



NVTC WMATA Committee Meeting

September 17, 2020

Meeting materials available at www.novatransit.org

Committee Meeting Agenda

1. Review of July Meeting Summary
2. Update on WMATA's FY 2021 and FY 2022 Budgets
3. Overview of the Working Group Report to the General Assembly on Virginia's 3% Cap
4. Other Items of Jurisdictional Importance

Agenda Item #2:

Update on WMATA's FY 2021 and FY 2022 Budgets

- **WMATA's FY 2021 Budget**
- **WMATA's FY 2022 Budget**
- **Next Steps**
- **Discussion**

WMATA FY 2021 Operating Budget

- Due to continue effects of the COVID-19 Pandemic and the protracted recovery, ridership and revenue are well below budget
- CARES Act funds are anticipated to be depleted in December/January
- WMATA does not anticipate additional federal relief
- The expected budget gap is expected to total \$212 million by the end of FY 2021
- Additional changes to the FY 2021 budget are required to ensure a balanced budget

WMATA FY 2021 Operating Budget

- The operating budget gap is proposed to be resolved through management actions and WMATA Board actions
- Proposed WMATA Board Actions
 - Deferral of Capital Projects
 - Capital program deferrals do not have an impact on safety or state of good repair
 - Metrorail Service Cuts/Adjustments
 - MetroBus Service Cuts/Adjustments







WMATA FY 2021 Operating Budget

- Proposed Metrorail Service Cuts/Adjustments
 - Standardize weekday rail frequency to 12 minutes on each line
 - Re-institute “turnbacks” on the Red and Yellow Lines
 - Close at 9pm Sunday thru Thursday (Retain 11pm Friday and Saturday)
 - Start the Silver Line Phase 2 Opening on July 1, 2021

WMATA FY 2021 Operating Budget

Proposed Metrorail Service Cuts/Adjustments

Trains will arrive every:

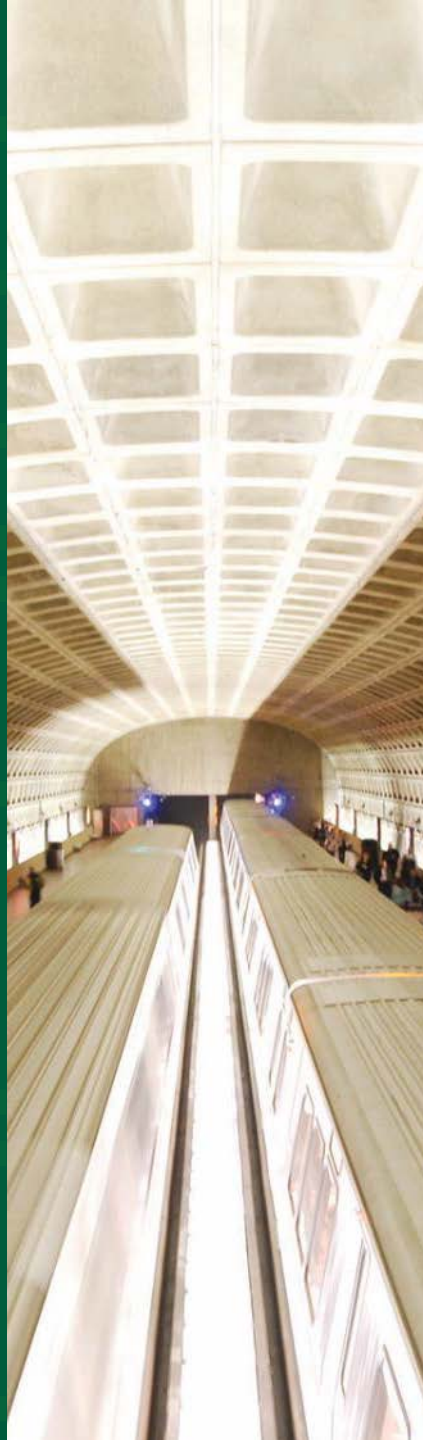
Line	Segment	Weekday	Saturday/Sunday
Red 	Shady Grove – White Flint (4 stations)	12	12
	Glenmont – Forest Glen (3 station)	12	12
	All other Red Line stations	6	12
Orange 	Vienna – West Falls Church & New Carrollton – Minnesota Ave (8 stations)	12	15
Blue 	Franconia-Springfield, Van Dorn St, Arlington Cemetery (3 stations)	12	15
Silver 	Wiehle-Reston East-McLean (5 stations)	12	15
	All other Blue/Orange/Silver (combined service)	4-6	5-8
Yellow 	Huntington - Mt. Vernon Sq*	12	15
	No Yellow service north of Mt Vernon Sq. Use Green Line instead.		
Green 	All stations	12	15

