



# POTOMAC YARD METRORAIL STATION PROJECT

Potomac Yard Metrorail Station

Amended and Restated Funding Agreement  
Between WMATA and the City

April 4, 2018



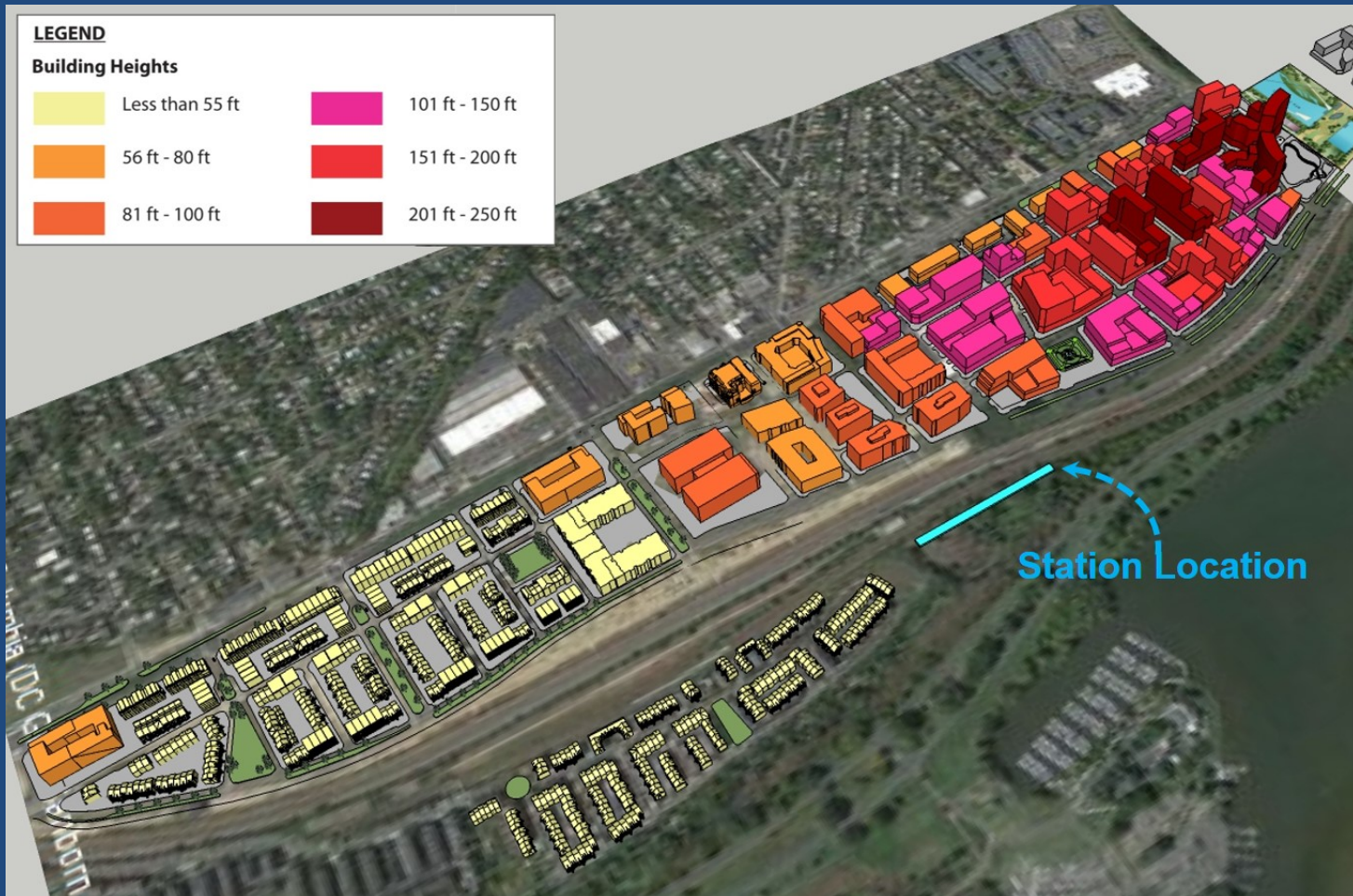


# AGENDA

- Potomac Yard Metrorail Station Need
- Potomac Yard Metrorail Station Recap
- Design Build Procurement Update
- Revised Project Budget and Self-Funding Plans
- Funding Agreement Between City and WMATA
- Schedule / Next Steps
- Questions

# PY METRO STATION NEED...

- Critical for the redevelopment of Potomac Yard
  - Smart-growth and walkable mixed-use community



