

PROGRESS REPORT

Fiscal Year 2019 Q3



May 10, 2019

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FY2019 Q3 at a Glance

In the third quarter of fiscal 2019, Metro enhanced its Rush Hour Promise to customers, passed a customer-focused FY2020 budget, prepared customers for the impacts of major improvements south of Reagan National Airport, and completed trackbed lighting upgrades at nine underground stations.

With Metrorail on-time performance reaching a seven-year high in 2018, Metro improved its Rush Hour Promise to customers beginning on January 2, 2019. Customers now receive a credit toward future travel when they experience a rush hour delay of 10 minutes, down from the program's original 15 minutes. The Rush Hour Promise demonstrates to customers a level of confidence with improved reliability. With a fleet of new railcars and vastly improved maintenance programs, Metro is making an even stronger commitment to riders. Railcar performance continues to be the best in eight years, reaching over 140,000 miles between delays through the first half of the fiscal year—a 130 percent improvement compared to the same period last year. For customers, this has resulted in 34 percent fewer offloads and more on-time arrivals at destinations.

In March, the WMATA Board of Directors amended the FY2019 operating budget in March 2019 to add \$1.1 million to fund additional personnel costs associated with a new labor agreement and additional capital investments.

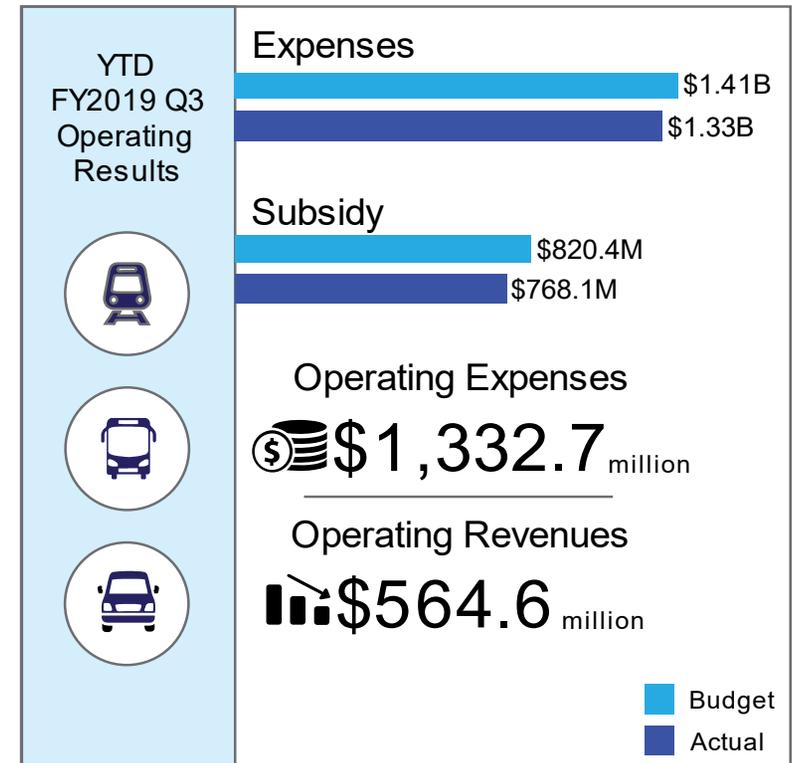
As part of the expanded capital budget, preparations began for the Platform Improvement Project, which will rebuild platforms at 20 stations. Communications were started for this summer's platforms with the launch of travel alternatives for this summer's closure of six stations along the Blue/Yellow lines south of Reagan National Airport. Braddock Road, King Street, Eisenhower Ave., Huntington, Van Dorn Street, and Franconia-Springfield will be closed around-the-clock from May 25th through September 8th to address safety concerns and longstanding structural issues. Metro will provide an extensive network of free shuttle bus services to help customers get around the region during construction.

Finally, Metro completed trackbed lighting upgrades at nine underground stations (Friendship Heights, Tenleytown, Van Ness, Pentagon, Pentagon City, Crystal City, Farragut North, Metro Center and Gallery Place). The stations received new LED trackbed lighting during the quarter making them nearly seven times brighter on average.

Operating Results

Metro's operating expenses through Q3 of FY2019 totaled \$1.3 billion or \$75.7 million less than budget.

Metro's net subsidy through the third quarter was \$768.1 million, or \$52.3 million (six percent) favorable to budget. Revenue losses from the federal government shutdown and lower ridership were offset by savings from personnel and contracted services. Operating revenues were \$564.6 million through Q3, funding 42 percent of operating expenses.



* All figures exclude operating reimbursable projects.

Ridership & Revenue

Actual ridership for all three modes was 220.0 million trips through Q3 of FY2019.

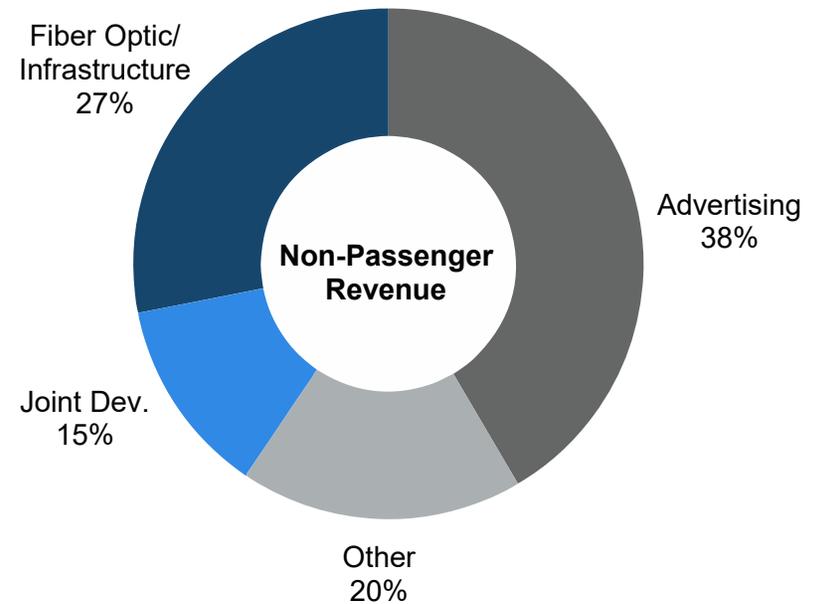
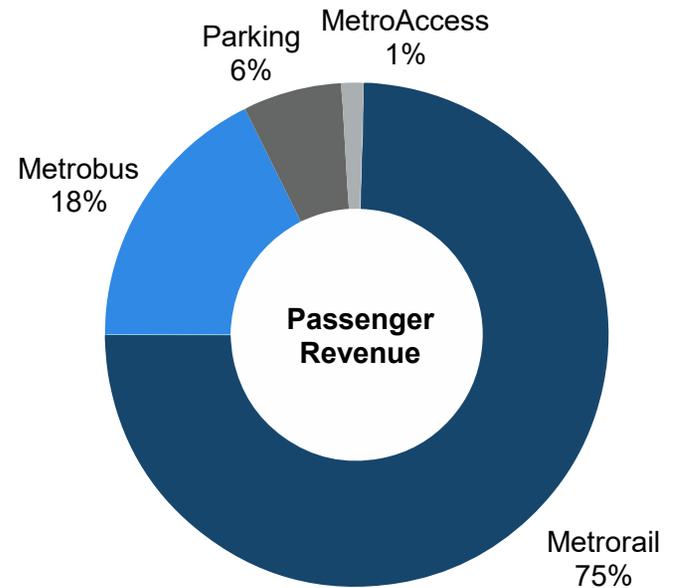
Rail ridership through Q3 was 126.7 million trips – down 1.4 million from the prior year, impacted in part by the Federal shutdown and service disruptions for major capital projects. Bus Automated Passenger Count (APC) ridership totaled 91.6 million trips through Q3, a small increase over the prior year, but still below the budgeted level. Total ridership on MetroAccess through the third quarter was 1.7 million trips – consistent with both FY2018 and FY2019 budget.