WMATA FY 2021 Operating Budget

- Proposed MetroBus Service Cuts/Adjustments
 - Maintain the current level of Metrobus Service (the August service plan), instead of adding more service later in FY 2021 as originally planned
 - Resume collecting fares on Metrobus on January 1, 2020
- Timeline for Changes
 - September/October: Public Hearing Process
 - Fall 2020: Board Approves budget changes
 - December: Customer notification of FY 2021 budget changes
 - January: Implementation of FY 2021 budget changes

Background - WMATA FY 2022 Operating Budget

- COVID-19 is anticipated to continue to impact WMATA's revenue and expenses
- The potential funding gap in FY 2022 is much greater than the gap we are solving for in FY 2021
- WMATA Board Actions to resolve the FY 2021 budget gap will impact the FY 2022 budget gap
- The WMATA GM will introduce a proposed FY 2022 budget in November



Discussion

Agenda Item #3:

Overview of Working Group Report to the General Assembly on Virginia's 3% Cap

- **Background**
- **Report to the General Assembly**
- **Companion Report to NVTC on the Cap**
- **Next Steps**

Background

- The General Assembly directed the chair of NVTC to convene a working group to review the impact of Virginia's 3% cap on WMATA's operating assistance payment.
- NVTC will submit a report by November 10, 2020 to the chairs of the House Appropriations Committee and Senate Finance and Appropriations Committee on:
 1. the usefulness of the cap
 2. whether any additional items should be excluded from the cap
- The Working Group met this summer and reviewed data on the operating subsidies, received feedback from additional stakeholders on the cap, and provided guidance to staff to develop a final report to submit to the NVTC WMATA Committee and ultimately the NVTC Commission.
- At the request of the Working Group and upon approval by the Commission, NVTC will continue to explore Virginia's 3% cap legislation.

