included as an attachment.

Investment Category	FY2017 Budget (millions)	% of Total
Railcars	\$354	37%
Bus & Paratransit Vehicles	\$218	23%
Stations & Passenger Facilities	\$133	14%
Rail Systems	\$104	11%
Track & Structures Rehabilitation	\$82	9%
Business Support	\$52	5%
Total Budget	\$950	100%

(In the descriptions below, 'SOGR' refers to State of Good Repair.)

Railcars (\$354 million)

The Railcars investment category comprises 37 percent of the capital budget, with the goal of ensuring a safe and reliable railcar fleet. It contains three programs – Railcar Acquisition (\$203 million); Safety, Reliability & SOGR of the Current Railcar Fleet (\$116 million); and Repair and Upgrade of Railcar Maintenance Facilities (\$35 million). Key deliverables for FY2017 include, but are not limited to: receipt of 144 new 7000 series railcars to replace 1000 series cars (averaging 12 railcars per month); rehabilitation of railcar components including motors, trucks, and doors; and implementation of targeted campaigns and required preventative maintenance to improve safety and reliability. The

railcar program also includes investments to upgrade railcar maintenance facilities, including rehabilitation of railcar shops and the purchase of rail shop equipment utilized in the repair and rehabilitation of railcars.

As of March 31, 2016, Metro has accepted 100 new 7000 series railcars. The original contract schedule required Kawasaki to deliver 364 cars to Metro by February 2017. Assuming a continuation of the current delivery rate of 12 cars per month, Kawasaki will not reach this milestone until January 2018. As the 7000 series railcars are delivered and put into service, the 1000 series railcars can be taken out of service. Metro expects to have disposed of over half of the 1000 series railcars by the end of FY2017 and to have disposed of the entire 1000 series fleet by December 2017.

Bus and Paratransit Vehicles (\$218 million)

The Bus and Paratransit Vehicles category comprises approximately 23 percent of the total capital budget, with the goal of ensuring a safe, reliable and efficient bus and paratransit fleet. The category contains four programs – Bus Rehabilitation/Overhaul (\$81 million), Bus Acquisition (\$67 million), Replacement and Upgrade of Bus Maintenance Facilities (\$55 million) and Paratransit Van Acquisition (\$9 million). The key program deliverables for FY2017 include, but are not limited to: receipt of 69 compressed natural gas buses and 65 diesel electric hybrid buses to replace buses that are at the end of their useful life; overhauling of 100 diesel-electric hybrid buses and rebuilding of various components including engines, axles, and transmissions; receipt of up to 175 replacement paratransit vans and ancillary equipment; completion of foundation work and steel structure erection at the new Andrews Federal Center bus maintenance facility; and completion of site work, access roads and utilities at the new Cinder Bed Road bus maintenance facility.

Stations and Passenger Facilities (\$132 million)

The Stations and Passenger Facilities category comprises 13 percent of the capital budget with the goal of ensuring safe, clean, reliable and customer-friendly stations. It contains five programs – Elevator/Escalator SOGR (\$47 million), Platform & Structural Repairs (\$46 million), Station System Improvements (\$24 million), Fare Collection Renewal (\$10 million), and Parking Facility Rehabilitation (\$4 million). Key program deliverables include, but are not limited to: completion of 20 escalator replacements and 18 rehabilitations; rehabilitation of 12 elevators; retrofit rehabilitation of a structural beam at Farragut North station; upgrades to station lighting at McPherson Square and Federal Triangle rail stations; and rehabilitation of parking facilities at Shady Grove and Franconia-Springfield.

Rail Systems (\$104 million)

The Rail Systems category comprises 11 percent of the capital budget, with the goal of maintaining rail propulsion power systems and upgrading signal and communication systems. It contains two main programs – Signals & Communications (\$63 million) and Propulsion/Power SOGR (\$40 million). The key program deliverables for FY2017 include, but are not limited to: award of the 700MHz radio contract and continuation of system-wide radio infrastructure replacement work, including cable and cellphone infrastructure along portions of the Red Line; complete replacement of second generation GRS track circuits; and traction power circuit inspections and replacement of defective and/or aged components, including power cables, connectors, and mounting materials.

Track and Structures Rehabilitation (\$89 million)

The Track and Structures Rehabilitation category makes up 9 percent of the capital budget, with the goal of maintaining safe and reliable Metrorail track and track infrastructure. Beginning in the fourth quarter of FY2016 and continuing into FY2017, Track and Structures will be implementing a new *Track Quality Improvement Program* (as outlined in the new Customer Accountability Report) focused on providing a safe ride and reducing delays for customers. The *Track Quality Improvement Program* will utilize third-party track assessments, track standards, and work instructions to prioritize and guide the implementation of the program. Metro is currently evaluating a wide range of potential strategies and approaches to more efficiently and safely maintain the track.

Business Support (\$52 million)

Approximately 5 percent of the capital budget will be used to support investments in critical operational and business requirements, such as Information Technology (\$41 million), Support/Service Equipment (\$10 million), and Metro Transit Police (MTPD) (\$1 million). This investment category includes key FY2017 deliverables such as development and deployment of automated timekeeping system for maintenance and administrative personnel; creation of a maintenance-focused safety dashboard for the use of Metro management and staff; and replacement of approximately 58 MTPD public safety vehicles.

NTSB Recommendations and FTA Requirements

Planned investments in the six-year CIP will address safety recommendations from the National Transportation Safety Board (NTSB) and FTA's Safety Management Inspection (SMI) findings, including the replacement of track circuits, power cables, and train control software systems. Metro will also address federal requirements by advancing the Radio Infrastructure replacement and wireless cellular project. In response to the NTSB recommendation to replace the 1000 series railcars, Metro has ordered 748 new 7000-series railcars, enough to replace all 1000, 4000 and 5000 series cars and expand the size of the Metro fleet by 156 cars to support the Silver Line and provide an additional 28 cars to increase capacity on the Red Line (beginning in about FY2020).

FTA Concurrence with Planned Investments

As outlined in FTA Safety Directive 16-1, FTA has "lead responsibility for safety oversight of the WMATA rail system" and may "withhold or direct the use of Federal financial assistance to WMATA, as necessary and appropriate." As part of the fulfillment of this authority, Metro submitted a preliminary CIP Program of Projects to FTA in February for review and evaluation. In its response to Metro in late March, FTA concurred that most of the proposed projects that Metro had designated to receive federal funding were addressing urgent safety needs. However, FTA did take exception to two proposed activities – Station Rehabilitation (station rehabilitation and repair activities and pressure washing) and Automated Fare Collection System (replacing and upgrading the fare collection system) – as not addressing high priority safety requirements. FTA is currently withholding \$20 million of Metro's grant funding that was planned for those two projects, and FTA and Metro will work together to ensure that the resources are directed to high priority safety requirements. Metro will continue to advance those two projects with non-federal funding sources.

Alignment with FTA Grant Administration and Asset Management Requirements

Beginning in FY2017, Metro will adapt the capital program budget structure to better align with FTA requirements and to improve clarity in reporting to the Board and other

stakeholders. As shown in the attachment referenced above, Metro's FY2017 capital investments have been grouped into six investment categories and 22 program areas. These major investment categories and program areas map directly into FTA's updated structure for grant administration and asset management.

Program budgeting will facilitate grants management, FTA reporting, and expenditure-based budget reprogramming. This capital budget structure will also support the Board's new committee structure. Staff anticipates providing regular capital budget progress updates to the Finance Committee at the category and program level and providing updates with additional detail where appropriate to the Capital Program, Procurement and Real Estate Committee.

Resolution 2011-30 authorizes the GM/CEO to reprogram up to five percent of the approved total annual capital budget on an annual cumulative basis between existing projects. To facilitate the updated CIP structure, the proposed capital budget adoption resolution includes language that makes corresponding changes to the GM/CEO's existing authority to reprogram the capital budget between programs.

Preventive Maintenance

The FY2017 operating budget approved by the Board in March includes an increase in the amount of preventive maintenance (PM) activity that is funded by FTA grants through the capital budget rather than in the operating budget. In prior years, at the Board's direction, Metro funded approximately \$31 million of eligible PM expenses on FTA grants. However, this significantly underestimates the amount of PM labor costs that are potentially eligible for reimbursement. In FY2017, a one-time increase from \$31 million to \$95 million in grant funding for PM will be used for safety-related maintenance requirements. These activities will be funded through the Railcar (\$60 million) and Bus Vehicle (\$35 million) programs and are included in the proposed budgets for those program areas.

