NVTC WMATA Committee Meeting
September 29, 2022

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

1. Welcome and Opening Remarks
2. Review July 21, 2022 Meeting Summary
3. WMATA Presentation on the Bus Network Redesign
4. 2022 Update on the Annual Report on the Performance and Condition of WMATA
5. WMATA FY 2024 Budget Outlook
6. Other Items
Agenda Item #3:
WMATA Presentation on the Bus Network Redesign
Agenda Item #4:

2022 Update on the Annual Report on the Performance and Condition of WMATA
## Annual Report on the Performance and Condition of WMATA

### Structure of the Report

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Staff proposed strategies for 2022

Recommendations for WMATA and funding partners

1) *Rebuild customer confidence:*
   - Return the 7000 series to service and offer frequent and reliable rail service
   - Improve the physical safety and security of customers
   - Reform the management and safety culture

2) *Enforce fare payment uniformly across the system:*
   - Work with partner jurisdictions to enforce fare payment to address customer safety and security
   - Engage partner jurisdictions to offer jurisdictionally sponsored low-income fare products
Staff proposed strategies for 2022

Recommendations for WMATA and funding partners

3) **Implement a simple and convenient fare structure:**
   - Overhaul the fare structure and customer experience to be simple, customer-focused, and built to drive ridership and revenue
   - Create a seamless and convenient customer experience that makes it easy to pay fares and manage transit benefits
   - Integrate local and regional transit providers into WMATA’s fare structure and fare payment systems

4) **Increase Non-Fare Revenue**
   - Continue to partner with local jurisdictions and maximize the transformative opportunities for joint development on WMATA land

5) **Manage Labor Costs**
   - Manage labor cost escalation in collective bargaining
   - Seek amendments to the National Capital Area Interest Arbitration Standard Act of 1995
Staff proposed strategies for 2022

Recommendations for NVTC

6) Explore the implications of local transit agencies assuming the operation of Metrobus services in Northern Virginia

• Prepare a white paper identifying the challenges and opportunities of local transit agencies assuming the operation of Metrobus services in Northern Virginia
  • Examine the challenges and opportunities
  • Evaluate the policy, funding, capital facility, governance, labor, and other considerations
• Coordinate effort with ongoing bus studies (WMATA’s Bus Network Redesign and NVTC Regional Bus Analysis)
• Extensive jurisdictional and WMATA staff coordination with key touch points for Commission and NVTC WMATA Committee
Staff proposed strategies for 2022

Recommendations for NVTC

7) Create a WMATA Operating Funding & Reform Working Group to develop new financial operating model for WMATA

• Evaluate and explore WMATA’s short-term and structural operating budget gaps and Virginia’s unique jurisdictional funding and modal relationship with WMATA
• Examine existing and new operating revenues
• Explore opportunities to reform WMATA and state level laws or policies around WMATA budget and subsidy
Timeline of various efforts and studies

WMATA Budget

2022
- WMATA FY2024 budget process

2023
- WMATA FY2025 budget process

2024

WMATA-led Efforts

- Bus Network Redesign
- Route 7 BRT Strategic Implementation Plan
- Regional Bus Analysis
- WMATA Operating Funding and Reform Working Group*
- Role of Metrobus White Paper*

NVTC-led Efforts

- Value of Transit to the Commonwealth

NVTC

- Commission and Committee Engagement

*Pending approval of the Final NVTC 2022 Report on the Annual Performance and Condition of WMATA
Annual Report on the Performance and Condition of WMATA

Next Steps

• October and November: NVTC staff continue to update data chapters as information becomes available

• October 20 NVTC WMATA Committee Meeting: Review draft introduction and strategies chapters

• November Commission Meeting: Annual Report on WMATA as an information item

• December Commission Meeting: Action item to authorize the Executive Director to send the report to the Governor and General Assembly

• December 15: Report due to Governor and General Assembly
Agenda Item #5: WMATA’s FY 2024 Budget Outlook
WMATA’s FY 2024 Budget Outlook

Structural Challenges to the Operating Budget

1. CUSTOMER REVENUE STRUCTURE
   - Changing Travel Patterns
   - Lower Customer Farebox Revenue
   - Increased Fare Evasion

2. COST STRUCTURE
   - Customer/Community Expectations
   - Labor
   - Inflation

3. SUBSIDY STRUCTURE
   - Lack of Dedicated Revenues
   - Historical Average Subsidy
   - Subsidy Cap Mandate

Source: WMATA Finance and Capital Committee Meeting, September 22, 2022
WMATA’s FY 2024 Budget Outlook

Options provided by WMATA for Closing the $187.4 million FY 2024 Operating Budget Gap

- **Passenger Revenue Increases**
  - $11.4M Improving Ridership (65% to 70% Recovery, improve fare recovery)

- **Non-Passenger Revenue Increases**
  - $3.0M Revenue Growth (Parking, Advertising, etc.)
  - $14.1M Joint Development (Lease Revenue, etc.)

- **Expense Reductions**
  - $7.0M Operating Efficiencies
  - $3.0M Vacancy Reduction

- **Board Policy Decisions**
  - TBD Fare and Service Optimization
  - TBD Increase Preventive Maintenance Transfer
  - TBD Increase Current Subsidy

Source: WMATA Finance and Capital Committee Meeting, September 22, 2022
WMATA’s FY 2024 Budget Outlook

Key Discussion Topics for the FY 2024 Budget

• Fare Optimization
  • Continuing Fare Simplification concepts
  • Fare Increase/Decrease

• Service Optimization
  • Bus Network Redesign underway
  • Rail Service optimization concepts

• Closing the FY 2024 Budget Gap
  • Fare and Service Optimization
  • Increasing the Preventive Maintenance Transfer

Source: WMATA Finance and Capital Committee Meeting, September 22, 2022
WMATA’s FY 2024 Budget Outlook

FY 2023: ($738m)  
FY 2024: ($783m)  
FY 2025: ($829m)  
FY 2026: ($876m)  
FY 2027: ($924m)  

Total Jurisdictional Subsidy (with 3% cap)

At 100% ridership recovery the funding gap shrinks but is still sizable

Federal Aid

Fare and Non-fare Revenue (at 75% ridership recovery)

Source: WMATA Finance and Capital Committee Meeting, September 22, 2022
WMATA’s FY 2024 Budget Outlook

Next Steps

• **November 2022**: GM/CEO proposed budget

• **December 2022**: Board Authorizes public hearings

• **December 2022-February 2023**: Board Budget Workshops and public hearings

• **March 2023**: Board budget adoption

Source: WMATA Finance and Capital Committee Meeting, September 22, 2022
The next NVTC WMATA Committee meeting is on October 20, 2020 at 6pm. (in person meeting)

Thank You.