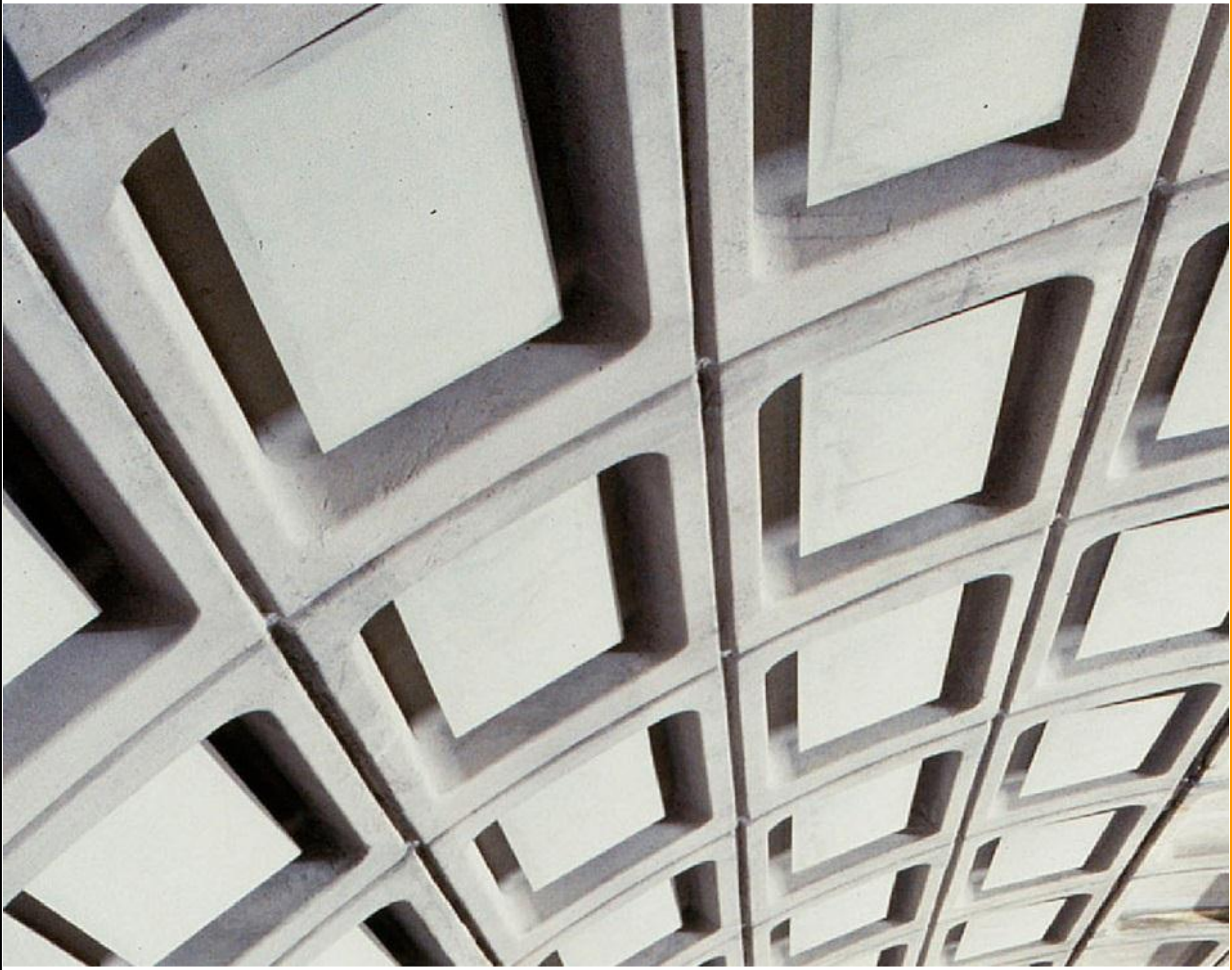


CREATIVE CAPITAL + METRO

ALTERNATIVE FINANCING FOR METRO 2025

WMATA's *Momentum* necessitates strategic investments in seven capital projects to support the region's growth over the next decade and beyond. Connecting the capital program to ways of paying for the investments may require innovative thinking and new financial tools.

EXECUTIVE SUMMARY

Under its *Metro Forward* program, supported by a six-year Capital Funding Agreement, Metro is rebuilding its once-new capital assets after decades of use. Once Metro is rehabilitated, the system will require a stable level of investment to maintain a state of good repair, which Metro estimates to be $1 billion (in 2012 dollars) per year. At the same time, Metro has sought to ensure that the system is able to overcome the capacity constraints that come with a regional population expected to swell in both the central core and the suburbs in the years ahead.

Therefore, in June 2013, the Metro Board of Directors adopted the strategic plan *Momentum* and its Metro 2025 program of seven capital initiatives to expand the core and system capacity. Metro 2025 requires an additional $500 million (in 2012 dollars), on average, in annual capital funding through 2025, being a $6 billion total over twelve years.