NVTC 3% Cap Working Group Members

Chair: Katie Cristol, NVTC Chair, Arlington County

Vice Chair: Kate Mattice, NVTC Executive Director

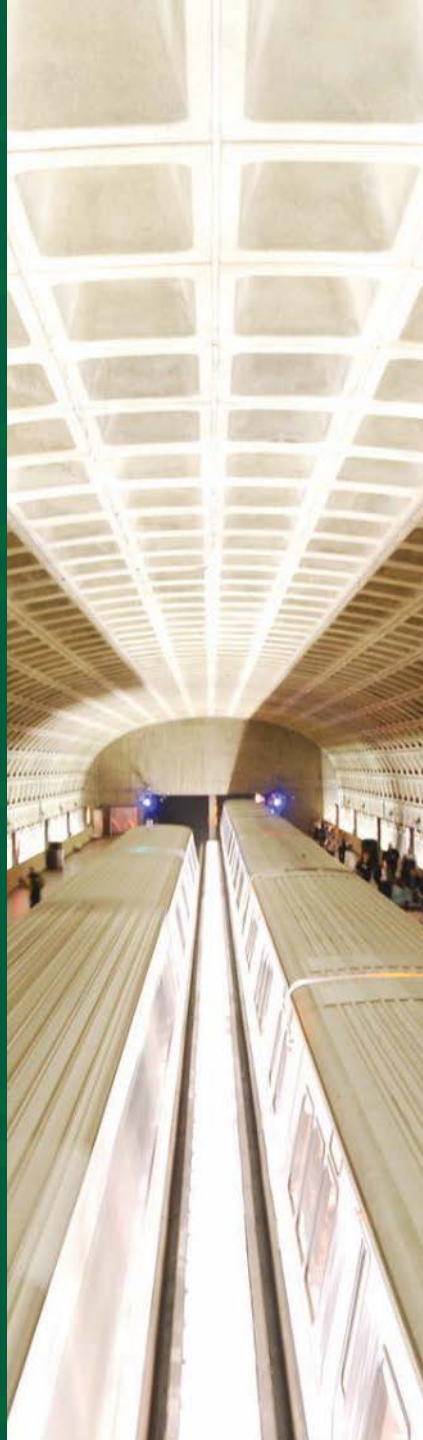
Commonwealth Representative:
Jennifer Mitchell, Director of DRPT

Senior-Level Transportation Officials:

- Dennis Leach, Arlington County
- Yon Lambert, City of Alexandria
- Tom Biesiadny, Fairfax County
- Wendy Block Sanford, City of Fairfax
- Cindy Mester, City of Falls Church
- Penny Newquist, Loudoun County

Private Sector Stakeholders:

- Clayton Medford, Northern Virginia Chamber of Commerce
- The Honorable Randy Minchew, Former Member of the VA House of Delegates
- Stewart Schwartz, Coalition for Smarter Growth
- Jason Stanford, Northern Virginia Transportation Alliance



Report to the General Assembly

- The Working Group Report to the General Assembly will focus on specific message to the General Assembly of no legislative changes now
- Supplemental Working Group report to the NVTC Commission will focus on administrative changes and continued work with WMATA and CTB



Background on Operating Assistance Payments to WMATA

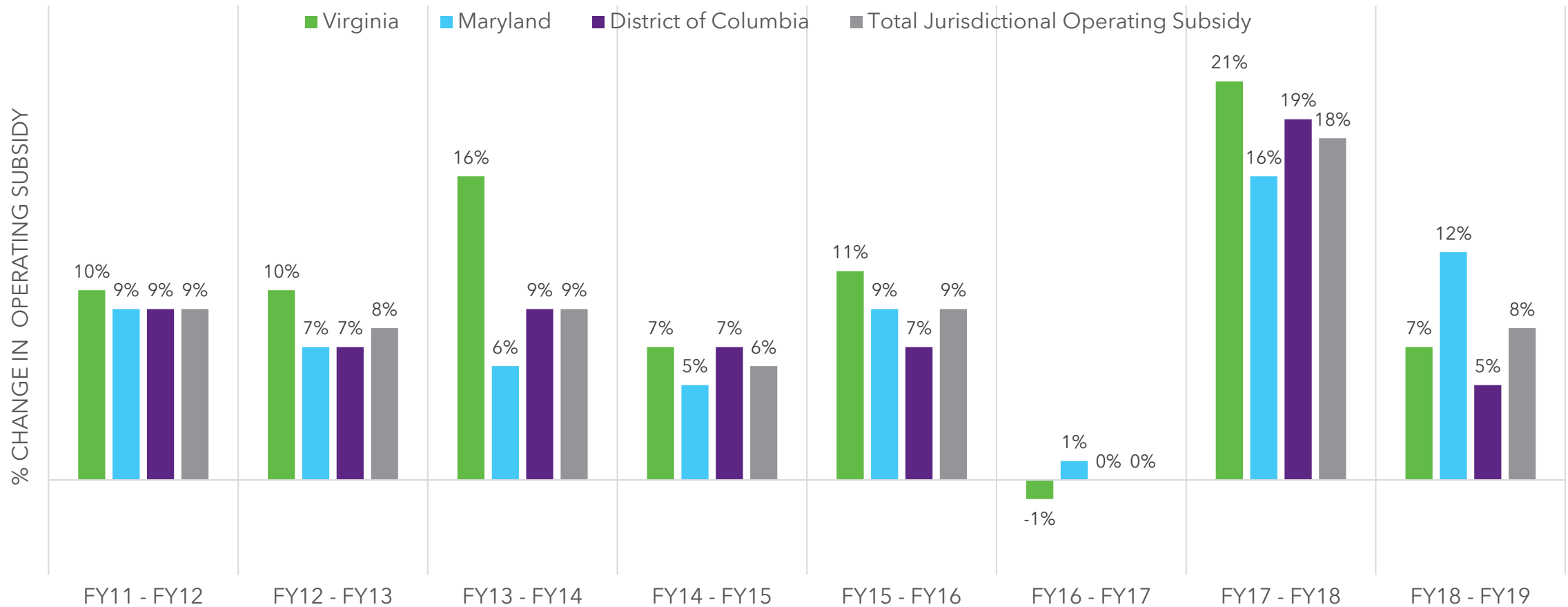
The report examines the role of NVTC jurisdictions in funding WMATA, the impact of the historical operating subsidies, and WMATA's past and present drivers of subsidy increases.

