

WASHINGTON METROPOLITAN AREA TRANSIT AUTHORITY

Q4

Fiscal Year 2018

Period of July 1, 2017 - June 30, 2018



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FY2018 at a Glance

In fiscal year 2018, Metro continued to push high-priority initiatives and capital investments, while confronting resource challenges.

In the fourth quarter, Metro's capital investments accelerated, with significant equipment deliveries of railcars, bus and paratransit vehicles, the radio and cell phone replacement program, and IT hardware purchases. As a result, Metro expended \$1,246.6 million, over 99 percent of the approved capital budget for the fiscal year and the largest amount to date.

Other capital accomplishments in FY2018 include upgrades to traction power, station mezzanine lighting, free customer WiFi available in all underground stations, continued progress in the delivery of new rail vehicles, and upgraded communications for faregates in advance of Metro's new faregate program.

In addition, Metro advanced development of a multi-year Enterprise Asset Management Initiative to rationalize Metro's various business systems that touch Asset Management to present a single source of information about the asset and its performance and condition. Additional investment in the coming years will bring this effort to completion.



Ridership

Ridership on all three modes was less than FY2018¹ budget and prior year due primarily to higher fares. Preliminary FY2018 ridership on all modes was 289.4 million using the method employed in previous years.

Rail ridership through Q4 was 175.8 million trips – 2.7 million trips (1.5 percent) below budget and 1.2 million trips (0.7 percent) below FY2017.

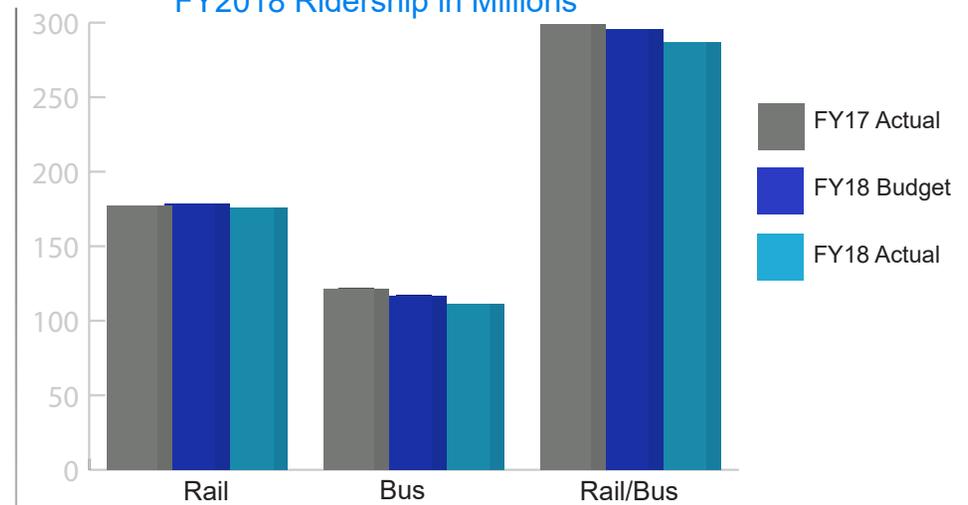
In FY2018, Metro transitioned the method used to collect bus ridership data from farebox (AFC) to Automatic Passenger Counter (APC) to improve the accuracy of reporting. FY2018 bus ridership fell by 8.6 percent from FY2017 using AFC and by a similar percentage using APC.



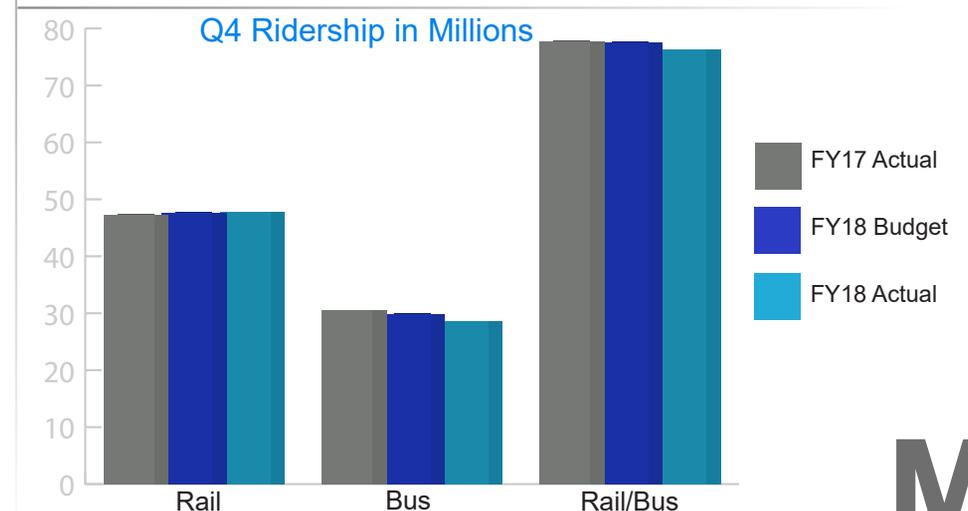
Bus ridership was 4.9 percent below budget. Total ridership on MetroAccess through the fourth quarter was approximately 2.3 million trips, below projections, and down from FY2017 by nearly two percent.

The bulk of the ridership losses Metrorail has sustained continue to be off-peak (evenings and weekends), while the decline in bus ridership is consistent system-wide, across nearly all routes and times of day.

FY2018 Ridership in Millions



Q4 Ridership in Millions



1. Using Automated Fare Collection (AFC) totals for bus, consistent with prior practice

Operating Revenue

Total Passenger Revenue through Q4 was \$732.2 million – \$23.6 million (three percent) below budget but \$12.4 million (1.7 percent) more than prior year. Revenue was higher than FY2017 due to higher fares, despite lower ridership.

For FY2018, Metrorail passenger revenue of \$536.5 million was \$1.7 million (0.3 percent) below budget.

