



Finance, Administration and Oversight Committee

Information Item IV-A

November 6, 2008

Capital Financing Plan

Washington Metropolitan Area Transit Authority
Board Action/Information Summary

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

Capital Financing Plan

PURPOSE:

Inform the Committee about potential financing strategies for new capital projects for FY2011 - FY2020.

DESCRIPTION:

The current capital budget "Metro Matters" will conclude in FY2010. Under the Capital Needs Inventory, it has been determined that approximately \$11 billion will be needed to fund capital projects through FY2020.

FUNDING IMPACT:

No impact
on funding
for FY2009

RECOMMENDATION:

Information presentation only



Capital Financing Plan FY2011-FY2020

Presented to the Board of Directors:

**Finance, Administration and Oversight
Committee**

November 6, 2008





Capital Financing Plan

Capital Improvement Program FY2011 – FY2020

Up to \$11.3 Billion [Capital Needs Inventory](#) Has Been Cataloged

Up to \$11.3 Billion [Capital Financing Plan](#) is being developed:

- Using traditional grant funding process
- Supplemented with other financing methods common in large capital programs



Capital Financing Plan

Overview:

- Current capital budget “[Metro Matters](#)” concludes in FY2010
- [Capital Needs Inventory](#) has quantified \$11.3 billion financing required from FY2011 – FY2020 for expenditure on NEW capital projects
- \$8.2 billion [Future Capital Revenue](#) streams:
 - \$5.2 billion baseline continues current federal and local funding levels with assumed inflationary increases
 - Up to \$3 billion new federal / local funding



Capital Financing Plan

Metro Matters Funding Agreement:

- FY2005-FY2010 \$3 billion funding needed (appx \$0.5 billion/year)
- FY2011 and beyond funding to be determined

\$3 billion FY2005-FY2010 funding comprised of:

Federal + local contributions

Borrowing with repayment terms to be determined

Metro Matters Funding FY2005 - FY2010

	Federal	Local	Total
FTA Grants	\$1,149	\$287	\$1,436
Local Overmatch	n/a	\$631	\$631
Federal Discretionary	\$104	n/a	\$104
Misc		\$83	\$83
Federal + Local	\$1,253	\$1,001	\$2,254
Borrowing			\$767
Total Capital In-Flows			\$3,021

\$ Millions



Capital Financing Plan

Metro Matters Residual Funding Issues (FY2011 and beyond)

In addition to \$11.3 Capital Needs Inventory for projects

Up to \$0.8 billion debt service expense* on Metro Matters Bonds

**\$12.1 billion total financing need
FY2011 – FY2020**

* Exact amount to be determined pending opt-out decisions by local jurisdictions

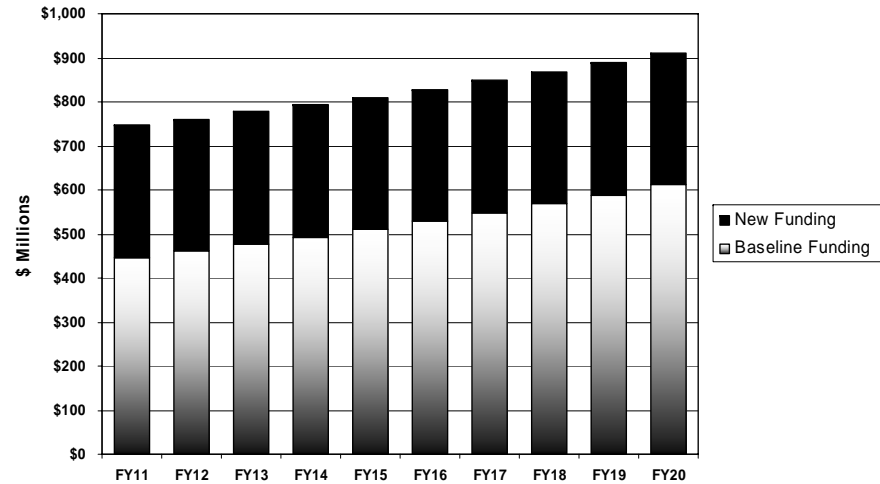


Capital Financing Plan

Sources of \$8.2 billion future capital revenue:

- Continuation of federal formula grants
- Continuation or added federal / local
- New federal + New local funding

