



NVTC WMATA COMMITTEE MEETING
THURSDAY, APRIL 21, 2022
NVTC Conference Room, Suite #230
2300 Wilson Blvd., Arlington, Virginia
Public Streaming Via YouTube
5:00 p.m.

Masks are no longer required at NVTC. Attendees may choose to wear a mask based on their own personal preference. The meeting can also be viewed via the [NVTC YouTube Link](#).

AGENDA

1. Review of the January 20, 2022 NVTC WMATA Committee Meeting Summary
2. Presentation from WMATA Staff on WMATA's Bus Priority Program
3. How WMATA is Funded in Virginia
4. Update on WMATA's FY 2024 Operating Budget Gap
5. Updates from the Virginia WMATA Board Members
 - A. 7000-series and Rail Service Update
 - B. OIG
 - C. Blue/Orange/Silver Capacity & Reliability Study
6. NVTC Program Updates

WMATA Committee Members

Walter Alcorn, Chair
Canek Aguirre
Matt de Ferranti
Matt Letourneau
David Meyer
Paul Smedberg
David Snyder

**MEETING SUMMARY
NVTC WMATA COMMITTEE
NVTC Main Conference Room, First Floor – Arlington, Virginia
Public Streaming via YouTube
January 20, 2022**

NVTC WMATA Committee Members Present

Walter Alcorn, Chair
Canek Aguirre (*via electronic participation*)
Matt de Ferranti
Matt Letourneau (*via electronic participation*)
David Meyer
David Snyder

NVTC WMATA Committee Members Absent

Paul Smedberg

Staff and Others Present

Andrew D’huyvetter
Allan Fye
Melissa Walker
Scott Kalkwarf (*via electronic participation*)
Ronnetta Zack-Williams (*via electronic participation*)
Greg Potts (WMATA) (*via electronic participation*)

Chair Alcorn called the WMATA Committee meeting to order at 6:01 p.m. He explained that NVTC is back to in-person committee meetings with a few modifications due to the rise of the omicron variant. Chair Alcorn reviewed the procedures and instructions for electronic meetings based on the updated NVTC Electronic Participation Policy. He noted that Mr. Letourneau and Mr. Aguirre were participating electronically due to medical reasons. Mr. D’huyvetter confirmed a quorum was present.

Chair Alcorn asked for any changes to the October 21, 2021 WMATA Committee meeting summary. Committee members accepted the summary of the October 21, 2021 meeting with no changes.

NVTC WMATA Committee Overview and 2022 Workplan

Chair Alcorn introduced the NVTC WMATA committee overview and workplan for 2022, which was presented by Mr. D’huyvetter. Mr. D’huyvetter provided an overview of the scope and responsibilities for the calendar year. The NVTC WMATA committee holds two primary responsibilities:

- Provides a forum for consensus-based recommendations to the Commission on WMATA policy
- Provides strategic guidance to staff on WMATA related policy matters and NVTC's responsibilities from legislation

Mr. D'huyvetter provided the NVTC WMATA committee schedule which includes the following action items:

- Comments on the WMATA FY 2023 budget
- Work sessions on the Annual Report on the Performance and Condition of WMATA
- Comments on the Blue/Orange/Silver Corridor Capacity & Reliability Study
- Review draft of the Annual Report on the Performance and Condition of WMATA
- Develop comments on the WMATA FY 2024 budget

The committee calendar includes items that are not scheduled but will come up during the year such as the FY 2024 operating funding gap, bus priority program, bus network redesign and fare policy and structure.

Mr. Snyder recommended the discussion of the FY 2023 budget take place in conjunction with the FY 2024 budget. Mr. Snyder asked about the comment period timeline for delivering budget comments to which Mr. D'huyvetter responded that the public comment period is mid-January to mid-February, that there is an opportunity to make verbal comments to WMATA Board members and the General Manager at the March Commission meeting, and that the WMATA Board anticipates adopting the budget in March.

Mr. Letourneau mentioned the retirement of the WMATA General Manager. He noted that while there is no formal update yet on the recruitment process, the Board will be soliciting input from stakeholders. He also mentioned that following the budget period, there will be an opportunity for feedback on the future of WMATA and the funding gap to which Mr. D'huyvetter added that the funding gap conversation will take place frequently throughout the year.

Discussion and Comments on WMATA's Proposed FY 2023 Operating Budget & FY 2023-2028 CIP

Mr. D'huyvetter provided an overview of key matters in the Proposed FY 2023 Operating Budget & FY 2023–2028 CIP, as well as staff recommended themes to include in the letter of comment.

Chair Alcorn asked if the ridership projections for FY 2023 were calculated before the omicron variant and if there would be an update. Mr. Letourneau responded that the projects were pre-omicron but that ridership was above what was budgeted for FY 2022 and although the omicron effect is unclear, the numbers may balance out for the remainder of the fiscal year.

Mr. Meyer remarked that improving safety culture should be embedded into every initiative at WMATA and wanted to ensure that WMATA was taking all necessary steps to ensure the safety of elevated structures. Mr. Snyder encouraged further discussion on the FY 2024 operating

deficit, a new business model for the system and right-sizing service to meet demand. Mr. D’huyvetter noted that the federal funding relief prohibits layoffs and about 70% of WMATA’s operating budget is personnel, but there is an opportunity in the letter of comment to advocate for finding savings in the FY 2023 budget to roll over to FY 2024.

