

The following item was handed out at the November 1, 2018 NVTC Meeting.

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FY2020 Proposed Budget

Finance & Capital Committee

November 1, 2018



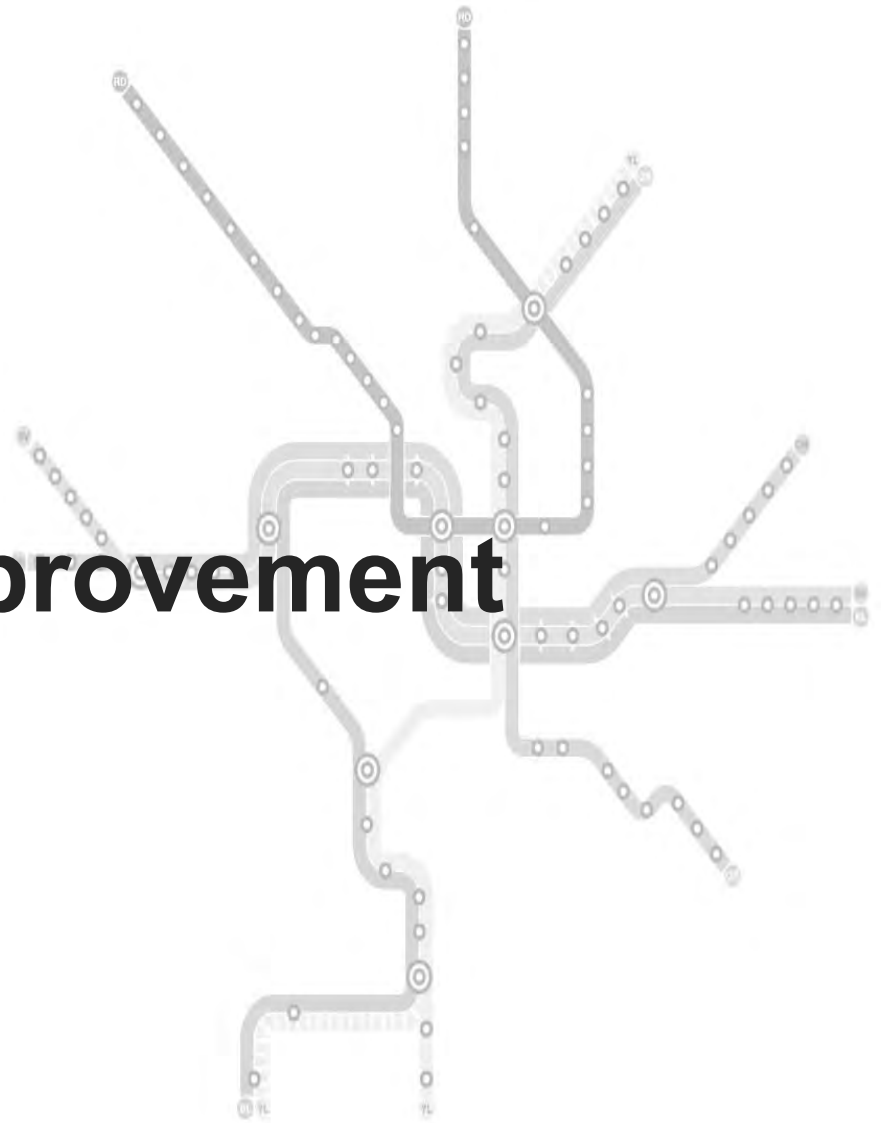
Present the General Manager/CEO's Recommended FY2020 Operating Budget and FY2020-2025 Capital Improvement Program

- Capital and Operating Budget Overview
- Proposed FY2020-2025 Capital Program
- Proposed FY2020 Operating Budget
- Schedule

- **FY2020-2025 Capital Improvement Program**
 - Fully fund system safety and compliance
 - Improve customer experience
 - Continue focus on system preservation and State of Good Repair
 - Meet program budget and schedule
 - Ramp up to \$1.5 billion average annual program
 - Develop capital investment pipeline (D&E)

- **FY2020 Operating Budget**
 - Increase ridership
 - Improve customer experience
 - Maximize operating efficiency
 - Increase non-fare revenues
 - Enhance employee engagement and development
 - Comply with Dedicated Revenue restrictions

FY2020-2025 Proposed Capital Improvement Program



FY2020-2025 Proposed Capital Improvement Program

FY2020 Proposed Capital Budget

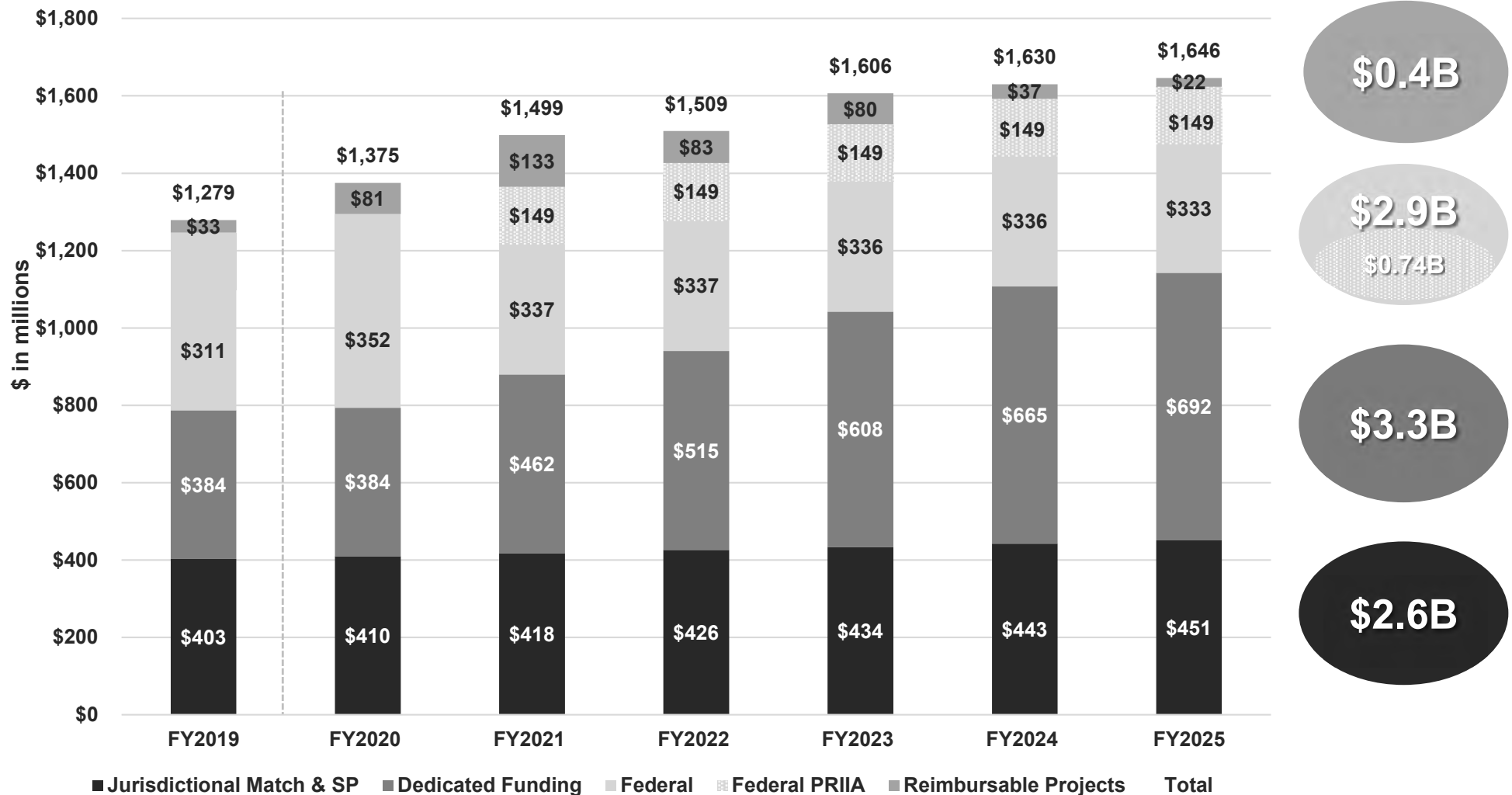
- Planned investment of \$1.4 billion
- Over 85 percent of planned investment already underway

Six Year Plan

- Proposed \$9.3 billion six-year investment in on ongoing projects, prioritized system preservation and renewal needs from Capital Needs Inventory
 - Includes \$436 million of reimbursable projects such as Silver Line, Potomac Yard and Purple Line
- Includes Development and Evaluation Program to advance capital project pipeline
- PRIIA funding ends in Federal Fiscal Year 2019 - without reauthorization **contribution from Jurisdictions** will increase by nearly \$750 million over five years