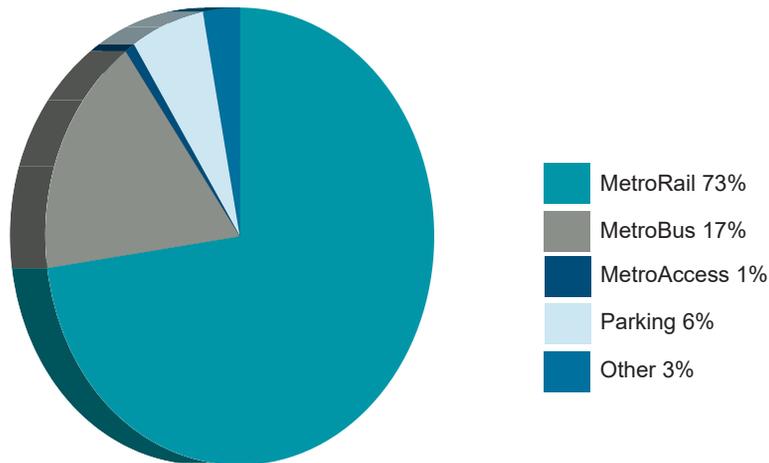
Metrobus passenger revenue of \$123.2 million was \$23.2 million (15.9 percent) below budget.

MetroAccess passenger revenue was essentially on budget (0.3 percent unfavorable), despite ridership that was 2.9 percent below budget.

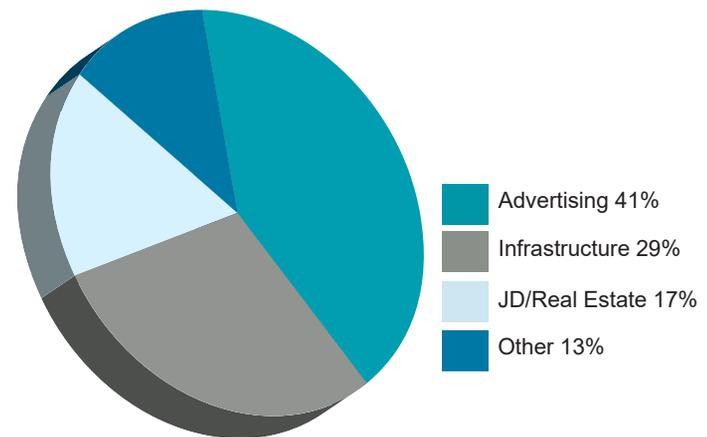
Parking revenue was \$43.1 million, \$0.9 million (two percent) above budget.

FY2018 non-passenger revenue of \$54.8 million was \$4.1 million (seven percent) below budget. Within this category advertising revenue was \$1.4 million below budget and infrastructure revenue was \$1.1 million less than budget. Joint Development (JD) revenue, however, was \$1.3 million above budget.

FY2018 Passenger Revenue: \$732.2M



FY2018 Non-Passenger Revenue: \$54.8M



Operating Expenses

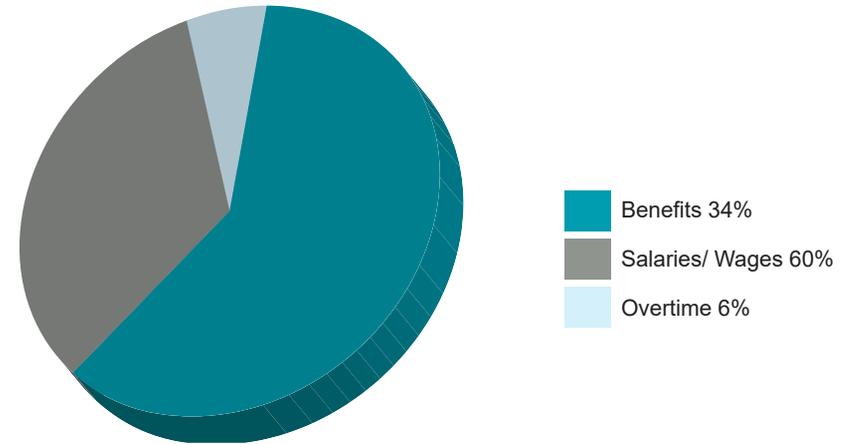
FY2018 operating expenses were \$1.79 billion – favorable to budget by \$4.3 million.

FY2018 Personnel Expenses: \$1,300M

Personnel Expenses

FY2018 personnel expenses (including salaries/wages, overtime, and fringe benefits) were \$1.3 billion – favorable to budget by \$9.6 million (one percent).

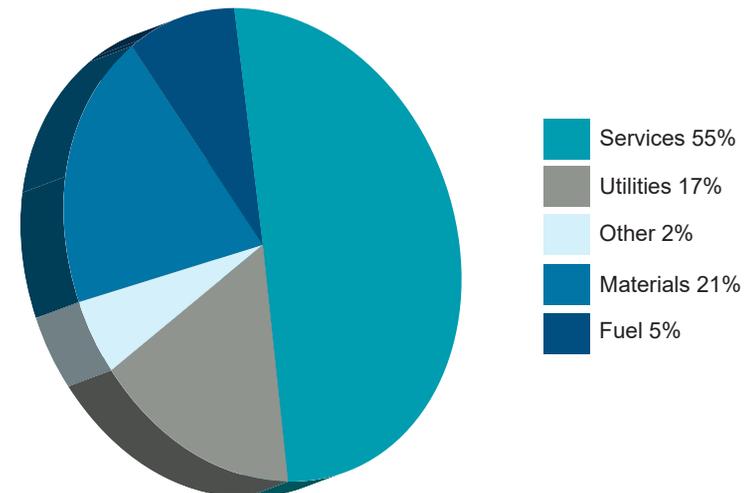
Due primarily to recent collective bargaining settlements, Metro ended FY2018 with a \$23.3 million operating deficit.



FY2018 Non-Personnel Expenses: \$491M

Non-Personnel

Non-personnel expenses were \$490.7 million for FY2018 – \$5.2 million more than budget. Services accounted for \$269.7 million, while fuel (gas, diesel and CNG) totaled \$24.1 million. Utilities and propulsion expenses combined were \$83.4 million. Materials & Supplies expenses exceeded budget by \$1.9 million in FY2018, mostly due to parts, which were \$7.8 million more than budget.