Mr. Snyder asked if federal relief funding being contingent on no layoffs has been legally reviewed. Mr. Letourneau stated that layoffs would be against the spirit and intent of Congress when they passed the federal covid relief funding and that it was something the WMATA Board had discussed and was not willing to pursue. Mr. Letourneau noted that there are still opportunities to find savings and noted the recent proposal by WMATA management to reduce proposed spending on filling vacant positions from \$20 million to \$10 million. Mr. Letourneau also noted that WMATA is hiring to fill positions related to the opening of the Silver Line Phase 2. Mr. de Ferranti asked about WMATA’s guidelines for employees not vaccinated to which Mr. Potts responded that WMATA has a high vaccination rate and weekly covid tests are administered for those not vaccinated. Employees who don’t comply with the guidelines are placed on paid suspension. Mr. Letourneau added that the General Manager and union representatives negotiate issues related to the workforce like vaccination for employees and that this is typically not an area that the WMATA Board takes a position.

Mr. Snyder advocated for returning to pre-pandemic level expenses in order to reduce the projected operating deficit. Mr. D’huyvetter responded that the figure showing projected expenses in FY 2024 includes new service due to the Silver Line Phase 2 and Potomac Yard openings, although Metrobus service is expected to be the same, and includes increases due to inflation and collective bargaining agreements.

Mr. D’huyvetter provided the review schedule of the draft letter of comment for WMATA Committee and Commission members. NVTC will produce a draft letter and review it with Chair Alcorn in early February. Following that review, the Chair and staff will take feedback from individual Committee members and then share the letter with the Commission prior to its submission in the public comment period. The WMATA budget is anticipated to be approved in late March, so Commissioners can still convey comments verbally to Virginia WMATA Board members at the March Commission meeting if desired.

Chair Alcorn adjourned the meeting at 7:01 p.m.

Agenda Item #3:

How WMATA is Funded in Virginia

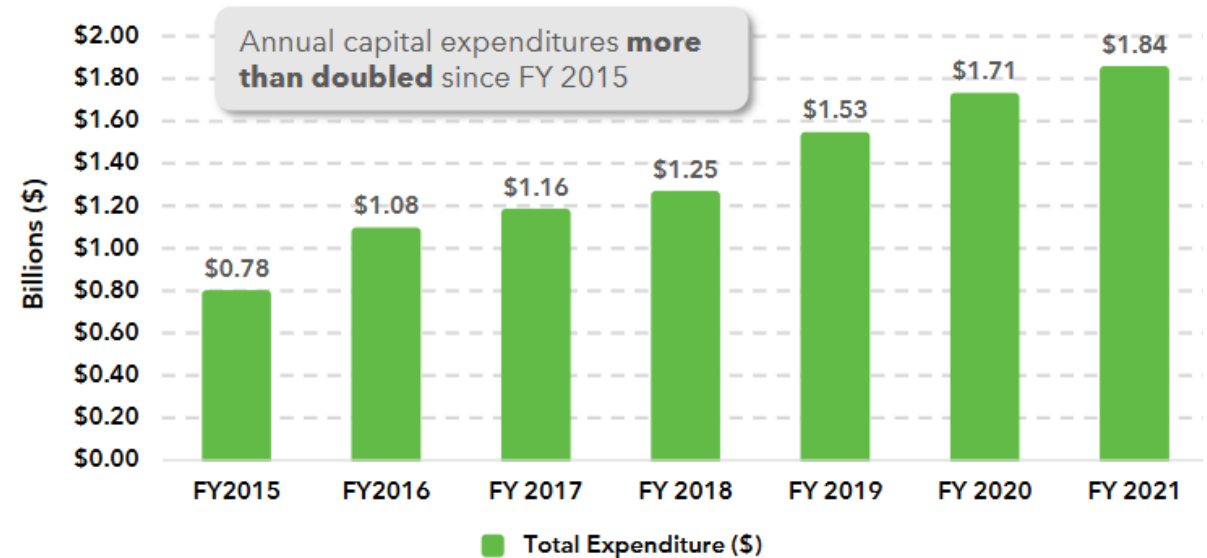
- **WMATA Capital & Operating Budget Overview**
- **How WMATA Funding Flows in Virginia**

WMATA's Capital Budget Overview

Capital Budget

- Priorities are safety, reliability and state of good repair
- Supported by a mixture of federal and state and local funds
- 2018 legislation established dedicated capital funding
- Dedicated funding debt supports the acceleration of capital expenditures
- Infrastructure Investment and Jobs Act increases federal capital support
- Capital Funding Agreement between WMATA and funding jurisdictions