Ridership		
	YTD Q3 Budget	YTD Q3 Actual
	127.7 million trips	126.7 million trips
	94.3 million* trips	91.6 million trips
	1.8 million trips	1.7 million trips

*In previous years, bus ridership was reported using farebox (AFC) figures. In FY2018, the FTA approved the use of the APC method which uses onboard sensors to count passengers boarding the vehicles. The FY2019 Approved Budget AFC ridership figures are adjusted to account for this change.

- Through Q3, passenger revenue was \$518.1 million, \$25.1 million (five percent) below budget, made up of:
 - Metrorail passenger revenue of \$387.0 million was \$11.9 million (three percent) below budget.
 - Metrobus passenger revenue of \$92.3 million was \$9.7 million (10 percent) below budget.
 - MetroAccess passenger revenue of \$6.6 million was \$1.0 million (13 percent) under budget.
 - Parking revenue of \$32.3 million was \$2.5 million (seven percent) below budget.
- Non-passenger revenue through the third quarter totaled \$46.4 million, \$1.8 million (four percent) higher than budget, made up of:
 - Advertising revenue of \$17.7 million
 - Fiber optic/infrastructure revenue of \$12.9 million
 - Joint development revenue of \$6.6 million
 - Other non-passenger revenue of \$9.2 million



Operating Expenses

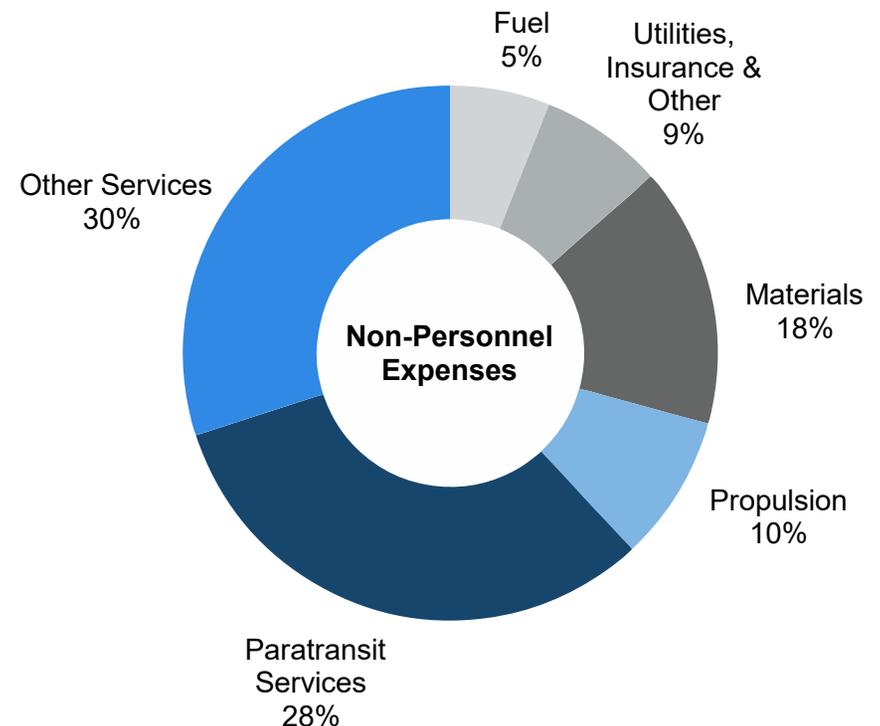
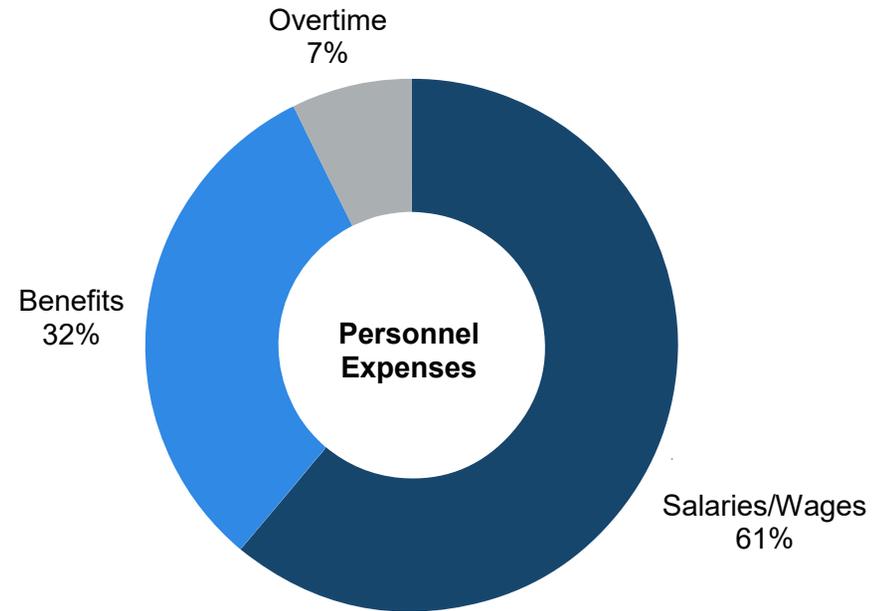
FY2019 operating expenses through Q3 were \$1.33 billion – favorable to budget by \$75.7 million due to savings in both Personnel and Non-Personnel expenses.

Personnel Expenses

- FY2019 Q3 personnel expenses (including salaries/wages, overtime, and fringe benefits) were \$941.0 million – favorable to budget by \$55.1 million (six percent).
- Salary and wage expenses accounted for \$576.1 million of this total, under budget by \$42.8 million (seven percent) due to vacancies.
- Overtime expenses were \$67.2 million (over budget by \$11.5 million due to vacancies), while fringe benefit expenses were \$297.7 million (\$23.7 million below budget).

Non-Personnel Expenses

- Non-personnel expenses totaled \$391.7 million through Q3 – \$20.6 million (five percent) below budget.
- All services were \$9.5 million favorable due to reduced expenses for maintenance and professional services. Paratransit services were \$3.0 million (three percent) above budget.
- Materials & Supplies were \$5.7 million (seven percent) favorable with lower than expected expenses for items such as computer software and administrative supplies.
- Fuel and propulsion power were each below budget, combining for \$7.0 million favorability, while utilities, insurance and other expenses were \$1.6 million unfavorable when combined.



A low-angle photograph of a Metro train car, showing the side of the car with a grid pattern and the word 'metro' visible. The train is on a platform with a tactile paving strip. A blue overlay covers the top half of the image, containing white text.