FY2020-2025 Proposed Capital Improvement Program

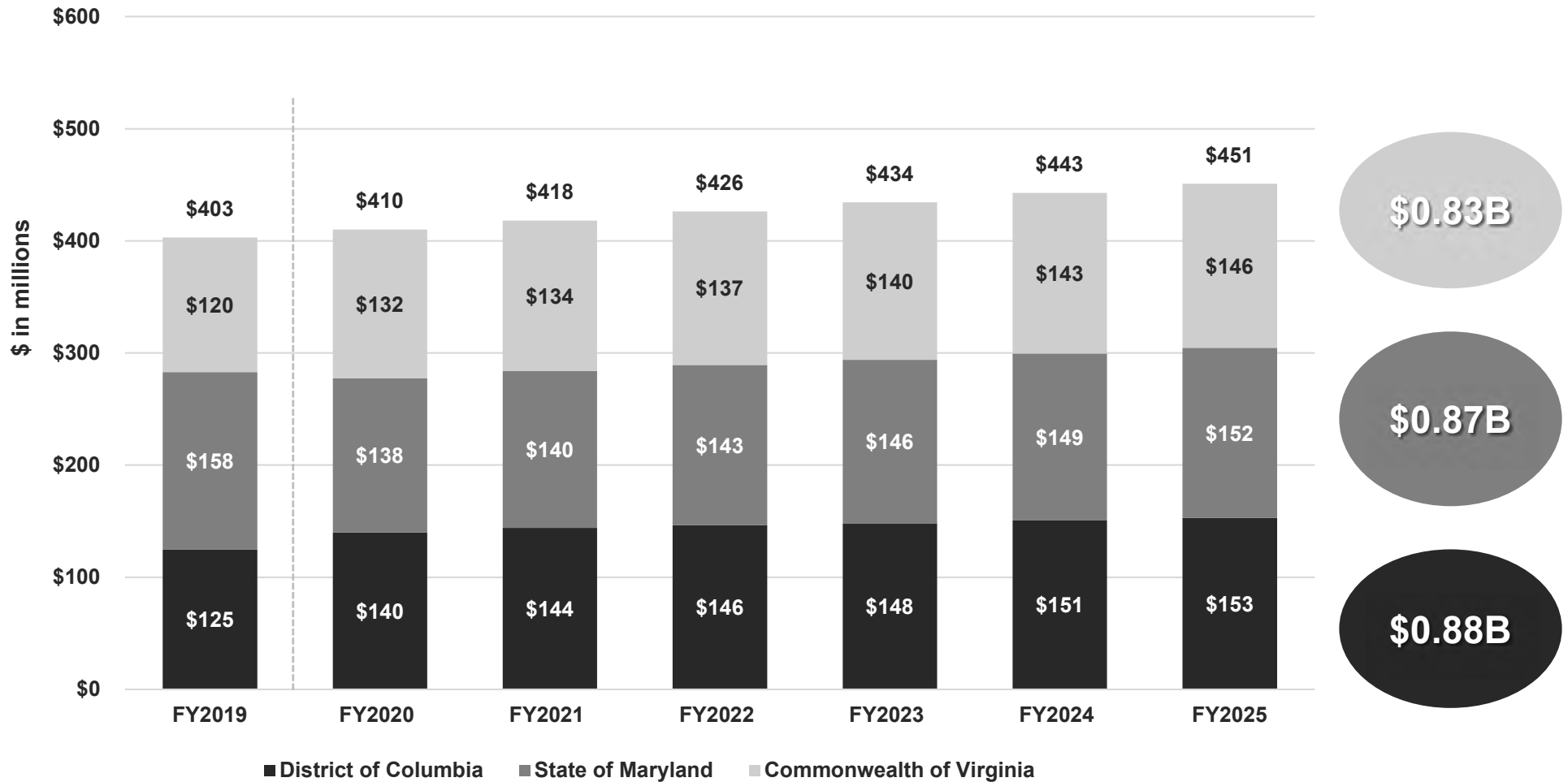
With PRIIA, 6 Year \$9.3 billion Capital Investment Program for System Safety and Reliability



Note: Capital funding sources include an additional \$23M for service disruptions associated with major capital projects

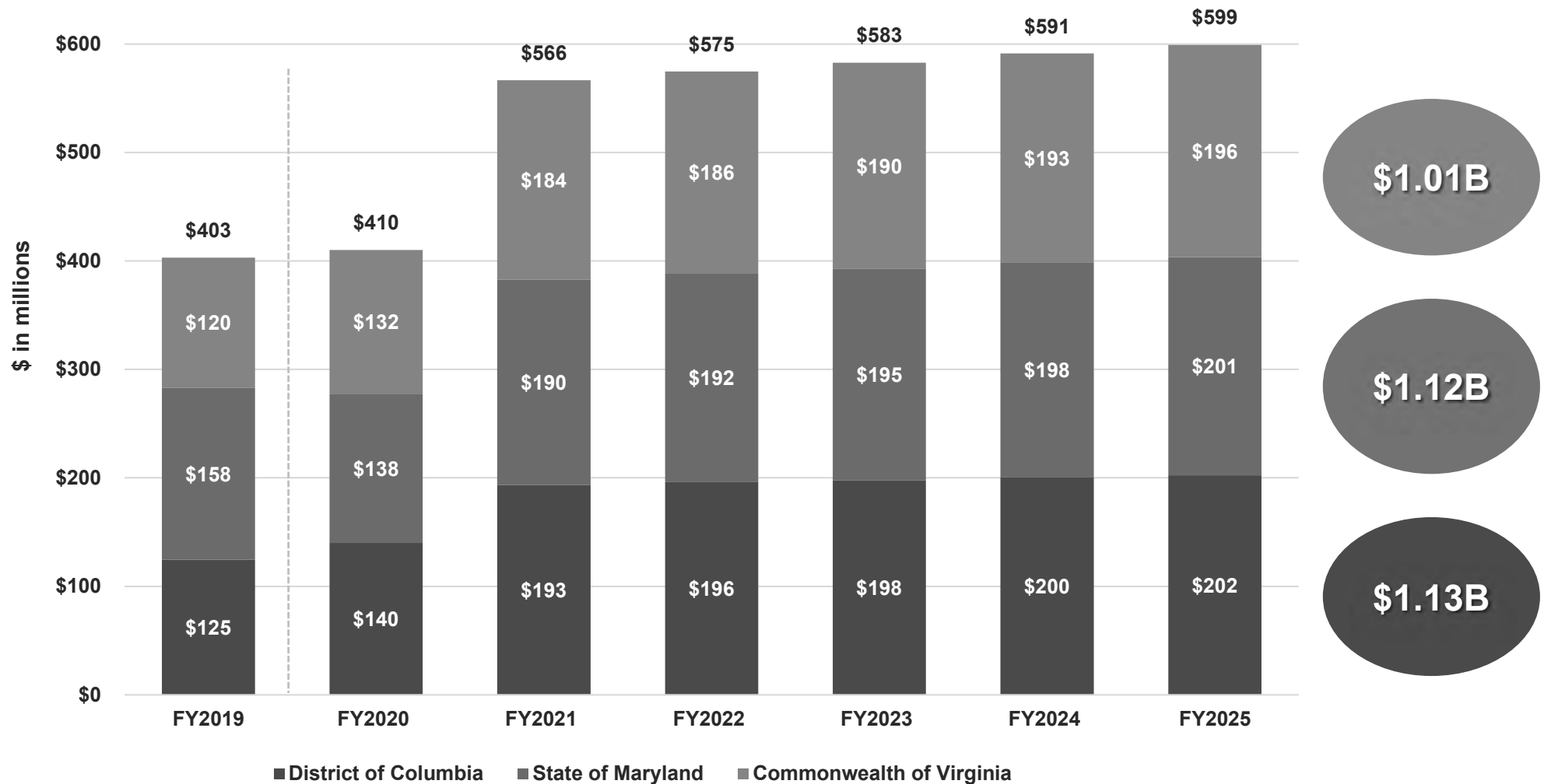
FY2020-2025 Proposed Capital Improvement Program

Jurisdictional Match and System Performance with PRIIA is \$2.6 billion



FY2020-2025 Proposed Capital Improvement Program

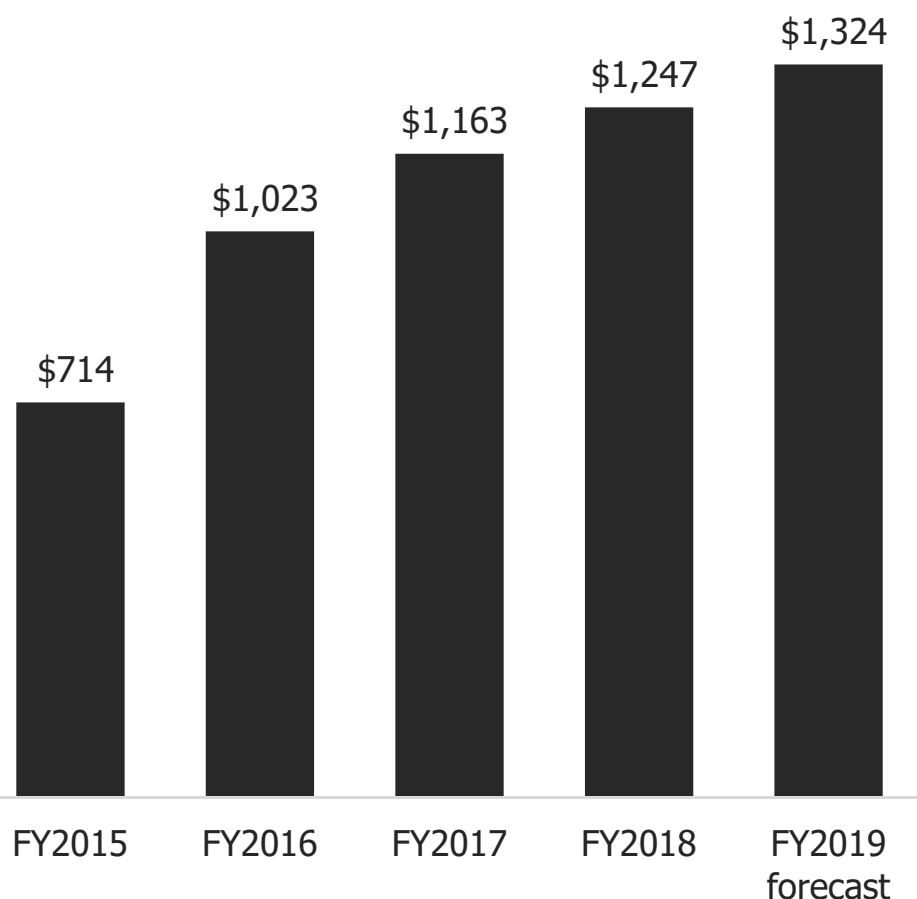
Jurisdictional Match and System Performance without PRIIA is \$3.3 billion