FY2017 Capital Funding

The proposed FY2017 capital budget of \$950 million will be supported by a combination of federal formula funds, federal PRIIA funds, required state/local matching funds, additional state/local system performance funds, planned long-term debt, and other sources. A summary of this proposed funding is provided in the table below:

Funding Source	Amount (millions)
Federal funds	\$500
State/local funds	\$392
Planned long-term debt	\$ 58
Total	\$950

Federal and State/Local Funding

Based on recent apportionment data provided by FTA, the Washington region is expected to receive approximately \$351 million in new formula funding in Federal FY2016 (which would support expenditures in Metro's FY2017). The formula programs include the Section 5307 Urbanized Area program; the Section 5340 Growing States and High Density States program; the Section 5337 State of Good Repair programs for bus and rail; and the Section 5339 Bus and Bus Facilities program. Metro is expected to

receive approximately \$304 million or 87 percent of the regional total.

Staff is now preparing the Federal FY2016 formula and PRIIA grant applications. As required by the Board's Grants Management Policy, these grant applications will be submitted to FTA for review within four weeks of the Board's adoption of the FY2017 capital budget. This requirement serves to minimize the amount of spending under pre-award authority and to reduce financial risk.

As described in Attachment A to the First Amendment to the CFA that was authorized by the Board in March, new funding from state and local contributions in FY2017 is currently limited to \$338 million, and long-term debt funding in FY2017 is currently limited to \$58 million. These state and local contributions include required Federal formula and PRIIA matching funds as well as system performance funds. In addition to new Federal grant sources and miscellaneous non-Federal funding, Metro will also support the FY2017 capital program with unspent or 'carryover' funds from FY2016. Before requesting authorization to issue debt in FY2017, Metro will complete an analysis of available fund sources (including carryover funds) and funding requirements (e.g., the delivery rates on the 7000 series railcars) to ensure that the amount and timing of the debt are appropriate.

Debt Financing

The Capital Funding Agreement (CFA) authorizes the issuance of both short- and long-term debt to support Metro's capital program. Metro will utilize three distinct debt instruments:

- Metro's line of credit (LOC) program, which was reauthorized by the Board in February, supports short-term cashflow needs. The total authorized capacity of the LOC program will be \$250 million as of July 1, 2016.
- In April, staff will recommend approval of the issuance of Series 2016A bonds, in an amount not to exceed \$220 million and with a final maturity not to exceed five years. The proceeds from this issuance, if approved, will provide interim funding for near-term capital program expenses and reduce Metro's reliance on the LOC program.
- As part of the FY2017 capital budget, Metro plans to use approximately \$58 million of long-term debt proceeds to support key capital investments above and beyond the federal and state/local funding currently available. This amount of debt funding support was included in the one-year CFA extension authorized by the Board in March. Staff will seek Board approval of any long-term debt issuance during FY2017. Consistent with the CFA, the Contributing Jurisdictions will be formally notified in advance and will have the option to "opt out" of any long-term debt issuance and fund their proportion of the net proceeds in cash.

Updating the FY2017 Funding Plan

The \$950 million capital budget reflects management's best estimate of achievable capital investment in FY2017. However, actual performance will vary from the budget, and management will monitor capital spending during the fiscal year. If total capital investment is projected to exceed \$950 million, Metro will take the following steps to ensure sufficient funding:

- First, ensure that all available and eligible funds (including carryover funds from

FY2016) are fully utilized, as well as draw the line of credit (LOC) program and other short- and medium-term debt instruments to provide financing until funding can be identified in the FY2018 budget.

- Second, return to the Board and the Contributing Jurisdictions to amend the budget and seek additional funding.

Conversely, if total capital investment in FY2017 is projected to finish substantially below \$950 million, Metro may adjust the planned debt issuance and/or modify jurisdictional invoicing (consistent with the CFA) during the second half of the fiscal year.

Six-Year Capital Outlook

The FY2017-2022 proposed CIP includes a total of \$6 billion in planned capital investment over the six-year period for safety and state of good repair. The planned funding for the CIP will come from federal formula and PRIIA grants; required state/local matching funds for those federal grants; and additional system performance and/or debt funding from the jurisdictions. This level of investment will support core safety and state of good repair needs, but additional capital investment would be required to address deferred projects, planning for future enhancements, and to address the long-term growth of the region and Metro system. Consistent with Metro and the region's priority to address critical safety, security, and state of good repair needs first, the proposed FY2017-2022 CIP does not include funding to address long-term capacity needs.

As Metro proceeds with the Track Quality Improvement Program, asset condition assessments, the Capital Needs Inventory (CNI), and many other efforts in FY2016 and FY2017 necessary to 'reset' the capital program, it is expected that the six-year CIP will change as new investment needs are identified and the prioritization of existing needs shifts.

Asset Management

In March, Metro formally initiated the Transit Asset Inventory and Condition Assessment Project, which will be sponsored and managed by the new Quality and Internal Compliance Operations (QICO) department. Through this project, Metro will compile a comprehensive inventory of its transit assets (assets used in the delivery of transit service) into a unified standard data structure, including assessments of asset conditions. The key deliverables will come in two phases:

- An initial asset inventory and condition assessment for the Capital Needs Inventory (CNI), including documentation of asset typologies and condition assessment guidelines across all defined transit asset categories at Metro.
- Implementation of asset inventory data across all existing Metro asset management tools and systems, down to the full level of detail specified in the asset typologies, to ensure compliance with MAP-21 reporting requirements.

This effort will provide critical support to three distinct needs for Metro:

- Inform an updated Capital Needs Inventory (CNI) for incorporation into a jurisdictional Capital Funding Agreements (CFA) for FY2018-2023
- Comply with pending FTA rulemaking regarding "Transit Asset Management" requirements in MAP-21

- Implement asset management “best practices” to maximize the use of data in asset lifecycle decisions (maintenance, operations, and replacement)

Discretionary Grant Opportunities

FTA and other federal agencies periodically offer discretionary or competitive grant funding opportunities. In cases where the pool of available discretionary grant funding is greater than \$25 million nationally, management – in accordance with Board policy – evaluates the grant opportunity and notifies the Board of Metro’s intent to apply.

Metro has had some success in pursuing discretionary grant funds, including resiliency funding under the Public Transportation Emergency Relief Program and the Disaster Relief Appropriations Act; Transportation Investment Generating Economic Recovery (TIGER) grants; New Freedom funds to improve accessibility; bus livability funding; and Congestion Mitigation and Air Quality (CMAQ) funding through the Northern Virginia Transportation Authority for hybrid-electric buses. There are three FTA discretionary programs that Metro is currently evaluating:

- The new “Rides to Wellness” program to improve public transportation options that increase access to healthcare
- The No and Low Emissions Buses program to reduce carbon or particulate emissions and support deployment of advanced propulsion technologies
- The Bus and Bus Facilities program to address fleet aging and USDOT’s broader “Ladders of Opportunity” goals

Metro faces two primary challenges in applying for discretionary grants. The first challenge is the match requirement. Most federal discretionary grants require a local matching contribution, and in many cases these funds are not immediately available. The second challenge is project development. Project planning and preliminary design must often already be complete in order to meet short application deadlines and eligibility requirements.

Opportunities & Risks in the FY2017 Capital Budget

In reducing the FY2017 capital budget from \$1.1 billion to \$950 million, the final recommended budgets for most projects are below the original program office budget requests. In general, the program office FY2017 budget requests represented “optimistic” estimates for delivery rates, while the final recommended figures represent a more conservative estimate based on prior experience and current expectations.

Some capital program activities will likely exceed the current estimates, which will result in improved safety and reliability but will pose budget and funding challenges. If above-expectation delivery occurs on enough projects and cannot be handled through reprogramming between program areas, then staff may need to return to the Board for a capital budget amendment and authorization for additional funding. One particular risk is the delivery rate of the new 7000 series railcars to replace the 1000 series cars. The budget currently assumes acceptance of 12 cars per month. If that acceptance rate were to increase to 16 per month, then Metro could face a need for up to \$67 million of additional funding in the budget. Other FY2017 forecasts which were significantly reduced from the original program office request and represent the largest risks, include the Andrews Federal Center Bus Facility, Cinder Bed Road Bus Facility, Bus Replacement, Rail Rehabilitation, and Rail Yard Facility Repairs.