The total capital overhead allocation credit in FY2018 was \$37.8 million, unfavorable by 22 percent from both FY2017 and budget. This was due to an accounting adjustment for overhead charged in previous years.

Capital Programs

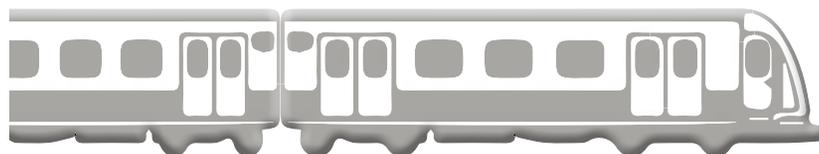
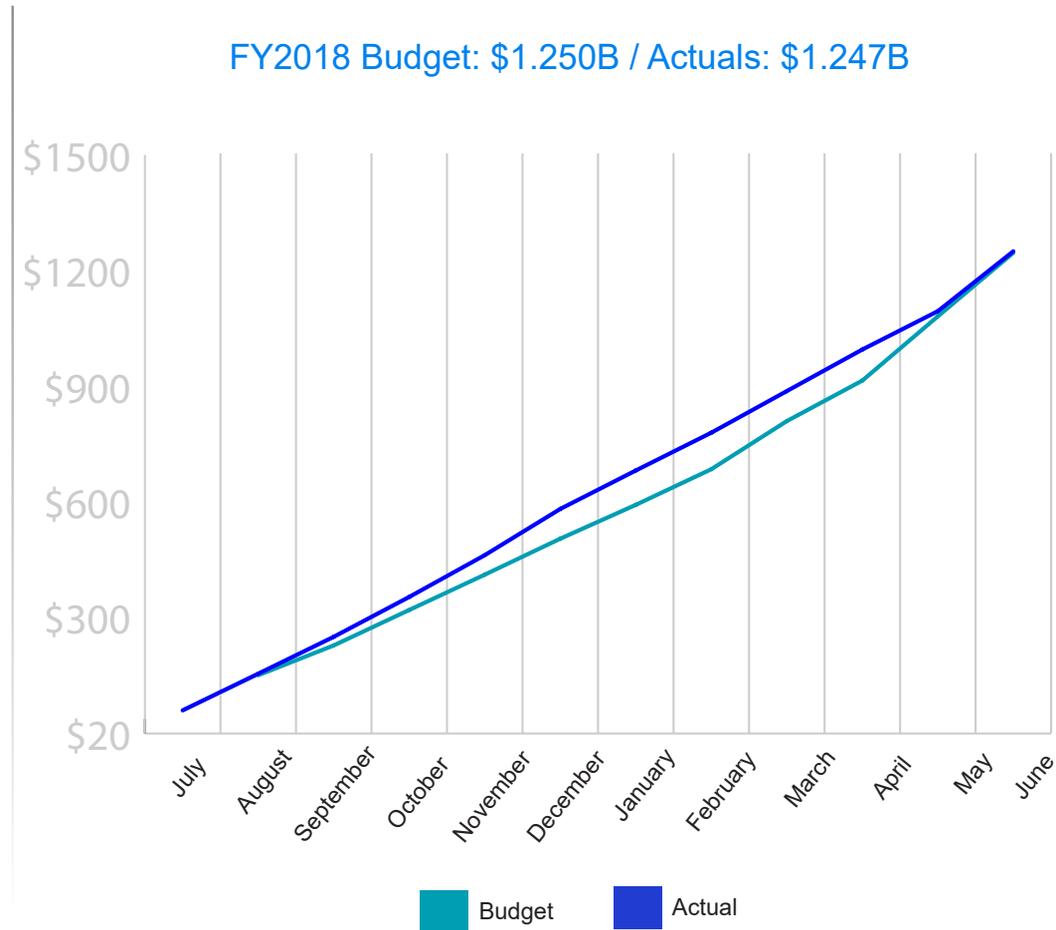
Metro invested \$1,246.6 million in the Capital Program in FY2018, over 99 percent of the approved budget for the fiscal year.

The chart to the right shows the \$1.250 billion budget forecast by month for FY2018 and the actual capital expenditures in each month that resulted in \$1.247 billion of investment.

The capital budget is organized into the following six investment categories:

- Railcar Investments
- Rail Systems
- Track & Structures
- Stations & Passenger Facilities
- Bus & Paratransit
- Business Support

These investment categories are sub-divided into 17 capital programs. Expenditures by Program are detailed in Appendix II in this document.



Railcar Investments

In FY2018, Metro invested \$447.4 million in the Railcar category, with \$86.5 million expended in Q4.

Railcar Acquisition

In FY2018, expenditures in the Railcar Acquisition program totaled \$300.6 million – 67 percent of total railcar investments.

As of June 30, 2018, a total of 548 of the 7000 series railcars have been conditionally accepted, with the remaining 200 railcars planned for acceptance in 2019.

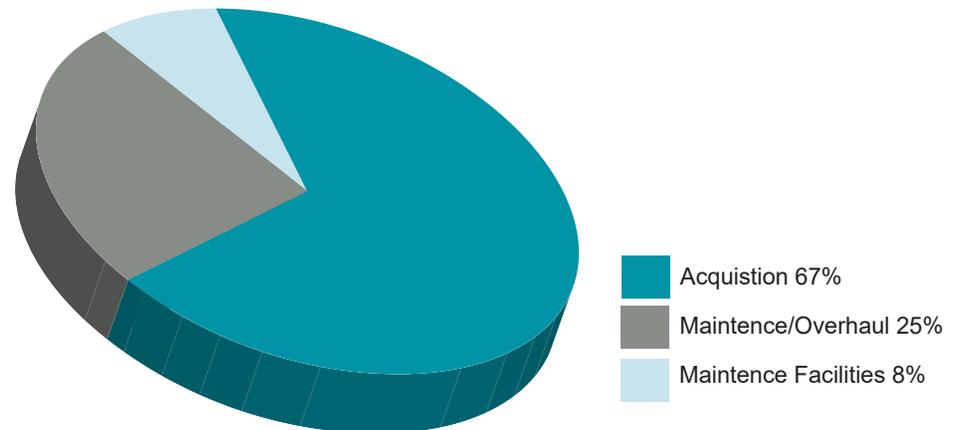
Railcar Maintenance & Overhaul

Metro invested \$111.5 million in the Railcar Maintenance & Overhaul program in FY2018 – 25 percent of total railcar investments.

