

M E M O R A N D U M



SUBJECT: MDOT Subsidy Payment

DATE: March 30, 2010

FROM: DGMA/CFO – Carol Dillon Kissal

TO: GMGR – John B. Catoe, Jr.

This is to inform the Metro Board that we received a letter from the Secretary of MDOT on January 28, 2010, informing Metro of the status of the quarterly capital subsidy payments for FY 2010 under the Metro Matters Agreement.

In their letter, MDOT expressed continued commitment to the maintenance and rehabilitation of the Metro system and a commitment to fulfill the obligation to pay the remaining cost of the Metro Matters Program, in spite of the decline in Maryland Transportation Trust Fund by 13% due to the economic recession.

While funding for Metro Matters Capital program has not been reduced, MDOT has deferred a portion of the FY 2010 funding for the program to FY 2012. As a result, \$28.7M of capital subsidy payment that is due in FY 2010 will not be made until FY 2012. On a cash basis, due to a slower than expected spending, this delayed payment by MDOT will not materially impact Metro's capital program funded under the Metro Matters Funding Agreement.

We will closely monitor our needs, and if necessary will draw on the line of credit. Unless the contributing jurisdiction's failure to pay results from a failure to appropriate by its fiscal body, under the Metro Matters Agreement, if a jurisdiction fails to make a quarterly payment in full when payment is due, Metro may issue debt or otherwise advance funds to replace the amount of the payment not timely received. Metro may charge such jurisdiction an amount equal to the sum of the financing and interest costs and expenses incurred, any administrative costs, and penalties and losses incurred by Metro as a result of such late payment, unless the jurisdiction's failure to pay results from a failure to appropriate by its fiscal body.



Maryland Department of Transportation
The Secretary's Office

Martin O'Malley
Governor

Anthony G. Brown
Lt. Governor

Beverley K. Swaim-Staley
Secretary

Harold M. Bartlett
Deputy Secretary

January 28, 2010

Mr. John B. Catoe, Jr.
General Manager
Washington Metropolitan Area Transit Authority
600 Fifth Street, N.W.
Washington DC 20001

Dear Mr. Catoe:

I am writing to inform you of the current status of the Maryland Department of Transportation's (MDOT) funding for the Washington Metropolitan Area Transit Authority's (WMATA) Metro Matters Program.

Since FY 2006, MDOT, through the Washington Suburban Transit Commission, has contributed \$247.3 million to WMATA for the Metro Matters Program, including \$25.9 million in FY 2010 (as of January 4, 2010). MDOT will also provide \$16.4 million from Maryland's allocation of federal Congestion Mitigation and Air Quality Program (CMAQ) funds to cover a portion of Maryland's FY 2010 funding for Metro Matters.

Maryland's capital contributions to WMATA for the Metro Matters Program are funded through Maryland's Consolidated Transportation Program (CTP). Unfortunately, due to the economic recession, revenues supporting Maryland's Transportation Trust Fund have declined by 13 percent since 2007 and MDOT has been forced to cancel, defer, or reduce funding for over 250 projects and programs totaling \$2.1 billion. Spending on operating programs was also reduced by \$300 million over the six-year period. While funding for the Metro Matters Program has not been reduced, FY 2010 and FY 2011 funding for the program has been deferred until later in the six-year plan. We will continue to work with you to develop a revised forecast for jurisdictions' capital contributions that is consistent with WMATA's updated capital program and corresponding cash flow needs.

The FY 2010-2015 CTP includes a total of \$366.9 million of Maryland funding for the Metro Matters Program between FY 2010 and FY 2015. The program includes \$42.3 million in FY 2010, \$28.7 million less than the amount assumed for FY 2010 in the Metro Matters Funding Agreement Integrated Financial Plan. The funding plan by fiscal year is as follows:

Fiscal Year	Planned Maryland Funding
2010	\$42,300,000
2011	\$42,300,000
2012	\$82,100,000
2013	\$57,100,000
2014	\$72,100,000
2015	\$71,047,000
Six Year Total	\$366,947,000

My telephone number is 410-865-1000
Toll Free Number 1-888-713-1414 TTY Users Call Via MD Relay
7201 Corporate Center Drive, Hanover, Maryland 21076

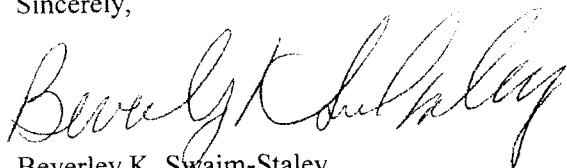
Mr. John B. Catoe, Jr
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A copy of the project information page for the Metro Matters Program is attached to this letter for your information. Payments to WMATA from MDOT for the Metro Matters Program are subject to Maryland's annual budget process and the appropriation of funds by the General Assembly.