Finally, Metro faces risks related to federal funding. FTA is restricting Metro's usage of federal funds to only safety-critical needs, and (as noted above) FTA is currently withholding \$20 million of funding for use on two projects that were not deemed safety-critical. If spending advances too quickly on projects that are not eligible for FTA funds, while lagging on other federally-funded projects, Metro could exhaust all its state/local funds and planned debt. Metro also faces risks related to federal PRIIA funding. In addition to annual appropriation risks, the current ten-year authorization for PRIIA will expire after Federal FY2019, and Metro's safety and state of good repair investments are heavily dependent on the continuation of PRIIA funding.

Management will monitor the progress and delivery rate of the capital program in order to reprogram funds in a timely fashion when necessary, to ensure that all FTA requirements are being met, and to provide timely updates to the Board and the jurisdictional representatives.

FY2017 Capital Reimbursable Budget

In addition to the Capital Improvement Program, Metro also undertakes certain reimbursable capital projects that are funded directly by jurisdictional partners or other agencies. Funding for the capital reimbursable budget is on an obligation basis rather than the expenditure basis of the CIP. The total FY2017 capital reimbursable budget is \$52.0 million, comprised of the following projects (with the partner jurisdiction or agency listed):

- Dulles Extension Design/Build (Phase 1) (Metropolitan Washington Airports Authority): \$11.3 million
- Dulles Phase II (Metropolitan Washington Airports Authority): \$25.8 million
- Potomac Yard Alternatives Analysis (City of Alexandria): \$0.6 million
- Minnesota Avenue Parking Garage Repairs (District of Columbia): \$0.7 million
- MTA Purple Line Support (Maryland Transit Administration): \$10.0 million
- Project Development (all local jurisdictions): \$3.0 million
- Neutral Host (carrier consortium): \$0.5 million

Most of the projects listed above are long-standing collaborations between WMATA and its partners. The projects with MWAA, in particular, reflect close-out efforts for the construction of Silver Line Phase 1 and ongoing engineering support for the construction of Silver Line Phase 2. However, the Purple Line project reflects relatively recent developments. In January, the Board authorized the GM/CEO to negotiate and execute a Project Construction Agreement (PCA) between Metro and MTA for the Purple Line project. The activities covered in the PCA include a new Bethesda Metrorail Station south entrance and various temporary and permanent impacts to Metro operations and real property at Bethesda, Silver Spring, College Park, and New Carrollton. Metro and MTA have now reached agreement on the PCA, and the \$10 million project budget represents a jointly-agreed upon figure sufficient to cover expected activities in FY2017. MTA recently announced the concessionaire for the project (Purple Line Transit Partners), and the budget for this effort is likely to be amended in future years once estimates for the full project cost are available.

Metro is also currently in discussions with the Virginia Department of Transportation (VDOT) regarding reimbursable efforts in the I-66 corridor. This work includes relocation

of Metro facilities, design and construction reviews, and other efforts coordinated by Metro's Office of Joint Development and Adjacent Construction (JDAC) that are necessary to minimize impacts on Orange Line service. However, agreement with VDOT has not yet been reached, and reimbursable funding for Metro to perform such work in the I-66 corridor has not been included in the FY2017 capital reimbursable budget.

Update to University Pass Pilot Program

As part of the FY2017 operating budget approval in March, the Board directed staff to implement a pilot program for a University Pass ("U-Pass") fare product. The duration of the pilot program was originally set at one school term. However, after further discussions with the universities who have expressed interest in participating in the U-Pass program, staff recommends that this period be extended to one year in order to more fully evaluate the pilot effort.

FUNDING IMPACT:

No impact on current capital funding -- approval will set the FY2017 capital budget and allow staff to submit federal grant applications.	
Project Manager:	Thomas J. Webster
Project Department/Office:	CFO/OMBS

TIMELINE:

Previous Actions	September 2015 - FY2017 Budget Review November 2015 - FY2017 Budget Options December 2015 - FY2017 Proposed Budget January and February 2016 - Budget Discussions and public/stakeholder outreach
Anticipated actions after presentation	May 2016 - Transmit grant applications to FTA for review and approval Mid-FY2017 - Complete condition based needs assessment and present updated Capital Needs Inventory (CNI)

RECOMMENDATION:

Recommend approval of the updated FY2017-FY2022 Capital Improvement Program (CIP) and approval of extension of University Pass pilot program to one year.

MEAD 201729 Attachment: Proposed FY2017-2022 CIP

\$ in millions

	FY2017 Budget	FY2018 Plan	FY2019 Plan	FY2020 Plan	FY2021 Plan	FY2022 Plan	6 Year Total
Investment by Program							
Railcar Acquisition	\$203.8	\$266.2	\$269.4	\$127.6	\$117.9	\$148.7	\$1,133.6
Railcar Maintenance/Overhaul	115.0	94.9	93.9	94.8	96.1	97.5	592.1
Railcar Maintenance Facilities	34.8	24.6	8.0	7.0	7.2	14.8	96.6
Railcar Investments	\$353.6	\$385.7	\$371.4	\$229.5	\$221.2	\$260.9	\$1,822.3
Bus Acquisition	66.6	67.9	50.8	102.7	102.7	102.9	493.6
Bus Maintenance/Overhaul	81.0	70.8	69.0	69.2	71.9	73.7	435.6
Bus Maintenance Facilities	55.0	99.1	38.3	31.8	33.8	25.9	284.0
Bus Passenger Facilities/Systems	6.7	9.8	2.5	2.4	2.7	2.6	26.8
Paratransit	8.8	11.4	12.0	11.9	11.5	12.4	68.0
Bus and Paratransit Investments	\$218.1	\$259.1	\$172.5	\$218.1	\$222.6	\$217.5	\$1,308.1
Platforms & Structures	46.4	93.6	39.3	54.7	35.4	40.4	309.8
Vertical Transportation	47.5	61.6	62.6	62.2	50.2	58.2	342.3
Fare Collection	10.3	34.3	49.9	35.4	9.7	11.9	151.5
Station Systems	24.4	36.7	23.7	25.6	21.5	20.6	152.5
Parking Facilities	4.4	8.1	4.2	6.4	7.4	10.2	40.6
Stations and Passenger Facilities Investments	\$133.0	\$234.3	\$179.6	\$184.4	\$124.2	\$141.2	\$996.7
Propulsion	39.8	48.1	44.2	45.4	49.0	55.1	281.7
Signals & Communications	64.5	113.8	116.5	94.7	60.0	56.7	506.1
Rail Systems Investments	\$104.3	\$162.0	\$160.6	\$140.1	\$109.0	\$111.8	\$787.8
Fixed Rail	78.9	88.8	98.2	96.4	96.0	96.7	555.1
Structures	10.4	9.7	8.6	10.1	10.4	13.2	62.5
Track Maintenance Equip		9.4	6.9	10.2	10.8	10.7	48.0
Track and Structures Rehabilitation Investments	\$89.3	\$107.9	\$113.7	\$116.8	\$117.3	\$120.7	\$665.7
IT	40.8	52.7	45.5	49.8	42.7	42.1	273.5
MTPD	1.0	2.5	2.0	1.3	1.3	1.2	9.4
Support Equipment/Services	9.8	11.4	12.1	12.4	12.5	12.1	70.3
Business Support Investments	\$51.6	\$66.5	\$59.7	\$63.5	\$56.4	\$55.5	\$353.2
Contingency		\$13.2	\$13.2	\$13.2	\$13.2	\$13.2	\$66.2
Total Capital Programs	\$950.0	\$1,228.7	\$1,070.9	\$965.6	\$863.9	\$920.9	\$6,000.0

