



Legislation Text

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City of Alexandria, Virginia

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MEMORANDUM

**DATE:** APRIL 6, 2016

**TO:** THE HONORABLE MAYOR AND MEMBERS OF CITY COUNCIL

**FROM:** MARK B. JINKS, CITY MANAGER /s/

**DOCKET TITLE:**

Consideration of Approval of a One Year Extension to the Existing Washington Metropolitan Area Transit Authority Capital Funding Agreement.

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**ISSUE:** Council Consideration of approval of a one-year extension to the existing Washington Metropolitan Area Transit Authority (WMATA)'s Capital Funding Agreement (CFA).

**RECOMMENDATION:** That City Council:

1. Approve a one-year extension to the existing WMATA's CFA as detailed in the First Amendment to the CFA shown in Attachment 1;
2. Authorize the City Manager to sign the First Amendment to the CFA to provide for a one-year extension to the existing CFA.

**BACKGROUND:** The CFA is the legal agreement between WMATA and Contributing Jurisdictions, which include the State of Maryland, the District of Columbia, Arlington, County, Fairfax County, the City of Fairfax, the City of Falls Church, and the City of Alexandria. It provides the funding commitment for WMATA's ongoing capital program. The CFA includes a commitment from the jurisdictions to match federal funds received by WMATA for capital projects and to annually review each jurisdiction's ability to provide additional capital funds, either as 'system performance' funds or through the issuance of long-term debt, for additional capital projects.

The current CFA, shown in Attachment 2, was executed in 2010 and covers a six-year period from FY 2011 through FY 2016. The CFA expires on June 30, 2016, and an extension, renewal, or replacement of that agreement is needed by that date in order to ensure the continued progress of Metro's capital program, including

the ability to enter into multi-year contractual agreements.

**DISCUSSION:** The City and Contributing Jurisdictions have been jointly negotiating a renewal of the current CFA for over a year. During that time, significant progress has been made on agreeing to 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.

Recently, all parties have agreed that WMATA needs to focus on the FY 2017 annual capital program before a new six-year funding agreement can be finalized. To facilitate this focus, the City and the Contributing Jurisdictions have agreed to a one-year extension of the CFA under the current terms. Following approval of a one-year extension, discussions and negotiations over a full renewal of the CFA will continue. In particular, two key issues need to be addressed in the coming months:

- WMATA must complete an updated Capital Needs Inventory (CNI). The CNI is key to a robust capital planning and project prioritization process and will identify those projects for funding that are most critical to safe, reliable, and high quality transit service. This CNI will form the basis for a new FY 2018 -FY 2023 funding agreement and six-year CIP.
- Loudoun County must be incorporated into the CFA as a Contributing Jurisdiction ahead of the planned opening of Silver Line Phase 2.

**FISCAL IMPACT:** There is no direct funding impact from the authorization to execute the renewal of the CFA. The Capital Funding Agreement (CFA) is the legal agreement between WMATA and the Contributing Jurisdictions that provides the funding commitment for WMATA's ongoing capital program. The CFA extension will support the WMATA FY 2017 capital budget. The capital program has underspent every year for the last ten years. As shown in the CFA amendment in Attachment 1, WMATA now estimates \$898.9 million for the FY 2017 WMATA proposed CIP, which differs from the \$1.1 billion originally proposed. The proposed City FY 2017 Capital Budget can fully fund the requested \$8.7 million City WMATA Capital contribution for FY 2017, which includes \$8.5 million for Capital and \$0.2 million to support WMATA's long term debt issuance where the City share of the debt issued by WMATA will be \$2.6 million. This \$8.7 million City share compares to \$9.35 million that was planned in the City's CIP for FY 2017. This will result in a \$0.65 million savings that is now available to reallocate towards other capital purposes.

**ATTACHMENTS:**

Attachment 1: First Amendment to the Capital Funding Agreement for a One-Year Extension

Attachment 2: Capital Funding Agreement

Attachment 3: Capital Funding Agreement Attachments

**STAFF:**

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