Annual Cash In-Flows



	FY11	FY12	FY13	FY14	FY15	FY16	FY17	FY18	FY19	FY20	Total
Baseline Funding	\$447	\$461	\$477	\$494	\$511	\$529	\$548	\$568	\$589	\$611	\$5,234
New Funding	\$300	\$300	\$300	\$300	\$300	\$300	\$300	\$300	\$300	\$300	\$3,000
Total Cash In-Flows	\$747	\$761	\$777	\$794	\$811	\$829	\$848	\$868	\$889	\$911	\$8,234

Key Assumptions:

- New funding appropriated at max \$150 million per year and matched \$50/\$50/\$50 DC/MD/VA
- FY11 federal appropriation is possible but not likely
- No assumption made about next federal legislation
- Base local funding continues at Metro Matters level

\$ Millions



Capital Financing Plan

Capital In-Flows will not match Out-flows

Difference to be funded by financing options –
Vendor financing, short term borrowing,
bond issues, other financing strategies

Box contain animated
graph displaying different
types of spend curves

e.g. Level annual expenses
Cyclical annual expenses
Spikes in annual expenses



Capital Financing Plan

Financing strategy differs based on asset type

Examples:



Rolling Stock - **Vendor financing**
\$3.6 Billion



System and Technology - **Lease purchase**
\$2.1 Billion



New Buildings and Structures - **Long term bonds**
\$1.3 Billion



Maintenance - **Traditional pay as you go**
\$4.3 Billion



Capital Financing Plan

Funding Metro's Capital Plan is a Regional Investment with Return



- Transit supports development
- Over \$50B has been invested to develop sites near Metrorail
- Development value within 10 minute walk of DC Metrorail stations at \$37B

- Metro is a catalyst for the region's \$359B economy
- It has been estimated that every \$1 invested in Metro yields \$10





Capital Financing Plan

Next Steps:

- Prioritization of \$11.3 billion spending on projects
Project timing, scope, schedule, budget, financing
- Project execution based on funding availability
- Develop annual cash out-flow forecast:
Metro Matters debt service expenses
Capital project expenditures
Annual financing costs
- Regional agreement on jurisdictional funding levels:

Continue making local match	Yes
Create local dedicated funds	Yes
Local additional funds	?