Background on Operating Assistance Payments to WMATA

The report presents the actual drivers of the historical operating subsidies and describes how WMATA has implemented the cap to meet the requirements of Virginia's 3% cap legislation. Additional analysis of the historical operating subsidies in the report indicate:

- Metrorail had a significant impact on WMATA's total jurisdictional subsidy increases from FY 2011 - FY 2018. Much of this increase was due to declining farebox revenue for Metrorail.
- WMATA's implementation of the cap in the budget process has yielded unintended consequences.
- The Working Group examined wage increases in WMATA's Collective Bargaining Agreements and determined that the cap is a helpful tool in labor negotiations.

Annual Change (%) in Jurisdictional Operating Subsidies (FY 2011 - FY 2019)



Source: FY 2011 - FY 2019 Approved WMATA Budgets and Approved Budget Amendments

Findings in the Report to the General Assembly

The following section presents the working groups findings on:

1. The usefulness of the cap;
and
2. Whether any additional items should be excluded.



Change (%) in FY 2020 and FY 2021 Jurisdictional Operating Subsidy with Legislative Exclusions

FY20 Subsidy with Legislative Exclusions				FY21 Subsidy with Legislative Exclusions			
	Annual Subsidy Operating Growth	Federal Mandates /Litigation	% Change in FY20 Operating Subsidy	Annual Subsidy Operating Growth	Federal Mandates	Silver Line Phase 2	% Change in FY21 Operating Subsidy*
VA	3.0%	1.0%	4.0%	3.0%	0.5%	9.3%	12.8%
MD	3.0%	1.3%	4.3%	3.0%	1.2%	6.0%	10.2%
DC	3.0%	0.9%	3.9%	3.0%	0.5%	6.3%	9.8%
Total	3.0%	1.1%	4.1%	3.0%	0.8%	7.0%	10.8%

Notes:

FY 2020 Legislative Exclusions included \$4.7 million in ADA Paratransit Cost Increases (Federal Mandate), \$2.5 million in litigation (Legal Disputes), \$4.1 million in Occupational, Safety and Health Costs (Federal Mandate). FY 2020 also included a \$1.2 million budget adjustment for the Fraternal Order of Police and a \$429,305 service reduction for the 2A.

FY 2021 Legislative Exclusions included \$1.1 million to comply with DOT safety and training requirements (Federal Mandate), \$7.6 million in paratransit cost increases (Federal Mandate), and \$78.4 million in operating costs for Silver Line Phase 2 (Capital Projects).

*Does not include subsidy credits (CARES Act).