In support of the above Board's funding goals, Metro leadership has had ongoing discussions with the Compact jurisdictions and has interfaced with Transportation Planning Board for the update of the region's financially Constrained Long Range Plan of capital projects. What is evident is the high demand for capital funds by the jurisdictions for their own major capital investments – which include transit among many other critical investment needs.

To supplement the competitive quest for traditional funding by Metro and the jurisdictions, Metro leadership has sought advice in understanding alternative funding and alternative financing mechanisms. Funding and financing are not synonymous, and this paper focuses on the interim findings to understand creative financing approaches to Metro's capital needs.

Between November 2013 and January 2014, Metro gathered leading experts in real estate, transportation and municipal financing from academe, management consulting, policy advocacy and government to solicit the best ideas for innovative ways of addressing Metro's challenge.

FINANCING MAJOR CAPITAL PROJECTS

has become more sophisticated over the last twenty years. Not all of these instruments are alike and some are more applicable to Metro 2025 than others.

However, ***these tools do not create new money*** – ultimately they simply leverage traditional capital commitments from public and private stewards.

Via discussion papers and roundtable discussions, the group explored in some detail the following opportunities for Metro's *Momentum* needs:

- **Public-Private Partnerships** (P3), by which the public entity contracts with a single private partner who could share in one or more of the following aspects of a major capital project: design, construction, operation, and maintenance. This risk-sharing almost always involves the private partner providing assistance in financing a part of the construction, while the public entity would retain ownership of the project.

- **Value Capture**, a type of financing that recovers some or all of the incremental property value that public infrastructure generates for private landowners. For instance, Compact jurisdictions could share with Metro the incremental growth in property taxes due to the proximity of taxable properties to Metrorail stations.

- **Station-Area Property Tax Districts,** in the form of an incremental tax on the 'Metro premium' of taxable properties near Metrorail stations that could be collected and applied to a Metro capital fund, either as a stream of cashflows, syndicated, or capitalized. This approach is most similar to "tax increment financing" districts and in some parts of the nation is referred to as a transportation TIF district.

- **Infrastructure Banks,** conceived as revolving infrastructure investments fund for highway and/or transit projects. Much like a private bank, an infrastructure bank can offer a range of loans and credit assistance enhancement products to public and private sponsors of the capital projects. Metro would require a secure fund flow to repay the loan.

- **Station Adoption Programs** which would allow neighborhood-corporate partnerships to fund some or all of the capital improvements and maintenance of stations. Business Improvement Districts, commercial establishments, residents and other stakeholders would have the opportunity to participate in the preservation and upgrade of their Metrorail station.

- **Supplemental Regional Sales Tax** in the form of an incremental sales tax added to existing sales taxes within the Compact zone, or a dedication of existing sales taxes within the Compact jurisdictions. The group was reminded that for those metropolitan areas that have dedicated revenue sources for transit, sales taxes are the predominant source, and the recommended structure of the 2006 GAO report examining a dedicated funding source for Metro.

- **Enhanced Debt Instruments** such as those allowed by the Transportation Infrastructure Finance and Innovation Act (TIFIA) might allow Metro to engage in long-term financing for major capital projects. TIFIA usage does require the existence of predictable and unencumbered recurring revenues, and do not represent "new monies" but rather structured debt terms.

- **Numerous other ideas** were discussed, including but not limited to: seeking operating cost reductions through driverless trains, tying requests for capital investments to agreements to limit overall operating cost increases, station retailing, congestion charges, gasoline tax, parking taxes, and dark fiber leasing.

Based on the discussions held with leading experts on the above, Table 1 summarizes the potential applicability of the financing mechanisms to Metro 2025 capital projects.

Metro 2025 Initiative	Public-Private Partnerships	Value Capture or Station-Area Tax Districts	Infrastructure Bank	Station Adoption Programs	Supplemental Regional Sales Tax
100% Eight Car Trains	Low	Medium	Low	None	High
Core Station Improvements	Medium	High	Medium	High	High
Metrobus Priority Corridor Network	Medium	Low	Low	Low	High
New Blue Line Connections	Low	High	Medium	Medium	High
Next Generation Communications	None	None	Low	None	High
Bus Fleet Expansion	Low	None	Low	None	High
Pocket Tracks	Low	None	Medium	None	High

High

Medium

Low

None

BACKGROUND AND OBJECTIVES

In June 2004, the Brookings Institute published the brief 'Deficits by Design', which examined Metro's financial structure and related Metro's budgetary challenges largely due to its funding sources. The brief found that Metro's extraordinary lack of dedicated funding sources has necessitated an over-reliance on annually appropriated support, which then made Metro vulnerable to recurring financial crises. The report described a number of potential dedicated revenue sources for consideration by officials in order to supplement local operating subsidies over the long term. The six possible sources included: gasoline taxes, sales taxes, congestion charges, parking taxes, land-value capture and payroll taxes.