FY2020-2025 Proposed Capital Improvement Program

Improving Capital Program Delivery and Service Reliability

Capital Program Investment Ramp-Up



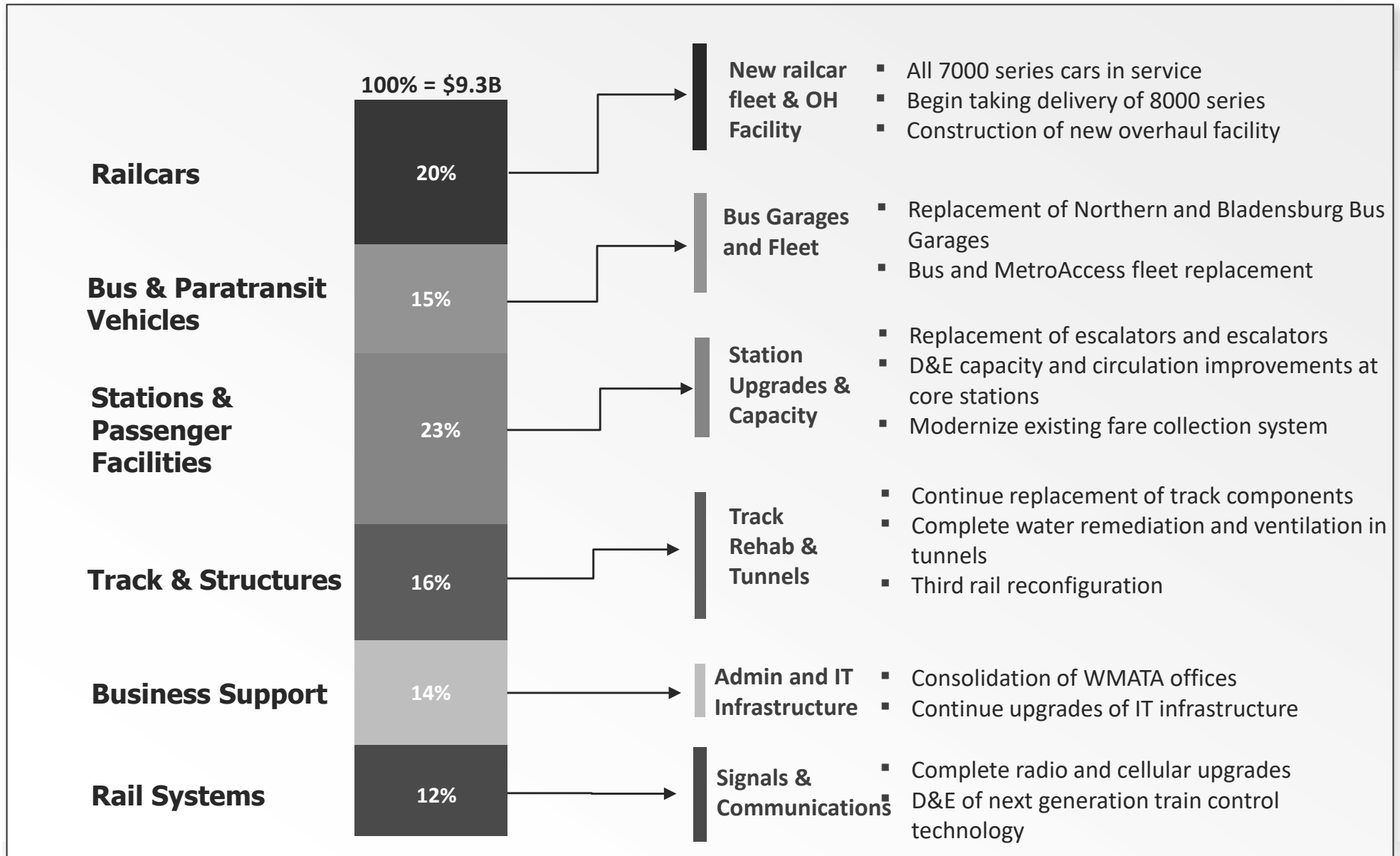
Key Resulting Improvements

- 550+ New 7000 Series Railcars Now in Service
- Railcar Performance Highest in Eight Years – More Than 100,000 Miles Between Delays
- Track Rehabilitation & Preventive Maintenance Programs Reducing Delays
- 88 percent of rail trips On-Time Since Early 2018
- Underground Cellular & WIFI Availability Expanding
- Brighter & Energy Efficient Station Lighting Installations Underway
- Escalator & Elevator Replacement and Rehabilitation Programs
- New Buses & MetroAccess Vehicles in Service
- New Cinder Bed Road & Andrews Federal Center Bus Facilities Nearing Completion

Notes: FY2019 expenditure forecast as of October 2018. Dollars in millions. Forecast currently shows projects ahead of schedule, \$46 million above the plan. Staff will request a budget amendment if the forecast holds.

FY2020-2025 Proposed Capital Improvement Program

FY2020-2025 Investment by Asset Category



FY2020-2025 Proposed Capital Improvement Program

Railcar Investments

Acquire, rehabilitate, and maintain railcars and railcar facilities in state of good repair to provide safe and reliable Metrorail service

Active Projects			
<ul style="list-style-type: none"> New 7000 Series Railcars - 748 cars in service in 2019 Railcar Rehabilitation & Maintenance Programs 			
Project Development/Procurement			
<ul style="list-style-type: none"> New 8000 Series Railcars Railcar Heavy Maintenance & Overhaul Facility 			
Development & Evaluation			
<ul style="list-style-type: none"> Rail Yard Facility Rehabilitation & Upgrade Program 			
Planned Investment	FY2019	FY2020	Six Year
Railcar Programs	\$386	\$255	\$1,783

Notes: Expenditure forecast as of October 2018. Dollars in millions.

FY2020-2025 Proposed Capital Improvement Program

Rail Systems Investments

Replace, rehabilitate and maintain rail power, signal and communications systems in a state of good repair to provide safe and reliable Metrorail service.

Active Projects

- Radio & Wireless Upgrades – cellular in all underground in 2020; radio system deployed by 2022
- Rail Power System Rehabilitation (Systemwide) & Upgrades (Orange/Blue/Yellow Lines)
- Train Control System Rehabilitation

Project Development/Procurement

- Rail Power System Upgrades (Red, Yellow, Green Lines)

Development & Evaluation

- Train Control System Modernization

Planned Investment

FY2019

FY2020

Six Year

Rail System Programs

\$161

\$187

\$1,225

Notes: Expenditure forecast as of October 2018. Dollars in millions.

FY2020-2025 Proposed Capital Improvement Program

Track and Structures Investments

Replace, rehabilitate, maintain, and upgrade track and rail infrastructure including bridges, tunnels, and cross-overs

Active Projects	Project Development/ Procurement	Development & Evaluation
<ul style="list-style-type: none"> • Track Rehabilitation and Preventive Maintenance Programs • Tunnel Lighting Program 	<ul style="list-style-type: none"> • Tunnel Water Mitigation Program • Track Maintenance Equipment • Bridge & Aerial Structure Rehabilitation & Maintenance Program 	<ul style="list-style-type: none"> • Blue, Orange, Silver Line Corridor Reliability & Capacity Alternatives Analysis (Potential Rosslyn Tunnel) • Capacity & Reliability of D&G Junction Near Stadium-Armory

Planned Investment	FY2019	FY2020	Six Year
Track and Structures Programs	\$111	\$171	\$1,491

Notes: Expenditure forecast as of October 2018. Dollars in millions.

FY2020-2025 Proposed Capital Improvement Program

Station and Passenger Facility Investments

Construct, replace and rehabilitate rail station and passenger facilities to provide safe and reliable service to customers

Active Projects

- Elevator & Escalator Rehabilitation & Replacement
- Station Lighting & Cooling Programs
- Parking Garage Rehabilitation
- Station Entrance Canopies
- Silver Line Extension Construction Support (Reimbursable)
- Potomac Yard Station (Reimbursable)

Project Development/Procurement

- Station Platform Rehabilitation Program
- Bicycle & Pedestrian Access Improvement Program
- Union Station Entrance Improvements

Development & Evaluation

- Station Customer Circulation & Access Improvements (Core Stations & Jurisdiction-Sponsored Projects)
- Shady Grove Station & Track Infrastructure
- Station Audio & Digital Signage Improvements

Planned Investment

FY2019

FY2020

Six Year

Station and Passenger Facility Programs

\$260

\$360

\$2,066

Notes: Expenditure forecast as of October 2018. Dollars in millions.

FY2020-2025 Proposed Capital Improvement Program

Bus and Paratransit Investments

Acquire, rehabilitate and maintain buses and paratransit vehicles and supporting facilities and systems in a state of good repair to provide safe and reliable Metrobus and MetroAccess service

Active Projects

- New Buses – 122 planned for FY2020
- New MetroAccess Vehicles – 275 planned for FY2020
- Bus Rehabilitation & Maintenance Programs
- Andrews Federal Center Bus Facility – Open for operation in 2019

Project Development/ Procurement

- Replacement of Bladensburg Bus Garage
- Replacement of Northern Bus Garage
- Transit Signal Priority Program Expansion
- Bus Shelter Replacement Program

Development & Evaluation

- Bus Transformation Strategy
- Western Bus Garage Replacement
- Bus Facility Rehabilitation Program

Planned Investment

FY2019

FY2020

Six Year

Bus and Paratransit Programs

\$183

\$205

\$1,374

Notes: Expenditure forecast as of October 2018. Dollars in millions.

