NVTC WMATA Committee Meeting

October 20, 2022

Meeting materials available at www.novatransit.org
Committee Meeting Agenda

1. Welcome and Opening Remarks
2. Review September 29, 2022 Meeting Summary
4. Update on NVTC Research: WMATA Peer Transit Agency Operating Funding
5. Other Items
Agenda Item #3:
2022 Update on the Annual Report on the Performance and Condition of WMATA
# Structure of the Report - Proposed for 2022

<table>
<thead>
<tr>
<th>Chapter</th>
<th>Title</th>
<th>Data Source or Content</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td><strong>Introduction</strong></td>
<td>Context and background on FY 2024 operating gap; highlighting new services</td>
</tr>
<tr>
<td>1</td>
<td>Strategies to Reduce the Growth in Costs and Improve Operational Efficiency</td>
<td>Policy Recommendations by the Commission</td>
</tr>
<tr>
<td>2</td>
<td>Use of Dedicated Capital Funds</td>
<td>WMATA</td>
</tr>
<tr>
<td>3</td>
<td>Safety &amp; Reliability</td>
<td></td>
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<tr>
<td>4</td>
<td>Metrorail Financial Performance</td>
<td>National Transit Database (NTD) and Metro Performance Reports</td>
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<tr>
<td>5</td>
<td>Metrobus Financial Performance</td>
<td></td>
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<tr>
<td>6</td>
<td>Metrorail &amp; Metrobus Ridership</td>
<td></td>
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</tbody>
</table>
Proposed 2022 Report Strategies Overview

Recommendations for WMATA and funding partners

1) Rebuild customer confidence
2) Enforce fare payment uniformly across the system
3) Implement a simple and convenient fare structure
4) Increase Non-Fare Revenues from real estate and advertising
5) Manage Labor Costs

Recommendations to NVTC

6) Explore the implications of local transit agencies assuming the operation of Metrobus services in Northern Virginia
7) Examine and develop options for a new financial operating model for WMATA
Agenda Item #3:
Update on NVTC Research: WMATA Peer Transit Agency Operating Funding

- Overview
- WMATA Context
- Peer Transit Agency Findings
- Next Steps
Overview

• NVTC staff examined peer-transit agency operating budgets for revenue sources.
• Looked at most recent budgets consistently available for agencies (FY 2022). While an unusual year, all agencies had similar conditions with COVID aid, challenges to service provision and a slow pandemic recovery.
• Researched large peer-transit agencies and transit agencies that had an interstate compact governance structure (which tended to be smaller) than WMATA.
• While there are similarities in other agencies, WMATA’s structure is unique.

Peer Systems included in research

<table>
<thead>
<tr>
<th>Transit System</th>
<th>Transit Modes</th>
</tr>
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<tbody>
<tr>
<td>BART</td>
<td>Heavy Rail, Monorail/Automated, Hybrid Rail, Demand Response</td>
</tr>
<tr>
<td>CTA</td>
<td>Heavy Rail, Bus</td>
</tr>
<tr>
<td>LA Metro</td>
<td>Heavy Rail, Light Rail, Bus, Vanpool</td>
</tr>
<tr>
<td>MARTA</td>
<td>Heavy Rail, Bus, Streetcar, Demand Response</td>
</tr>
<tr>
<td>MBTA</td>
<td>Heavy Rail, Light Rail, Bus, Commuter Rail, Trolleybus, Ferryboat, Demand Response</td>
</tr>
<tr>
<td>NY MTA</td>
<td>Heavy Rail, Bus, Commuter Bus, Demand Response</td>
</tr>
<tr>
<td>PATCO*</td>
<td>Heavy Rail</td>
</tr>
<tr>
<td>PATH*</td>
<td>Heavy Rail, Ferryboat</td>
</tr>
<tr>
<td>St Louis Metro*</td>
<td>Light Rail, Bus, Demand Response</td>
</tr>
<tr>
<td>WMATA</td>
<td>Heavy Rail, Bus, Demand Response</td>
</tr>
</tbody>
</table>

*Transit agencies that are smaller than WMATA, but were included because they are governed by interstate compacts.
NVTC Research on WMATA Peer Transit Agency Operating Funding

**WMATA’s Operating Funding Context**

- Federal funds are one-time COVID-19 relief funds that will be exhausted in FY 2024.
- 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.
- Each funding jurisdiction annually appropriates funds to pay its WMATA operating subsidy, including revenue sources that may be specifically designated for that use.