In September 2004, the Panel on the Analysis of and Potential for Alternate Dedicated Revenue Sources for WMATA was formed by the Metropolitan Washington Council of Governments, the Greater Washington Board of Trade and the Federal City Council to examine dedicated funding for Metro. The Panel made the following recommendations:

- The Compact jurisdictions of Maryland, Virginia, and the District of Columbia should mutually select, authorize, and implement a regional dedicated revenue source sufficient to address the projected shortfall for capital maintenance and system enhancement.
- The most desirable, workable, and acceptable dedicated revenue source that the Compact jurisdictions can utilize, particularly since it captures funds not only from regional residents but from visitors to the area, is an increase of the sales taxes applicable to the area covered by the Compact.
- Fare increases should be implemented in a way that maintains the then-current system-wide farebox operating ratio averaging 57 percent.
- The Federal government should participate significantly in addressing the projected shortfall for capital maintenance and system enhancement.
- If the Compact jurisdictions concluded that a regional sales tax is not the most financially and politically viable dedicated revenue source, the Panel recommended that the Compact jurisdictions mutually select, authorize, and implement a regional payroll tax, mutual and equivalent increases in ad valorem property taxes, or a special real property assessment.
- With respect to MetroAccess, the Panel recommended a concerted effort, perhaps involving the formation of a new panel with expertise on this issue to focus on existing federal, state and local social service funding.

In May 2006, GAO issued its report Issues Related to Providing Dedicated Funding for the Washington Metropolitan Area Transit Authority in the context of $1.5 billion in Federal funding over 10 years. GAO analyzed how the Compact jurisdictions might generate revenues to match the Federal funding: sales tax, payroll or income tax, motor vehicle fuels tax, property tax, access fees, and vehicle registration fees.

In summer 2010, WMATA and its Compact jurisdictions executed the current six-year Capital Funding Agreement. The state and local sources of funds have a range: state transportation accounts, county general obligation bond, county transportation bond, county and city general funds.

In June 2013, the Metro Board approved the new strategic plan, *Momentum*, to guide Metro's decisions over the next ten years and ensure that the system continues to support the region's competitiveness for decades to come. *Momentum's* Metro 2025 program comprises seven major capital initiatives with a total cost of $6 billion (2012$). See Appendix A for the two-page summaries of each initiative. In support of Metro 2025, the Governor of Maryland, Governor of Virginia and the Mayor of the District of Columbia have recently pledged $75 million. Table 2 presents the current unfunded state of the Metro 2025 budget.

The region has limited funding capacity yet many demands. Metro itself estimates an annual $1 billion to maintain the state of good repair of its system. Many Compact jurisdictions have programmed major capital transit investments: Montgomery County's bus rapid transit system, District of Columbia streetcar lines, Arlington County Route 1 streetcar line, Arlington County and Fairfax County Columbia Pike streetcar line and City of Alexandria high-capacity transit routes. The State of Maryland has the lead for the light rail Purple Line. Upon completion, the operation of these projects will require annual subsidies.

Therefore, Metro should prepare itself for this realm of multiple demands and investigate alternative mechanisms for Metro 2025 funding, thereby readying itself and its funding partners for special financing opportunities. The following section is an initial evaluation of such opportunities; the more practical ones will deserve further exploration.

INNOVATIVE FINANCING AT-A-GLANCE

On the following pages are snapshots of a variety of innovative financing techniques and a brief synopsis of their potential applicability to Metro 2025's capital program needs. Each of these financing techniques has differing strengths, weaknesses, and potential applications to capital projects. Most importantly, none of these techniques actually provides new funding.

This distinction between financing and funding cannot be overstated, and is a key concept that often confuses the dialogue surrounding how to execute major capital projects such as transit investments. Techniques such as Public-Private Partnerships, Infrastructure Banks, and Value Capture rely on existing sources of funding to channel and make more available monies to public entities to pay for varieties of projects. These existing sources of funding are often taxes – either on households, businesses, or property owners – and backstopped by jurisdictional guarantees to tap into general funds or issue general obligation bonds should the stream of cashflows become unstable. These financing techniques do not generate new monies nor eliminate the ultimate obligations of the public sector to provide the monies to contribute to the cashflows, either upfront or over time.

Hence the challenge of this exercise was to determine the potential applicability of these financing techniques against Metro 2025 capital program elements, geographic boundaries, and funding needs. Underlying this analysis is the recognition that the ultimate funding need does not disappear in the face of a financing technique – it may only be modified in terms of structure, duration, or source.

The snapshots included in this document summarize the most promising potential tools that may be considered for each type of Metro 2025 project. There were a variety of ideas discussed – such as retailing Metro stations or "dark fiber" installation and leases – that are worthy for exploration in their own right but did not promise the type of impact to funding Metro 2025 capital elements for inclusion in this document at this time.