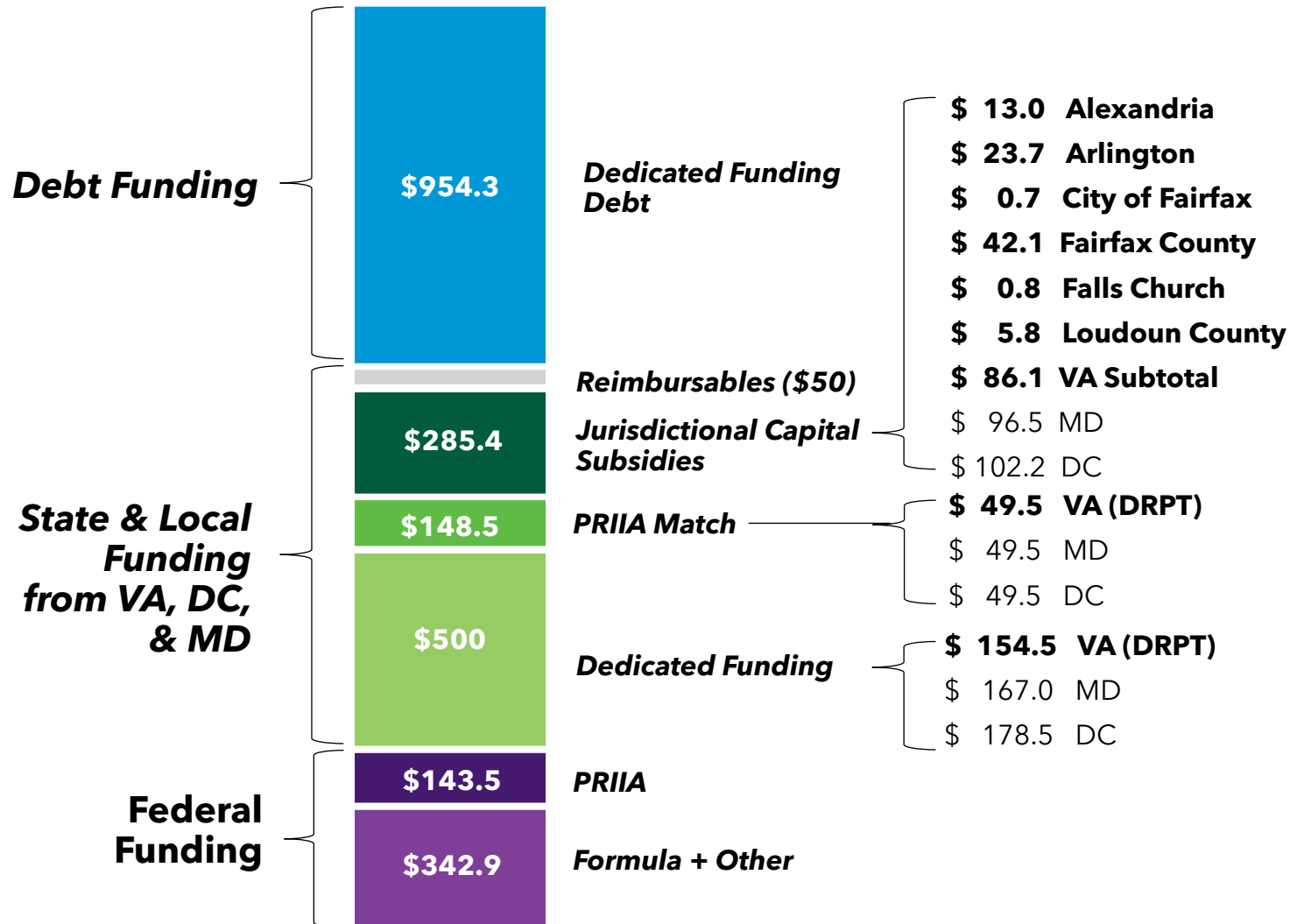
WMATA's Annual Capital Expenditures from FY 2015-2021



Source: WMATA FY 2015-2021 Financial Reports

WMATA's Capital Funding Sources

Approved FY 2023 Capital Budget
Funding Sources (in millions)