Metro’s ongoing railcar rehabilitation and overhaul program delivered \$47.9 million in improvements with a focus on the 2000/3000 series air compressors, HVAC conversions, truck assemblies, and other components; as well as the 6000 series truck assemblies.

A total of 252 railcars received door overhauls this year. Metro awarded contracts for signal system software, as well as for railcar power conversion upgrades.

FY2018 Railcar Investments: \$447.4M



7000 series Railcars accepted through Q4



to be accepted in FY2019

The 7000 series railcars now represent over 45 percent of Metro’s fleet and are the top performers, traveling over 122,000 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.

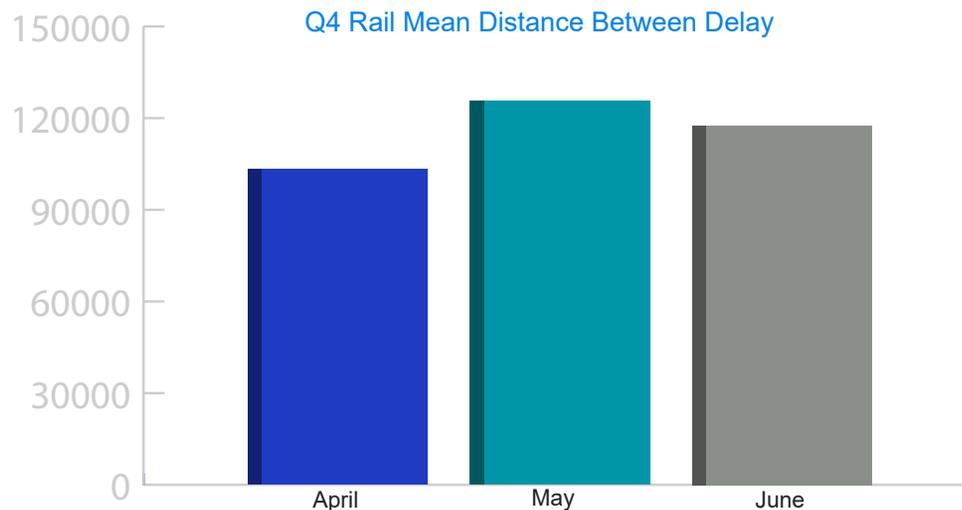
Overall MDBD for FY2018 was 92,657 miles. That compares favorably to 79,656 miles for FY2017. Performance also exceeded WMATA’s FY2018 target of 85,000 miles of revenue service between delays.

Railcar Maintenance Facilities

Capital improvements and rehabilitation work at Railcar Maintenance Facilities totaled \$35.3 million in FY2018. Of this, \$26.9 million funded the ongoing repairs at rail yard facilities.

In FY2018, electrical, mechanical, environmental and communications rehabilitations were completed at the Alexandria, New Carrollton and Brentwood rail yards under the Yard 1 contract. Service and Inspection shop lifts were also upgraded at the West Falls Church, Branch Avenue and Shady Grove yards.

Construction at the new Good Luck Road location, for the maintenance departments relocation project, is underway and scheduled to be complete in mid FY2019. Relocation of departments will begin in 2019.



Rail Systems Investments

Metro invested \$157.8 million in Rail Systems in FY2018, with \$94.2 million expended in the fourth quarter.

Propulsion

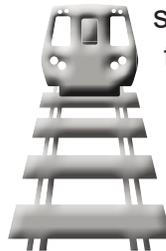
Investments in the Propulsion program totaled \$40.4 million in FY2018. Of this, \$16.1 million supported capacity upgrades to the traction-power system. A new segment of Blue Line rail power upgrades also began in Q4. In FY2019, Metro will continue traction power component upgrades and installation to support eight-car train service, including the initiation of new contracts. Metro now plans to complete work required for 100 percent eight-car train operation, at two minute headways, along the Orange/Blue lines by June 2021.

Cable replacement, lifting cables off the ground, replacement of orange boot connections, and traction power station rehabilitations continued as well under the Traction Power state of good repair program. In FY2018, the program delivered \$17.5 million in improvements, which also included

Signals & Communications

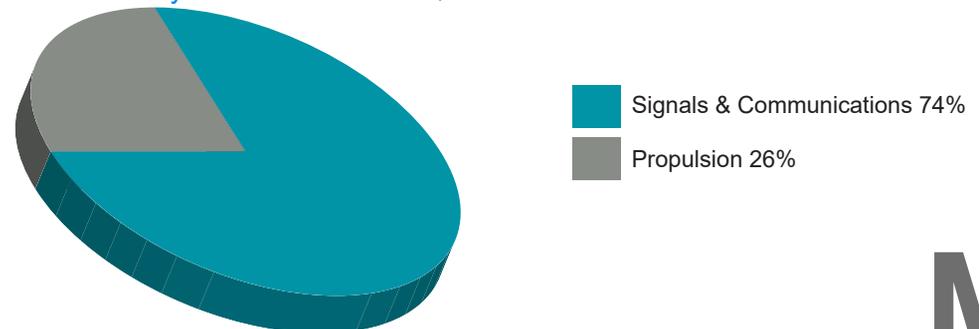
Metro invested \$117.4 million in the Signals & Communications program in FY2018, with \$80.1 million of this expense occurring in Q4 due primarily to the radio replacement project (\$74.2 million) that includes final acceptance testing of cellular equipment and the delivery of 743 radio units. In Q4 this program began work on two additional segments, Addison to Largo and Gallery Place to College Park.