FY2020-2025 Proposed Capital Improvement Program

Business Support Investments

Acquire, rehabilitate and maintain support facilities, information technology infrastructure and systems, and other equipment and infrastructure to support safe and reliable transit service and business functions

Business Support Investments			
Active Projects	Project Development/ Procurement	Development & Evaluation	
<ul style="list-style-type: none"> • WMATA Office Consolidation Project • Roof Rehabilitation • IT Infrastructure & System Improvements 	<ul style="list-style-type: none"> • Rail & Bus Control Centers • Financial System Upgrades 	<ul style="list-style-type: none"> • Asset Management and Work-Order System Upgrades • Data Center Replacement 	
Planned Investment	FY2019	FY2020	Six Year
Business Support Programs	\$224	\$174	\$1,302

Notes: Expenditure forecast as of October 2018. Dollars in millions.

FY2020-2025 Proposed Capital Improvement Program

Planned Investment	FY2019	FY2020	Six Year
Railcars	\$386	\$255	\$1,783
Rail Systems	\$161	\$187	\$1,225
Track and Structures	\$111	\$171	\$1,491
Stations and Passenger Facilities	\$260	\$360	\$2,066
Bus and Paratransit	\$183	\$205	\$1,374
Business Support	\$224	\$174	\$1,302
Total	\$1,324	\$1,352	\$9,241

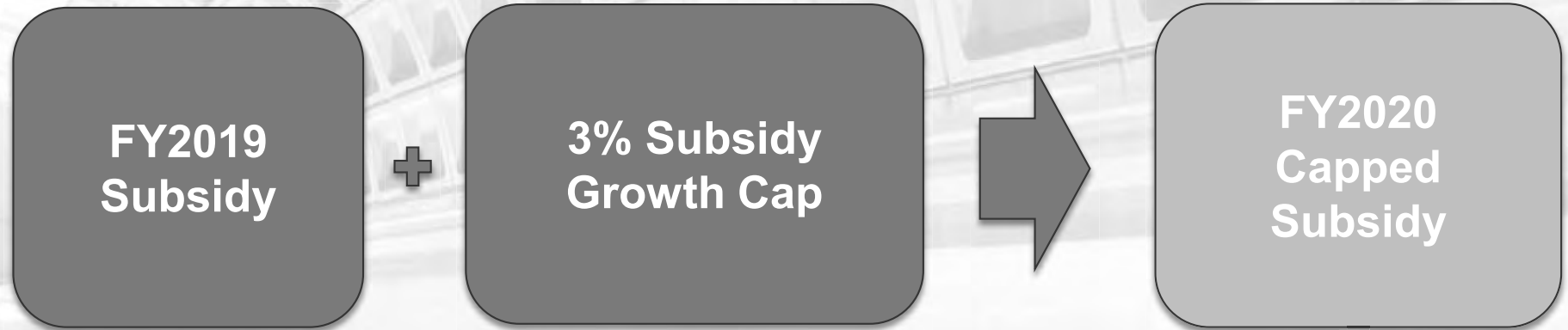
Notes: Expenditure forecast as of October 2018. Dollars in millions.

FY2020 Proposed Operating Budget

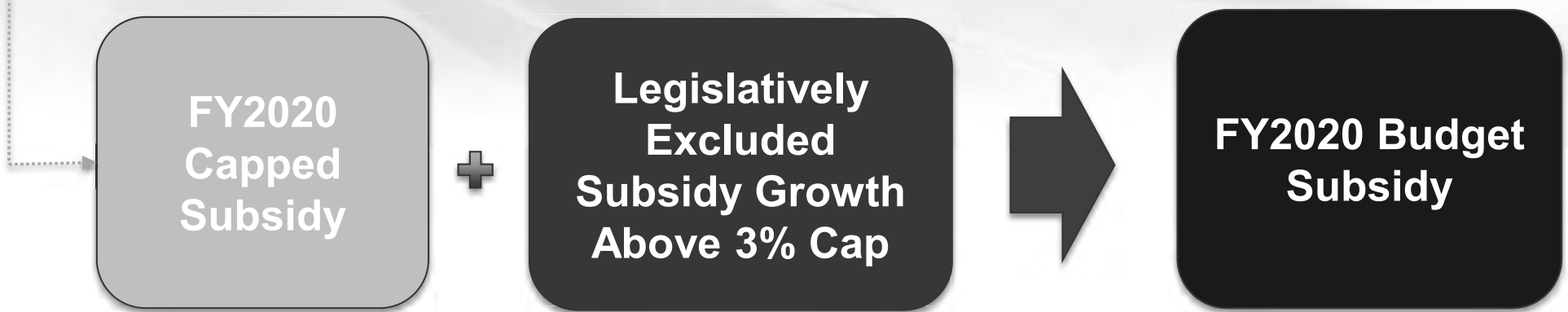


FY2020 Proposed Operating Budget Structure

Base Operating Subsidy



Allowable Above Base Operating Subsidy



- **Base Operating Subsidy**
 - ✓ Maintains current Hours of Service
 - ✓ Meets 3% legal operating subsidy growth cap

- **Allowable Above Base Subsidy**
 - ✓ Includes Silver Line Phase 2 ramp up
 - ✓ Mandated paratransit services
 - ✓ Occupational Health and Safety requirements

FY2020 Proposed Operating Budget

FY2020 Base Operating Subsidy Growth Constrained to 3%

(\$ in Millions)	Subsidy Impact
FY2019 Subsidy*	\$1,079
3% Subsidy Growth Cap	\$32
FY2020 Capped Subsidy	\$1,111
FY2020 Cost Drivers	
Inflation & Contractual Steps	\$28
CBA/Labor Settlements	\$27
Overhead & Inventory Management	<u>\$23</u>
Subtotal	\$78
Less 3% Subsidy Growth Cap	(\$32)
Management Savings Required	\$46
FY2020 Actions to Manage Costs Above 3% Cap	
Reduced Contracted Services	(\$10)
Administrative Streamlining	(\$6)
Non-Passenger Revenue	(\$5)
Pass Products Enhancements	(\$2)
Management Efficiencies	<u>(\$24)</u>
Subtotal	(\$46)
FY2020 Capped Subsidy	\$1,111

* Emergency and Other CBA costs may require additional amendments

Legislatively Excluded Operating Subsidy Growth Above the 3% Cap is \$51 million

- Silver Line Phase 2 - \$37 million (ramp up only)
 - Metro responsible for ramp up training costs
 - MWAA responsible for other pre-revenue operations costs
 - Revenue service begins after July 2020
- Litigation Costs - \$5 million
- Occupational Safety and Health Requirements - \$4 million
- ADA Paratransit Cost Increase - \$5 million

FY2020 Proposed Operating Budget

Projected FY2020 Capped Subsidy and Legislative Exclusions

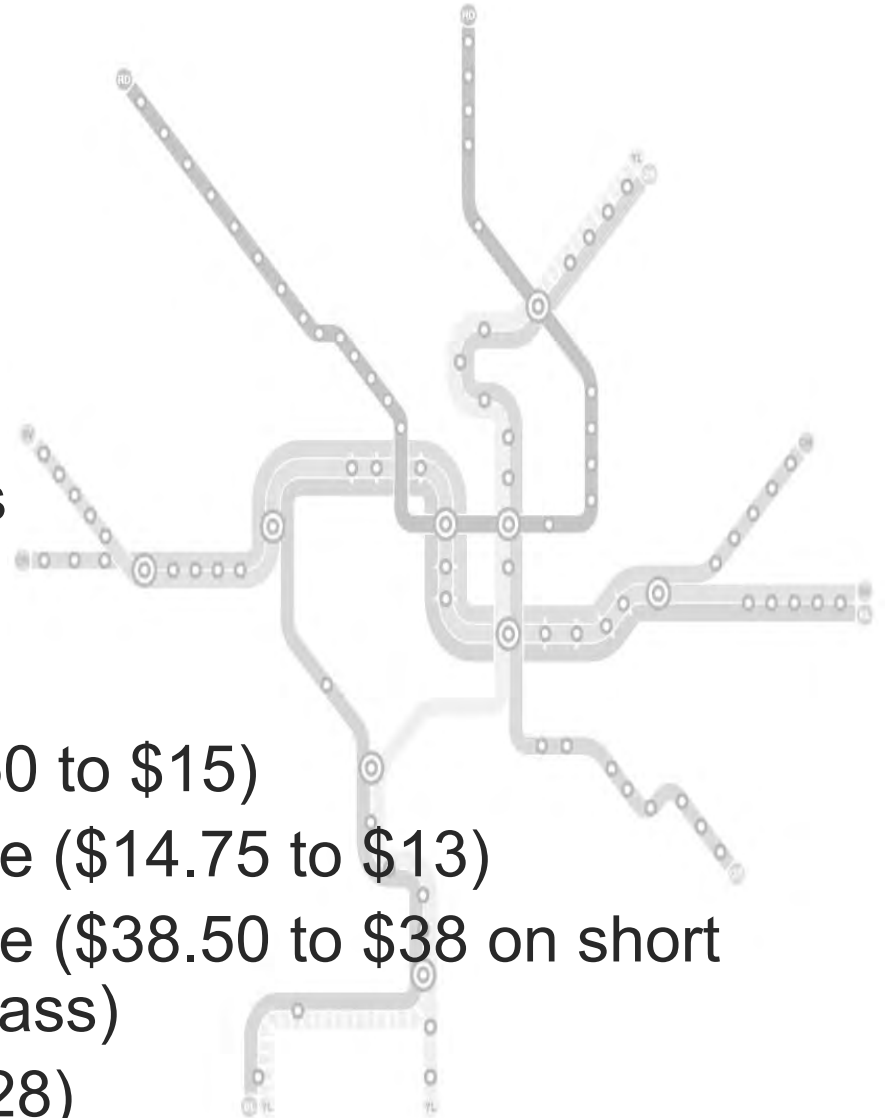
(\$ in Millions)	Expense	Revenue	Subsidy
FY2019 Subsidy	\$1,877	\$798	\$1,079
+ 3% Growth Cap	\$39	\$7	\$32
+ Legislative Cap Excluded	\$51	\$0	\$51
FY2020 Total Subsidy with Exclusions			\$1,162