Public Private Partnerships (P3)

Description	The public project sponsor and owner contracts with a single private partner who would be responsible for designing, constructing, operating, and/or maintaining a major capital project. The private partner is compensated for this via “availability payments”, which are payments for performance irrespective of demand. Partnerships are attractive because they transfer large portions of the execution burden and risk to the private sector. They can be appropriate when the public partner wants to directly set rates/fees and is less concerned about revenue generation than service provision. They also allow the private partner to assist in the financing, although the cost of private financing is usually higher than the cost of public financing in a traditional design-build scenario.
National Precedent:	The Hudson-Bergen Light Rail is a light rail transit system of 21 miles and 24 stations in Hudson County, NJ. Program delivery was DBOM via a 20-year agreement; capital financing was fully public-sector sponsored. 
Regional Precedent:	The Maryland Transit Administration is pursuing P3 for the DBOM-F of the Purple Line. The District of Columbia is similarly developing P3 for its initial streetcar system, combined with the Circulator and the non-regional Metrobus routes. The Virginia Department of Transportation has a P3 with Fluor-TransUrban for the 14-miles of HOT lanes of the I-495 Capital Beltway.
Pros:	+ Initial private capital equity to supplement public funds. + Risk transfer to the private partner. + Incentive for ongoing state of good repair by private partner.
Cons:	- Requirement of a steady, multi-year fund flow to repay private partner.
Metro 2025 Prospect: LOW	Unlike the MTA Purple Line or the District of Columbia streetcar system, none of the seven initiatives can operate as a distinct, disaggregated project independent from integration with other Metro systems. This makes them extremely difficult candidates for P3 via DBOM or DBOM-F. The most promising ways that P3 might be applied to Metro 2025 are as follows:

	• Metro separates out the Red Line in its entirety – tracks, cars, vehicle storage, traction power, maintenance yards, etc. - and offers it to a private partner for Operations and Management. Such a structure would create an entity that is effectively separate from the remainder of the Metrorail network and therefore suitable for consideration by P3 partners. • Metro assigns its Priority Corridor Bus Network, including a dedicated, related fleet and garages, to a private partner. • Metro partitions the core station improvement program and offers the vertical circulation elements, passageways and/or fare collection elements to a private partner. In each of the cases above, a Value for Money (VfM) analysis would need to be conducted by a third-party in order to determine whether the financial conditions would justify further exploration into potential P3 structures or not.

Station Area Value Capture

Description	Value capture funnels a portion of the property value adjacent to transit infrastructure (typically stations) based on the fact that station-adjacent property enjoys a “premium” due to the transit amenity. This premium for Metro – the ‘Metro premium’ – is conservatively estimated at six to nine percent and applies in varying degrees to the approximately $235 billion in property located within ½ mile of a Metrorail station. Many if not all of the original passenger railroad construction in the United States was funded through some form of property value capture – including the District’s Rock Creek Railway and original streetcar lines. Value capture played a role in the funding of approximately one-third of the capital cost of the NoMa Metrorail station in Washington, D.C. Other transit systems nationwide are exploring value capture as a means to fund the construction of new transit infrastructure.
National Precedent:	The commuter Red Line of Charlotte, NC has a proposed financing structure that uses value capture mechanisms, including tax increment financing and special assessment district revenues, as the principal approach to fund 50 percent of the projected $452 million project. 
Regional Precedent:	Arlington County’s Crystal City Plan provides $207 million of public infrastructure improvements in streets, transit and public open spaces over the next 20 years. Tax increment financing (TIF) will pay for a significant portion of these costs.
Pros:	+ Strong relationship to certain Metro 2025 projects, such as core stations. + Allows partners to invest in “local” projects, such as those within the geographical boundary of a BID or BIDs.
Cons:	- Difficulty of capital financing based on TIF revenue streams. - Overlap of jurisdictions’ established value capture. - Complexity of identifying new development and allocating tax receipts. - Less powerful in areas where land is already fully-developed. - Potentially seen as an additional burden on already burdened commercial property owners. - Potential discouragement to new development.

