



Joint NVTC WMATA Committee and Legislative & Policy Committee

Thursday, October 19, 2023

6PM



Meeting Agenda

- 1. Welcome and Opening Remarks**
- 2. Review of Previous Meeting Summaries**
- 3. Metro Operating Funding and Reform Working Group**
 - A. WMATA FY 2025 Budget Planning Considerations
 - B. Overview of Working Group Recommendations
 - C. Revenue Options and Estimates
- 4. NVTC Preliminary 2024 Legislative and Policy Agenda**
- 5. Other Items**

Agenda Item #3

Metro Operating and Funding Reform Working Group

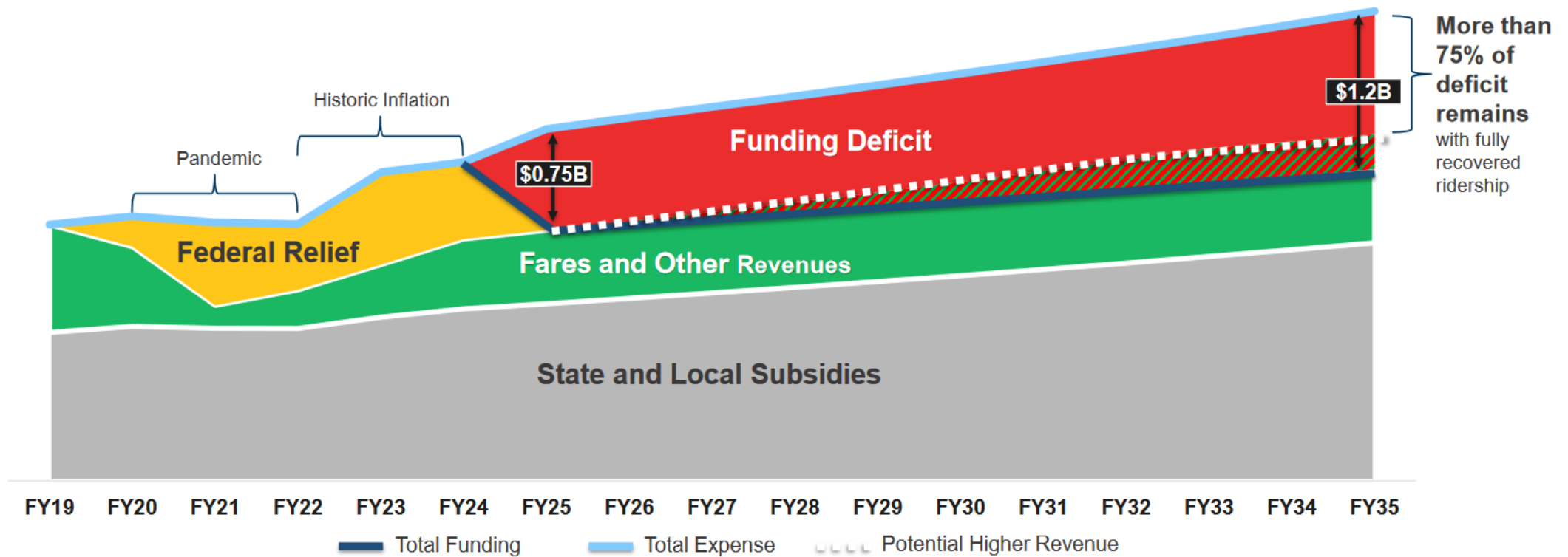
A. WMATA FY 2025 Budget Planning Considerations