New Customer Initiatives



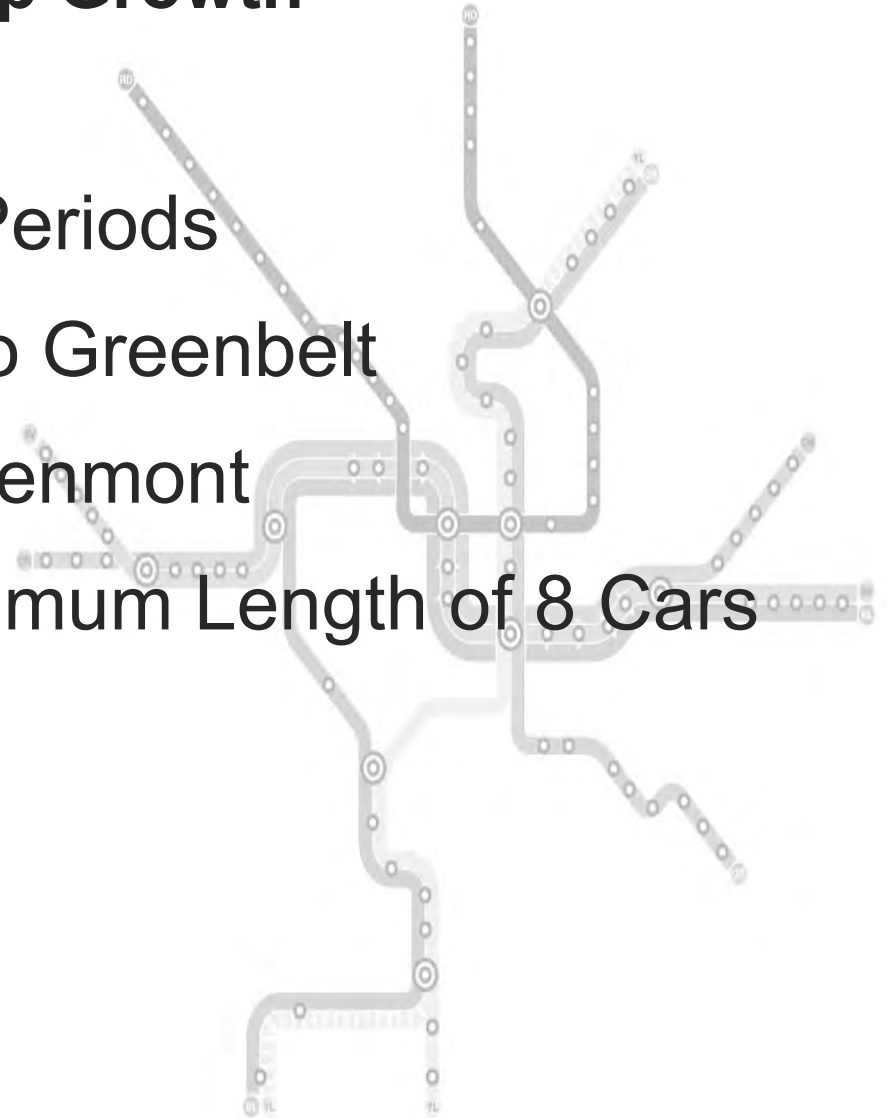
Within Cap Initiatives to Drive Ridership Growth

- Service and Fares
 - ✓ No Fare Increase
 - ✓ No Service Cut
 - ✓ Automatic Train Operations
 - ✓ Better Rush Hour Promise
 - ✓ Late Night Service Partnerships
- Weekend Flat Fare
- Pass Enhancements
 - ✓ Reduce 7-Day Bus Pass (\$17.50 to \$15)
 - ✓ Reduce 1-Day Visitor Pass Price (\$14.75 to \$13)
 - ✓ Reduce 7-Day Visitor Pass Price (\$38.50 to \$38 on short trip, \$60 to \$58 on full system pass)
 - ✓ Add a 3-Day Weekday Pass (\$28)
 - ✓ Add unlimited bus in all Visitor and SelectPasses



New Initiatives to Drive Ridership Growth

- Expand Rush Hour Service Periods
- Extend Yellow Line Service to Greenbelt
- Run all Red Line Trains to Glenmont
- Expand All Trains to the Maximum Length of 8 Cars



FY2020 Proposed Operating Budget

Expand Rush Hour Service Periods

- Improve Service Frequency: Providing 8-minute service on all lines, 3-4 minute service in the core
 - 9:30am to 10:00am
 - 7:00pm to 8:30pm
- No change to fare policy

Increased Hours	Operating Cost	Riders Benefitting	New Trips	New Fare Revenue	Subsidy Impact
9:30am – 10:00am	\$1.5m	3.7m	0.4m	\$0.9m	\$0.6m
7:00pm – 8:30pm	\$6.7m	8.0m	0.8m	\$1.9m	\$4.8m
Total	\$8.2m	11.7m	1.2m	\$2.8m	\$5.4m

FY2020 Proposed Operating Budget

Extend Yellow Line Service to Greenbelt

- Peak - From Mt. Vernon Sq. to Greenbelt
 - Helps stations north of Mt. Vernon Sq.
- Off Peak – From Fort Totten to Greenbelt
 - Helps stations north of Fort Totten
- Mitigate 50% peak service cut from FY18
- Create new one-seat ride to/from Virginia

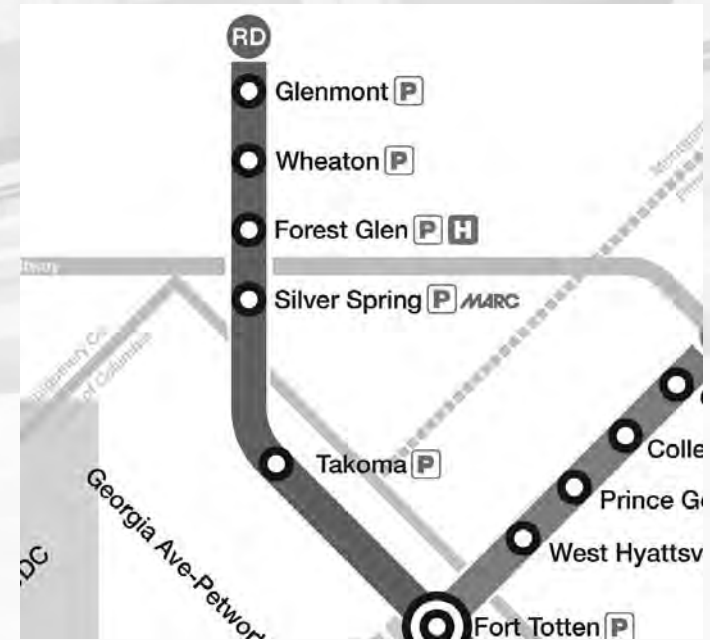


Expanded Yellow Line Service	Operating Cost	Riders Benefitting	New Trips	New Fare Revenue	Subsidy Impact
Peak, Weekdays	\$5.6m	10.8m	1.5m	\$4.4m	\$1.2m
Off-Peak, Weekdays	\$2.5m	1.6m*	0.2m	\$0.7m	\$1.8m
Total	\$8.1m	12.4m	1.7m	\$5.1m	\$3.0m

FY2020 Proposed Operating Budget

Run all Red Line Trains to Glenmont

- All Red Line trains operate to Glenmont
 - Stop turning Red Line trains at Silver Spring
- Doubles frequency for three Red Line stations



Expanded Red Line Service	Operating Cost	Riders Benefitting	New Trips	New Fare Revenue	Subsidy Impact
Peak, Weekdays	\$2.0 m	2.9 m	0.3 m	\$1.1 m	\$0.9 m
Weekends	\$1.2 m	0.5 m	0.3 m	\$0.9 m	\$0.3 m
Total	\$3.2 m	3.4 m	0.6 m	\$2.0 m	\$1.2 m

Expand All Trains to the Maximum Length of 8 Cars

- Operate eight-car trains on all lines
 - Phased implementation over two years based on fleet and yard availability
 - Yellow and Green Lines implementation complete
 - Red Line (July 2019), Blue Line (October 2019), and Orange and Silver Lines (June 2020)
- Significantly relieve crowding, especially during peak times

Additional Eight Car Trains	Operating Cost	Riders Benefitting	New Trips	New Fare Revenue	Subsidy Impact
Phased Implementation*	\$10.3m	1.5m	0.1m	\$0.2m	\$10.1m

**Annualized subsidy impact when fully implemented is \$15 million*

FY2020 Proposed Operating Budget

Projected FY2020 Capped Subsidy, Legislative Exclusions and New Initiatives

(\$ in Millions)	Expense	Revenue	Subsidy
FY2019 Subsidy	\$1,877	\$798	\$1,079
+ 3% Subsidy Growth Cap	\$39	\$7	\$32
+ Legislative Excluded Subsidy	\$51	\$0	\$51
FY2020 Capped Subsidy and Legislative Exclusions			\$1,162
+ New Customer/Ridership Initiatives	\$30	\$10	\$20
FY2020 Total for Capped Subsidy, Exclusions & Initiatives			\$1,182

Risks to the FY2020 Proposed Operating Budget include:

- Federal uncertainty – PRIIA reauthorization, formula program funding, transit benefit, federal employment and contracting levels
- Ridership uncertainty due to changes in trip-making and transportation market (telework, alternate modes, gas prices, etc.)
- Continued paratransit cost growth
- Emergencies and special events
 - Establish a Rainy Day Fund for emergencies starting with \$20 million in FY2020 (1% of operating expenses **is unfunded**)
- Increasing Pension and OPEB liabilities
 - OPEB – Contribute \$12 million to the OPEB Trust Fund in FY2020 to reduce long-term liability **is unfunded**

FY2020 Operating Budget and FY2020-2025 Capital Improvement Program include timeline include:

- **December 2018:** Board Authorization of Public Hearing and Budget Deliberations
- **January – February 2019:** Budget Deliberations, Public Outreach and Public Comment Period
- **March 2019:** Board Adoption of FY2020 Budget
- **April 2019:** Submit Federal Grant Applications
- **July 2019:** FY2020 Fiscal Year Begins

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Join Us!