MEAD 201729 Attachment: Proposed FY2017-2022 CIP

\$ in millions

		FY2017 Budget	FY2018 Plan	FY2019 Plan	FY2020 Plan	FY2021 Plan	FY2022 Plan	6 Year Total
Railcars	Investment by Program							
	1000 Series Railcar Replacement	\$202.2	\$168.1	\$7.2	\$5.1	\$32.6	\$30.0	\$445.3
	2000/3000 Series Railcar Replacement	0.4	2.1	4.2	29.7	69.7	88.0	194.1
	4000 Series Railcar Replacement		96.0	54.0	2.4	1.3	21.4	175.1
	Railcar Acquisition (220 Railcars)			204.0	90.4	14.3	9.3	317.9
	Test Track & Railcar Commissioning Facility	1.2						1.2
	Railcar Acquisition	203.8	266.2	269.4	127.6	117.9	148.7	1,133.6
	Railcar Rehabilitation Program	50.0	67.5	68.7	70.0	71.3	72.6	400.0
	Railcar Safety & Reliability Enhancements	5.0	6.5	4.3	3.9	3.9	3.9	27.6
	Railcar Preventive Maintenance	60.0	20.9	20.9	20.9	20.9	20.9	164.5
	Railcar Maintenance/Overhaul	115.0	94.9	93.9	94.8	96.1	97.5	592.1
	Rail Shop Repair Equipment					2.8	5.7	8.5
	Rail Yard Facility Repairs	29.0	18.0					47.0
	Rail Hardening & Rail and Bus Security	1.5	1.5					3.0
	7000 Series Railcar HVAC Maintenance Facility	1.7	2.8	4.2	3.2	0.6	5.4	17.9
Bus and Paratransit	Storm Water Facility Assessment	0.2	2.3	3.8	3.8	3.8	3.8	17.8
	Facilities Consolidation	2.4						2.4
	Railcar Maintenance Facilities	34.8	24.6	8.0	7.0	7.2	14.8	96.6
	Railcar Investments	\$353.6	\$385.7	\$371.4	\$229.5	\$221.2	\$260.9	\$1,822.3
	Bus Replacement	\$66.6	\$67.9	\$50.8	\$102.7	\$102.7	\$102.9	\$493.6
	Bus Acquisition	66.6	67.9	50.8	102.7	102.7	102.9	493.6
	Automatic Vehicle Location Eqt	2.3						2.3
	Bus Repair Equipment	2.3	3.8	3.8	4.5	5.0	5.0	24.4
	Bus Rehabilitation Program	35.0	46.1	43.4	44.7	46.0	47.4	262.5
	Bus Camera Installation & Replacement	0.9	4.2	5.1	3.4	3.6	3.6	20.8
	Bus Repairables	5.6	6.5	6.5	6.5	7.0	7.5	39.6
	Bus Preventive Maintenance	35.0	10.2	10.2	10.2	10.2	10.2	86.0
	Bus Maintenance/Overhaul	81.0	70.8	69.0	69.2	71.9	73.7	435.6
	Underground Storage Tank Replacement	1.2	2.8	4.4	4.7	4.9	4.9	22.8
	Bladensburg Shop Reconfigure	1.7						1.7
	Southern Avenue Bus Garage Replacement	25.0	68.7	13.4	5.0	1.2	2.7	116.0
	Royal Street Bus Garage Replacement (Cinder Bed Road)	20.0	16.3	0.5				36.9
	Shepherd Parkway Bus Facility	2.0	4.8	1.5				8.3
	Bus Garage Facility Repairs	3.2						3.2
	CTF Electrical Upgrade	0.4						0.4
	Pollution Prevention for Track Fueling Areas	0.2	3.4	3.3	3.8	3.8	3.8	18.2
	Bladensburg Garage	1.5	3.1	15.1	18.3	23.9	14.6	76.5
	Bus Maintenance Facilities	55.0	99.1	38.3	31.8	33.8	25.9	284.0
	Bus Priority Corridor Network	3.1						3.1
	Bus Planning	0.1	0.5	0.7	0.7	0.7	0.8	3.6
	Bus Customer Facility Improvements	1.0	1.7	1.8	1.7	2.0	1.9	10.0
	Traffic Signal Prioritization	2.5	7.6					10.1
	Bus Passenger Facilities/Systems	6.7	9.8	2.5	2.4	2.7	2.6	26.8
	MetroAccess Fleet Acquisition	8.8	11.4	12.0	11.9	11.5	12.4	68.0
	Paratransit	8.8	11.4	12.0	11.9	11.5	12.4	68.0
	Bus and Paratransit Investments	\$218.1	\$259.1	\$172.5	\$218.1	\$222.6	\$217.5	\$1,308.1

	Investment by Program	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022	6 Year
		Budget	Plan	Plan	Plan	Plan	Plan	Total
Stations and Passenger Facilities	Bicycle & Pedestrian Facilities: Capacity Improvements	\$1.7	\$2.0	\$2.0	\$2.0	\$2.0	\$2.0	\$11.7
	Station Rehabilitation Program	10.9	11.8	11.8	11.7	11.8	11.8	69.8
	Station Entrance Canopies	6.8	14.7	16.0	7.4	10.5		55.4
	Red Line Rehabilitation Stage Two		4.5	9.5	33.6	11.0	26.5	85.0
	Orange/Blue Line Rehabilitation Stage One	27.0	60.6					87.6
	Accessible Station Signage		0.1	0.1	0.1	0.1	0.1	0.4
	Platforms & Structures	46.4	93.6	39.3	54.7	35.4	40.4	309.8
	Elevator Rehabilitation	8.6	8.6	8.2	8.2	8.2	8.2	50.2
	Escalator Rehabilitation	7.7	12.5	12.3	12.3	12.3	12.3	69.5
	Elevator/Escalator Repairables	3.6	5.6	5.6	5.6	5.6	5.6	31.6
	Escalator Replacement	27.7	34.9	36.4	36.0	24.0	32.0	191.1
	Vertical Transportation	47.5	61.6	62.6	62.2	50.2	58.2	342.3
	Integrating regional NEXTFARE System	0.8	0.5	0.1	0.1			1.5
	Fare Collection Modernization	9.5	33.8	49.8	35.2	9.7	11.9	150.0
	Fare Collection	10.3	34.3	49.9	35.4	9.7	11.9	151.5
	Fire Systems	6.0	5.7	4.0	2.0			17.7
	Station Cooling Program	4.1	6.6	7.0	10.8	8.6	6.6	43.6
	Station Lighting Improvements	4.4	5.3	8.1	8.2	8.2	9.2	43.5
	Raising Vent Shafts Vicinity Federal Triangle & Protecting System Core	6.0	10.1					16.1
	Improving Drainage	3.5	4.5					8.0
	System wide Fire Alarm Upgrade Project (NFPA72)	0.4	4.4	4.6	4.7	4.7	4.8	23.6
	Station Systems	24.4	36.7	23.7	25.6	21.5	20.6	152.5
	Parking Garage Rehabilitation	4.4	8.1	4.2	6.4	7.4	10.2	40.6
	Parking Facilities	4.4	8.1	4.2	6.4	7.4	10.2	40.6
	Stations and Passenger Facilities Investments	\$133.0	\$234.3	\$179.6	\$184.4	\$124.2	\$141.2	\$996.7
Rail Systems	Rail Power System Upgrades	\$17.5	\$33.8	\$29.4	\$29.8	\$33.4	\$40.5	\$184.4
	AC Power Systems State of Good Repair	3.7	4.1	3.5	3.9	5.4	5.4	26.0
	Traction Power State of Good Operations	18.6	10.3	11.3	11.7	10.3	9.3	71.3
	Propulsion	39.8	48.1	44.2	45.4	49.0	55.1	281.7
	Radio & Cellular Infrastructure Replacement Program	30.1	72.9	89.0	65.8	32.7	25.5	316.1
	National Transportation Safety Board Recommendations	19.9	20.1	5.0	5.0	5.0	2.0	57.0
	Automatic Train Control State of Good Repair	14.5	20.9	22.4	23.8	22.3	29.1	133.1
	Signals & Communications	64.5	113.8	116.5	94.7	60.0	56.7	506.1
	Rail Systems Investments	\$104.3	\$162.0	\$160.6	\$140.1	\$109.0	\$111.8	\$787.8
Structures Rehabilitation	Track Welding Program	\$6.5	\$7.5	\$7.7	\$7.0	\$7.9	\$7.5	\$44.2
	Replacement of Rail Track Signage	0.6	1.9	1.8	1.9	1.8	1.9	9.9
	Track Grout Pad Rehabilitation	3.8	3.9	4.9	5.0	5.2	5.4	28.2
	Track Structural Rehabilitation	2.4	2.5	2.6	2.6	2.7	2.8	15.6
	Third Rail Rehabilitation and Replacement		7.2	7.6	7.6	8.2	8.5	39.0
	Track Rehabilitation	52.4	56.7	65.8	65.1	65.5	66.0	371.5
	General Project Administration and Planning	3.0	3.0	3.5	3.5	3.5	3.5	20.0
	Wayside Work Equipment	3.6	5.0	3.2	2.5			14.2
	System-wide Infrastructure Rehab	0.2						0.2
	Transit Asset Management System	3.9						3.9
	General Engineering	1.5						1.5
	Emergency Construction	1.0	1.2	1.2	1.2	1.2	1.2	7.0
	Fixed Rail	78.9	88.8	98.2	96.4	96.0	96.7	555.1