Metro also made progress on the pilot technology to evaluate track inspector location awareness systems and enhance transit worker protection. The final shipment of equipment was delivered, and installation is now complete at all track segments. In Q1 of FY2019, testing will commence, after which there will be an 18-month evaluation period.



Metro also initiated the rollout of the first 400 Emergency Trip Station telephones to replace existing instruments with phones that will enable equipment failures to be discovered within 24 hours.

FY2018 Rail Systems Investments: \$157.8M



Track & Structures Investments

In FY2018, Metro delivered \$130.8 million in Track & Structures investments. Q4 expenditures accounted for \$29.7 million of this total.

Fixed Rail

Metro invested \$85.9 million on the rehabilitation, repair and replacement of track components in FY2018.

In FY2018, Metro replaced 16,144 crossties and rehabilitated 10 switches; renewed 32,037 direct fixation fasteners, 6,152 insulators and 19.6 miles of running rail; tamped 56.7 miles of track; and eliminated 1,068 open rail joints.

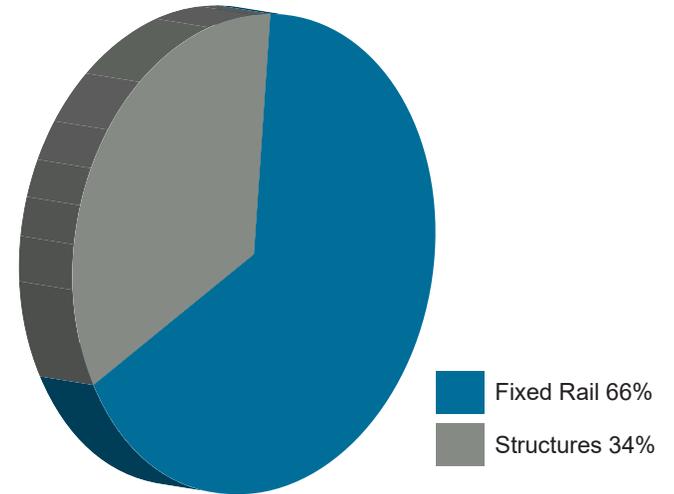
Structures

The Structures program made \$44.9 million of improvements in FY2018. The largest share of this, \$29.6 million, was used to mitigate water intrusion. An additional \$12.7 million enabled the rehabilitation of structural components and drains as well as the replacement of grout pads and of illegible roadway track signs.



During the fiscal year, the quantities delivered included 2,212 square feet of concrete, 838 linear feet of rehabilitated deck joints, 13,547 rehabilitated grout pads and 1,041 replaced signs. The pilot grouting to mitigate water intrusion was completed on 14,070 feet of the system's tunnels and has been observed to significantly reduce persistent leaks. The contract includes a three-year warranty period and Metro will continue to monitor these tunnel areas. In FY2019 Metro will conduct high-resolution (4k) scanning of tunnels while developing procurement documents for addressing leaks in high risk areas (such as those near mechanical rooms and underground traction power components). The leaks identified will be addressed through a combination of grouting, crack injection, and surface coating to the degree required in each instance.

FY2018 Track & Structures Investments: \$130.8M



Stations & Passenger Facilities Investments

Stations & Passenger Facilities benefit from \$182.8 million in FY2018 improvements, of which \$64.1 million were delivered in Q4.

Platforms & Structures

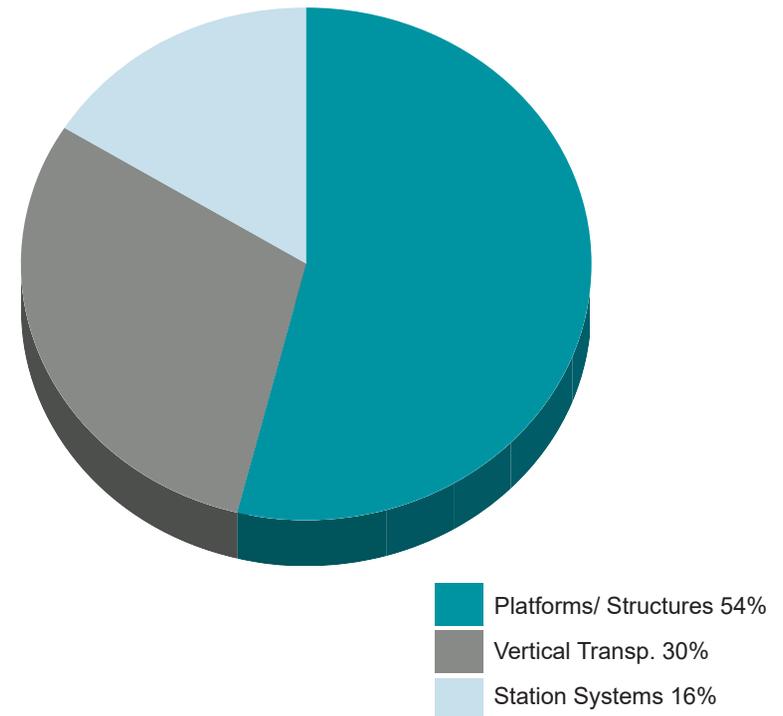
Platforms & Structures received an investment of \$99.2 million in FY2018. The ongoing rehabilitation along the Orange/Blue line accounted for \$41.7 million of this total.

The Orange/Blue line project is nearing completion, with the bulk of the remaining work focused on station lighting and ceiling rehabilitation. Traction power sub-station equipment replacements continue at Pentagon and East Falls Church stations, both scheduled to be complete in Q1 of FY2019, with closeout activities beginning in Q2.

The Platforms & Structures program also includes engineering services for the Metropolitan Washington Airports Authority (MWAA) for the Silver Line Extension – with \$11.8 million in reimbursable services provided in FY2018. These services support MWAA’s plan to begin Silver Line Phase 2 revenue service in 2020.



FY2018 Stations & Passenger Facilities: \$182.8M



Vertical Transportation

WMATA invested \$54.4 million to replace and improve the system’s escalator and elevator infrastructure in FY2018.