MDOT remains committed to the maintenance and rehabilitation of the WMATA system and it will fulfill its obligation to pay the remaining cost of the Metro Matters Program in accordance with the FY 2011-2015 CTP. We look forward to continuing to work together with WMATA and the other Compact jurisdictions to ensure that the transit system is safe and reliable.

If you wish to discuss these matters, please contact me, or Deputy Secretary Harold Bartlett, at 410-865-1001. You may also contact Mr. Thomas Webster, MDOT's Liaison to WMATA at 301-577-2063.

Sincerely,



Beverley K. Swaim-Staley
Secretary

Attachment

cc: Mr. Harold M. Bartlett, Deputy Secretary, MDOT
Mr. David L. Fleming, Director, Office of Finance, MDOT
Ms. Carol D. Kissal, Chief Financial Officer, WMATA
Mr. Thomas J. Webster, Manager, WMATA Liaison Office, MDOT



PROJECT: Metro Matters Capital Program

DESCRIPTION: The Metro Matters Program includes both the former Infrastructure Renewal Program and the System Access Plan. The Metro Matters Funding Agreement was executed in October, 2004 and outlines an integrated financial plan that will fund the IRP and SAP through FY 2010. The plan will rely on local, state, and federal funding and short and long term debt as necessary. Projects include all system infrastructure, rolling stock, vehicles and equipment.

JUSTIFICATION: The goals of the Metro Matters program are to 1) maintain WMATA's aging facilities and systems in a state of good repair, 2) relieve Metrorail passenger crowding and accommodate ridership growth by having 50% of peak-hour trains operating with eight cars, and 3) improve Metrobus service reliability by reducing the average age of the fleet, and improve regional air quality by replacing standard diesel buses with alternative fuel buses.

SMART GROWTH STATUS:

- Project Not Location Specific or Location Not Determined
- Project Within PFA
- Grandfathered
- Project Outside PFA; Subject to Exception
- Exception Approved by BPWM/MDOT

ASSOCIATED IMPROVEMENTS:

Metrorail Debt Service -- Line 1
Matching Funds -- Line 4

STATUS: Mid-life overhaul of 364 rail cars is nearing completion, extending the lifetime of the cars by 20 years. 120 new rail cars are now in service. Clean diesel, hybrid-electric and Compressed Natural Gas bus delivery began in 2006, with exceptional results.

SIGNIFICANT CHANGE FROM FY 2009 - 14 CTP: The Maryland share of the cost of this regional capital program is approximately \$370.0 million through FY 2010 and \$667.0 million through 2024. The increase in cost is due to the addition of FY 2015 and an increase in federal funds received directly by WMATA.

PHASE	ESTIMATED COST (\$000)		CURRENT YEAR	BUDGET YEAR	PROJECTED CASH REQUIREMENTS FOR PLANNING PURPOSES ONLY						SIX YEAR TOTAL	BALANCE TO COMPLETE	
	2009	2010			2011	2012	2013	2014	2015	2016			
Planning	0	0	0	0	0	0	0	0	0	0	0	0	0
Engineering	0	0	0	0	0	0	0	0	0	0	0	0	0
Right-of-way	0	0	0	0	0	0	0	0	0	0	0	0	0
Construction	1,546,343	585,636	141,260	141,260	181,060	156,060	171,060	170,007	960,707	0	0	0	0
Total	1,546,343	585,636	141,260	141,260	181,060	156,060	171,060	170,007	960,707	0	0	0	0
Federal-Aid	79,880	63,480	16,400	0	0	0	0	0	16,400	0	0	0	0

A total of \$954.1 million in federal funds are to be received directly by WMATA. The \$79.9 million in Federal Funds shown above are Congestion Mitigation and Air Quality (CMAQ) funds provided by MDOT.