	Investment by Program	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022	6 Year
		Budget	Plan	Plan	Plan	Plan	Plan	Total
Track &	Station/Tunnel Leak Mitigation	7.1	5.5	8.6	10.1	10.4	13.2	55.0
	Bush Hill Aerial Structure Rehabilitation	2.0	4.2					6.2
	Farragut North Beam Rehabilitation	1.3						1.3
	Structures	10.4	9.7	8.6	10.1	10.4	13.2	62.5
	Track Maintenance Equipment		9.4	6.9	10.2	10.8	10.7	48.0
	Track Maintenance Equip		9.4	6.9	10.2	10.8	10.7	48.0
	Track and Structures Rehabilitation Investments	\$89.3	\$107.9	\$113.7	\$116.8	\$117.3	\$120.7	\$665.7
Business Support	Bus & Rail Asset Management Software	\$2.6	\$2.2	\$2.9	\$4.3	\$3.4	\$3.4	\$18.8
	Bus Operations Support Software	0.6	2.0	1.4	4.9	1.6	1.6	12.1
	IT Capital Program Business Process Reengineering and Program Support	3.1	5.3	6.9	6.9	6.9	6.9	36.1
	Data Centers and Infrastructures	3.5	3.8	3.8	3.8	3.7	3.7	22.2
	Document Management System	1.0	1.0	1.0	1.0	1.0	1.0	6.0
	Enterprise Geographic Information System	0.4	0.9	0.9	0.9	0.9	0.9	4.6
	Sensitive Data Protection Technology	0.5	1.2	1.3	2.2	1.5	1.5	8.3
	Management Support Software	14.5	17.3	11.8	9.8	7.5	7.5	68.4
	Metro IT One Stop and Office Automation	0.6	0.8	0.9	0.9	0.9	0.9	5.1
	Police Dispatch and Records Management	2.0	1.3	1.3	2.0	1.5	1.5	9.7
	Network and Communications	3.2	4.8	4.9	5.9	6.1	6.3	31.2
	Customer Electronic Communications & Outreach	1.0	1.5	1.5	1.5	1.5	1.5	8.5
	Rail Operations Support Software	2.0	3.4	3.7	4.6	4.4	4.4	22.5
	Data Governance and Business Intelligence	0.5	0.9	1.1	1.1	1.1	1.0	5.6
	Rail Mileage Based Asset Management	0.2	0.1					0.3
	Safety Measurement System	2.4	2.2	2.1	0.1	0.7		7.4
	Rail Scheduling System Upgrade	1.2	2.3					3.5
	Wireless Communication Infrastructure	1.5	1.7					3.2
	IT	40.8	52.7	45.5	49.8	42.7	42.1	273.5
	Police Emergency Management Equipment	0.1	0.2	0.2	0.2	0.2	0.2	1.0
	Police Portable Radio Replacement	0.0	0.9	0.8	0.1	0.0	0.0	2.0
	Support Equipment - MTPD	0.7	1.4	1.0	1.0	1.0	1.0	6.1
	Police Substation District 2	0.1						0.1
	Special Operations DivisionFac	0.2						0.2
	MTPD	1.0	2.5	2.0	1.3	1.3	1.2	9.4
	Service Vehicle Replacement & Leasing	2.7	1.8	2.3	1.9	2.0	4.8	15.5
	Materials Handling Equipment		0.5	0.6	0.6	0.6	0.6	2.9
	Currency Processing Machines		0.6	0.6	0.9	0.9		3.0
	Environmental Compliance Project	1.0	1.6	2.3	1.9	2.0	2.0	10.8
	Core & System Capacity Project Development	0.6	1.0		0.1			1.7
	Credit Facility	3.0	1.8	1.8	1.8	1.8	1.8	12.0
	Roof Rehabilitation and Replacement	1.8	4.0	4.5	4.4	5.2	3.0	22.9
	Rehabilitation of Non-Revenue Facilities	0.1			0.8			0.9
	Sustainability Investments - Pilot Program	0.6						0.6
	Support Equipment/Services	9.8	11.4	12.1	12.4	12.5	12.1	70.3
	Business Support Investments	\$51.6	\$66.5	\$59.7	\$63.5	\$56.4	\$55.5	\$353.2
Contingency			\$13.2	\$13.2	\$13.2	\$13.2	\$13.2	\$66.2
Total Capital Programs		\$950.0	\$1,228.7	\$1,070.9	\$965.6	\$863.9	\$920.9	\$6,000.0



Washington Metropolitan Area Transit Authority

Approval of FY2017 Capital Budget and FY2017-2022 Capital Improvement Program (CIP)

Finance Committee
April 14, 2016



Purpose

Present updated FY2017 Capital Budget and FY2017-2022 CIP for Board approval that:

- ✓ Funds critical safety and security investments for customers and employees
- ✓ Provides for the rehabilitation and replacement of Metro's transit assets
- ✓ Supports service reliability initiatives to regain customers' trust and boost ridership
- ✓ Is supported by FTA grant programs and the renewed Capital Funding Agreement (CFA)



Achievable Capital Budget

- Original \$1.1 billion proposed program for FY2017 reset to achievable \$950 million
- Expense forecasts aligned with realistic project schedules without shifting priorities away from safety projects
- FY2017 budget programmatically aligned with FTA asset management and grants administration requirements



FY2017 Capital Budget Summary

Investment Category	Budget (millions)	% of Budget
Railcars	\$354	37%
Bus & Paratransit Vehicles	\$218	23%
Stations & Passenger Facilities	\$133	14%
Rail Systems	\$104	11%
Track & Structures Rehabilitation	\$89	9%
Business Support	\$52	5%
Total Budget	\$950	100%



Railcar Investments

Railcar Acquisition	\$204M
Safety, Reliability & SOGR of Current Fleet	\$116M
Repair and Upgrade Railcar Maintenance Facilities	\$35M
FY2017 Total	\$354M



FY2017 Key Deliverables

- Receive 144 new 7000-Series railcars to replace 1000-Series
- Over half of 1000-Series cars to be disposed of by end of FY2017, entire fleet by December 2017
- Rehabilitate railcar components, including motors, trucks, doors, etc.
- Implement targeted campaigns and perform required preventive maintenance to improve safety and reliability



Bus and Paratransit Investments

Bus SOGR and Reliability of Current Fleet	\$81M
Bus Acquisition	\$67M
Replace, Upgrade and Maintain Bus Facilities	\$55M
Paratransit Van Acquisition	\$9M
FY2017 Total	\$218M



FY2017 Key Deliverables

- Receive 69 CNG buses and 65 diesel-electric hybrid buses
- Overhaul 100 diesel-electric hybrid buses and rebuild various components, including engines, axles, transmissions, etc.
- Receive up to 175 replacement paratransit vans and equipment
- Continue construction of new Andrews Federal Center and Cinder Bed Road bus maintenance facilities



Stations and Passenger Facilities Investments

Elevator/Escalator SOGR	\$47M
Platform and Structural Repairs	\$46M
Station System Improvements	\$24M
Fare Collection Renewal	\$10M
Parking Facility Rehabilitation	\$4M
FY2017 Total	\$132M



FY2017 Key Deliverables

- Complete 20 escalator replacements and 18 rehabilitations, rehabilitate 12 elevators at various Metro stations
- Perform retrofit rehabilitation of structural beam at Farragut North
- Rehabilitate parking facilities at Shady Grove and Franconia-Springfield



Rail Systems Investments

Signals & Communications	\$64M
Propulsion/Power SOGR	\$40M
FY2017 Total	\$104M



FY2017 Key Deliverables

- Advance 700MHz radio contract and continue on system-wide radio infrastructure replacement project starting with the Red Line
- Complete replacement of 2nd generation GRS Track Circuits
- Traction power circuit inspections and replacement of defective and aged components, including power cable, connectors and mountings



Track and Structures Rehabilitation Investments

Track and Structures Rehabilitation SOGR	\$89M
FY2017 Total	\$89M



FY2017 Key Deliverables

- Implement track rehabilitation SOGR program focused on maintaining/repairing track areas based on condition and impact to service reliability
- Installation of portal alarm warning system at various locations
- Mitigate and repair leaks in tunnels and rehabilitate drains along the right-of-way