# PY METRO STATION NEED...

- Accommodate the growing transportation demand in the Route 1 corridor.
  - Transportation benefits at full build-out
    - 11,300 daily trips on Metro
    - 34% daily trips using transit, walking, or bike
    - 6,700 daily auto trips removed from the road



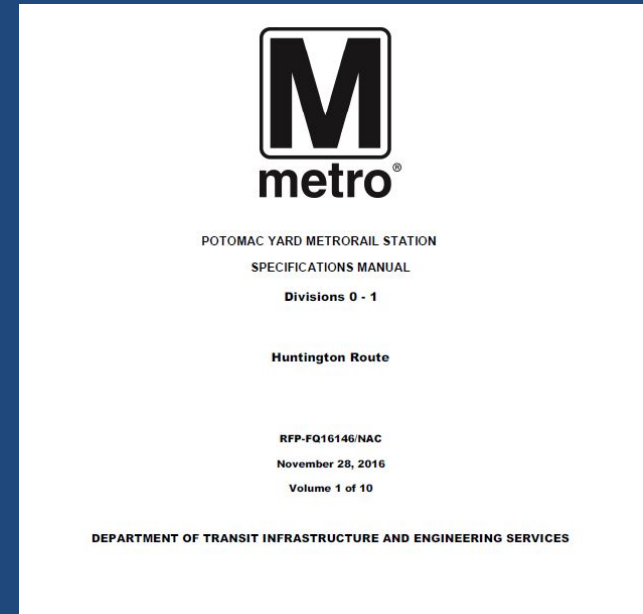
# POTOMAC YARD METRO RECAP

- June 2010: North Potomac Yard SAP approved with Metrorail Station
- January 2011: Environmental Impact Statement (EIS) process started
- May 2015: Preferred Alternative B selected



# POTOMAC YARD METRO RECAP

- June 2015 - June 2016: Public Outreach process
- June 2016: DSUP Approved by City Council
- Oct 2016: FTA issued Record of Decision (ROD)
- Nov 2016: NPS issued Record of Decision (ROD)
- Nov 2016: NEPA completed (EIS/ROD)
- Nov 2016: WMATA RFP Solicitation Issued



# POTOMAC YARD FUNDING PLAN

- Metrorail station capital and operating costs
  - In 2010 it was envisioned as funded 100% by \$240 million in City issued debt which then would be repaid by:
    - Net new taxes generated annually by development and subsequent appreciation in Potomac Yard
    - Two special tax districts
    - Developer contributions
  - Since 2010, grant funding sources and lower cost borrowing options have been identified

# WMATA CONFIDENTIAL PROCUREMENT UPDATE

- March 2017: Bids received by WMATA
  - Prices exceeded the construction cost estimate
- March 2017 – January 2018:
  - City requested cost savings including design changes
  - Best value procurement process with vendors
  - One-on-one meetings with vendors (spring/summer)
- February 2018: Revised bids received
  - Prices reduced but still exceed the construction cost estimate
- Prior Total Project Budget: \$268M
- Revised Total Project Budget: \$320M which includes \$30 million in contingencies



# COST DRIVERS

- Original cost estimate (2015) range \$160M - \$315M
  - 85% of the high was \$268M
- General Construction Cost Escalation (Concrete, Steel, Labor, etc.)
  - Opening date of mid-2020; now late 2021 / early 2022
- Construction, Labor and Material Costs Increasing
  - Competition with other Transportation D/B Projects:
    - Purple Line LRT (\$5.6B, Maryland MTA)
    - Adding a Lane to Eastbound I-66 (\$85M, VDOT)
    - Interstate 395 Express Lanes (\$500M, VDOT)
    - I-66 Outside the Beltway (\$2.3B, VDOT)
    - Silver Line Extension - Phase II (\$5.8B, MWAA)
    - I-95 Express Lanes Extension (\$450M, VDOT)

# COST DRIVERS

- Currently a Bidder's Market
  - Overlapping RFP Procurement with other mega-projects across the US
- Risk Factors
  - Working in the proximity of the live track corridor
  - Challenging geotechnical conditions
  - Likely contaminated soil issues
  - Complex multiple stakeholder coordination
  - Limited site access, constricted project site
- Only one infill Metrorail Station (NoMa) ever built in Metro's 118 mile system

# POTOMAC YARD METRORAIL STATION PROJECT FINANCING HISTORY (\$ IN MILLIONS)

	2010	2015	2018
GO Bonds (4.5%)	\$240	\$144	\$83 <sup>1</sup>
NVTA Grant	0	\$70	\$70
VTIB Loan (2.2%)	0	\$50	\$50
TIFIA Loan (2.9%)	0	0	\$88 <sup>1</sup>
Other Sources	0	4	\$29 <sup>2</sup>
Total	\$240	\$268	\$320

