



Legislation Text

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City of Alexandria, Virginia

MEMORANDUM

DATE: JUNE 20, 2018

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.

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

RECOMMENDATION: That City Council:

1. Approve a one-year extension by approving a Third Amendment (attached) to the existing WMATA CFA;
2. Authorize the City Manager to sign and execute the FY 2019 WMATA CFA; and
3. Approve the City opting out of up to \$11.2 million of WMATA debt issuance by utilizing City CIP funds to pay up to \$11.2 million, and thereby save over a 25-year period on future WMATA debt service charged to the City.

BACKGROUND: The CFA has served since FY 2011 as the legal Capital Funding Agreement between WMATA and its contributing jurisdictions, including the City of Alexandria, City of Fairfax, City of Falls Church, Fairfax County, Arlington County, the State of Maryland, and the District of Columbia. The CFA provides a capital funding commitment for WMATA to match Federal funds, to advance capital projects and programs, and to fund ongoing contractual agreements. While it is up to each jurisdiction to decide to fund their respective portion of the CFA, for many decades all contributing jurisdictions have agreed to fund their designated capital shares.

The current CFA was amended and executed in 2017 and covers a one-year period, from July 1, 2017 to June 30, 2018. The CFA expires on June 30, 2018, and an extension, renewal, or replacement of that agreement is needed by that date to ensure the continued progress of Metro's capital program. The new CFA reflects the recent new dedicated funding decisions made by the General Assemblies of Maryland and Virginia, as well as the District of Columbia City Council.

Following extensive discussion and several meetings, contributing jurisdictions have come to an agreement that the next CFA should cover one year, July 1, 2018 to June 30, 2019.

The CFA allows jurisdictions to opt out of WMATA's planned bond issuance if a jurisdiction chooses to do so and pay WMATA the full cash amount directly from local sources. While this opting out utilizes local bond capacity, it results in long-term interest savings to the City because the City's AAA/Aaa bond ratings are higher than WMATA's AA- bond ratings. In comparing a projected \$11.2 million WMATA bond issuance with a \$11.2 million City bond issuance, over a 25-year period there would be a savings to the City of \$5.4 million, which equates to a net present value (i.e. today's dollars) savings of \$3.2 million. Staff recommends that the City opt out of WMATA's planned FY 2019 bond issuance and utilize City bond and other related transportation resources to pay the \$11.2 million City share of WMATA FY 2019 Capital Improvement Program covered by this CFA.

FISCAL IMPACT: The City's share of the proposed FY 2019 WMATA capital budget is \$30.4 million, of which \$19.2 million will be covered by State aid and \$11.2 million will be covered by a combination of \$5.4 million in City issued debt, \$3.5 million in earned bond premium credits held by WMATA, \$1.6 million in Northern Virginia Transportation Fund resources, and \$0.7 million in City Transportation Improvement Program funds.

ATTACHMENT: Third Amendment to the Capital Funding Agreement with FY 2019
WMATA CIP Financial Plan

STAFF:

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