Source: WMATA Board FY 2023 Budget Approval, March 2022
NVTC Research on WMATA Peer Transit Agency Operating Funding

**WMATA**
- WMATA does not have dedicated operating revenues (typically taxes that flow directly to and are managed by a transit agency). However, some funding jurisdictions have revenue sources designated specifically for paying WMATA subsidies.

**Virginia**
- Local governments meet their obligations using a mixture resources: *general fund* revenues (primarily property taxes), NVTA 30% funds and other transportation funds.
- Local governments instruct NVTC to make payments on their behalf from their respective *regional gas tax* or *state aid* trust fund accounts

**Maryland**
- The State of Maryland meets the majority of its obligation from the *state-wide transportation trust fund*, which is supported by a variety of transportation taxes and fees.

**District of Columbia**
- The majority of DC’s operating funding comes from its *general fund*. Parking meter revenue and taxes on revenues generated from private operators of parking lots and garages are also used to pay DC’s operating subsidy.

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Source: WMATA Board FY 2023 Budget Approval, March 2022

* Since FY 2020, the Maryland’s general fund has also helped fund the dedicated capital portion of the WMATA subsidy.
Total FY 2022 Operating Budget (In Millions)

- WMATA: $2,076
  - Dedicated Funding: $737
  - State and Local Funding/Other: $1,110
  - Fare Revenue: $317
  - Non-Fare Revenue: $160
  - Federal COVID Aid: $166

- BART: $1,748
  - Dedicated Funding: $455
  - State and Local Funding/Other: $294
  - Fare Revenue: $549
  - Non-Fare Revenue: $395
  - Federal COVID Aid: $317

- CTA: $1,019
  - Dedicated Funding: $160
  - State and Local Funding/Other: $386
  - Fare Revenue: $166
  - Non-Fare Revenue: $317
  - Federal COVID Aid: $294

- MARTA: $2,020
  - Dedicated Funding: $277
  - State and Local Funding/Other: $200
  - Fare Revenue: $330
  - Non-Fare Revenue: $1,019
  - Federal COVID Aid: $1,114

- MBTA: $737
  - Dedicated Funding: $199
  - State and Local Funding/Other: $588
  - Fare Revenue: $288
  - Non-Fare Revenue: $186
  - Federal COVID Aid: $294

- St. Louis Metro: $337
  - Dedicated Funding: $199
  - State and Local Funding/Other: $138
  - Fare Revenue: $160
  - Non-Fare Revenue: $166
  - Federal COVID Aid: $200

Note: Figures are rounded and derived from each agency's approved FY 2022 operating budget. NVTC staff consolidated figures into like categories for comparison.
NVTC Research on WMATA Peer Transit Agency Operating Funding

Total FY 2022 Operating Budget (In Millions)

<table>
<thead>
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<th>Agency</th>
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Note: Figures are rounded and derived from each agency's approved FY 2022 operating budget. NVTC staff consolidated figures into like categories for comparison.
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<tr>
<td>Property Tax</td>
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<tr>
<td>Real Estate Transfer Tax</td>
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<tr>
<td>Title Ad Valorem Tax</td>
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<tr>
<td>Payroll Mobility Tax/Metropolitan Commuter Transportation Mobility Tax</td>
<td>![MTA]</td>
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<td>Petroleum Business Tax (Business Privilege tax, Gasoline and Diesel Fuel Excise Tax, Vehicle Registration/Driver License Fees)</td>
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<td>Mortgage Recording Tax (MRT-1 &amp; MRT-2)</td>
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<tr>
<td>Corporate Franchise Tax</td>
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Key Findings

• All large peer transit agencies had dedicated operating revenues for transit operations.
• The most common form of dedicated operating revenue was a sales tax, which often funded capital or operating budgets.
• Larger transit agencies tended to have more than one source of dedicated operating revenue.
• No other transit agency has WMATA’s unique governance and funding structure (three parties in an interstate compact).

Next Steps

• Present findings to proposed WMATA Operating Funding & Reform Working Group (Annual Report Draft Recommendation #7)
Thank You.