<sup>1</sup> TIFIA could potentially increase to \$106 million, thereby dropping GO Bonds to \$65 million

<sup>2</sup> Reflects use of accumulated Potomac Yard Fund monies of \$25 million

# POTOMAC YARD METRORAIL STATION PROJECT DEBT SERVICE HISTORY (\$ IN MILLIONS)

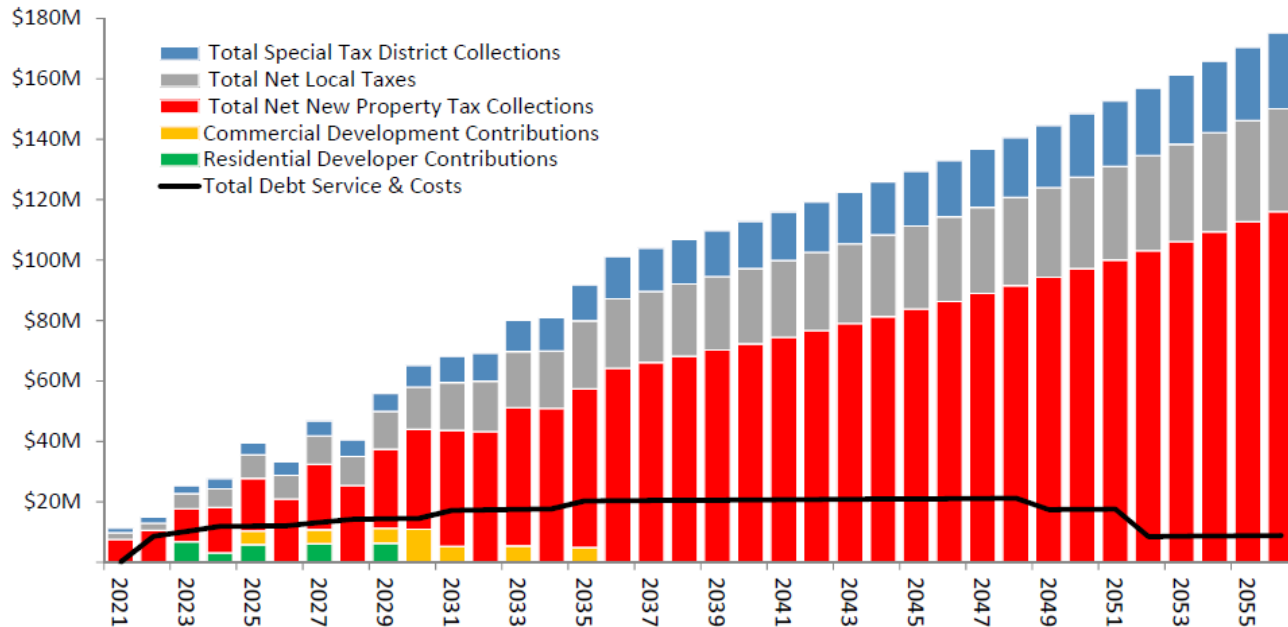
	2010	2015	2018
GO Bonds	\$475	\$288	\$166
VTIB Loan	0	\$74	\$74
TIFIA Loan	0	0	\$146
Total	\$475	\$362	\$386

## Previously Planned (2010, 2015) Repayment Sources

- Net new taxes generated in Potomac Yard
- Developer contributions
- Two Special Tax Districts

# POTOMAC YARD METRORAIL STATION PROJECT DEBT SERVICE HISTORY (\$ IN MILLIONS)

## Potomac Yard Metrorail Station Updated Financial Feasibility



MARCH 24, 2018

# NORTH POTOMAC YARD DEVELOPER CONTRIBUTION

- 2010: \$10/sq. ft. contribution on first 4.9 million square feet (to be adjusted annually for inflation)
- 2018: Catalyst Phase to incentivize commercial development
  - Defer contribution on office, retail, hotel, in Phase I
  - DSUP approved by May 1, 2021; Certificate of Occupancy by May 1, 2028
  - Total contribution applies after Catalyst Phase
- 2010: \$32M shortfall guarantee
- 2018: \$16M for Phase 1, \$16M for Phase II
- 100 spaces for contractor parking
- Special Tax District sunset and tapering provisions

# TIER II (LOWER POTOMAC YARD) SPECIAL TAX DISTRICT (STD)

- Current Ordinance: 10¢ real estate tax add-on to take effect calendar year (2022) after station opens
- Tax would produce about \$15 million over its life (2018 dollars)
- City staff will propose eliminating the Tier II STD and substitute \$15 million in potential 230kV right-of-way fees
- Elimination of Tier II would be contingent on Potomac Avenue alignment being selected and approved