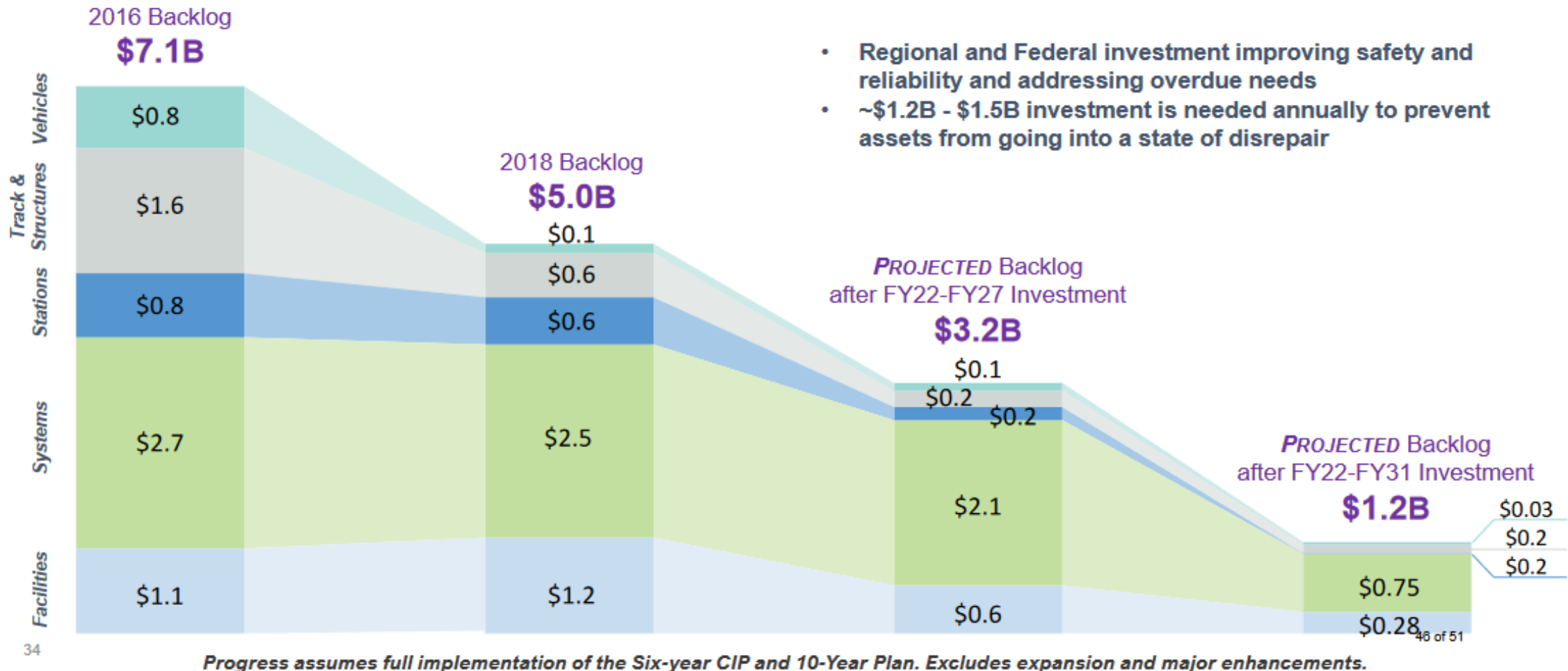


Grand Total = \$2,424.6

- Dedicated funding debt is supported by future debt service payments from the dedicated funding revenues
- As defined in the Capital Funding Agreement, Jurisdictional Capital subsidies increase by up to 3% for the total jurisdictional subsidy.
- Jurisdictional Capital Subsidies are allocated by applying the weighted Board approved operating historical subsidy formulae for each mode

Note: Figures include PRIIA but no other funding from the Infrastructure Investments and Jobs Act

WMATA's Projected State of Good Repair Backlog



- Regional and Federal investment improving safety and reliability and addressing overdue needs
- ~\$1.2B - \$1.5B investment is needed annually to prevent assets from going into a state of disrepair

Note: Figure developed by WMATA staff prior to passage of the Infrastructure Investment and Jobs Act of 2021

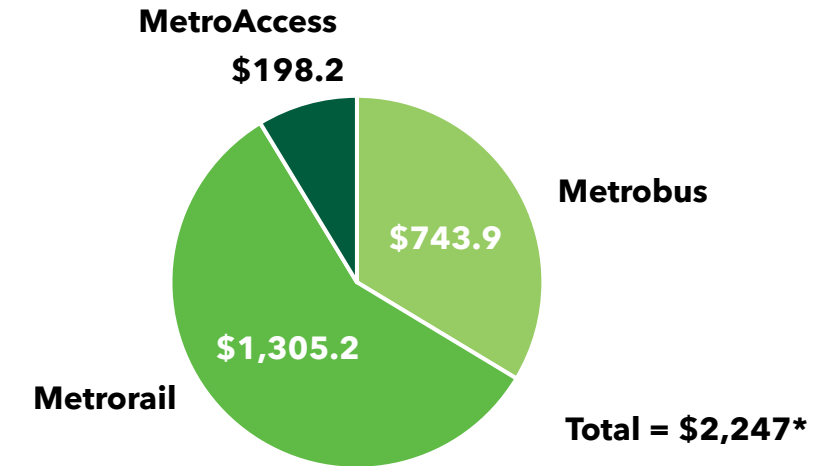
Source: WMATA Board [Finance and Capital Committee](#), November 2021

WMATA's Operating Budget Overview

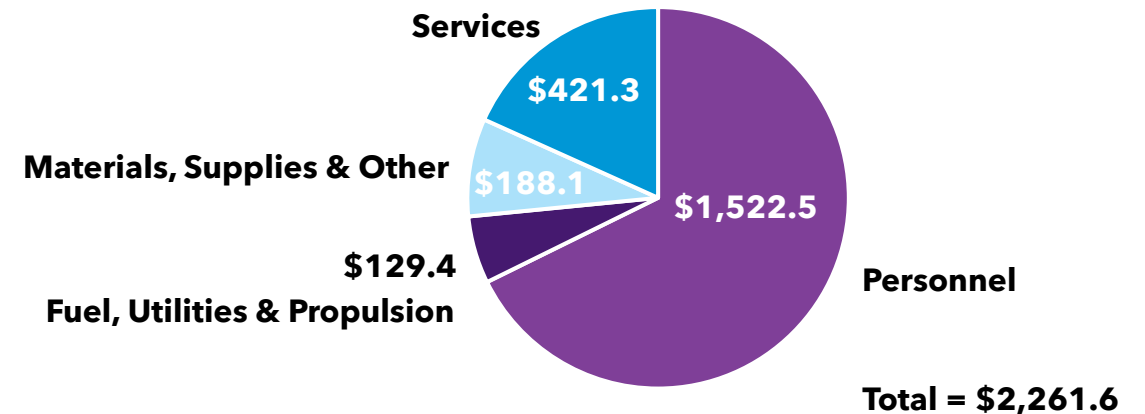
Operating Budget

- Funds expenses associated with Metrorail, Metrobus and MetroAccess operations
- Approximately 70% of the operating budget is personnel expenses
- Typically, the operating budget is funded by fare and non-fare revenues and jurisdictional subsidies with no federal support
- 2018 transportation funding legislation did not address operating funding but did enact a legislative 3% cap on Virginia's operating subsidy growth