CAPITAL IMPROVEMENT PROGRAM: BY CATEGORY

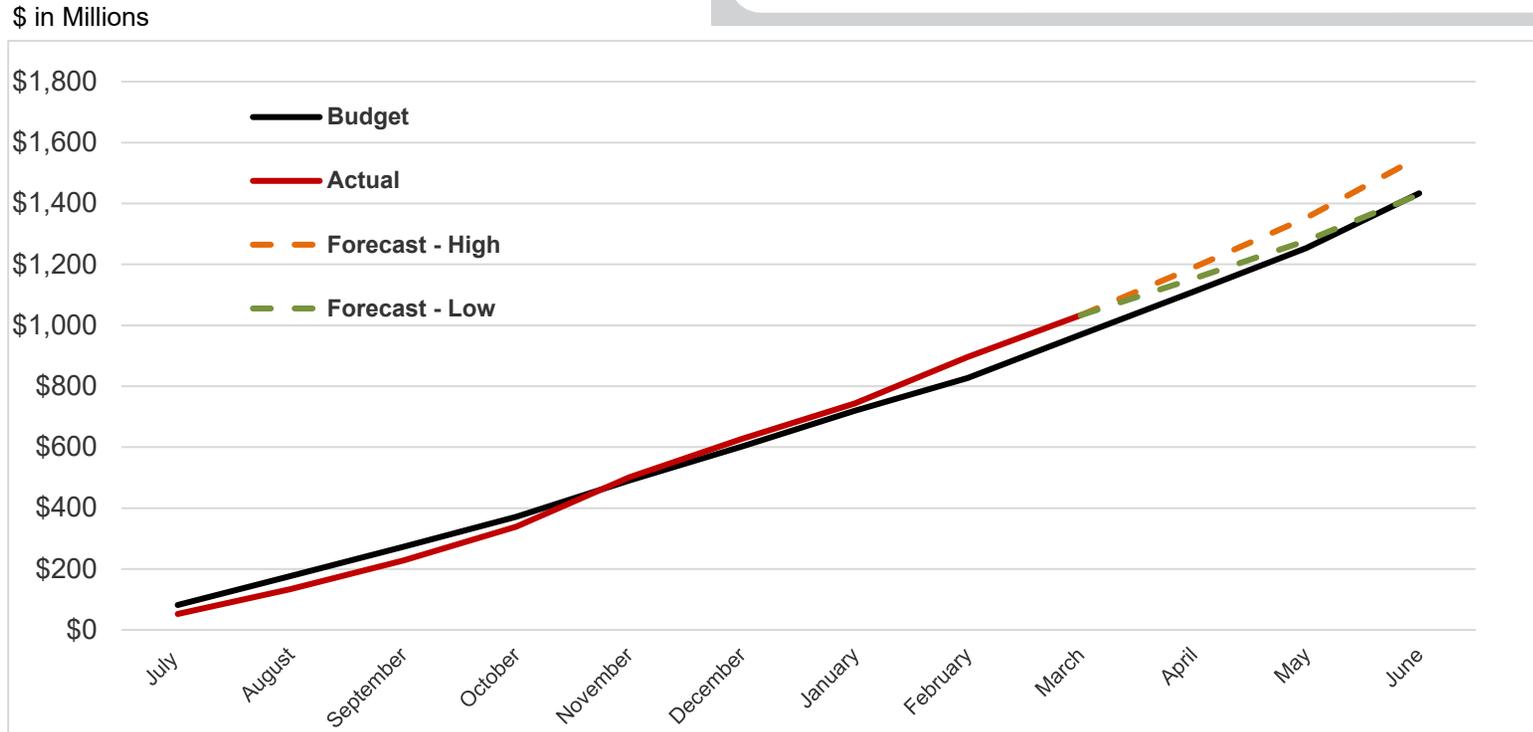
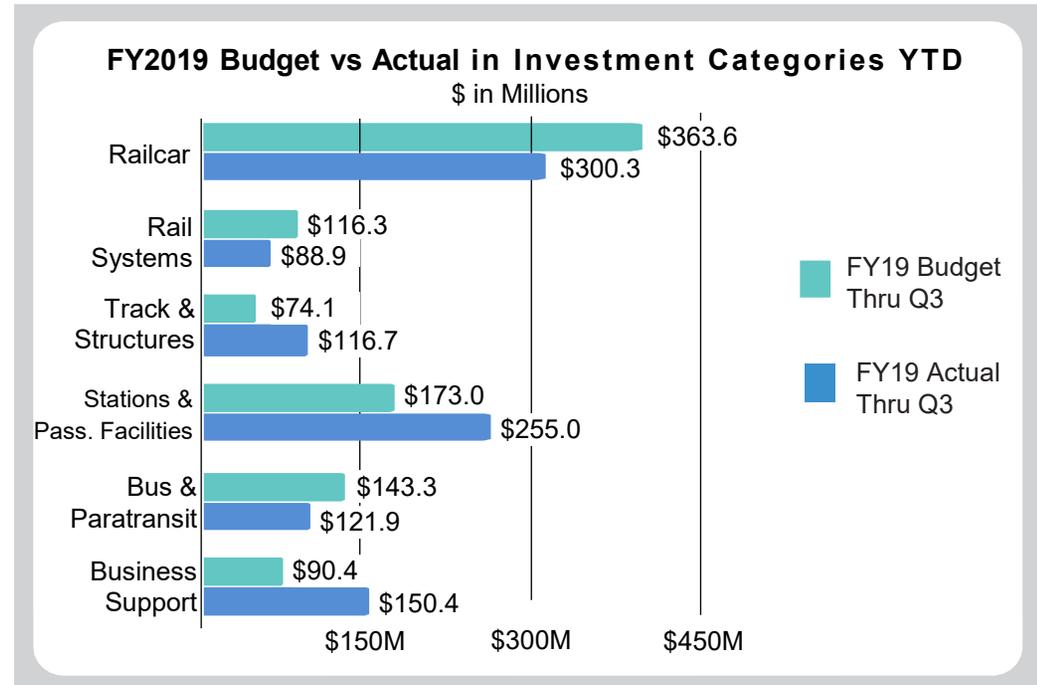
FY2019 Third Quarter

Capital Programs

Metro invested \$1.03 billion in the Capital Program through Q3.

In the third quarter Metro continued the aggressive delivery of capital projects to improve the safety and reliability of the transit system. For FY2019 to date, investment was \$72 million greater than budget, as station improvements such as elevators and escalators and preparations for improvements south of Reagan National Airport advanced. The chart to the right shows budget and actual expenditures by program category through Q3.

The chart below shows the Q3 capital expenditures against the budgeted schedule for FY2019 and the current forecast range for the remaining quarter in FY2019.



Railcar Investments

Through Q3 of FY2019, Metro invested \$300.3 million in the Railcar category.