Business Support Investments

Information Technology	\$41M
Support/Service Equipment	\$10M
MTPD	\$1M
FY2017 Total	\$52M



FY2017 Key Deliverables

- Automated timekeeping system for maintenance and administrative personnel
- Maintenance-focused safety dashboard for the use of Metro management and staff
- Replace approximately 58 public safety vehicles



NTSB Recommendations and SMI Requirements

- Projects to advance NTSB Recommendations and SMI corrective action plans are fully funded – \$218 million in FY2017
- Major planned activities include:
 - 1000-Series railcar replacement
 - Complete replacement of 2nd generation GRS track circuits
 - Award contract to install control panels for tunnel ventilation system
 - Create tools for management and staff to increase visibility of maintenance functions
 - Develop training programs for key operations and maintenance staff





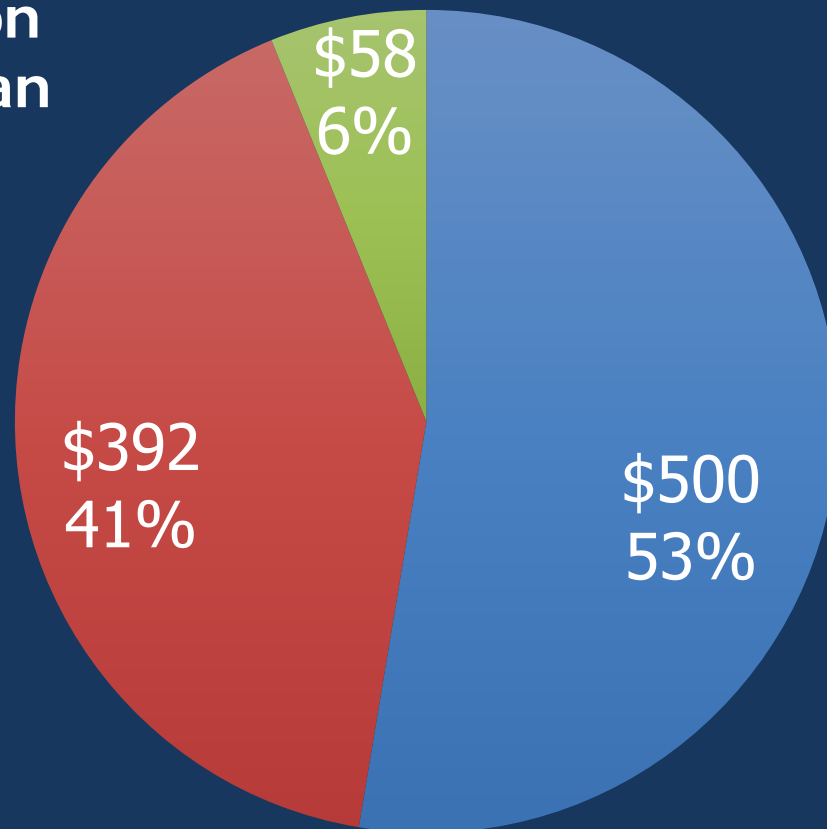
FTA Concurrence on Planned Investments

- In its safety oversight role, FTA directs Metro's use of federal grant funds
- Metro submitted preliminary FY2017 project list for review, FTA concurred that all federally-funded projects addressed safety needs except:
 - Station Rehabilitation
 - Automated Fare Collection
- FTA withholding \$20 million pending agreement on use of grant funds for safety projects
- Metro will advance those two projects with non-federal sources



FY2017 Capital Budget: Funding Plan

**\$950 Million
Funding Plan**



■ Federal ■ State & Local ■ Planned Financing

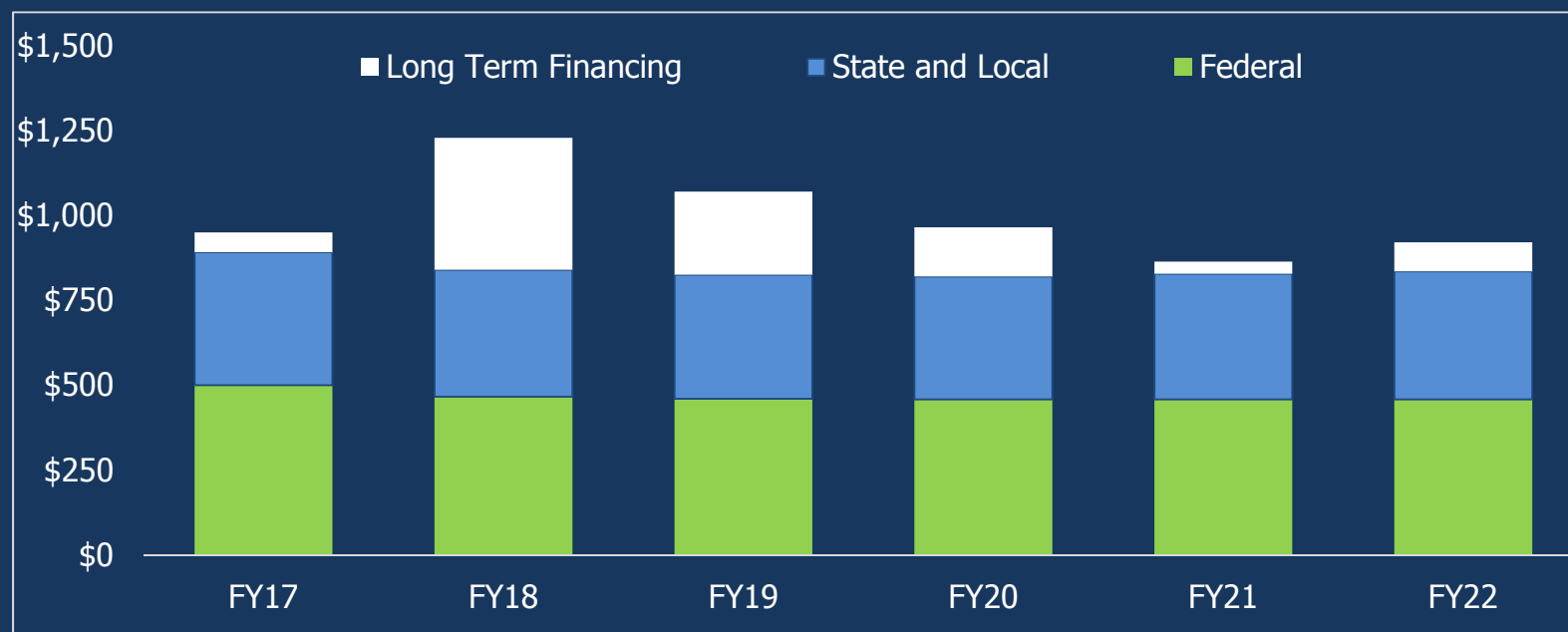
figures in millions



Six-Year CIP Outlook

Priorities

- Safety and security projects including NTSB recommendations and SMI requirements
- State of good repair and reliability investments



* FY2018-2022 projections are subject to change based on completion of CNI and CFA



Asset Management and New CFA

- Updated Capital Needs Inventory (CNI) is key to capital planning and project prioritization as well as new CFA
- Metro initiated “Transit Asset Inventory and Condition Assessment Project” in March
- Will compile a comprehensive inventory of transit assets into a unified, standard data structure
- Will inform updated CNI and new CFA, comply with pending FTA rule-making, and implement asset management “best practices”



Discretionary Grant Opportunities

- Recent awards: resiliency, New Freedom, Bus Livability, CMAQ (through NVTa)
- Current competitive opportunities:
 - “Rides to Wellness”
 - No and Low Emission Buses
 - Bus and Bus Facilities
- Challenges with discretionary grants:
 - Local funding match
 - Project plans sufficiently advanced
- Quarterly reports to Board beginning in May



Opportunities & Risks

- Project budgets reduced to conservative estimates, but some likely to out-perform:
 - Good to advance projects, but poses funding challenge
 - If cannot be handled through reprogramming or short-term financing, may need to return to Board
- If acceptance rate of 7000-Series railcars increases to 16 per month, could need up to \$67 million of additional funding
- Limits on use of FTA grants
- CIP assumes reauthorization of PRIIA