# SHORT TERM BRIDGE FUNDING

- About \$210 million in a line of credit is proposed as short term bridge financing until the TIFIA loan is approved and General Obligation Bonds are issued
- City agreement with WMATA of \$290 million will constitute a balance sheet obligation that must be matched with funding sources
- Substantial cash flow drawdowns to build the station will not occur until 2019 and 2020



# AMENDED AND RESTATED FUNDING AGREEMENT BETWEEN WMATA AND CITY

- Original Agreement executed in September 2011
  - Three (3) Amendments executed (7/12, 6/15, 2/16)
  - Original Agreement Task Order total \$11M
- This amended Agreement, for a total of \$290 million, covers Design-Build contract through construction, project completion and final close-out
  - Includes WMATA costs (real estate, staff, consultants)
- Total Project Budget \$320 million
  - Includes \$30 million City costs (NPS mitigation, staff, consultants)
- Agreement includes the terms and conditions that will govern the relationship between the City and WMATA during the project

# STATION DESIGN

- Core Station objectives are maintained:
  - Architectural Elements
  - Station access from the east and the west



## Finish Materials

20



Glass



Zinc



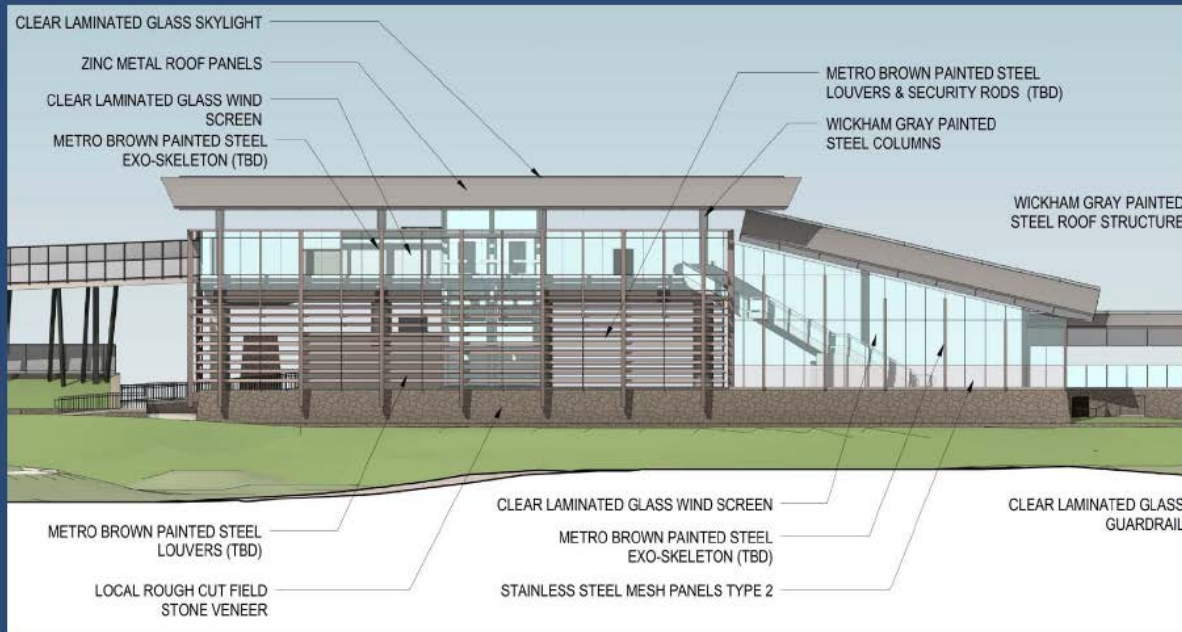
Weathered Stl



Metro Brown



Stone



Light Gray



Stainless



Mesh 2

# STATION DESIGN REVIEW PROCESS

- Refined design requires amendment to the approved DSUP
  - Process involves:
    - Extensive community involvement through regularly scheduled PYMIG public meetings
    - BAR, Planning Commission and City Council consideration
    - NPS review
- Planning Commission and City Council public hearings targeted for end of 2018

## SCHEDULE / NEXT STEPS

- April 10, 2018: City Council Legislative Meeting
- April 12, 2018: WMATA Committee Meeting
- April 26, 2018: WMATA Board Meeting
- April 2018: City & WMATA Sign Funding Agreement
- Mid 2018: Contractor notice to Proceed Issued
- Mid 2018 to Late 2018: DSUP Amendment Process
- Late 2018: Council Consideration of DSUP Amendment
- Late 2018: Early Construction Activities
- Late 2021 / Early 2022: Station Opens



## QUESTIONS?

Additional Info:

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