Railcar Acquisition

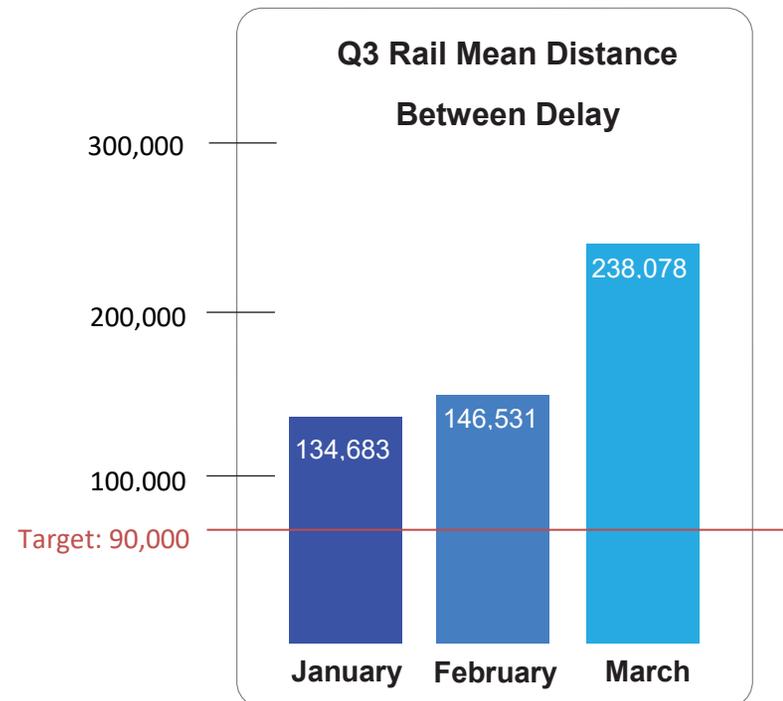
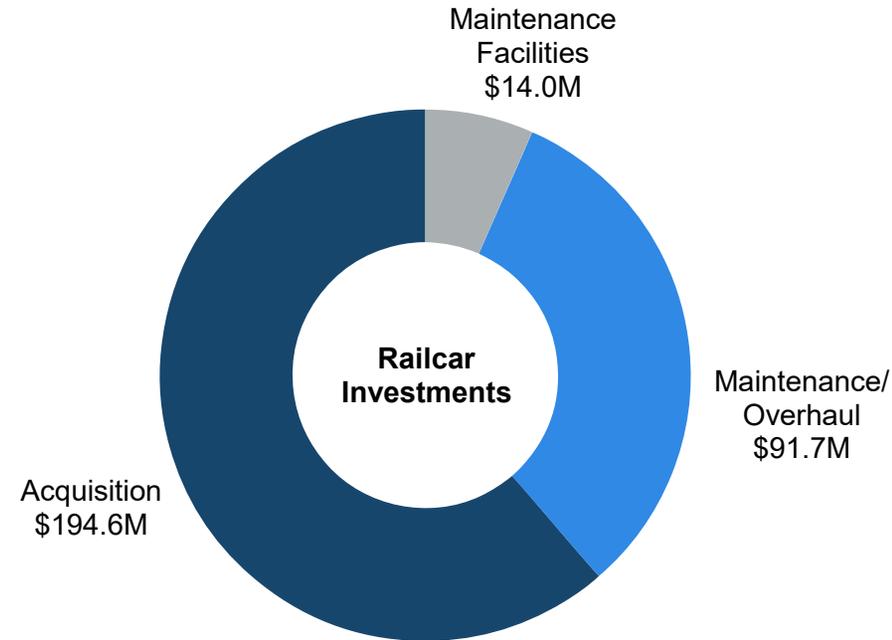
Through FY2019, expenditures in the Railcar Acquisition program represents the majority, 65 percent, of the total railcar investments. By the end of the third quarter, 652 of the planned 748 total 7000-series railcars had been conditionally accepted with 44 of the cars conditionally accepted in Q3.

Delivery of all 748 7000-series railcars is now planned for completion by the end of Q2 of FY2020.

In Q3, the 8000-series Railcar request for proposals (RFP) was amended to include additional requirements for cybersecurity and small business/local investment. The proposal deadline was extended from April 30, 2019 to May 31, 2019 to allow time for bidders to modify responses.

The 7000-series railcars represent over 55 percent of Metro's fleet and are the top performers, traveling over 230,000 miles between delays. Metro's "mean distance between delays," (MDBD) metric continued to show year-over-year improvement, driven in large part by the performance of the 7000-series vehicles.

Overall mean distance between delays through Q3 of FY2019 was 147,763 miles. That compares favorably to both Metro's target of 90,000 miles and 86,831 miles between delays through Q3 of FY2018. For customers, this means fewer disruptions and offloads, making service more reliable.



Railcar Maintenance & Overhaul

Metro invested \$91.7 million in the Railcar Maintenance & Overhaul program through Q3 – 31 percent of total railcar investments.

Metro's ongoing railcar rehabilitation and overhaul program is focused on the 2000/3000-series air compressors, HVAC conversions, truck assemblies, and other components; as well as the 6000-series truck assemblies. Through Q3, 78 of 110 scheduled Railcar rehabilitations have been completed for 3000-series vehicles.

Ongoing preventive maintenance on the rail fleet continued, helping Metrorail to meet the goal of keeping at least 98 percent of railcars in service.

Railcar Maintenance Facilities

Metro is nearing completion of the first phase of ongoing rail yard repairs, including service and inspection shops, maintenance buildings, yard exteriors and railcar lifts. In Q3, Metro received a construction permit for the Good Luck Road facility and construction activities have begun. This facility will enable the consolidation of maintenance functions not required to be located at the maintenance yards.



Rail Systems

Metro invested \$88.9 million in Rail Systems through Q3 of FY2019.

Propulsion

Progress continued on capacity upgrades to the traction-power system on the Orange and Blue Lines to improve reliability and support Metro's goal of running all eight car trains. In Q3 Metro began the installation of four tie breaker station upgrades scheduled for completion by the end of his fiscal year. Also in Q3, Metro received equipment to construct three traction power substations during the summer shutdown of the Yellow Line south of National Airport.

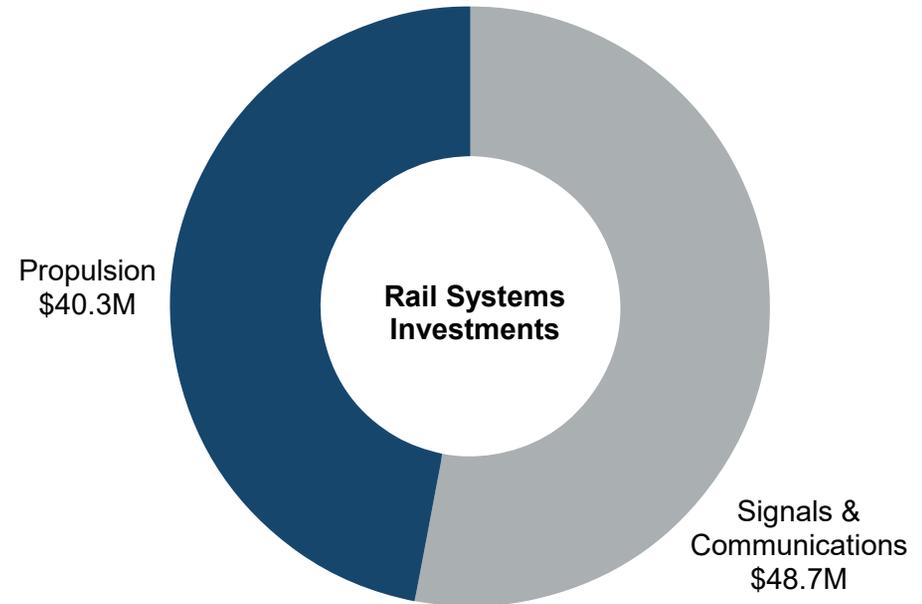
In Q3 Metro took delivery of uninterruptable power supply equipment and has installed 50 percent of the Phase 1 units. Construction began at East Falls Church and Vienna on AC power room switchgear.