Approved FY 2023 Operating Expenses by mode
(in millions)



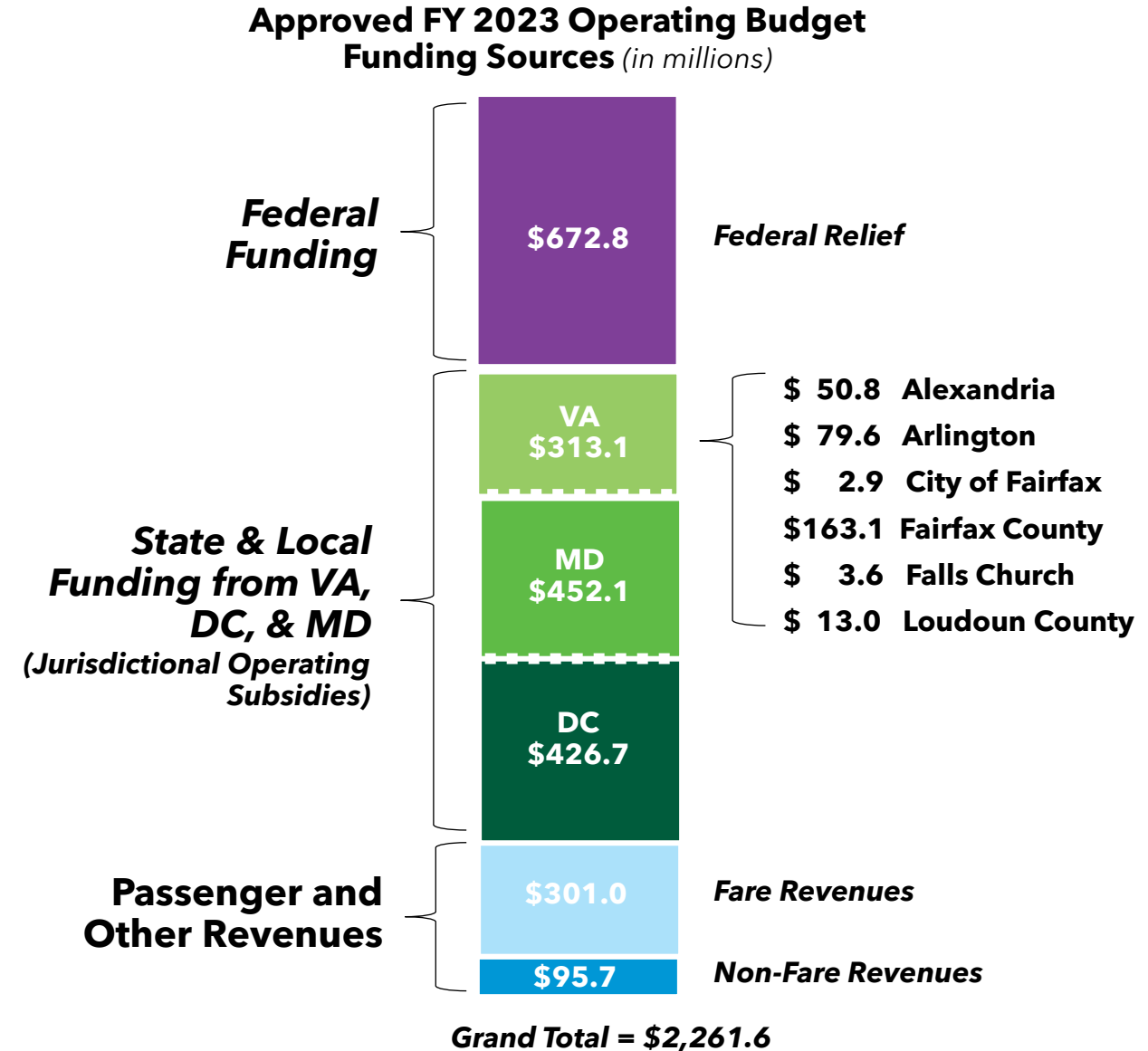
Approved FY 2023 Uses of Operating Funds
(in millions)



*Total expenses by mode to not include \$14.4 million in reimbursable expenses

WMATA's Operating Funding Sources

- Fare revenues include all modes and depend on ridership, which is well below pre-pandemic levels
- Non-Fare revenues include advertising, parking, and other sources.
- Expenses - Revenues = Jurisdictional Operating Subsidies, which are allocated to each funding jurisdiction
- Federal funds are one-time COVID-19 relief funds which will be exhausted in FY 2024