Capital Reimbursable Budget

- Capital projects directly funded by local partners (jurisdictions and other agencies)
- Proposed FY2017 capital reimbursable budget is \$52.0 million
- Dulles Phase 2 (MWAA) is largest project
- Includes \$10 million for Purple Line (MTA)
- Does not include any funding for reimbursable work in I-66 corridor with VDOT



Recommendation

- Approve FY2017 capital budget and FY2017-2022 Capital Improvement Program (CIP)
- Approve extension of 'University Pass' pilot to one year



Next Steps

- **May:** Transmit grant applications to FTA for review and approval
- **July 1:** Begin FY2017
- **Mid-FY2017:** Complete condition-based needs assessment and present updated Capital Needs Inventory
- **Spring 2017:** Execution of Long-Term CFA and adoption of FY2018-2023 CIP

SUBJECT: APPROVAL OF FISCAL YEAR (FY) 2017 CAPITAL BUDGET AND SIX-YEAR CAPITAL IMPROVEMENT PROGRAM, AMENDMENT OF BOARD DELEGATIONS IN RESOLUTION 2011-30 AND EXTENSION OF UNIVERSITY PASS PILOT

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

WHEREAS, The Board of Directors received and considered the General Manager/Chief Executive Officer's (GM/CEO) proposed FY2017-2022 Capital Improvement Program (CIP); and

WHEREAS, In adopting the FY2017 operating budget in Resolution 2016-14, the Board of Directors approved a Staff Report on public outreach that included public feedback on the Program of Projects, which is the list of projects to be funded by the federal grants as expressed in the proposed FY2017 Capital budget and Federal FY2016 Grant Applications; and

WHEREAS, In adopting the FY2017 operating budget, the Board of Directors also directed staff to implement a University Pass pilot program; and

WHEREAS, In Resolution 2016-13, the Board of Directors authorized the GM/CEO to negotiate and execute a one-year extension to the current Capital Funding Agreement (CFA); and

WHEREAS, Resolution 2011-30 amends, among other things, the reprogramming policy for the capital budget, and delegates authority for certain reprogramming actions and non-procurement actions to the GM/CEO as part of procurement streamlining contained in Section 600, of Chapter 1, of the Procurement Policy; and

WHEREAS, Resolution 2011-30 authorizes the GM/CEO to reprogram up to five percent of the approved total annual capital budget on an annual cumulative basis between existing projects, with any further reprogramming requiring Board of Directors approval; and

WHEREAS, In Resolution 2016-04, the Board of Directors authorized the GM/CEO to negotiate and execute a Project Construction Agreement (PCA) between the Washington

Metropolitan Area Transit Authority (WMATA) and the Maryland Transit Administration (MTA) for the Purple Line Reimbursable Project; and

WHEREAS, Staff must apply for federal formula and PRIIA grants within four weeks of the adoption of the capital budget; and

WHEREAS, The application deadlines for most discretionary grant programs are shorter than the normal cycle for Board of Directors action; and

WHEREAS, Resolution 2011-30, requires Board of Directors approval in order to apply for discretionary grants with matching requirements; now, therefore be it

RESOLVED, That the Board of Directors approves and adopts the FY2017 Capital budget of \$950 million and the six-year CIP for FY2017 through FY2022 of \$6.0 billion as summarized at the program level in Attachments A-1 through A-3; and be it further

RESOLVED, That the Board of Directors acknowledges that, in accordance with the terms of the CFA, if any projects are started during the term of the CFA or any bonds or other financial instruments are issued pursuant to the CFA, the Contributing Jurisdictions have agreed to continue to make their Allocated Contributions for those projects or debt service until the conclusion of the projects or the final maturity of the bonds or other financial instruments; and be it further

RESOLVED, That the reprogramming authority delegated to the GM/CEO in Resolution 2011-30, is hereby amended, such that the GM/CEO may reprogram up to five percent of the approved total annual capital budget on an annual cumulative basis between programs, including between programs in different investment categories, with any further reprogramming requiring Board of Directors approval; and be it further

RESOLVED, That Section 600 of Chapter 1 of WMATA's Procurement Policy is revised to delete the fourth bullet of Section 601.C. and replace it with the following:

"Any reprogramming action over 5% of the approved total annual capital budget on an annual cumulative basis between existing ~~projects~~ programs, regardless of which investment category a program is contained within; thereafter, the GM/CEO will seek additional reprogramming authority to cover additional reprogramming amounts in increments which he shall determine to increase the total GM/CEO authority."; and be it further

RESOLVED, That the Board of Directors approves the use of Federal Transit Administration (FTA) grant and local matching funds in the amount of \$95 million for preventive maintenance expenditures; and be it further

RESOLVED, That the budget for the Capital Reimbursable Program includes \$52.0 million for both new projects and prior-year reimbursable program project budgets, including \$10.0 million for the Purple Line Reimbursable Project with the MTA, as detailed in Attachment B; and be it further

RESOLVED, That in order to implement the elements of the FY2017 CIP, the GM/CEO, the Chief Financial Officer (CFO), or their designee are authorized to: (1) file and execute grant applications on behalf of WMATA for funds from the federal government and any other public or private entity consistent with the CIP; (2) conduct public hearings at any time during FY2017 in furtherance of the implementation of the CIP; and (3) execute and file the annual FTA Certifications and Assurances; and be it further

RESOLVED, That in order to maximize WMATA's opportunity to compete for discretionary grants to advance currently unfunded capital needs, Resolution 2011-30 is amended to authorize the GM/CEO, the CFO, or their designee to file and execute grant applications, on behalf of WMATA for funds from the federal government and any other public or private entity for unfunded capital needs, regardless of whether such application would require a local match, but subject to approval by the Board of Directors prior to acceptance of any such grant awarded to WMATA; and be it further


RESOLVED, That the table of Non-Procurement Activities Requiring Board Approval found in Section 600 is revised by deleting the fourth bullet under "Other" and replacing it with the following:

"Nonannual State or Federal Grants with match requirements-Acceptance of competitive and discretionary grant awards, provided, however, that GM/CEO or his designee may apply for such grants without Board approval."; and be it further

RESOLVED, That the pilot period for the University Pass shall be expanded to one year; and be it finally

RESOLVED, That in order for staff to timely file for federal grants, this Resolution shall be effective immediately.

Reviewed as to form and legal sufficiency,



Mark R. Pohl
Acting General Counsel

WMATA File Structure Nos.:
2.7 Delegation of Authority
4.2.2 Fiscal Year Budgets
9.12.9 Tariff (WMATA Fare Structure)

ATTACHMENT A-1

FY2017-2022 Proposed Capital Improvement Program (CIP)

\$ in millions

Investment by Program	FY2017 Budget	FY2018 Plan	FY2019 Plan	FY2020 Plan	FY2021 Plan	FY2022 Plan	6 Year Total
Railcar Acquisition	\$203.8	\$266.2	\$269.4	\$127.6	\$117.9	\$148.7	\$1,133.6
Railcar Maintenance/Overhaul	115.0	94.9	93.9	94.8	96.1	97.5	592.1
Railcar Maintenance Facilities	34.8	24.6	8.0	7.0	7.2	14.8	96.6
Railcar Investments	\$353.6	\$385.7	\$371.4	\$229.5	\$221.2	\$260.9	\$1,822.3
Bus Acquisition	66.6	67.9	50.8	102.7	102.7	102.9	493.6
Bus Maintenance/Overhaul	81.0	70.8	69.0	69.2	71.9	73.7	435.6
Bus Maintenance Facilities	55.0	99.1	38.3	31.8	33.8	25.9	284.0
Bus Passenger Facilities/Systems	6.7	9.8	2.5	2.4	2.7	2.6	26.8
Paratransit	8.8	11.4	12.0	11.9	11.5	12.4	68.0
Bus and Paratransit Investments	\$218.1	\$259.1	\$172.5	\$218.1	\$222.6	\$217.5	\$1,308.1
Platforms & Structures	46.4	93.6	39.3	54.7	35.4	40.4	309.8
Vertical Transportation	47.5	61.6	62.6	62.2	50.2	58.2	342.3
Fare Collection	10.3	34.3	49.9	35.4	9.7	11.9	151.5
Station Systems	24.4	36.7	23.7	25.6	21.5	20.6	152.5
Parking Facilities	4.4	8.1	4.2	6.4	7.4	10.2	40.6
Stations and Passenger Facilities Investments	\$133.0	\$234.3	\$179.6	\$184.4	\$124.2	\$141.2	\$996.7
Propulsion	39.8	48.1	44.2	45.4	49.0	55.1	281.7
Signals & Communications	64.5	113.8	116.5	94.7	60.0	56.7	506.1
Rail Systems Investments	\$104.3	\$162.0	\$160.6	\$140.1	\$109.0	\$111.8	\$787.8
Fixed Rail	78.9	88.8	98.2	96.4	96.0	96.7	555.1
Structures	10.4	9.7	8.6	10.1	10.4	13.2	62.5
Track Maintenance Equip		9.4	6.9	10.2	10.8	10.7	48.0
Track and Structures Rehabilitation Investments	\$89.3	\$107.9	\$113.7	\$116.8	\$117.3	\$120.7	\$665.7
IT	40.8	52.7	45.5	49.8	42.7	42.1	273.5
MTPD	1.0	2.5	2.0	1.3	1.3	1.2	9.4
Support Equipment/Services	9.8	11.4	12.1	12.4	12.5	12.1	70.3
Business Support Investments	\$51.6	\$66.5	\$59.7	\$63.5	\$56.4	\$55.5	\$353.2
Contingency		\$13.2	\$13.2	\$13.2	\$13.2	\$13.2	\$66.2
Total Capital Programs	\$950.0	\$1,228.7	\$1,070.9	\$965.6	\$863.9	\$920.9	\$6,000.0