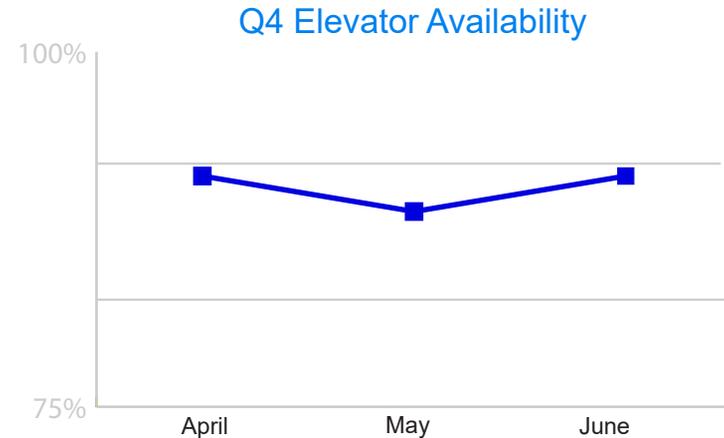
Overall elevator availability for FY2018 was 96.8 percent, 0.1 percent below performance for FY2017. Metro’s aggressive and expansive plan to rehabilitate over one third of elevators and replace escalators throughout the system remains on schedule.



Six elevator rehabilitations reached completion in Q4 at the following stations: two at West Falls Church, and one each at the Suitland, PG Plaza, Medical Center, Gallery Place, and Rockville sta-

In Q4, Metro replaced nine escalators at the following stations: two each at Judiciary Square and Suitland, and one each at the Smithsonian, NoMa, Friendship Heights, Congress Heights, Court House and Medical Center.

In FY2018, a total of 14 elevators returned to service following rehabilitation and 28 escalators returned to service following replacement.



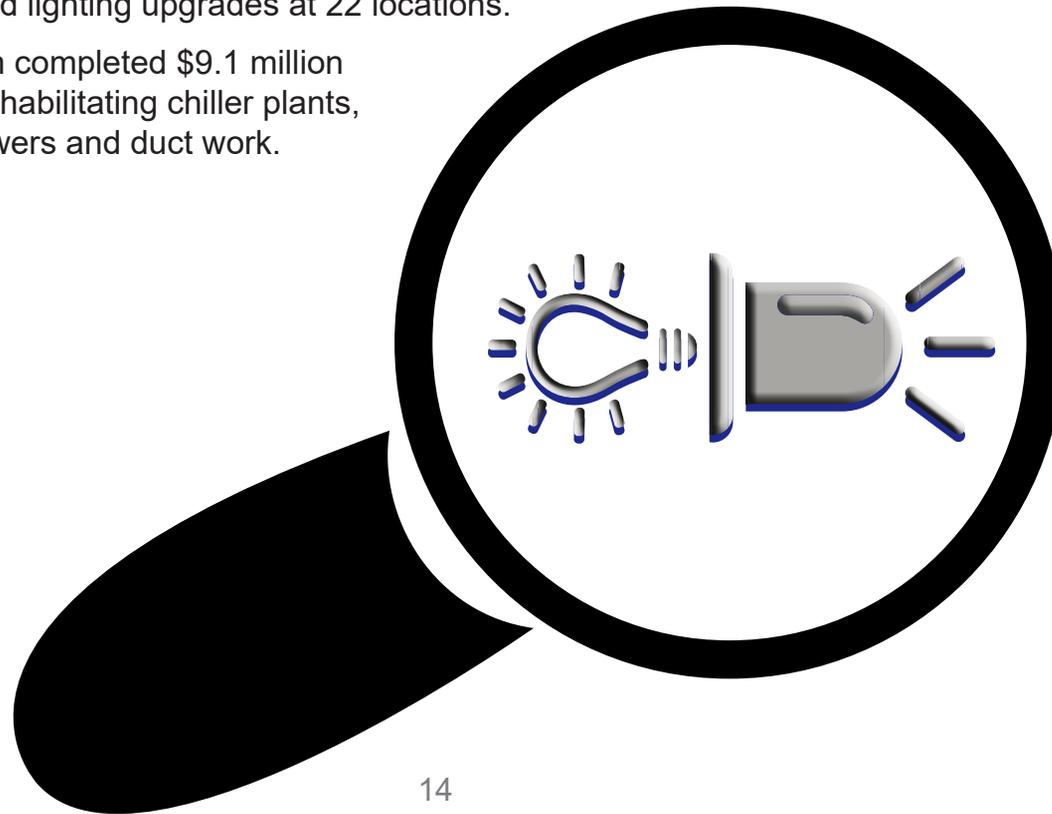
Station Systems

In FY2018, 29.1 million was invested in the Station Systems program.

Metro integrated new software into the fire alarm system so that operations control centers can be alerted as an alarm is triggered and can contact the area fire department. Q4 efforts focused on coordinating with ongoing rail yard repairs and completing standpipe replacement.

A new multi-year contract will enable lighting improvements at stations throughout the system. These improvements increase station illumination, making them two to five times brighter, and the value of work completed in FY2018 was \$6.8 million. In FY2019, this project will complete pylon light upgrades at 28 locations, parapet lighting upgrades at 13 locations, and trackbed lighting upgrades at 22 locations.

The station cooling program completed \$9.1 million worth of work in FY2018, rehabilitating chiller plants, Freon detectors, cooling towers and duct work.



Bus & Paratransit Investments

Total FY2018 expenditures in the Bus & Paratransit Investment category were \$217.7 million.