Metro received its full order of track inspector location devices for Phase II of the project. Installation along the full length of the Red Line has begun and completion is expected in FY2020.



Signals & Communications

In Q3 Metro received bi-directional amplifiers and the first order of high-tier radios capable of communicating with new and legacy networks.



Track & Structures Investments

Through Q3 of FY2019, Metro invested \$116.7 million in the Track & Structures investment category.

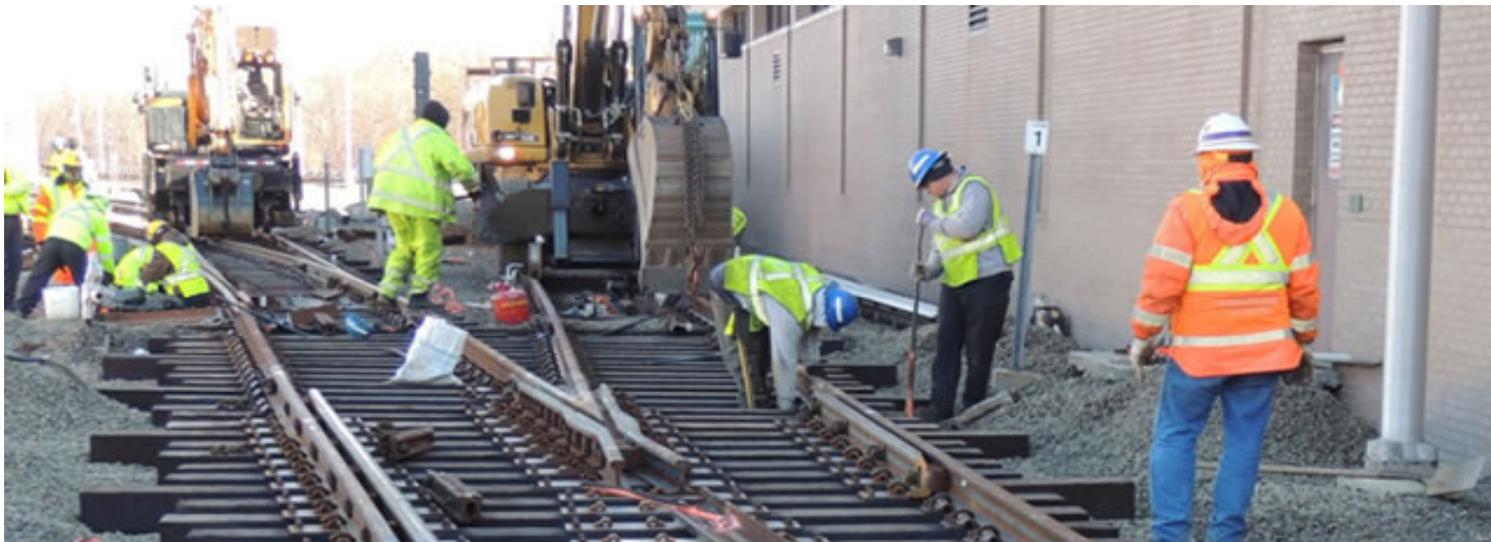
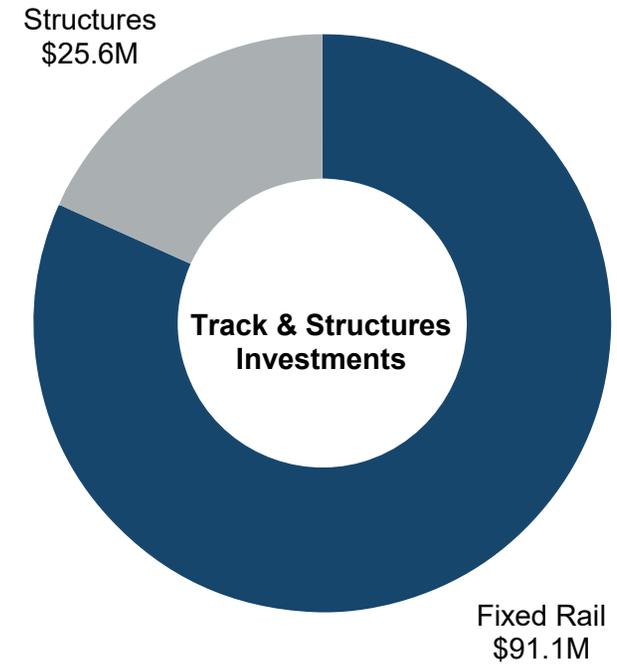
Fixed Rail

Through Q3, Metro has replaced 6,182 crossties, renewed 41,483 direct fixation fasteners and 8,807 insulators, tamped 23 miles of track; and eliminated 1,004 open rail joints.

Structures

The Structures program focused on rehabilitation of structural components, grout pads that support the track structure, the replacement of illegible roadway track signs, and rehabilitation of drains.

Accomplishments through Q3 include 4,334 square feet of concrete poured, 745 linear feet of deck joints rehabilitated, 2,584 signs replaced, 31,916 grout pads rehabilitated, 3,500 leaks repaired, 210,005 linear feet of drains rehabilitated, and 1,079,612 linear feet of track cleaned.



Stations & Passenger Facilities Investments

In the Stations & Passenger Facilities category, Metro invested \$255.0 million through Q3 of FY2019.

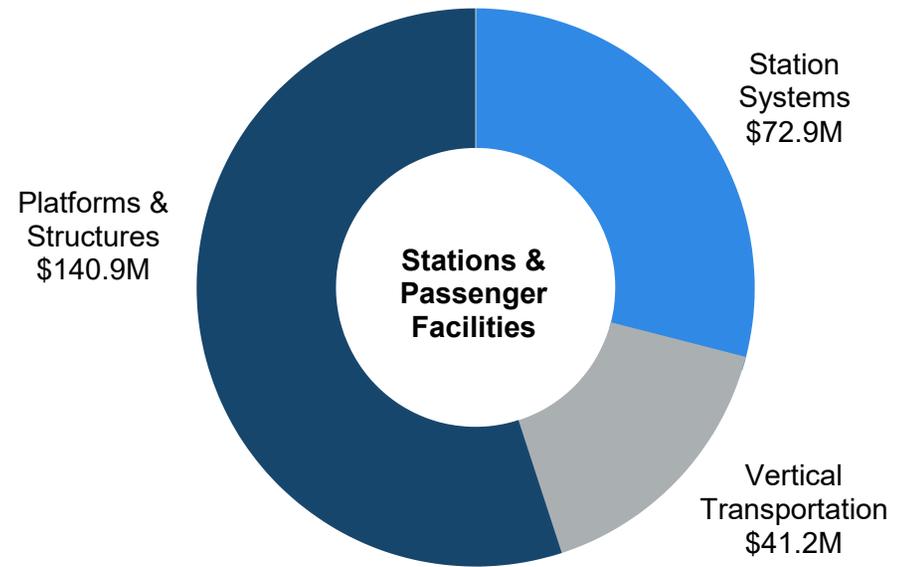
Platforms & Structures

In Q2, Metro awarded a contract for major rehabilitation of platform concrete and metal structures at the six stations south of National Airport. In Q3, the contractor began field work and completed surveys on Phase 1 of the project in preparation for work to commence during the summer shutdown.