B. Overview of Working Group Recommendations

C. Revenue Options and Estimates

3A. WMATA FY 2025 Budget Considerations

FY2025: Initial Operating Deficits Forecast



* Projection as of June 2023

3A. WMATA FY 2025 Budget Considerations

FY2025 \$750M Deficit Drivers in Detail

Jurisdiction Subsidy Credit

\$196M

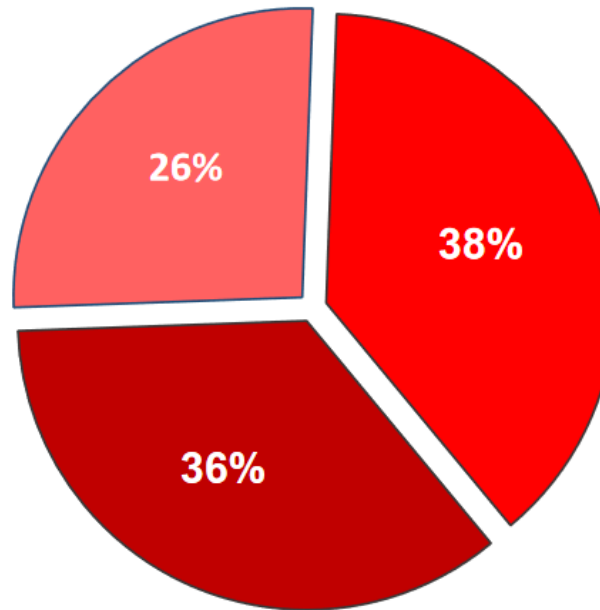
At the onset of the pandemic, Metro provided support to jurisdictions in the form of a subsidy reduction and forgone 3% increases.

Inflation & Collective Bargaining Agreements

\$266M

Metro's contractual commitments and inflation soared by 10% in one year during the pandemic and FY2025 outlook assumes continued inflation of approximately 5%. Inflation from FY2024 to FY2025 grew on average about 5%.

FY2025 Operating Gap



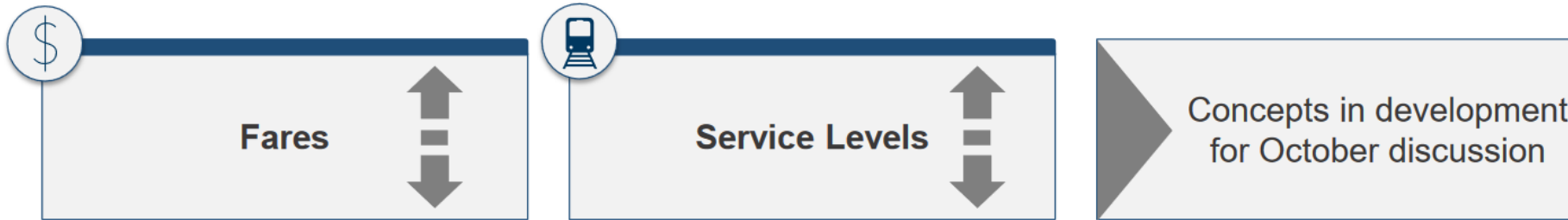
Decreased Revenue Since Pandemic

\$288M

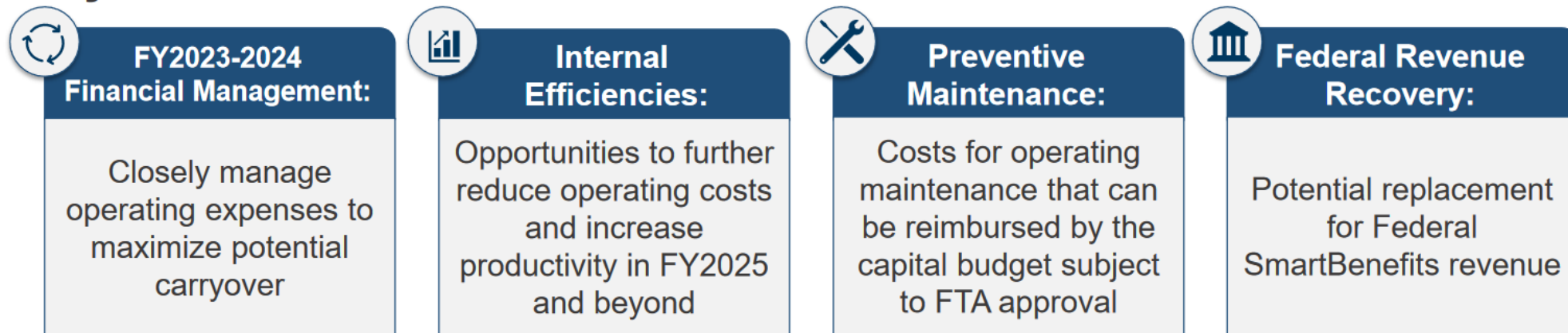
Overall ridership forecast to be approximately 25% below pre-pandemic levels along with greater prevalence of shorter distance trips outside of weekdays. Parking and advertising revenues also impacted.