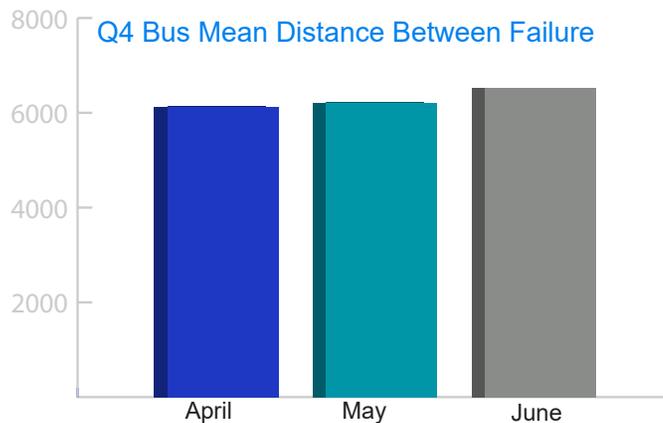
Bus Maintenance & Overhaul

Metro’s bus maintenance and overhaul investments are focused on maintaining reliability and the safe operating condition of the equipment and to achieve the maximum useful life of the asset.

The Metrobus fleet continues to be impacted by the increased use of older and less-reliable buses due to buses being removed from service for safety checks. Metrobus failed to meet the Mean Distance Between Failure (MDBF) target of 8,000 miles for the fiscal year, travelling an average of 6,925 miles between service interruptions during FY2018 – a 14 percent decline from the same period last year.

Metro continues to complete safety checks, return the newest buses to service, and retrofit buses with alternative coolant level sensors.

Bus Maintenance & Overhaul program improvements totaled \$56.5 million in FY2018, with \$16.9 million in work completed in the fourth quarter.

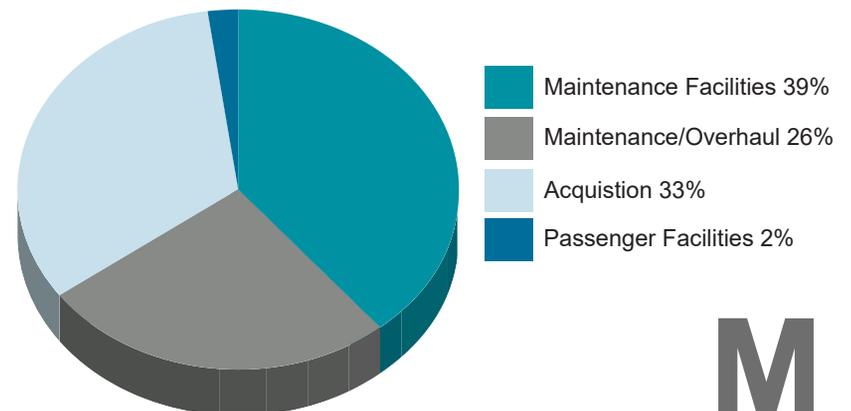


Bus & Paratransit Acquisition

In FY2018, Metrobus received 90 CNG buses (40 foot). The total investment in the Bus & Paratransit Acquisition program in FY2018 was \$71.3 million, with \$56.8 million of this expense recorded in Q4, due to the delivery of vehicles late in the fiscal year.

MetroAccess received a total of 227 paratransit vehicles in the fiscal year – most arrived in Q4.

FY2018 Bus & Paratransit Investments: \$217.7M

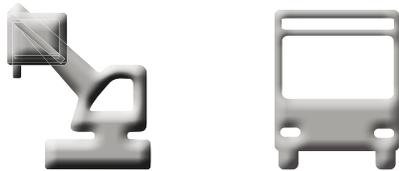


Bus Maintenance Facilities

In FY2018, \$86.0 million was invested in Bus Maintenance Facilities. Of this expense, \$24.2 million occurred in Q4.

The largest project in this category in FY2018 is the construction of the new Andrews Federal Center bus garage (pictured), with a value of \$74.7 million for the year. Construction is planned for completion in FY2019.

The Cinder Bed Road bus facility was substantially completed with the investment of \$11.0 million in FY2018. LEED certification and close-out are planned to begin in FY2019.



Bus Passenger Facilities & Systems

ADA construction for 206 bus stop locations commenced in May, as the program delivered \$3.9 million in FY2018 improvements. This work included permitting for 155 additional stops and the award of a contract in Q4 to enable completion of these stops in FY2019.



Business & Support Investments

WMATA invested \$110.1 million in FY2018 in Business Support investments. The majority of these improvements, with a value of \$62.3 million, was made in Q4.

Information Technology

Information Technology was the focus of these investments, accounting for \$87.8 million of this category in FY2018. One key initiative is the improvement of the Authority’s data hardware and infrastructure to accommodate the rapidly increasing quantities of data collected and managed by Metro that benefitted from a \$40.2 million investment in FY2018. An additional \$9.5 million supported the maintenance and upgrade of management support software to improve efficiency across the Authority. This includes projects such as OneBadge, Human Capital Management, and Client Relationship Management systems used to improve coordination within Metro. Metro is currently working to resolve a challenge with the timekeeping system. The delivery of \$13.9 million in Network and Communications projects enabled Metro to provide free customer WiFi at all underground stations.

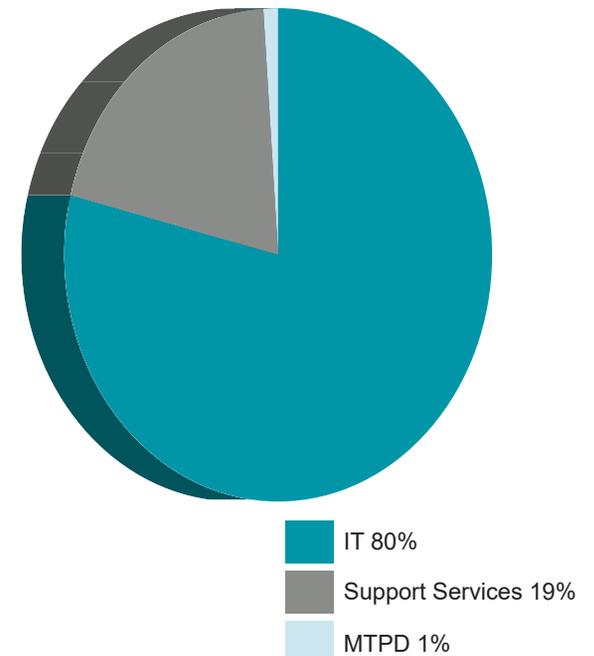
Work is underway on above-ground stations.