The Platforms & Structures program also includes construction support (engineering, safety assurance and design review support) to the Metropolitan Washington Airports Authority (MWAA) for the Silver Line Extension – with investments in station furnishings, systems integration testing and evaluation through Q3.

Design activities for the Potomac Yard Station continued through Q3. The project is now pursuing permits required for construction.

Metro also completed a station entrance canopy at Brookland Station.

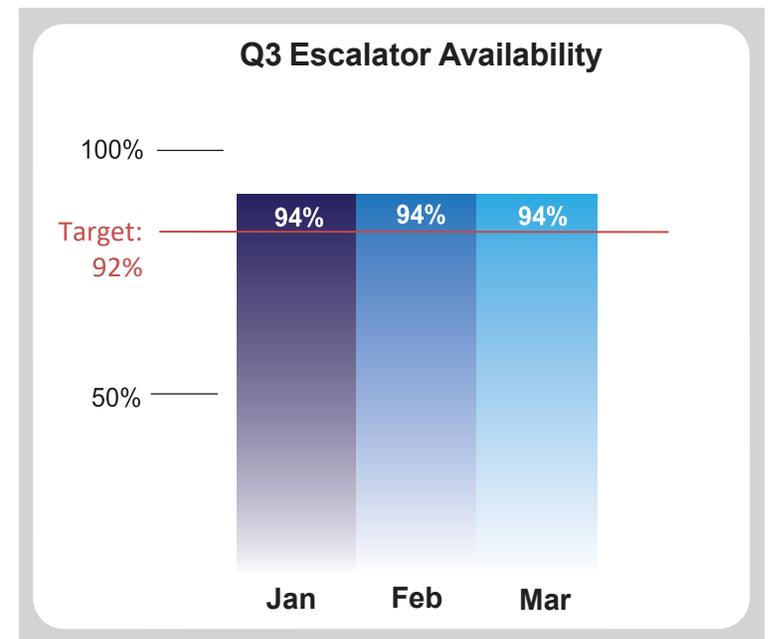
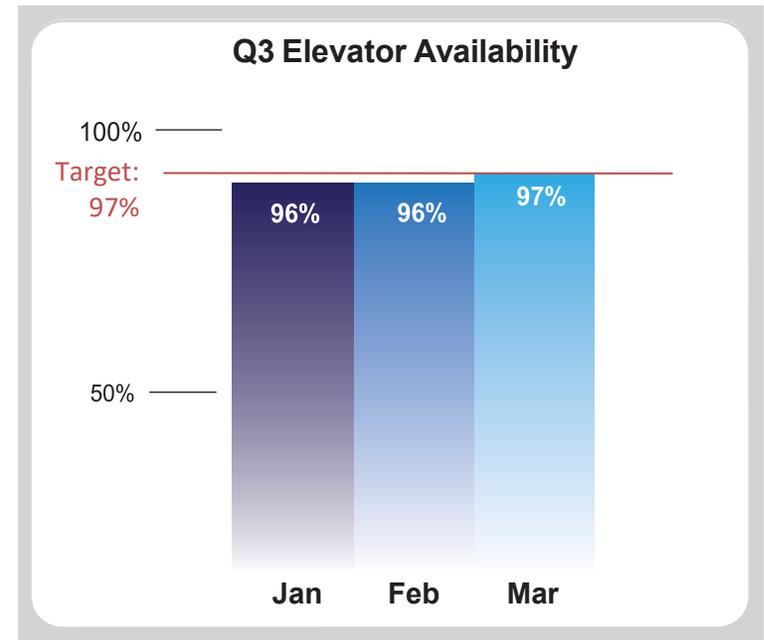


WMATA invested \$41.2 million to replace and improve the system's escalator and elevator infrastructure through Q3 of FY2019.

Vertical Transportation

Overall elevator availability through Q3 of FY2019 averaged 96 percent, below Metro's target. Metro's expansive plan to rehabilitate over a third of elevators and replace escalators throughout the system remains on schedule. In Q3, Metro completed one elevator rehabilitation at Morgan Boulevard and mobilized to complete five additional rehabilitations by the end of Q4 at: West Falls Church (3 elevators), Wheaton and NoMa-Gallaudet U.

Escalator availability through Q3 averaged 94 percent, above Metro's target. Metro returned escalators to service in Q3 at seven stations: Friendship Heights, Cleveland Park, U Street, Arlington Cemetery, Archives, Smithsonian, and Courthouse.



Station Systems benefited from \$72.9 million in investments through Q3 of FY2019.

Station Systems

Lighting improvements were completed at 25 track bed and nine pylon locations. Station parking lot lighting rehabilitations have commenced at six locations most in need of improvement to address safety and the customer experience.

Additionally, the maintenance and modernization of Metro's fare collection system continued. Software upgrades are ongoing for the communication and power infrastructure, along with mobile payment development.



Bus & Paratransit Investments

Total FY2019 expenditures through Q3 in the Bus & Paratransit Investment category were \$121.9 million.

Bus & Paratransit Acquisition

A total of 122 buses (75 – 40-foot CNG, 25 – 40-foot clean diesel, 22 – 60-foot articulated hybrid) are planned for delivery in FY2019. As of the end of Q3, Metro had accepted 56 of the CNG buses and all 22 of the articulated buses. All 40 clean diesel and the remaining 19 CNG buses will be delivered in Q4.

Metro placed an order in Q1 for 250 paratransit vehicles – 106 were received as planned in Q3.

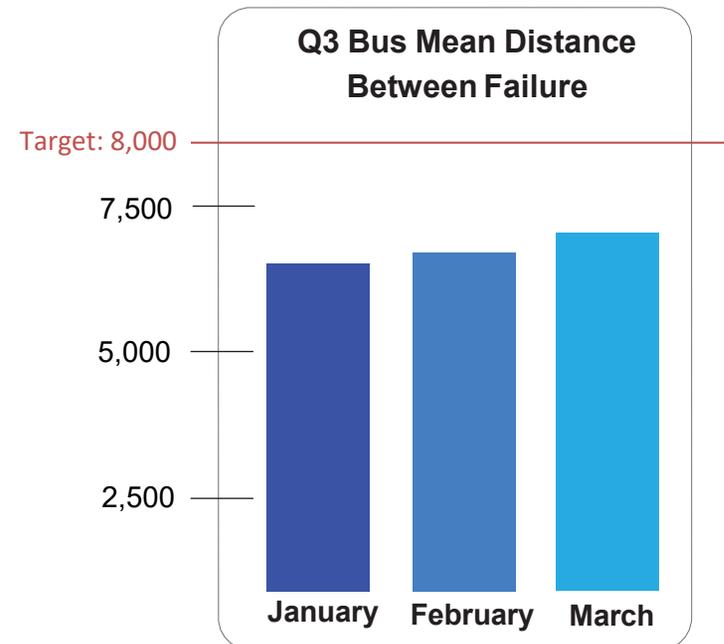
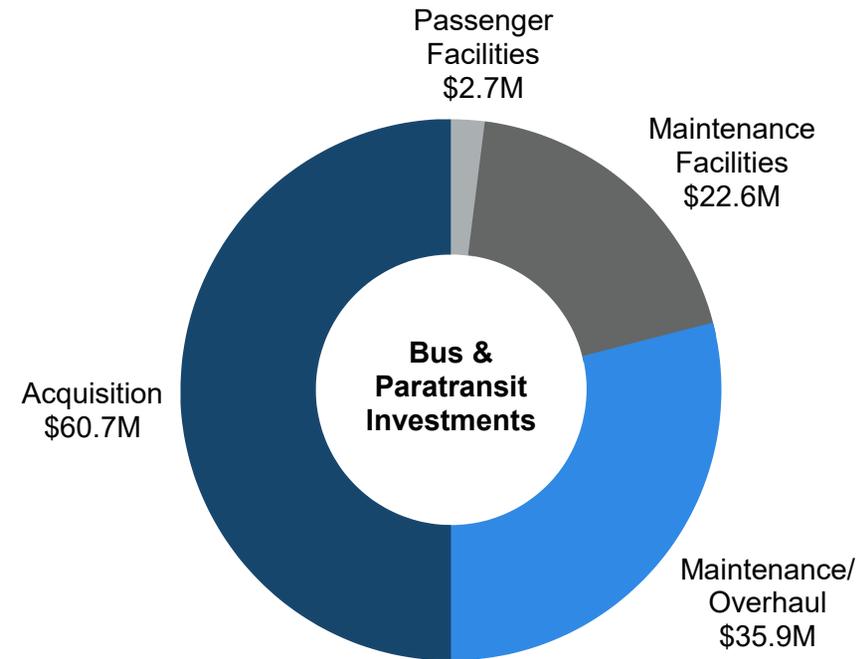
Bus Maintenance & Overhaul