ATTACHMENT A-2
FY2017-2022 Capital Improvement Program (CIP)
Financial Plan - Funding Sources
(dollars in millions)

	FY2017 Budget	FY2018 Plan	FY2019 Plan	FY2020 Plan	FY2021 Plan	FY2022 Plan	6 Year Total
Federal							
Federal Formula Programs	\$317.3	\$304.0	\$304.0	\$304.0	\$304.0	\$304.0	\$1,837.3
Federal PRIIA	172.0	150.0	150.0	150.0	150.0	150.0	922.0
Resiliency Grant	7.1	6.9					14.1
Other Federal Grants	3.6	5.5	6.7	4.4	4.0	4.0	28.3
Subtotal Federal	500.1	466.5	460.7	458.4	458.0	458.0	2,801.7
State and Local							
Match to Federal Formula	79.3	76.0	76.0	76.0	76.0	76.0	459.3
System Performance	117.2	125.9	137.7	135.4	143.5	150.6	810.4
State and Local PRIIA	172.0	150.0	150.0	150.0	150.0	150.0	922.0
Match to Resiliency Grant	2.4	2.3					4.7
Rail Power System Upgrades	8.4	5.1					13.5
Other State and Local	12.4	14.4	1.5	0.9	0.8	0.8	30.7
Subtotal State and Local	391.7	373.7	365.2	362.3	370.3	377.4	2,240.6
Financing							
Planned Long-Term Financing	58.3	388.5	245.0	144.9	35.6	85.4	957.7
Subtotal Financing	58.3	388.5	245.0	144.9	35.6	85.4	957.7
Total	\$950.0	\$1,228.7	\$1,070.9	\$965.6	\$863.9	\$920.9	\$6,000.0

ATTACHMENT A-3
FY2017-2022 Capital Improvement Program (CIP)
Financial Plan - Allocation of State and Local Contributions
(dollars in millions)

	FY2017 Budget			FY2018 Plan	FY2019 Plan	FY2020 Plan	FY2021 Plan	FY2022 Plan	FY2017-2022 Total
	Carry-Over	New	Total						
Federal Formula Match & System Performance									
District of Columbia	\$3.8	\$70.4	\$74.2	\$75.9	\$79.4	\$78.6	\$81.6	\$84.2	\$473.9
Montgomery County	1.7	32.3	34.0	34.8	36.4	36.0	37.4	38.6	217.4
Prince George's County	1.8	33.6	35.3	36.2	37.8	37.4	38.9	40.1	225.8
Maryland Subtotal	3.5	65.9	69.4	71.0	74.3	73.5	76.3	78.8	443.2
City of Alexandria	0.5	8.5	9.0	9.2	9.6	9.5	9.8	10.2	57.2
Arlington County	0.8	15.8	16.7	17.0	17.8	17.6	18.3	18.9	106.4
City of Fairfax	0.0	0.5	0.5	0.5	0.5	0.5	0.6	0.6	3.3
Fairfax County	1.5	27.8	29.3	30.0	31.3	31.0	32.2	33.2	187.0
City of Falls Church	0.0	0.6	0.6	0.6	0.7	0.7	0.7	0.7	4.0
Commonwealth of Virginia									
Virginia Subtotal	2.8	53.2	56.0	57.3	60.0	59.3	61.6	63.6	357.9
Subtotal Federal Formula Match & System Performance	10.1	189.4	199.6	204.3	213.7	211.4	219.5	226.6	1,275.1
State and Local PRIIA									
District of Columbia	7.8	49.5	57.3	50.0	50.0	50.0	50.0	50.0	307.3
State of Maryland	7.8	49.5	57.3	50.0	50.0	50.0	50.0	50.0	307.3
Commonwealth of Virginia	7.8	49.5	57.3	50.0	50.0	50.0	50.0	50.0	307.3
Subtotal State and Local PRIIA	23.5	148.5	172.0	150.0	150.0	150.0	150.0	150.0	922.0
Other State and Local									
District of Columbia	6.5		6.5	7.1					13.6
Montgomery County	2.0		2.0	2.2					4.2
Prince George's County	2.0		2.0	2.3					4.3
State of Maryland	2.0		2.0	2.1					4.2
Maryland Subtotal	6.0		6.0	6.7					12.7
City of Alexandria	0.5		0.5	0.6					1.1
Arlington County	1.0		1.0	1.1					2.0
City of Fairfax	0.0		0.0	0.0					0.1
Fairfax County	1.7		1.7	1.9					3.6
City of Falls Church	0.0		0.0	0.0					0.1
Commonwealth of Virginia	4.2	0.2	4.4	2.1	1.5	0.9	0.8	0.8	10.4
Virginia Subtotal	7.4	0.2	7.6	5.7	1.5	0.9	0.8	0.8	17.3
Total Other State and Local	19.9	0.2	20.1	19.5	1.5	0.9	0.8	0.8	43.6
Total Contributions before Debt	\$53.6	\$338.1	\$391.7	\$373.7	\$365.2	\$362.3	\$370.3	\$377.4	\$2,240.6
Additional Contribution or Debt									
District of Columbia		21.7	21.7	144.4	91.0	53.9	13.2	31.8	356.0
Montgomery County		9.9	9.9	66.2	41.8	24.7	6.1	14.6	163.3
Prince George's County		10.3	10.3	68.8	43.4	25.7	6.3	15.1	169.6
Maryland Subtotal		20.3	20.3	135.1	85.2	50.4	12.4	29.7	332.9
City of Alexandria		2.6	2.6	17.4	11.0	6.5	1.6	3.8	43.0
Arlington County		4.9	4.9	32.4	20.4	12.1	3.0	7.1	79.9
City of Fairfax		0.2	0.2	1.0	0.6	0.4	0.1	0.2	2.5
Fairfax County		8.5	8.5	57.0	35.9	21.2	5.2	12.5	140.5
City of Falls Church		0.2	0.2	1.2	0.8	0.5	0.1	0.3	3.0
Commonwealth of Virginia									
Virginia Subtotal		16.4	16.4	109.1	68.8	40.7	10.0	24.0	268.8
Total Debt (Opt Out)		\$58.3	\$58.3	\$388.5	\$245.0	\$144.9	\$35.6	\$85.4	\$957.7
Grand Total State and Local Funding with Debt	\$53.6	\$396.4	\$450.0	\$762.3	\$610.1	\$507.2	\$405.9	\$462.9	\$3,198.3

Attachment B

FY2017 Budget for Capital Reimbursable Projects *(dollars in millions)*

<u>Jurisdiction/Project</u>	<u>FY2017 Budget</u>
Virginia	\$38.6
• Dulles Extension Design/Build	\$11.3
• Dulles Phase II	25.8
• Potomac Yard Alternative Analysis	0.6
• Project Development	0.8
District of Columbia	\$1.8
• Minnesota Avenue Parking Garage Repairs	0.7
• Project Development	1.1
Maryland	\$11.1
• MTA Purple Line	10.0
• Project Development	1.1
All Jurisdictional and Other Partners	\$0.5
• Neutral Host	0.5
Total	\$52.0