You are invited to join NVTC & PRTC Commissioners
for an overview of federal and state issues affecting transit in Northern Virginia

*Monday, December 10, 2018 from 9-11 a.m.
Embassy Suites by Hilton, 8100 Loisdale Road, Springfield, VA*

Featuring

Paul Wiedefeld

General Manager/CEO

Washington Metropolitan Area Transit Authority

Shannon Valentine (Invited)

Secretary of Transportation

Commonwealth of Virginia

Doug Allen

CEO

Virginia Railway Express

Paul Smedberg

Chair

Northern Virginia Transportation Commission

Ruth Anderson

Chair

Potomac and Rappahannock Transportation Commission

and other federal and state elected leaders

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ENVISION ROUTE 7



Phase III Study Update



Thursday, November 1, 2018

Presented to: Northern Virginia Transportation Commission

Jamie Henson
Kittelson & Associates

This Presentation

- ➔ Phase III Overview
- ➔ Progress Update
- ➔ Initial Findings
- ➔ Immediate Next Steps



Phase III Overview

- ➡ Mapping demographics and travel conditions
- ➡ Identify potential station locations
- ➡ Conceptually lay out the facility
- ➡ Identify potential rights of way

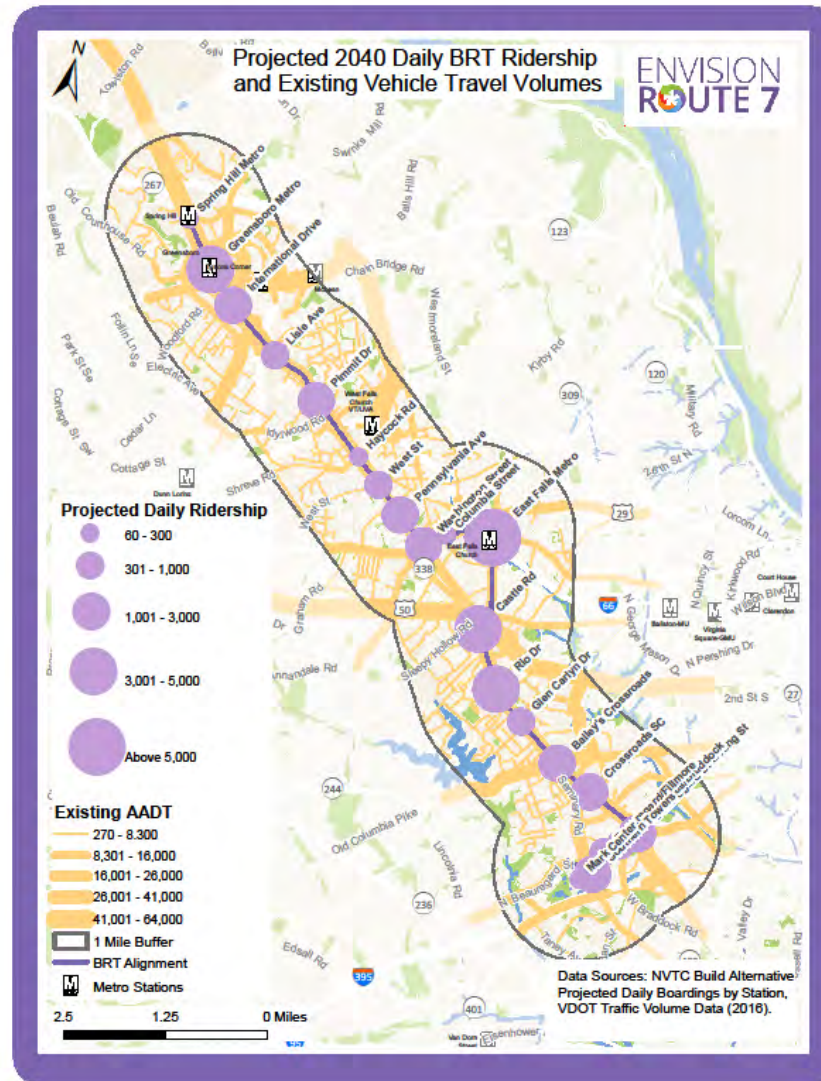


Progress Update

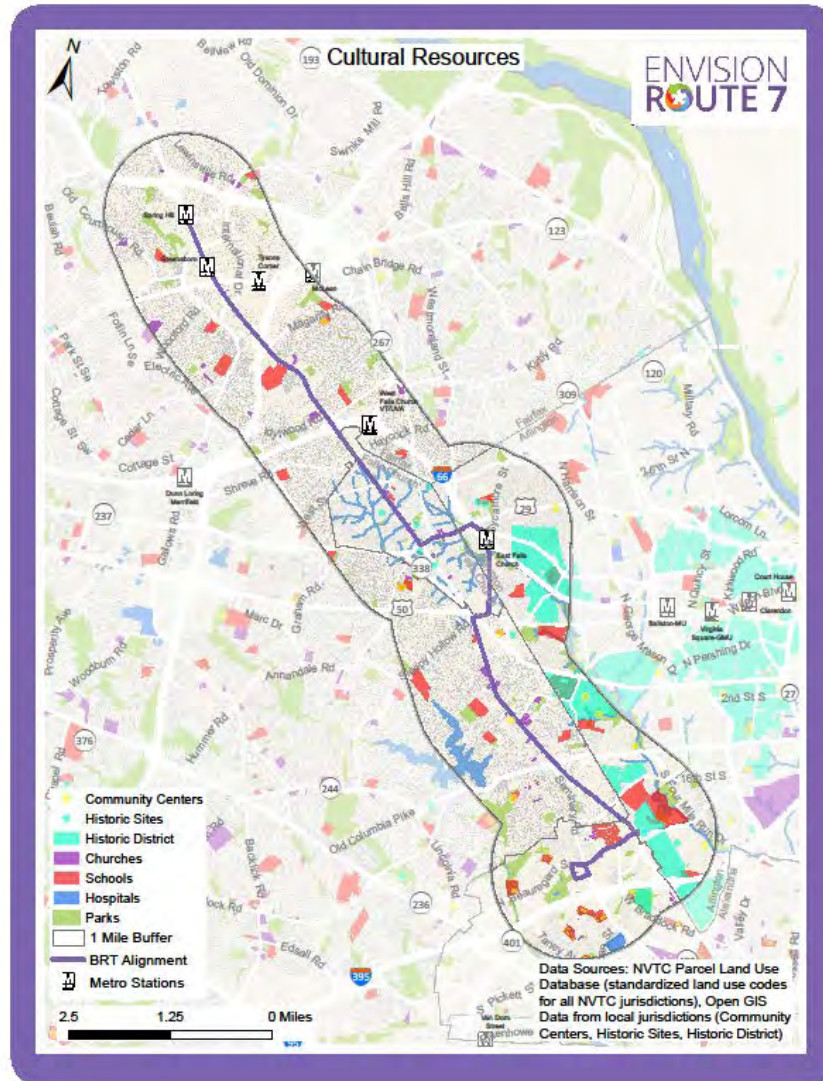
- ➡ Completed demographic, development and travel conditions mapping
- ➡ Identifying utility locations
- ➡ Considering station types and locations