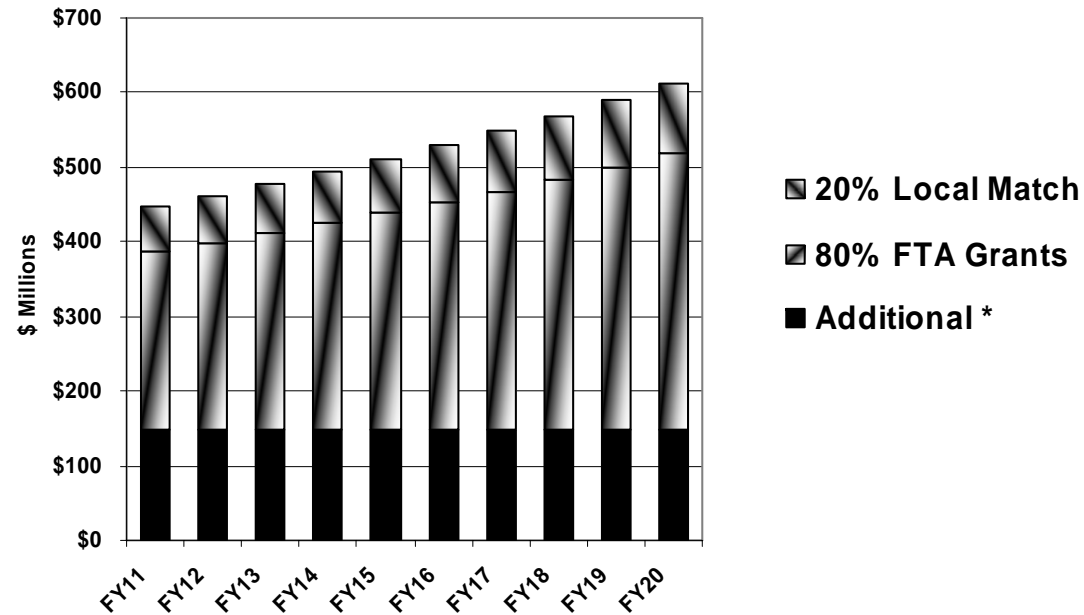
Capital Financing Plan

Appendix



Capital Financing Plan

\$5.2 Billion Assumed Baseline Funding



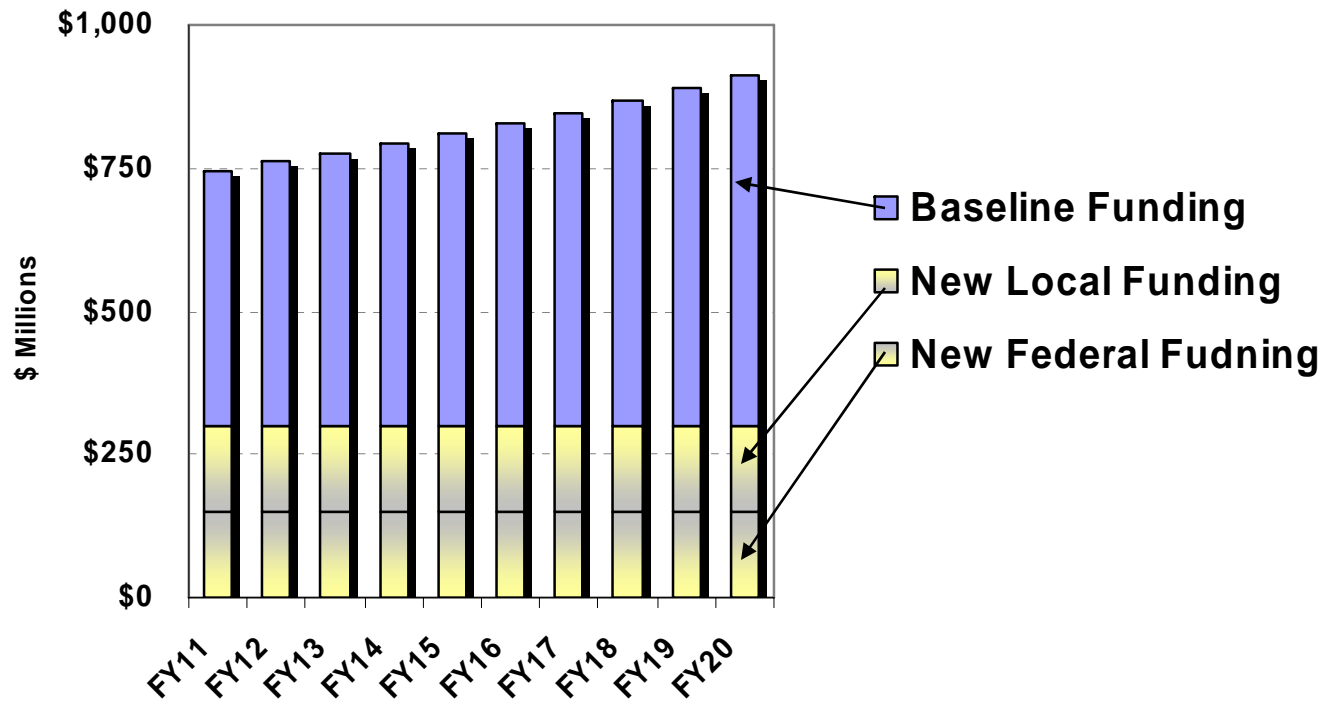
	FY11	FY12	FY13	FY14	FY15	FY16	FY17	FY18	FY19	FY20	Total
FTA Grants (80%)	\$239	\$251	\$263	\$276	\$290	\$305	\$320	\$336	\$353	\$370	\$3,002
Local Match (20%)	<u>\$60</u>	<u>\$63</u>	<u>\$66</u>	<u>\$69</u>	<u>\$73</u>	<u>\$76</u>	<u>\$80</u>	<u>\$84</u>	<u>\$88</u>	<u>\$93</u>	<u>\$751</u>
	\$298	\$313	\$329	\$345	\$363	\$381	\$400	\$420	\$441	\$463	\$3,753
Additional *	\$148	\$148	\$148	\$148	\$148	\$148	\$148	\$148	\$148	\$148	\$1,481
Baseline Funding	\$447	\$461	\$477	\$494	\$511	\$529	\$548	\$568	\$589	\$611	\$5,234