In FY2019, Metro will begin making procurement process improvements within the Contract Lifecycle Management system, as well as the integration of a new system for improved financial management processes.

These investments also include an automated and centralized Safety Management System that can capture incident and safety information across the region and identify opportunities for safety and operational improvements.

The implementation of a Safety Management Tool allows Metro to use information collected at Metro stations, Metro facilities and all Metro vehicles including all three modes to produce predictive analysis and enable resources to be targeted where they can be most effective.

FY2018 Business Support Investments: \$110.1M



Metro Transit Police Department

In FY2018, a total of \$0.9 million was invested in the Metro Transit Police Department capital program.

The replacement and modernization of equipment such as service vehicles was the most significant investment activity for MTPD in FY2018. In FY2019, Metro will build the new police substation at Morgan Boulevard. Metro began the design of this facility in FY2018.

Support Equipment & Services

The Support Equipment & Services program includes funding for initiatives across the Authority to protect and extend the useful life of assets, comply with regulatory requirements, improve sustainability, and plan for the future. Specifically, projects include replacing support facility roofs, stormwater management analysis, pollution prevention, and support for planning efforts requested by the region's jurisdictions.

Across these various initiatives, Metro delivered \$21.4 million, or 100 percent, of the work budgeted in FY2018.



Appendix I - Operating Financials

Fiscal Year 2018 (\$ in Millions)

	Budget	Actual	Variance	
			\$	%
Passenger Revenue	\$755.7	\$732.2	(\$23.6)	-3.1%
Non-Passenger Revenue	\$58.9	\$54.8	(\$4.1)	-6.9%
Total Revenue	\$814.6	\$787.0	(\$27.7)	-3.4%
Personnel	\$1,309.5	\$1,300.0	\$9.6	0.7%
Non- Personnel	\$485.5	\$490.7	(\$5.2)	-1.1%
Total Expenses	\$1,795.0	\$1,790.7	\$4.3	0.2%
Net Subsidy	\$980.4	\$1,003.7	(\$23.3)	-2.4%
Cost Recovery ratio	45%	44%	Favorable/(Unfavorable)	

Appendix II - Capital Financials

Fiscal Year 2018 (\$ in Millions)

Investment by Category	Budget	Actuals	Variance	
			\$	%
Railcar Acquisition	300.7	300.6	0.1	100%
Railcar Maintenance/Overhaul	111.9	111.5	0.4	100%
Railcar Maintenance Facilities	35.6	35.3	0.3	99%
Railcar Investments	\$448.2	\$447.4	0.7	100%
Propulsion	40.4	40.4	0.1	100%
Signals & Communications	117.8	117.4	0.4	100%
Rail System Investments	\$158.3	\$157.8	0.5	100%
Fixed Rail	87.1	85.9	1.2	99%
Structures	45.4	44.9	0.5	99%
Track and Structures Rehabilitation Investments	\$132.5	\$130.8	1.7	99%
Platforms & Structures	99.3	99.2	0.1	100%
Vertical Transportation	54.5	54.4	0.1	100%
Station Systems	29.1	29.1	0.0	100%
Station and Passenger Facilities Investments	\$182.9	\$182.8	0.1	100%
Bus And Paratransit Acquisition	71.5	71.3	0.1	100%
Bus Maintenance/ Overhaul	56.5	56.5	0.1	100%
Bus Maintenance Facilities	86.0	86.0	0.0	100%
Bus Passenger Facilities/ Systems	4.0	3.9	0.1	100%
Bus and Paratransit Investments	\$218.0	\$217.7	0.4	100%
IT	87.8	87.8	0.0	100%
MTPD	0.9	0.9	0.0	100%
Support Equipment/ Services	21.4	21.4	0.0	100%
Business Support Investments	\$110.1	\$110.1	0.0	100%
Total Capital Programs	\$1,250.0	\$1,246.6	3.4	99.7%

Appendix III - Weekday Parking Facility Usage

Fiscal Year 2018 (\$ in Millions)

State/Lot Region	Lot Capacity	Paid Utilization (% of Capacity)	Variance
			Year-Over-Year % Change in Utilization
	June-18	YTD FY2018	FY 2018 vs. 2017
Shady Grove	5,745	74%	16%
Glenmont	2,998	77%	-1%
Wheaton	977	26%	10%
Forest Glen	596	90%	16.6
Montgomery County Total	15,101	72%	2%
Prince George's County			
New Carrollton	1,929	74%	40%
Landover	1,866	32%	182%
Cheverly	500	61%	104%
Addison Road	1,268	49%	-24%
Capitol Heights	372	83%	-3%
Greenbelt	3,399	64%	-9%
College Park	1,820	54%	-16%
P.G. Plaza	1,068	46%	-11%
West Hyattsville	453	79%	-20%
Southern Avenue	1,980	55%	7%
Naylor Road	368	89%	6%
Suitland Garage	1,890	52%	-13%
Branch Avenue	3,072	86%	-4%
Morgan Blvd.	608	88%	-9%
Largo	2,200	84%	-3%
Prince George's County Total	23,793	65%	1%
Maryland Total	38,894	67%	1%

State/Lot Region	Lot Capacity	Paid Utilization (% of Capacity)	Variance
			Year-Over-Year % Change in Utilization
District of Columbia			
Deanwood	194	36%	75%
Minnesota Ave.	333	102%	0%
Rhode Island Ave.	221	100%	2%
Fort Totten	408	108%	11%
Anacostia Garage	808	51%	2%
District of Columbia Total	1,964	76%	0%
Northern Virginia			
Huntington	3,175	70%	7%
West Falls Church	2,009	59%	18%
Dunn Loring	1,326	74%	-3%
Vienna	5,169	80%	4%
Franconia	5,069	62%	5%
Van Dorn	361	103%	-2%
East Falls Church	422	114%	5%
Weihle-Reston East	2,300	92%	8%
Northern Virginia Total	19,831	69%	6%
System Total	60,689	68%	2.7%