WMATA’s bus maintenance and overhaul investments are focused on maintaining reliability and the safe operating condition of the equipment and achieving the maximum useful life of the assets.

Through Q3, 86 of the 100 scheduled bus rehabilitations have been completed.

WMATA’s bus fleet continued to underperform Metro’s mean distance between failure target (8,000 miles) in all three months of Q3, travelling an average of 6,471 miles between service interruptions through the first nine months of FY2019 – a 10 percent decline compared to the same period last year but an improvement from Q2, due to failures in hybrid systems. These issues are not unique to WMATA, and staff are working with Original Equipment Manufacturers (OEMs) to identify potential solutions.

Expenditures in the Bus Maintenance & Overhaul program continued in Q3 as described in the FY2019 Work Plan on the next page.



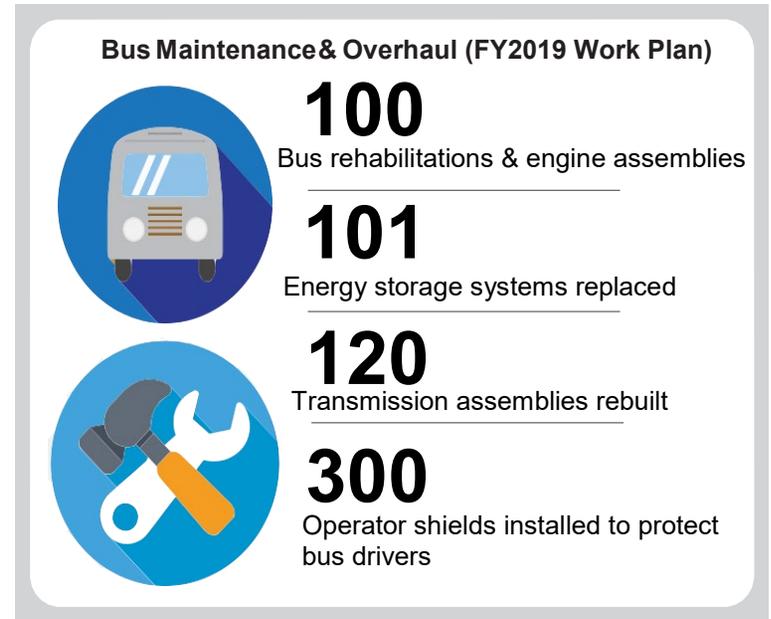
Through Q3, Metro invested \$22.6 million in Bus Maintenance Facilities.

Bus Maintenance Facilities

Expenditures in this category were predominantly focused on completing construction of the new Andrews Federal Center bus maintenance facility. Revenue operations are scheduled to commence there in Q1 of FY2020.

Bus Passenger Facilities & Systems

Metro developed an annual bus shelter replacement program in Q1. Construction for Phase I of the program is expected to commence in FY2020.



Business Support Investments

WMATA invested \$150.4 million through Q3 of FY2019 in the Business Support Investment category.

Information Technology

Information technology investments accounted for 35 percent of all Business Support investments through Q3.

Investment in data centers and infrastructure was the largest component. These efforts were focused on enhancing data protection and expanding the capacity and scalability of Metro's data infrastructure.



Support Equipment & Services

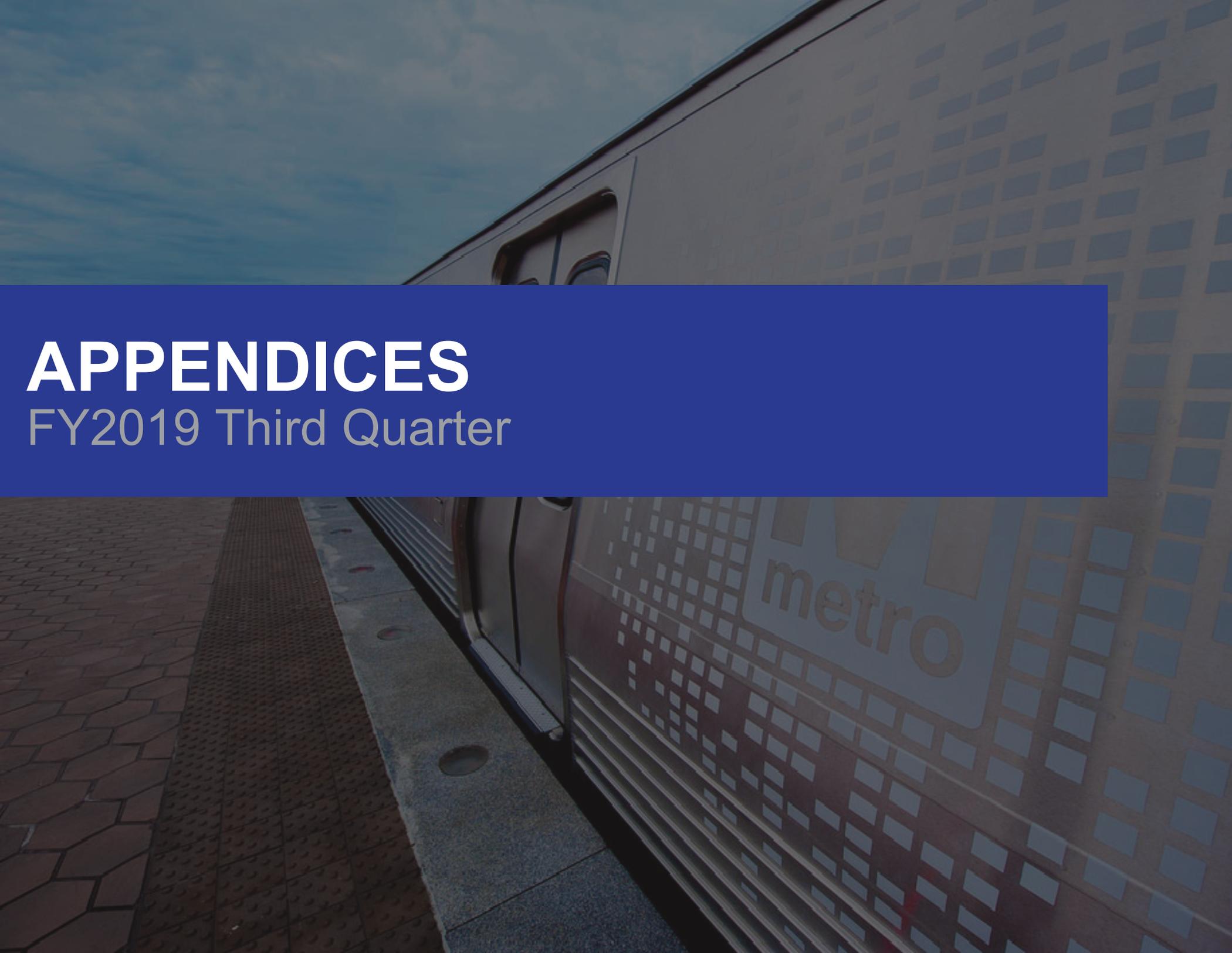
The largest project in the Support Equipment & Services category is the Office Consolidation Strategy that will enable Metro to downsize from 10 current office buildings throughout the region to seven.