3A. WMATA FY 2025 Budget Considerations

FY2025: Key Decisions Fares and Service...



Ways Metro Can Reduce Deficit...



3A. WMATA FY 2025 Budget Considerations

One-time Cost Savings Available to Contribute to FY2025 Deficit Reduction

Metro has \$95M more available in one-time savings than originally forecasted when the FY2024 budget was approved

Cost Efficiency Task Force identified fiscal savings:

- Improved contract service management
- Office consolidation efficiencies (e.g., early termination of leases)
- Vacancy and personnel expense management

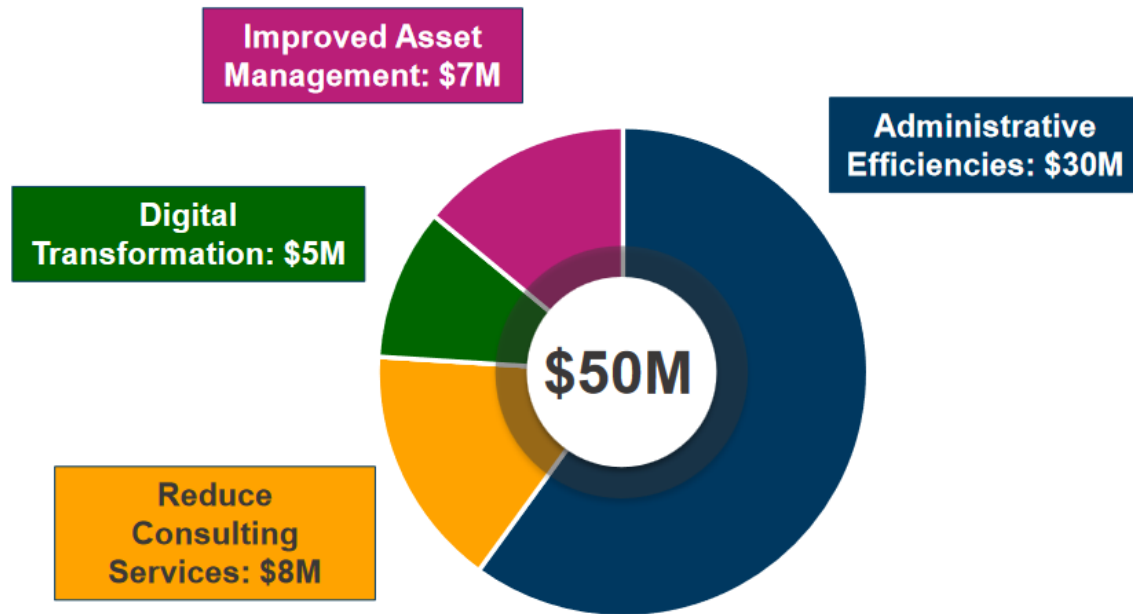
3A. WMATA FY 2025 Budget Considerations

Cost Efficiency Taskforce Savings of \$50M and about \$608M over subsequent ten years

Internal taskforce activated to realize additional cost savings across the Authority for FY2025