* Metro Matters Local Over-Match or Additional Federal Funding



Capital Financing Plan

\$8.2 Baseline + New Funding



	FY11	FY12	FY13	FY14	FY15	FY16	FY17	FY18	FY19	FY20	Total
Baseline Funding	\$447	\$461	\$477	\$494	\$511	\$529	\$548	\$568	\$589	\$611	\$5,234
New Federal Funding	\$150	\$150	\$150	\$150	\$150	\$150	\$150	\$150	\$150	\$150	\$1,500
New Local Funding	\$150	\$150	\$150	\$150	\$150	\$150	\$150	\$150	\$150	\$150	\$1,500
Total Cash-Inflow	\$747	\$761	\$777	\$794	\$811	\$829	\$848	\$868	\$889	\$911	\$8,234



Capital Financing Plan

Metro Matters Local Funding Commitments

	FY05	FY06	FY07	FY08	FY09	FY10	Total	
District of Columbia	\$38	\$48	\$52	\$60	\$65	\$73	\$336	37%
Montgomery County	\$17	\$16	\$30	\$28	\$30	\$34	\$156	17%
Prince Georges County	\$20	\$15	\$37	\$31	\$34	\$37	\$173	19%
Maryland Subtotal	\$37	\$31	\$67	\$59	\$64	\$71	\$329	36%
City of Alexandria	\$4	\$6	\$6	\$8	\$8	\$9	\$41	4%
Arlington County	\$8	\$11	\$12	\$15	\$16	\$17	\$80	9%
City of Fairfax	\$0	\$0	\$0	\$0	\$0	\$0	\$2	0.2%
Fairfax County	\$13	\$18	\$20	\$24	\$25	\$28	\$127	14%
City of Falls Church	\$0	\$0	\$0	\$0	\$1	\$1	\$3	0%
Virginia Subtotal	\$26	\$36	\$39	\$47	\$49	\$54	\$252	27%
Total Local	\$101	\$116	\$158	\$166	\$179	\$198	\$918	100%

\$ Millions



Capital Financing Plan

Existing Debt Service Expense

\$ Millions

	Construction Bonds (1)	Escalator/ Elevator Bonds (2)	Pro-Forma Metro Matters Bonds (3)
FY2010	\$27.5	\$5.9	---
FY2010	\$27.5	\$5.9	\$30-\$50
FY2011	\$27.5	\$0.0	\$30-\$50
FY2012	\$27.5	\$0.0	\$30-\$50
FY2013	\$16.2	\$0.0	\$30-\$50
FY2014	\$11.8	\$0.0	\$30-\$50
FY2015	\$0.0	\$0.0	\$30-\$50
FY2016	\$0.0	\$0.0	\$30-\$50
FY2017	\$0.0	\$0.0	\$30-\$50
FY2018	\$0.0	\$0.0	\$30-\$50
FY2019	\$0.0	\$0.0	\$30-\$50
FY2020	\$0.0	\$0.0	\$30-\$50
			20year maturity

Debt Service Funding Sources:

(1) existing jurisdictional contributions

(2) rail passenger fares

(3) future jurisdictional contributions, annual or lump sum opt-out



Capital Financing Plan

Cash Flow Forecast

	FY11	FY12	FY13	FY14	FY15	FY16	FY17	FY18	FY19	FY20	Total
Baseline Funding	\$447	\$461	\$477	\$494	\$511	\$529	\$548	\$568	\$589	\$611	\$5,234
New Funding: Federal	\$150	\$150	\$150	\$150	\$150	\$150	\$150	\$150	\$150	\$150	\$1,500
Local	\$150	\$150	\$150	\$150	\$150	\$150	\$150	\$150	\$150	\$150	\$1,500
Cash In-Flows	\$747	\$761	\$777	\$794	\$811	\$829	\$848	\$868	\$889	\$911	\$8,234
Cash Out-Flows											
Project Costs	\$948	\$1,209	\$1,305	\$1,570	\$1,482	\$1,473	\$912	\$804	\$797	\$846	\$11,346

(Finance)/Surplus	(\$202)	(\$448)	(\$528)	(\$777)	(\$671)	(\$644)	(\$64)	\$64	\$92	\$65
	↓	↓	↓	↓	↓	↓	↓			
Resulting Debt Service Expense	\$18	\$39	\$46	\$68	\$59	\$56	\$6			
Annual Debt Service Expense assumes 6%, 20yrs	\$18	\$57	\$103	\$170	\$229	\$285	\$291			

In surplus years additional projects
may be programmed or debt paid off