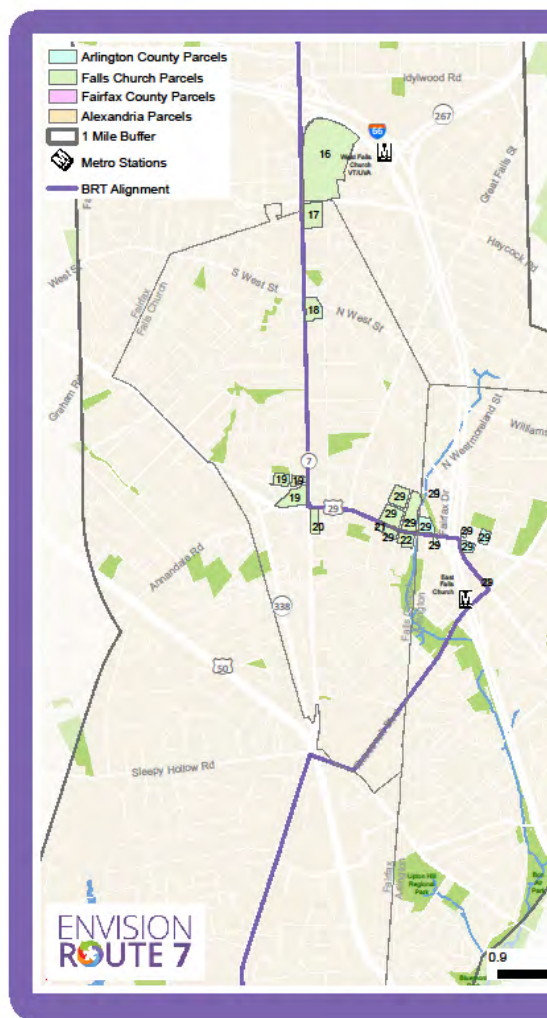
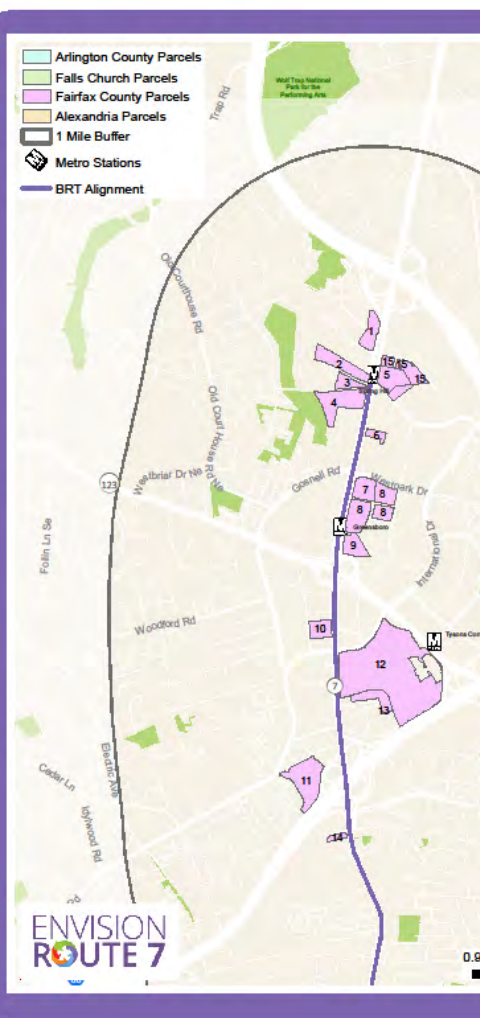
Future Ridership and Existing Traffic



Cultural Resources



Development Mapping



Questions to Address

- ➡ Where and how much right of way is needed?
- ➡ Can we connect stations to populations of need and future land uses?
- ➡ How do we avoid conflicts with utilities and in the NEPA process?



Immediate Next Steps

- ➔ Identify specific station locations
- ➔ Conduct a workshop to discuss station locations
- ➔ Begin laying out facility
- ➔ Finish Summer of 2019



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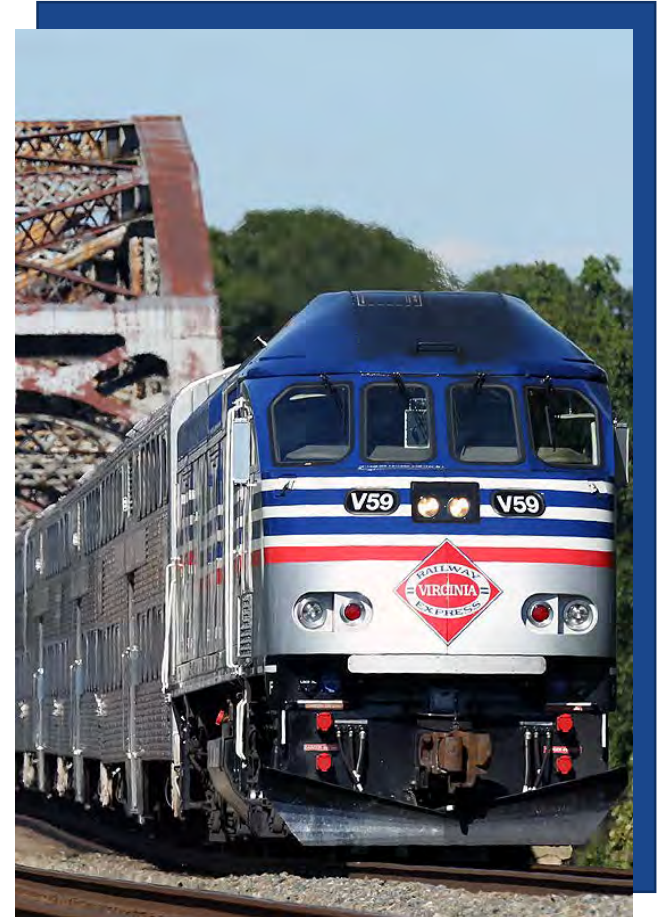


ANNUAL REPORT TO NORTHERN VIRGINIA TRANSPORTATION COMMISSION

November 1, 2018

VRE Management Audit (2014)

- Reviewed
 - Management
 - Organization
 - Internal Controls
 - Roles and Responsibilities
- Recommended
 - Annual Report to Commissions



Who we Are

Virginia Railway Express
is a “joint project” of:



Commuter Rail Service
Serving Washington DC
and Northern Virginia

Two lines, 90 miles

19,000 daily trips



Governance

- VRE Master Agreement established an Operations Board
 - Coordinate development and operation of the service
 - Delegated some authority to Operations Board
- The Operations Board members represent jurisdictions that support VRE plus State designee.
- Current **NVTC Operations Board Members:**
 - Katie Cristol, Vice-Chair
 - John Cook, Treasurer
 - Paul Smedberg, Immediate Past Chair
 - Sharon Bulova



Governance

Authority **Retained** by Commissions

- Operating access agreements with CSX, NS, Amtrak
- Insurance
- Amendments to the Master Agreement
- Hiring and termination of the Chief Executive Officer
- Statewide and federal grant applications
- Approval of legislative agendas
- Approval of strategic plan
- Sale or purchase of real property and equipment in the Commissions' name
- Approving annual budgets/six-year financial plans
- Other major policies such as terms for new entrants



Governance

Authority **Delegated** to Operations Board

- Contractual agreements (not retained by Commissions), provided funding is included in the approved budget
- Any item can be sent to Commission for approval at request of an Operations Board member

Contract Spending Authority **Delegated** to CEO

- Up to \$100,000
- Contracts above \$50,000 are reported as an information item to the Operations Board after award



Management

- CEO recommends actions to Operations Board and manages VRE staff
- Efficient organization (approx. 50 VRE staff)
- Effective oversight, management
- Contracted Operations and Maintenance (Keolis)
- Various other contractors
- Large capital program (\$800M over six years)
- Coordination and communication with Executive Directors, DRPT Director, jurisdictions, as needed



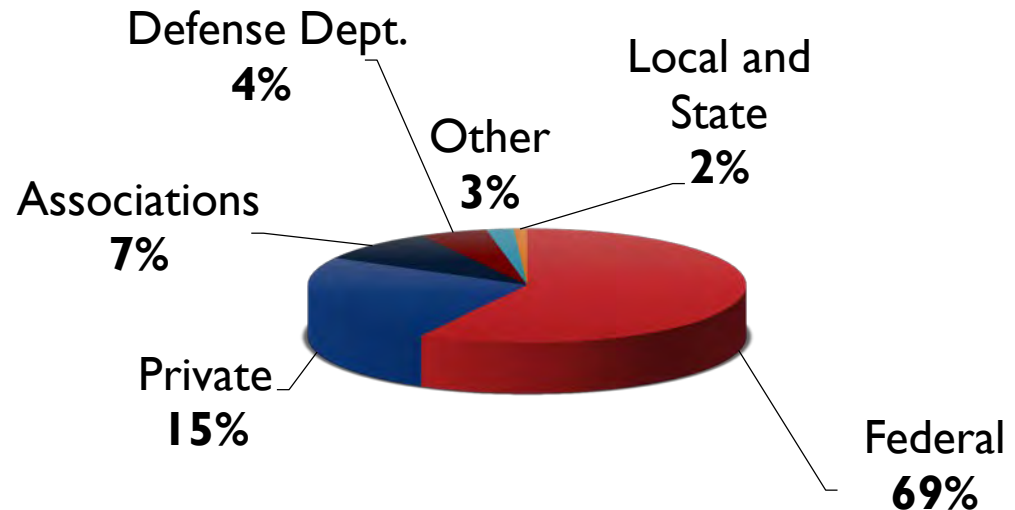
VRE is Known For



- ✓ Safe Operations
- ✓ Reliable Trains
- ✓ Quality, Cleanliness
- ✓ High Customer Satisfaction
- ✓ Strong Partnerships with Host Railroads

Who are Our Riders?