In Q2, Metro purchased a building at L'Enfant Plaza to replace its current headquarters, the outmoded Jackson Graham Building. Formerly known as the Reporter's Building, the new Metro headquarters site will be stripped to its structural concrete and completely renovated to modern workplace standards. In addition, Metro plans to "re-skin" the building to improve its exterior appearance and may add three floors, creating space that could be leased to generate additional revenue. A rendering of the completed facility is shown on the left.

WMATA signed fee development agreements to support the new District of Columbia headquarters and the Virginia office building construction.

Another significant portion of the investment in this program went toward the rehabilitation and replacement of facility roofs across the Authority.

Metro purchased and installed digital media wall scapes and display terminals inside Metrorail stations at NoMa-Gallaudet U, Crystal City, and Farragut North.



APPENDICES

FY2019 Third Quarter

Appendix I: Operating Financials

Fiscal Year 2019 – Q3 (\$ in Millions)

Excludes Reimbursables

	Budget	Actual	Variance	
			\$	%
Passenger Revenue	\$543.3	\$518.1	(\$25.1)	-5%
Non-Passenger Revenue	\$44.7	\$46.4	\$1.8	4%
Total Revenue	\$587.9	\$564.6	(\$23.4)	-4%
Personnel	\$996.1	\$941.0	\$55.1	6%
Non-Personnel	\$412.3	\$391.7	\$20.6	5%
Total Expenses	\$1408.4	\$1332.7	\$75.7	5%
Net Subsidy	\$820.4	\$768.1	\$52.3	6%
Cost Recovery Ratio	42%	42%	Favorable/(Unfavorable)	

Appendix II: Capital Project Financials by Investment Category

Fiscal Year 2019 (\$ in Millions)

	Original Annual Budget	Q3-YTD Actuals	March 2019 Annual Forecast	YTD % of Forecast Expended
Railcar Acquisition	304.0	194.6	260.2	75%
Railcar Maintenance/Overhaul	116.7	91.7	118.4	77%
Railcar Maintenance Facilities	24.4	14.0	21.3	65%
Railcar Investments	445.1	300.3	399.9	75%
Propulsion	66.2	40.3	71.4	56%
Signals & Communications	107.1	48.7	89.9	54%
Rail Systems Investments	173.3	88.9	161.3	55%
Fixed Rail	85.6	91.1	122.1	75%
Structures	19.8	25.6	35.3	73%
Track and Structures Rehabilitation Investments	105.4	116.7	157.3	74%
Platforms & Structures	116.9	140.9	235.6	60%
Vertical Transportation	58.0	41.2	58.5	71%
Station Systems	76.9	72.9	103.9	70%
Stations and Passenger Facilities Investments	251.8	255.0	398.0	64%

Appendix II: Capital Project Financials by Investment Category

	Original Annual Budget	Q3-YTD Actuals	March 2019 Annual Forecast	YTD % of Forecast Expended
Bus and Paratransit Acquisition	110.1	60.7	97.8	62%
Bus Maintenance/Overhaul	58.5	35.9	56.9	63%
Bus Maintenance Facilities	30.0	22.6	26.3	86%
Bus Passenger Facilities/Systems	5.1	2.7	11.3	24%
Bus and Paratransit Investments	203.6	121.9	192.3	63%
IT	67.5	52.4	81.4	64%
MTPD	1.0	1.2	1.5	77%
Support Equipment/Services	31.4	96.8	126.1	77%
Business Support Investments	99.8	150.4	209.0	72%
Total Capital Programs	1,279.1	1,033.2	1,517.8	68%

Appendix III: Weekday Parking Facility Usage

Fiscal Year 2019 – Q3

State/Lot Region	Lot Capacity	YTD Paid Utilization (% of Capacity)	Variance (Year-Over-Year) – % Change in Utilization
Montgomery County			
Grosvenor	1,859	91%	3%
White Flint	1,270	56%	1%
Twinbrook	1,097	57%	-1%
Rockville	524	94%	-3%
Shady Grove	5,745	71%	-2%
Glenmont	2,998	70%	-3%
Wheaton	977	26%	2%
Forest Glen	596	82%	-5%
Montgomery County Total	15,066	69%	-2%
Prince George's County			
New Carrollton	2,929	72%	0%
Landover	1,866	35%	6%
Cheverly	500	57%	-3%
Addison Road	1,268	41%	-9%
Capitol Heights	372	78%	-7%
Greenbelt	3,399	64%	1%
College Park	1,495	54%	-1%
P.G. Plaza	1,068	48%	2%
West Hyattsville	453	59%	-21%
Southern Avenue	1,980	50%	-6%
Naylor Road	368	93%	8%
Suitland Garage	1,890	51%	0%
Branch Avenue	3,072	86%	3%
Morgan Blvd.	608	83%	-7%
Largo	1,950	82%	-3%
Prince George's County Total	23,218	63%	-1%
Maryland Total	38,284	65%	-2%

Appendix III: Weekday Parking Facility Usage

State/Lot Region	Lot Capacity	YTD Paid Utilization (% of Capacity)	Variance (Year-Over-Year) – % Change in Utilization
District of Columbia			
Deanwood	194	32%	-4%
Minnesota Ave.	333	84%	-29%
Rhode Island Ave.	221	82%	-18%
Fort Totten	408	108%	-2%
Anacostia Garage	808	45%	-8%
District of Columbia Total	1,964	67%	-11%
Northern Virginia			
Huntington	2,732	72%	4%
West Falls Church	2,009	54%	9%
Dunn Loring	1,964	44%	-27%
Vienna	4,719	72%	1%
Franconia	5,069	55%	0%
Van Dorn	361	100%	-3%
East Falls Church	422	115%	2%
Weihle-Reston East	2,300	93%	4%
Northern Virginia Total	19,576	67%	-1%
System Total	58,824	66%	-2%