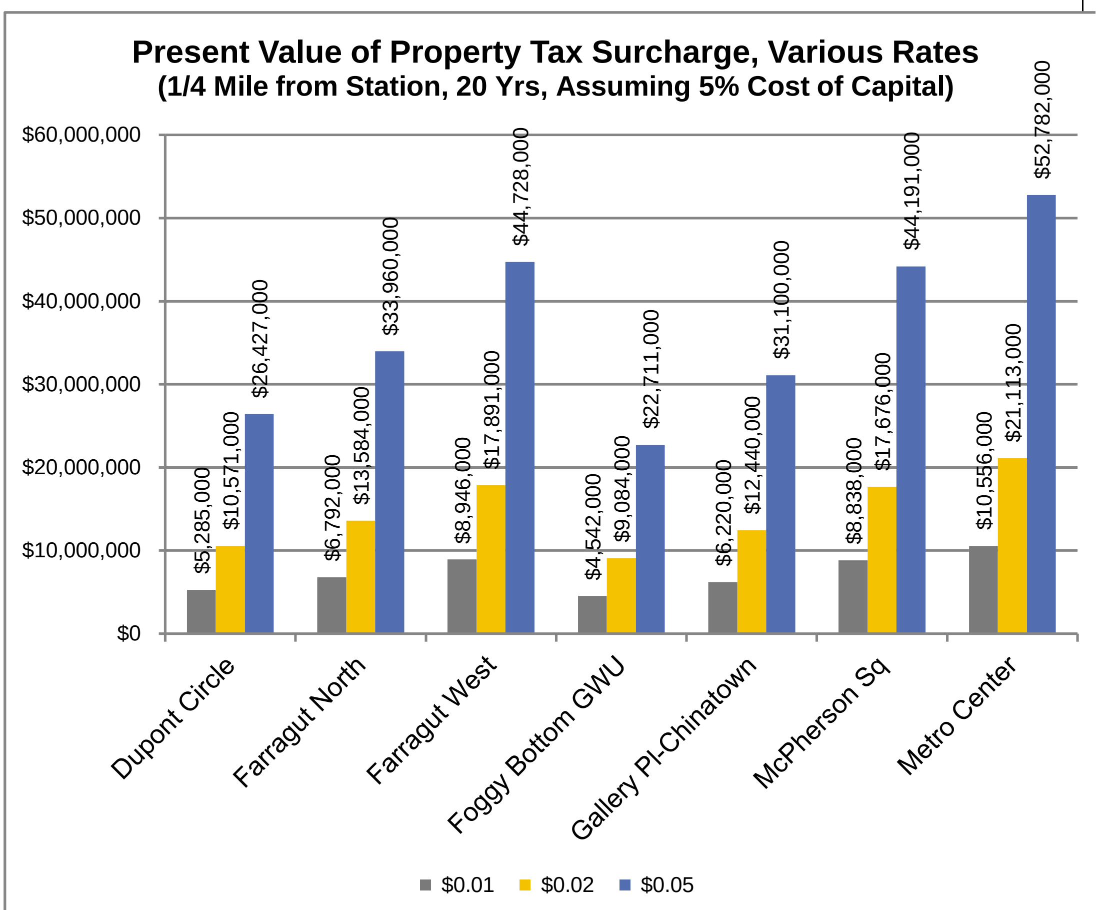
Metro 2025 Prospect:

HIGH

Property stewards and developers are amenable to special assessment districts, as evidenced by New York Avenue Station. Moreover, because of the clustering of the Metro 2025 core stations within the District as well as the defined need for investments in Rosslyn, there are already existing business-property structures that manage special assessments via local taxing authorities.

The applicability of value capture would most likely manifest as a special assessment managed by one or more Business Improvement Districts with resultant cash flows dedicated to core station improvements. Further discussion with BID leaderships in Rosslyn, the Golden Triangle, Downtown DC, and NoMa would be necessary, and their involvement in design, procurement, and contractor decision-making would become important.

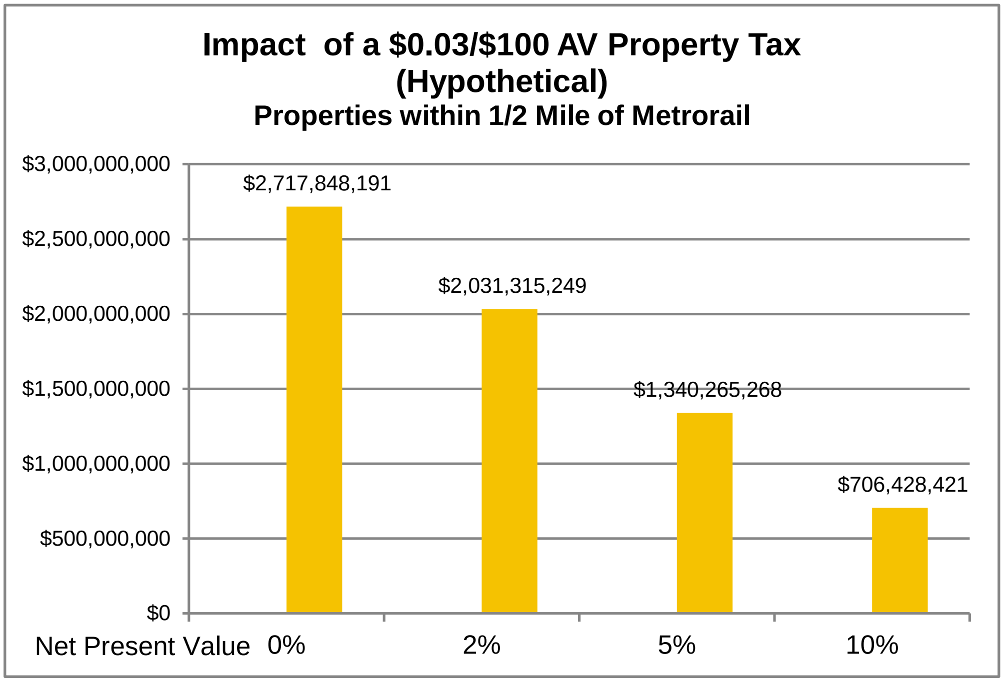
Preliminary estimates of the potential value generated from varying rates of station-area value capture, assuming a 20-year financing period at a financing cost of 5 percent, are given below.