Usefulness of the Cap

- Virginia's 3% cap appears to be a useful tool to manage the growth in Virginia's annual operating assistance payments to WMATA.
- Given the recent enactment of the cap legislation, **the Working Group recommends no legislative changes to Virginia's 3% cap on the growth in operating assistance payments to WMATA at this time.**
- The working group also recommends no legislative changes be considered before the cap has been in place for five WMATA budget development cycles.

Impact on Additional Stakeholders

- Because WMATA is a regional entity, a cap on any jurisdiction's operating subsidy impacts the other jurisdictions' operating subsidy. NVTC staff sought perspectives on the impact of Virginia's 3% cap with staff representatives from the District of Columbia and the State of Maryland.
- NVTC staff also discussed Virginia's 3% cap with WMATA's General Manager and senior leadership team.

Additional Legislative Exclusions

The current legislative exclusions to Virginia's 3% cap include:

- any service, equipment or facility that is required by any applicable law, rule or regulation;
- any major capital projects approved by the WMATA Board before or after the effective date of the CTB policy;
- any payment or obligation resulting from a legal dispute or proceeding; and,
- any service increases approved by the WMATA Board.

The Working Group **recommends no additional exclusions** to the cap.

Recommendations to the General Assembly

Because the cap has only been in place for two WMATA budget development cycles, NVTC's 3% Cap Working Group recommends:

- ✓ No changes be made to the existing 3% cap legislation;
- ✓ No additional exclusions to the cap be considered at this time;
- ✓ No legislative changes be considered before the cap has been in place for five WMATA budget development cycles; and,
- ✓ NVTC continue to evaluate the impact of Virginia's 3% cap legislation.

Discussion: Report to the General Assembly

Background

- The report examines the role of NVTC jurisdictions in funding of WMATA, the impact of the historical operating subsidies, and WMATA's past and present drivers of past subsidy increases.

Findings

- The 3% cap has only been used for two WMATA budget cycles.
- It does appear to provide some predictability and require WMATA to focus on controlling costs.
- However, the exclusions do increase the bottom-line subsidy, reducing the predictability of annual subsidy growth.

Recommendations

- No changes be made to the existing 3% cap legislation;
- No additional exclusions to the cap be considered at this time;
- No legislative changes be considered before the cap has been in place for five WMATA budget development cycles; and,
- NVTC continue to evaluate the impact of Virginia's 3% cap legislation.

Questions for the Committee:

1. Are there any comments on the findings included in the report?
2. Is there a consensus for the WMATA Committee to refer the report to the Commission?



Companion Report to NVTC on Virginia's 3% Cap

- Secondary report to the Commission focused on non-legislative actions
- Will follow a separate timeline from the General Assembly report

Companion Report to NVTC on Virginia's 3% Cap

Staff will work with the chairs of the WMATA Committee and NVTC on the timeline to present the Commission with a detailed report on Virginia's 3% cap.

The Working Group suggests the companion report on the 3% cap include:

- Data and analysis of WMATA's historical operating subsidies and impact of the cap legislation on the operating subsidy
- Additional details on the impact of the cap on NVTC jurisdictions
- The unintended consequences resulting from WMATA's approach to the cap and concerns with WMATA's budget development process
- Possible alternatives or modifications to the cap suggested by working group members

Key 3% Cap Working Group Dates

- **October 1, 2020: NVTC Commission**
 - Receive briefing on the report to the General Assembly
- **November 5, 2020: NVTC Commission**
 - Authorize the Executive Director to send the report to the General Assembly
- **November 10, 2020: Report due to the Chairs of House Appropriations and Senate Finance and Appropriations Committees**

Agenda Item #4: Other Items of Jurisdictional Importance



Thank You.



2300 Wilson Boulevard, Suite 230, Arlington, Virginia 22201 | www.novatransit.org | [@novatransit](https://twitter.com/novatransit)