WMATA's Jurisdictional Operating Subsidies

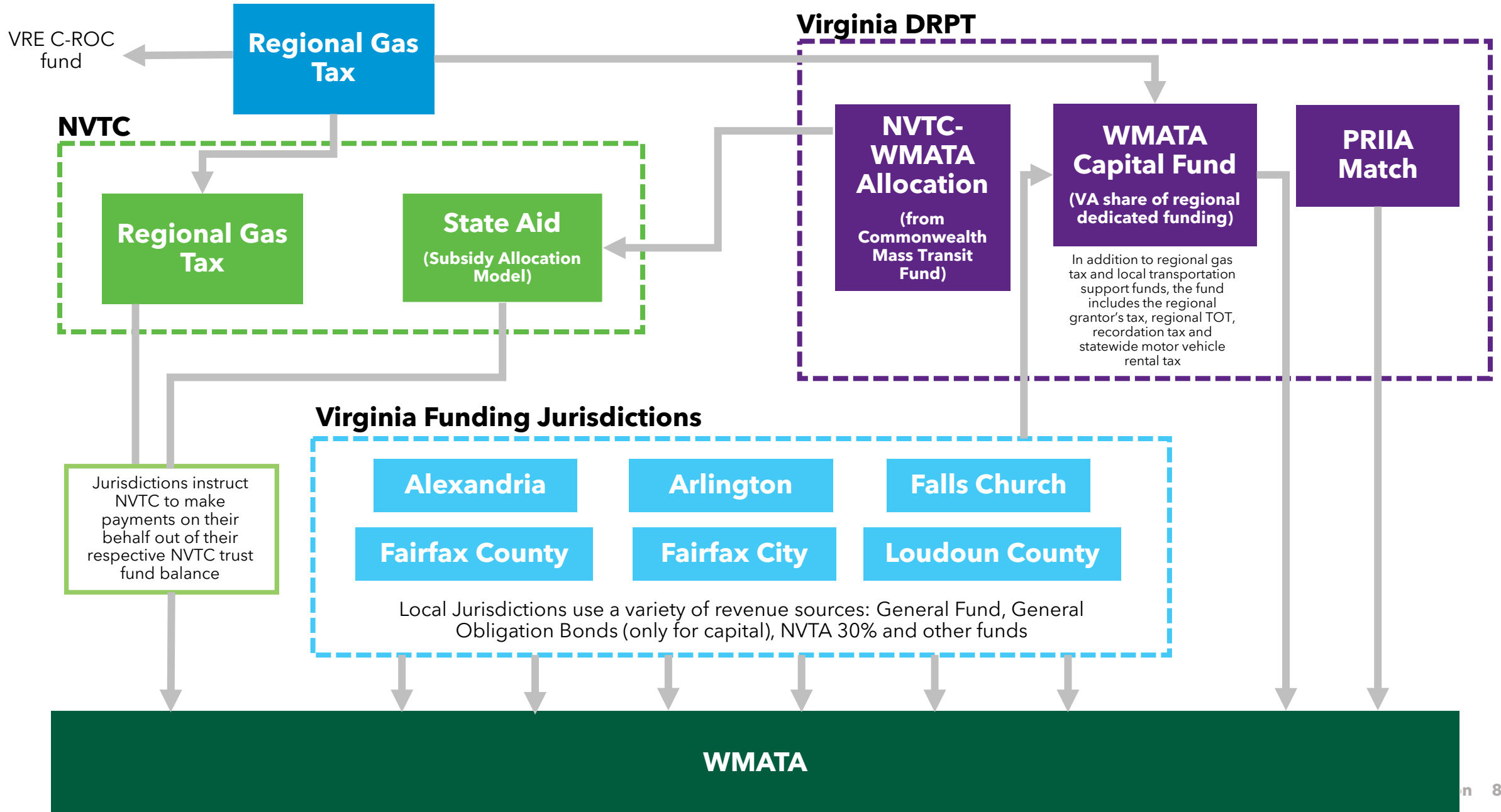
- Allocated to each funding jurisdiction via alternative formula approved by the WMATA Board in order to comply with legislative 3% operating caps in VA and MD
- Legislative Caps in MD and VA withhold funding if conditions are not met. VA and MD legislation have similar legislative exclusions
- NVTC 3% Cap Working Group Report from 2020 found that the cap was a useful tool and recommended no immediate legislative changes
- The Working Group did note several unintended consequences with WMATA's implementation of the legislative caps