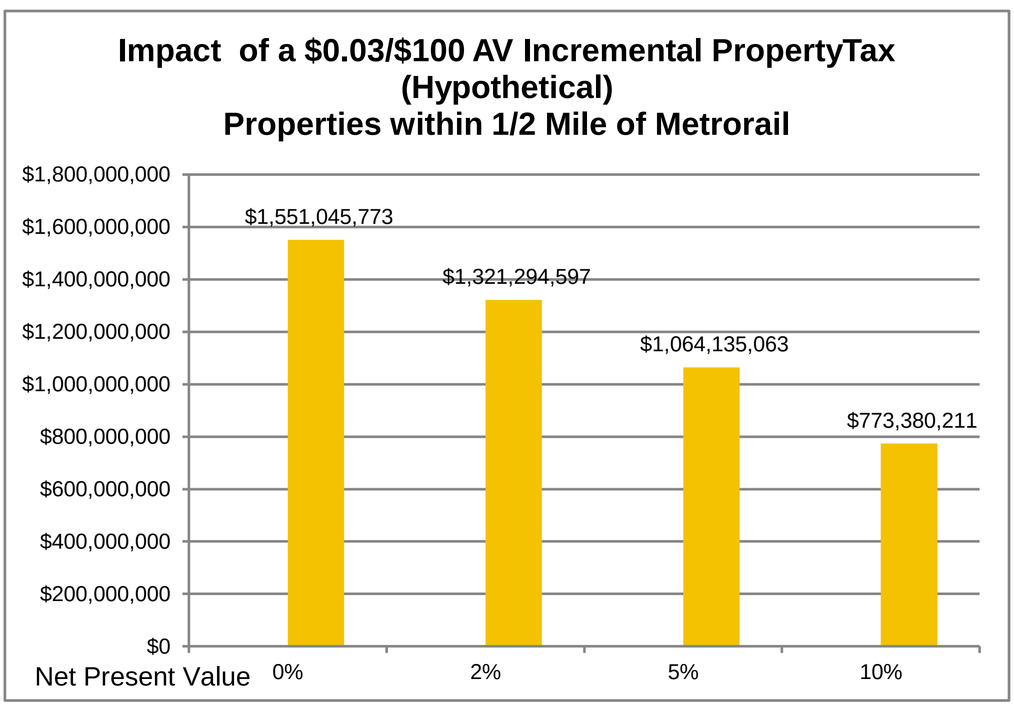


System-wide Station-Area Incremental Property Tax

Description	A station-area incremental property tax is in the form of an additional tax on taxable properties near Metrorail stations with the justification that Metrorail-adjacent properties transact at anywhere from 10 to 25 percent above market vis-à-vis comparable properties and almost all of this value accrues to the private sector and permitting jurisdiction. One approach is to establish a surcharge on the total assessed value, and another is to partition a subset of the 'Metro premium' experienced by these assets.
National Precedent:	Fairfax County has established two special tax districts for its share of the capital funding of the Silver Line. Taxes are applied to commercial and industrial properties. 
Regional Precedent:	As permitted by Commonwealth statute, Fairfax County and Arlington County levy additional real estate taxes on commercial and industrial properties to fund transportation initiatives, including the Columbia Pike streetcar line.
Pros:	+ Strong relationship to certain Metro 2025 projects, such as core stations. + Potentially strong relationship to all rail-related Metro 2025 projects and applicability to fund capacity improvements that benefit the rail network and advance the 'Metro premium' in general.
Cons:	- Overlap of jurisdictions' established transportation tax districts. - Multi-jurisdictional assessments, collections, and remuneration may add transaction costs or administrative burdens or even require the establishment of a new taxation authority. - Revenue flow and political acceptance are extremely sensitive to assumptions in and structure of the tax, necessitating that both are simultaneously conservative yet confident.
Metro 2025 Prospect: HIGH	The system-wide supplemental property tax may have broad applicability if applied to rail investments, including eight-car trains, core stations, and perhaps communications infrastructure. The only questions are: a) the political viability of enacting taxation districts and mechanisms in Virginia, Maryland, and DC, and; b) the rate and structure of the tax itself, which determines the total amount available for investment.

Metro staff conducted a preliminary analysis to determine the potential funding that such a tax could create. In two conservative scenarios, each with slightly different assumptions, the system-wide supplemental property tax created a present value of between $773 million and $2 billion. Cross checking these outputs with leading experts in value capture indicated that the findings were perhaps three times more conservative than market conditions might currently justify.





