



Finance, Administration and Oversight Committee

Action Item III-D

May 14, 2009

**Approve Neutral Host Reimbursable Capital
Project**

Washington Metropolitan Area Transit Authority
Board Action/Information Summary

| | | |
|---|------------------------|--|
| <input checked="" type="radio"/> Action <input type="radio"/> Information | MEAD Number: 100347 | Resolution: <input checked="" type="radio"/> Yes <input type="radio"/> No |
|---|------------------------|--|

TITLE:

Neutral Host system reimbursable project

PURPOSE:

To obtain Board approval to create a reimbursable project for Metro's cost associated with the development of the Wireless Communication Infrastructure system (Neutral Host system).

DESCRIPTION:

On February 26, 2009, the Board granted approval to enter into a Master License Agreement with the Carrier Consortium:

- (a) Cellco Partnership and Washington SMSA Limited Partnership, each d/b/a Verizon Wireless (collectively "Verizon Wireless") respectively a Delaware General Partnership and a Virginia Limited Partnership,
- (b) Sprint Nextel, a Delaware Limited Partnership, and Nextel Communications of the Mid-Atlantic, Inc., a Delaware corporation, each d/b/a Sprint Nextel ("Sprint Nextel"),
- (c) New Cingular Wireless PCS, LLC, a Delaware limited liability company by and through its Manager AT&T Mobility Corporation, a Delaware corporation, and
- (d) T-Mobile Northeast LLC, a Delaware Limited Liability Company ("T-Mobile")

to design, build, operate, maintain, and own a Wireless Communication Infrastructure throughout Metro's underground stations. In addition, the Consortium will also build for METRO, at no cost to METRO, METRO's own Wireless Communication Infrastructure.

The Master License Agreement also requires the Consortium to pay a Minimum Annual Guaranteed revenue (MAG) payment to Metro throughout the 25 year term of the Master License Agreement. This is the first time that a commercial entity is reimbursing WMATA for a capital construction project.

Metro can also qualify for \$1.5 billion in dedicated federal funds (Pub. L. 110-432 A/K/A The Amtrak Bill), by meeting the following goals:

- By 10/16/09, provide wireless communications in the 20 busiest Rail stations
- By 10/16/2012, provide wireless communications throughout the rail system

METRO needs a reimbursable capital project account to safely and securely support the Consortium's development schedule and the Federally-mandated project timelines.

FUNDING IMPACT:

Metro estimates the expenses to support the development of the Wireless Communication Infrastructure system (Neutral Host system) to be not more than \$2,352,000.

The Master License agreement between the Authority and the Consortium requires the Consortium to fund a cost recovery account. Contractually, this account must maintain a \$100,000 monthly balance during the 42 month build-out portion of this project. The contract stipulates that Metro will use this account to recover its support costs that are incurred during the build-out of this project.

The funding source for this reimbursable project is not currently in any approved budget and will have no impact to the jurisdictional budgets.

| Budget Information: | FY10 | FY11 | FY12 | FY13 | Total |
|---------------------|-----------|-----------|-----------|-----------|-------------|
| Budget Amount: | \$336,000 | \$768,000 | \$768,000 | \$480,000 | \$2,352,000 |
| This Action: | \$336,000 | \$768,000 | \$768,000 | \$480,000 | \$2,352,000 |
| Prior Actions: | 0 | 0 | 0 | 0 | |
| Subtotal: | \$336,000 | \$768,000 | \$768,000 | \$480,000 | \$2,352,000 |
| Remaining Budget: | 0 | 0 | 0 | 0 | 0 |

RECOMMENDATION:

Approval to create a reimbursable project to support the development and maintenance of Metro's Wireless Communication Infrastructure system (Neutral Host).



Neutral Host Reimbursable Capital Project

Presented to the Board of Directors
Finance, Administration and Oversight Committee

May 14, 2009



Purpose

- The contract stipulates that the cost recovery account must maintain a minimum monthly balance of \$100,000 during the life of the 42-month build-out
- Staff estimates the Metro support costs to be \$2,352,000 over the 42-month project period
- Staff requests Board approval to create a new FY10 budget element to facilitate Metro's support cost recovery via the carrier-funded cost recovery account



Recommendation

Approval to establish a reimbursable carrier-funded cost recovery account for the Neutral Host program.



SUBJECT: APPROVE A NEW REIMBURSABLE PROJECT TO SUPPORT THE DEVELOPMENT OF THE WIRELESS COMMUNICATION INFRASTRUCTURE SYSTEM

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

WHEREAS, On February 26, 2009, the Board of Directors approved a Master License Agreement to the Carrier Consortium to design, build, operate, maintain, and own a Wireless Communication Infrastructure throughout Metro's underground stations and tunnels; and

WHEREAS, Metro must provide wireless communications in the 20 busiest rail stations by October 16, 2009, and provide wireless communications throughout the rail system by October 16, 2012, to qualify for \$1.5 billion in dedicated federal funds (Pub. L. 110-432 A/K/A The Amtrak Bill); and

WHEREAS, The Carrier Consortium and Metro desire to move forward with this project as soon as possible in order to meet the Federally mandated timelines; and

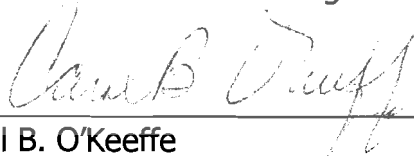
WHEREAS, The Master License Agreement requires the Carrier Consortium to fund a cost recovery account that will reimburse Metro for any of its support costs that are incurred during the construction of this infrastructure; and

WHEREAS, This project will require funding not currently in any approved budget for the employees required to manage and maintain the new Wireless Communication Infrastructure; now, therefore be it

RESOLVED, That the Board of Directors approves a Reimbursable Project Budget in the amount of \$2,352,000 to fund Metro's support costs for the development of the New Wireless Communication Infrastructure to be fully funded by the Carrier Consortium; and be it finally

RESOLVED, That this Resolution shall be effective immediately.

Reviewed as to form and legal sufficiency,



Carol B. O'Keeffe
General Counsel