- **60%** male, **40%** female
- **77%** are married
- Average Ages
 - 35-44 years – 20%
 - 45-54 years – 31%
 - 55 and over – 36%
- **79%** have household income over \$100,000/year
- Cars per household
 - **99.6%** have at least one car available
 - **83%** have 2 or more cars



Where Our Riders Go



LE

L'ENFANT

Federal Offices, Metro

US

UNION STATION

Capitol Hill offices,
Metro

CC

CRYSTAL CITY

Federal contractor
offices, Pentagon,
Metro

AL

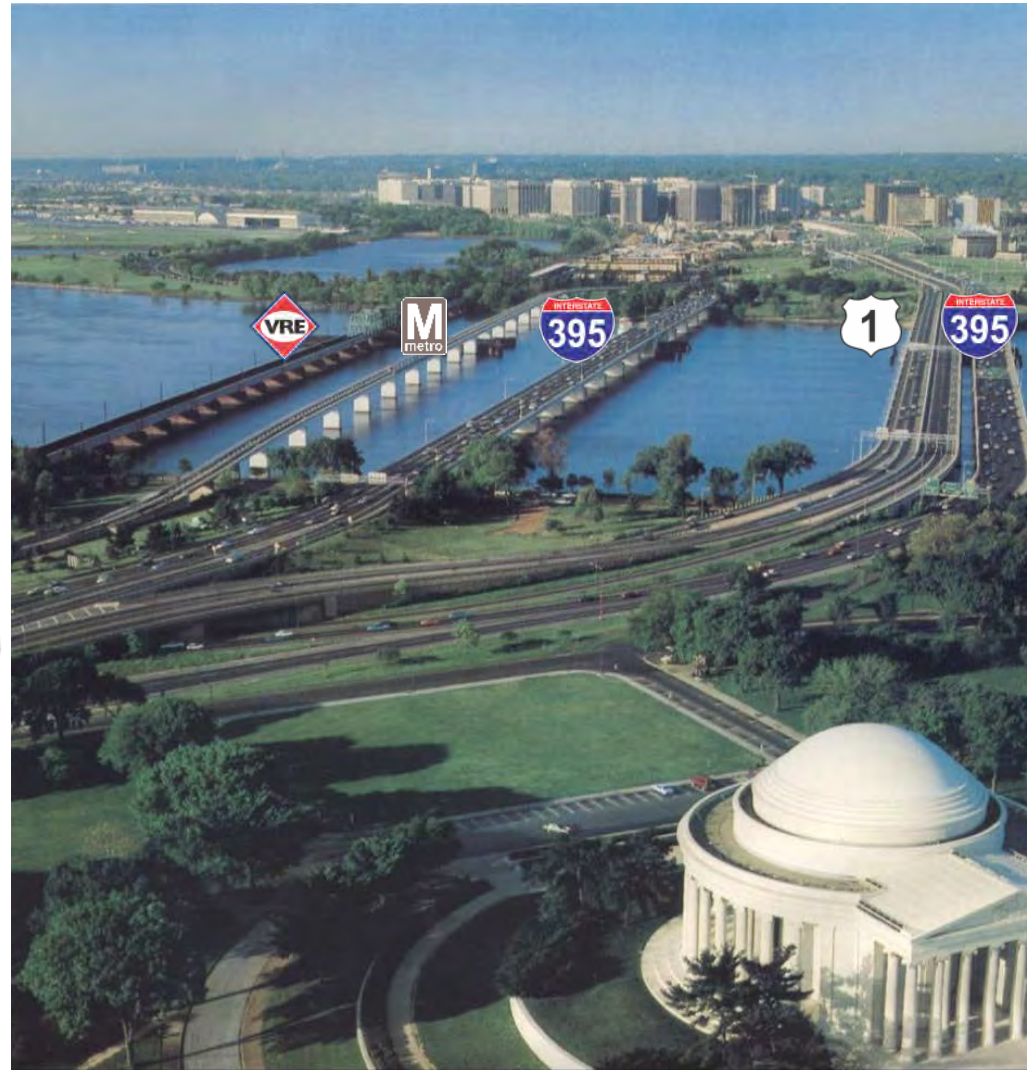
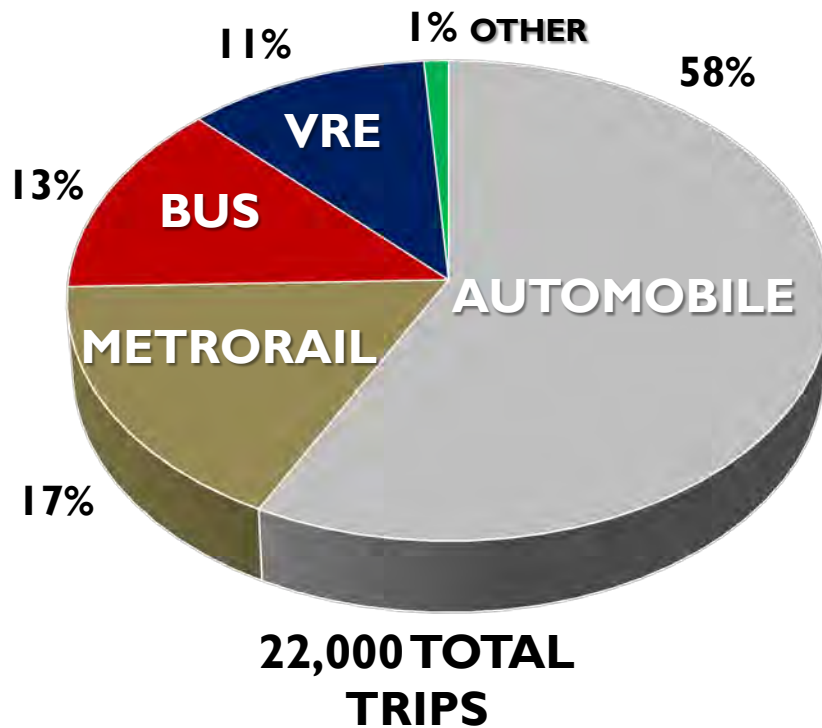
ALEXANDRIA

Patent and Trade
Office area



Peak Hour Trips

across the 14th Street Bridges
(6:30 to 7:30 AM)



VRE System Plan 2040

PHASE I: Longer Trains

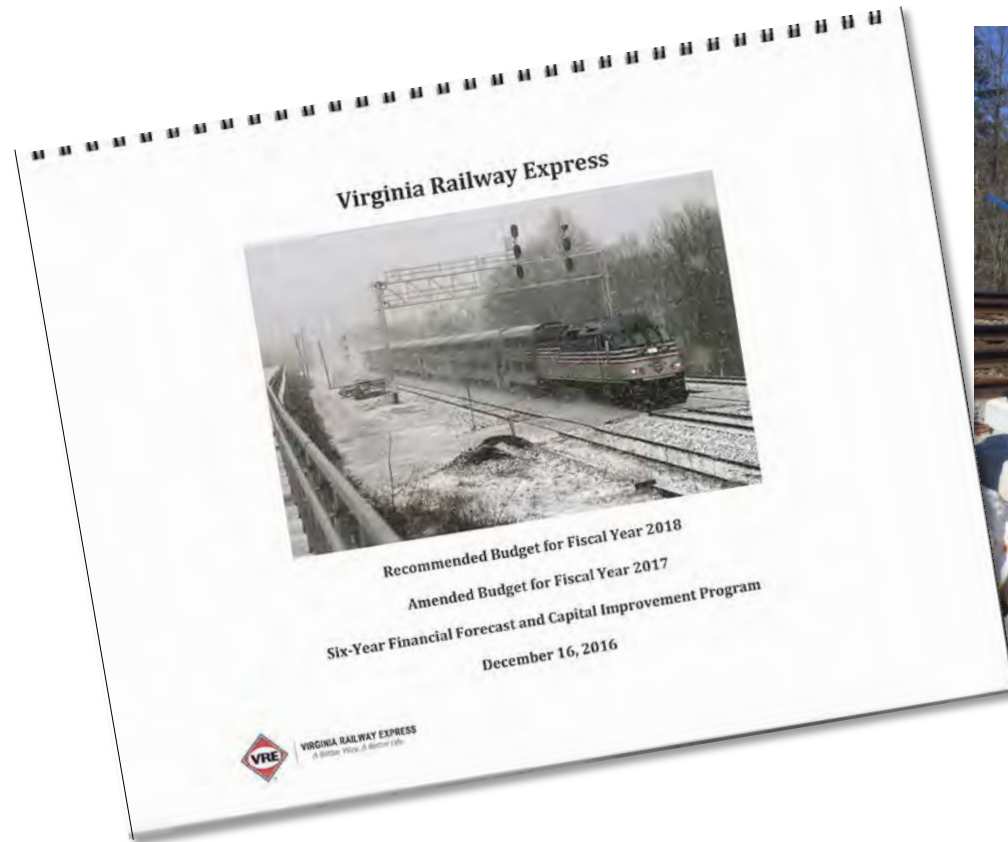
- More station parking
- More railcars
- More train storage
- Second & longer platforms

PHASE 2 & 3: More Trains

- Earn additional train slots through capacity improvements
- Third/fourth tracks on CSXT
- Long Bridge Expansion
- More parking, railcars
- More train storage



VRE Capital Improvement Plan



Total Six-Year Program: \$800M

for asset management/state of good repair, station improvements, new rolling stock, maintenance and storage facilities



Financial Outlook

- 2016 Financial Analysis showed **\$45M annual need** (Operating and Capital) through 2040 to maintain current service levels
- VRE's operating costs growing faster than revenues
- Cost increases cannot be covered solely by localities or riders
- Additional funding required to maintain current service
- New Financial Analysis in process with updated information and assumptions



C-ROC Funding

- Multi-year effort to analyze and communicate need
- Operations Board recommended and Commissions approved State Legislative Agenda seeking dedicated funding for Commuter Rail
- Legislation creating **Commuter Rail Operating and Capital (C-ROC) fund** approved by General Assembly and signed by Governor Northam in 2018
- C-ROC funded **\$15M annually** with Regional Gas Tax Revenue
- Close coordination and communication among all involved contributed to success



Notable Actions by Operations Board

In addition to reviewing and authorizing contracts that keep VRE operating safely and ensure assets are kept in a good state of repair, the VRE Operations Board:

- Authorized early phases to develop a new ***Midday Train Storage Facility***
- Helped guide and endorsed preferred concepts for station projects like ***Crystal City Station*** Improvements and ***Broad Run Station*** Expansion Project
- Authorized ***Financial Plan Update*** incorporating new Financial Modeling Platform
- Directed development of the ***Legislative Agenda*** – which in 2018 resulted in passage of C-ROC dedicated funding
- Approved the recommendation to ***Refinance the RIFF Railcar Loan*** and achieved net present value savings of 12%





TM

QUESTIONS?

VRE.ORG