Infrastructure Bank

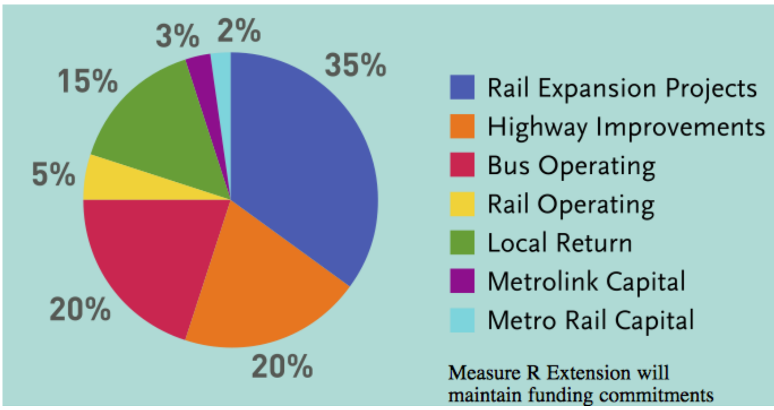
Description	An infrastructure "bank" is a revolving infrastructure investment fund for highway and/or transit projects. Much like a private bank, an infrastructure bank can offer a range of loans and credit assistance enhancement products to public and private sponsors of the capital projects. The main benefit of an infrastructure bank is the provision of low-cost debt that can be used to in whole or in part finance capital projects. This debt does seek returns – albeit institutional-grade – and is attractive because it is typically guaranteed by the public sponsor or sponsors.
National Precedent:	Since 1994 and thus before the Federal legislation for State Infrastructure Banks, the I-Bank of the State of California has had broad authority to issue tax-exempt and taxable revenue bonds, provide financing to public agencies, provide credit enhancements, acquire or lease facilities, and leverage State and Federal funds. It operates only on the state level with only state control. 
Regional Precedent:	In 2011, the Commonwealth of Virginia created its Transportation Infrastructure Bank for roads, highways, toll facilities, mass transit, freight, passenger and commuter rail, port and airport and other transportation facilities. The Maryland General Assembly is considering an infrastructure bank and the Federal City Council has encouraged the District of Columbia to consider the same.
Pros:	+ A large-sum of upfront capital through low-interest loans with flexible terms. + Potential leverage in capital markets. + Recycling of funds to provide financing for future infrastructure projects. + Allowance for more risks than commercial banks. + Hybrid bank – Private sector contributions with higher returns.
Cons:	- Requirement of a revenue base of taxes and/or fees to pay loan(s). - Initial capitalization via government-sourced funds. - Cost of capital not more competitive than public sector debt rates. - Necessity of a large-sum to sustain a healthy volume of projects. - Possibility of insufficient revenues to maintain levels of capitalization. - Pertinent for large-scale infrastructure projects with dedicated revenue streams. - Hybrid bank – Highly complex investment agreements with private sector.

Metro 2025 Prospect: MODERATE	Metro might be the recipient of the loan monies but the Compact jurisdictions would likely need to bear the loan repayment via new taxes and/or fees, such as a regional sales tax. Because loan repayment would need to be backstopped by local governments, infrastructure banks raise concerns about debt ceilings and the District budget's anti-deficiency constraints. Moreover, because of the need to have streams of payments with local guarantees, constructing a project with three guarantors (or more) with three streams of payments (or more) would be necessary to utilize an infrastructure bank across the Metro compact zone. Deal sizes for infrastructure bank-funded improvements would limit project candidacy to those of $100 million or less, and that may be on the high side of the spectrum. This means that there may be the possibility of applying the concept to one or two core stations or perhaps the pedestrian walkways in Metro 2025.

Station Adoption

Description	Station adoption differs greatly from a bus stop adoption. Rather than simply clean/green operations, rail station adoption allows neighborhood-corporate partnerships to provide financial support for the capital improvements and maintenance of stations. Business Improvement Districts, commercial establishments, residents and other stakeholders would have the opportunity to participate in the preservation and upgrade of their Metrorail station.
National Precedent:	Redevelopment and management of Bryant Park of New York City has been via a not-for-profit, private management company and a cooperating business improvement district that funds, manages and improves the park. 
Regional Precedent:	The District of Columbia, the Downtown BID and National Park Service are using the NYC Bryant Park precedent for the upgrade of Franklin Square.
Pros:	- Enhancements and capacity improvements via non-profit company.
Cons:	- Constraints of Metro safety and security protocols. - Possible restrictions of Metro labor agreements. - Diversion of current advertising revenue to the non-profit company.
Metro 2025 Prospect: HIGH	The maintenance and capacity improvements of a Metro 2025 core station or even the portfolio of stations might be implemented via station adoption. The first steps would involve outreach to existing Business Improvement Districts to gauge levels of support – politically and in terms of a special assessment rate – for the venture, as well as to ensure the timing of funding availability and potential syndication of special assessment revenues. A station-area property tax might be the funding mechanism but may not be the only potential mechanism. It is likely that the contributing organizations would prefer to have significant involvement in decision-making. Staff conducted a conservative estimate of the potential values that such a program could generate, by station area, with the same conservative assumptions employed in the system-wide property tax surcharge estimate conducted for this exercise.

Regional Sales Tax

Description	A regional sales tax is in the form of an incremental sales tax added onto the existing sales taxes within the Compact zone, or a dedication of existing sales taxes within the Compact jurisdictions. For those metropolitan areas that have dedicated revenue sources for transit, sales taxes are the predominant source.
National Precedent:	In 2009, Los Angeles County commenced a 30-year sales tax increase of one half cent to fund $40 billion worth of specific transportation projects. Estimate of annual cost for each County resident and each family is $25 and $80, respectively.  Dallas Area Rapid Transit (DART) is a regional transit system created by voters and funded with a one-cent local sales tax in 1983. The service area consists of 13 cities. The FY2013 sales tax revenue was $456 million. 
Regional Precedent:	The 2004 COG Panel recommended an increase of the sales taxes applicable to the area covered by the Metro Compact. Otherwise, there is no regional taxation collectively by and among the Compact jurisdictions.
Pros:	+ Past consideration by Maryland, Virginia and District of Columbia. + Ability to piggyback on existing mechanisms. + Generation of significant revenues if rates are comparable to other areas. + Relative stability year-to-year, though subject to business-cycles.
Cons:	- Weak relationship to the Metro 2025 projects. - Jurisdictions may find it difficult to revisit major transportation funding legislation so soon after enacting generational changes in said funding.