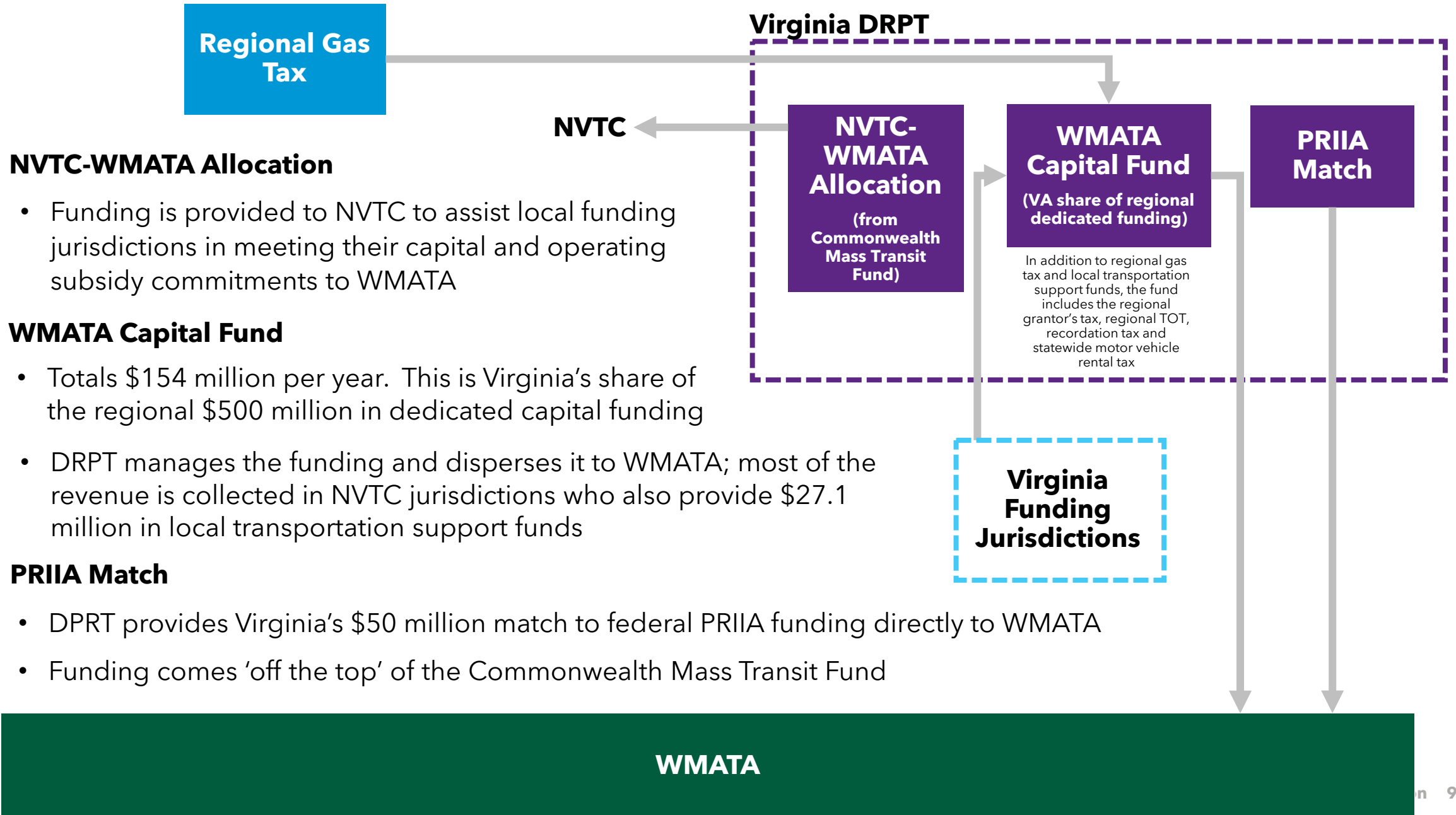
*The 3% increase to VA is suballocated to each jurisdiction based on their respective share of historical subsidy allocation formula within VA