	- Regressive nature of tax. - Possible redirection of purchases beyond region or via web.
Metro 2025 Prospect: HIGH	Given the precedent of other metropolitan areas and the recommendation of the COG panel, a regional sales tax would appear a reasonable mechanism for any or all of the seven initiatives. Such a sales tax could either be structured as a supplemental sales tax or as a partition from existing sales tax rates, assuming the levy would be based on a certain amount per dollar of spending as opposed to a percentage of the existing ratables. As calculated by Metro staff for Momentum, the estimate of annual region-wide sales tax revenues ranges from $177 million (annually) for a 0.25 percent increment to $702 million (annually) for a one percent increment, all in 2012 dollars. This compares well to the 2004 estimate of the COG panel of $148 million for a 0.25 percent increment, in 2006 dollars. Note that these potential revenues, shown below, would in the most aggressive scenarios offset the additional capital spending needs of Metro 2025 in the proposed FY15-20 budget (publication date March 10, 2014). However, this funding would need to be in addition to ongoing state of good repair and general capital needs monies, meaning that the estimated sales tax surcharge revenue would have to be *in addition to* existing sources and amounts of funding necessary to maintain the system as is. Also note that the contributions by jurisdiction vary widely, but in all instances the District, Montgomery County (MD), and Fairfax County (VA) would be the prime generators of value for this structure. Finally, as recurring revenue dedicated to Metro, a regional sales tax opens up the possibility of executing leveraged debt and accessing the capital markets, as well as utilizing TIFIA.

	Potential Annual Revenue Estimates (Sales Tax Surcharge, $2012)			
Jurisdiction	0.25% Rate	0.5% Rate	0.75% Rate	1% Rate
District of Columbia	$ 40,000,000	$ 80,000,000	$ 120,000,000	$ 160,000,000
Montgomery County	$ 38,000,000	$ 77,000,000	$ 115,000,000	$ 153,000,000
Prince George's County	$ 23,000,000	$ 46,000,000	$ 69,000,000	$ 92,000,000
Arlington County	$ 10,000,000	$ 19,000,000	$ 29,000,000	$ 39,000,000
Alexandria	$ 6,000,000	$ 12,000,000	$ 18,000,000	$ 24,000,000
Fairfax County	$ 41,000,000	$ 81,000,000	$ 122,000,000	$ 162,000,000
Fairfax City	$ 3,000,000	$ 5,000,000	$ 8,000,000	$ 10,000,000
Falls Church	$ 1,000,000	$ 2,000,000	$ 3,000,000	$ 3,000,000
WMATA Compact Subtotal	*$ 162,000,000*	*$ 322,000,000*	*$ 484,000,000*	*$ 643,000,000*
Loudoun County	$ 15,000,000	$ 30,000,000	$ 44,000,000	$ 59,000,000

Compact + Loudoun Total	***$ 177,000,000***	***$ 352,000,000***	***$ 528,000,000***	***$ 702,000,000***

SUMMARY AND RECOMMENDATIONS

As has been stated in every study related to WMATA's funding and financing issues, selecting a funding source or, in this case, a financing mechanism involves consideration of year-to-year stability, longer-run adequacy, and political feasibility, along with equity and efficiency issues. The different financing mechanisms have different characteristics in light of these considerations.

The financing mechanisms that appear worthy of developing with the Maryland, Virginia, the District of Columbia and the other local governments of the Compact are:

<u>For any or all of the seven Metro 2025 initiatives</u>

- Regional Sales Tax

Additionally, the following elements of Metro 2025 may benefit from investigation of the following:

<u>Eight-car trains and core stations</u>

- Value Capture
- System-wide Property Tax Supplement

<u>Core Stations</u>

- Value Capture
- Station-Area Property Tax
- Station Adoption
- A combination of the above

<u>Priority Corridor Network</u>

- Public-Private Partnerships

<u>Underground Pedestrian Passageways</u>

- Value Capture
- Station-Area Property Tax
- Station Adoption
- A combination of the above

Metro 2025 Initiative	Public-Private Partnerships	Value Capture or Station-Area Tax Districts	Infrastructure Bank	Station Adoption Programs	Supplemental Regional Sales Tax
100% Eight Car Trains	Low	Medium	Low	None	High
Core Station Improvements	Medium	High	Medium	High	High
Metrobus Priority Corridor Network	Medium	Low	Low	Low	High
New Blue Line Connections	Low	High	Medium	Medium	High
Next Generation Communications	None	None	Low	None	High
Bus Fleet Expansion	Low	None	Low	None	High
Pocket Tracks	Low	None	Low	None	High

●	High
●	Medium
●	Low
○	None