**Allocated to each jurisdiction by historical subsidy allocation formula

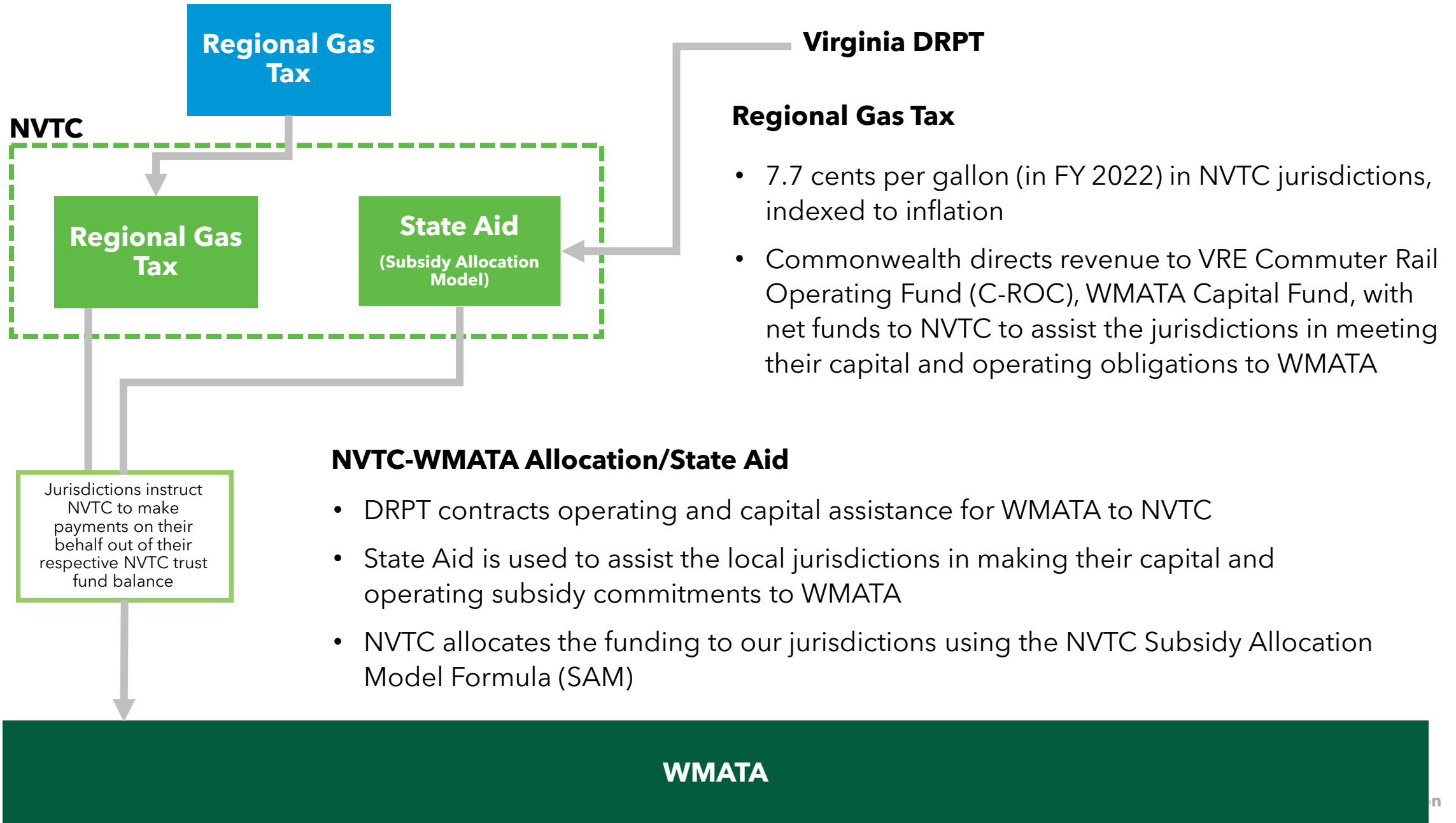
How WMATA is Funded in Virginia



How WMATA is Funded in Virginia



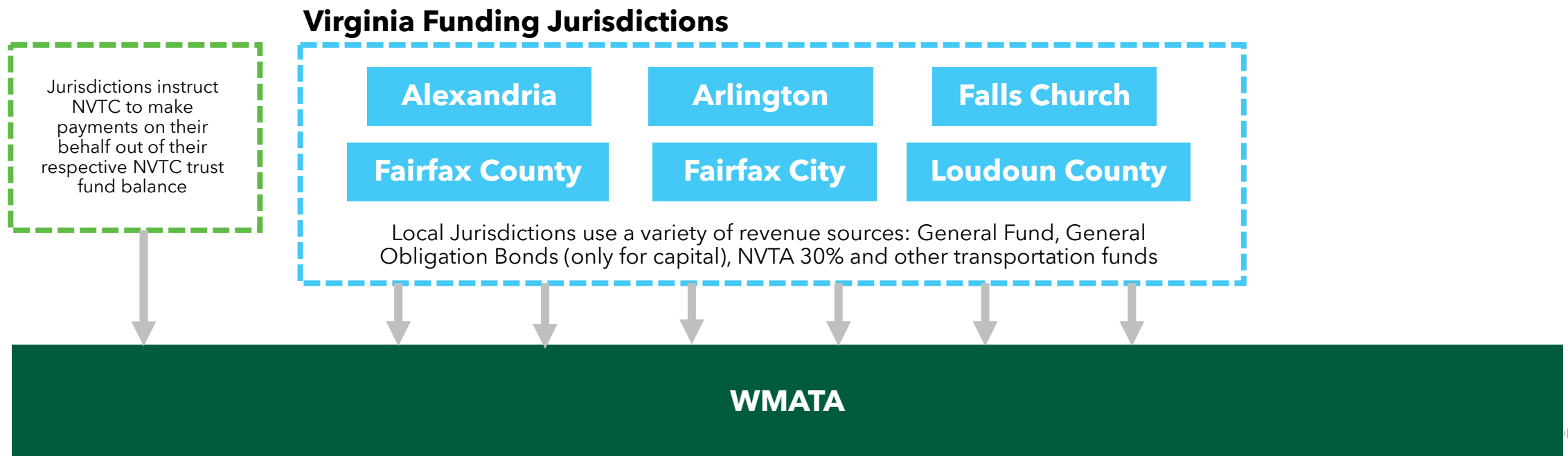
How WMATA is Funded in Virginia



How WMATA is Funded in Virginia

NVTC jurisdictions are the compact Funding Partners in Virginia

- For jurisdictional capital and operating subsidies, NVTC jurisdictions are the funding partners in VA
- These local governments meet these obligations using a mixture of resources: state and regional funding sources managed at NVTC and local revenues including general fund, general obligation bonds, NVT 30% and other transportation funds.
- In general, funding is annually budgeted for and approved in each jurisdiction's budget
- Other than general obligation bonds, all sources can be used for capital or operating



Key Messages

Capital

- Regional dedicated capital funding and additional federal investments from the Infrastructure Investment and Jobs Act (IIJA) have provided WMATA with funding stability for state of good repair needs for this decade. WMATA anticipates that increased federal funding extends the point at which dedicated capital funding is exhausted to approximately FY 2030
- Additional capital needs beyond state of good repair (i.e. Blue/Orange/Silver improvements and zero-emission bus transition) are largely unfunded but the IIJA offers some discretionary funding opportunities

Operating

- In Virginia, state aid and the regional gas tax can be used by local jurisdictions to pay their operating and/or capital obligations to WMATA
- Fare and non-fare revenues and state and local subsidies are traditionally the main revenue sources for WMATA's operating budget
- The 3% cap on operating constrains the amount WMATA can increase local subsidies