Builds on savings to date

Budget cuts that do not have safety-sensitive or direct service implications



3A. WMATA FY 2025 Budget Considerations

FY2025 Potential Scenarios

PRELIMINARY

\$ in Millions		Scenario A Historic PM	Scenario B FY2024 PM	Scenario C Max PM
	FY2025 Deficit	\$750	\$750	\$750
FY2024 Forecast	Operational Efficiency FY23 – FY24 (one-time)	- \$95	- \$95	- \$95
	FY2024 Revenue Forecast Adjustment*	+ \$45	+ \$45	+ \$45
FY2025 Initiatives	Cost Efficiency Task Force (recurring)**	- \$50	- \$50	- \$50
	Preventive Maintenance Transfer Options	- \$0	- \$139	- \$285
	Total Preventive Maintenance	[\$60]	[\$199]	[\$345]
Revised FY2025 Deficit Forecast*		\$650	\$510	\$365

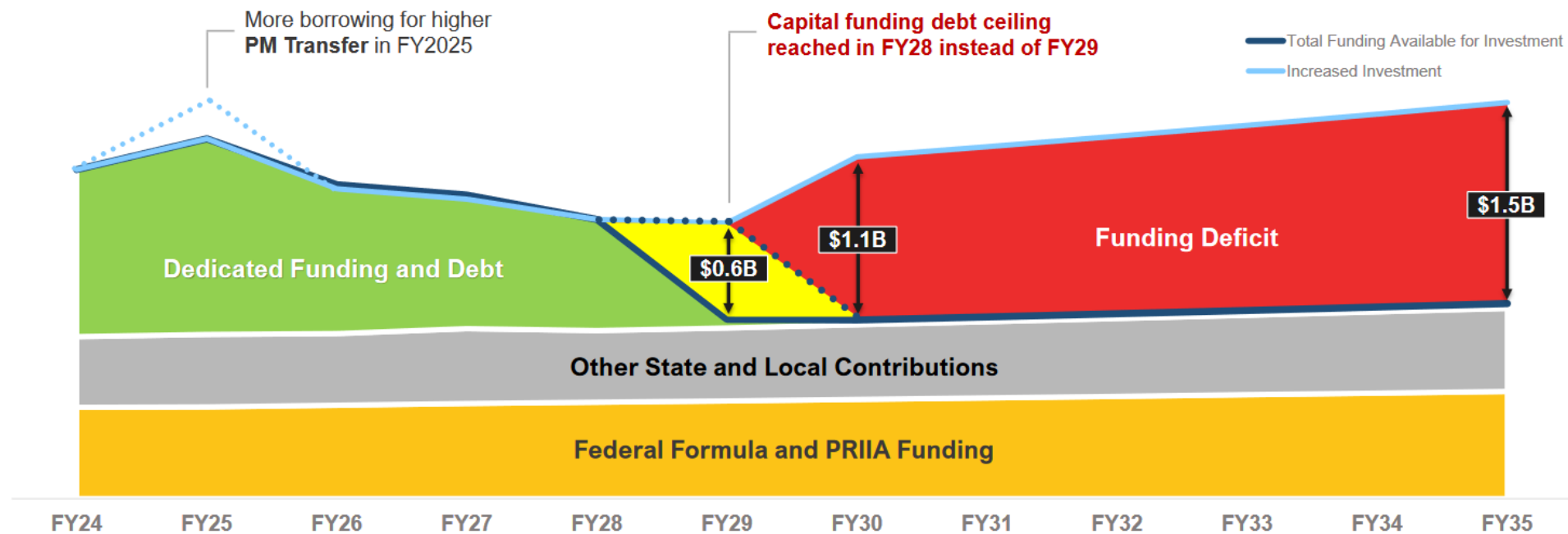
* \$45M Revenue Forecast Adjustment - includes \$65M average fare and trip adjustment (rev. decrease) offset by \$20M fare evasion recovery (rev. increase)

** Amount above annual 3 percent growth cap from FY2024-2025

Note: Totals may not sum due to independent rounding

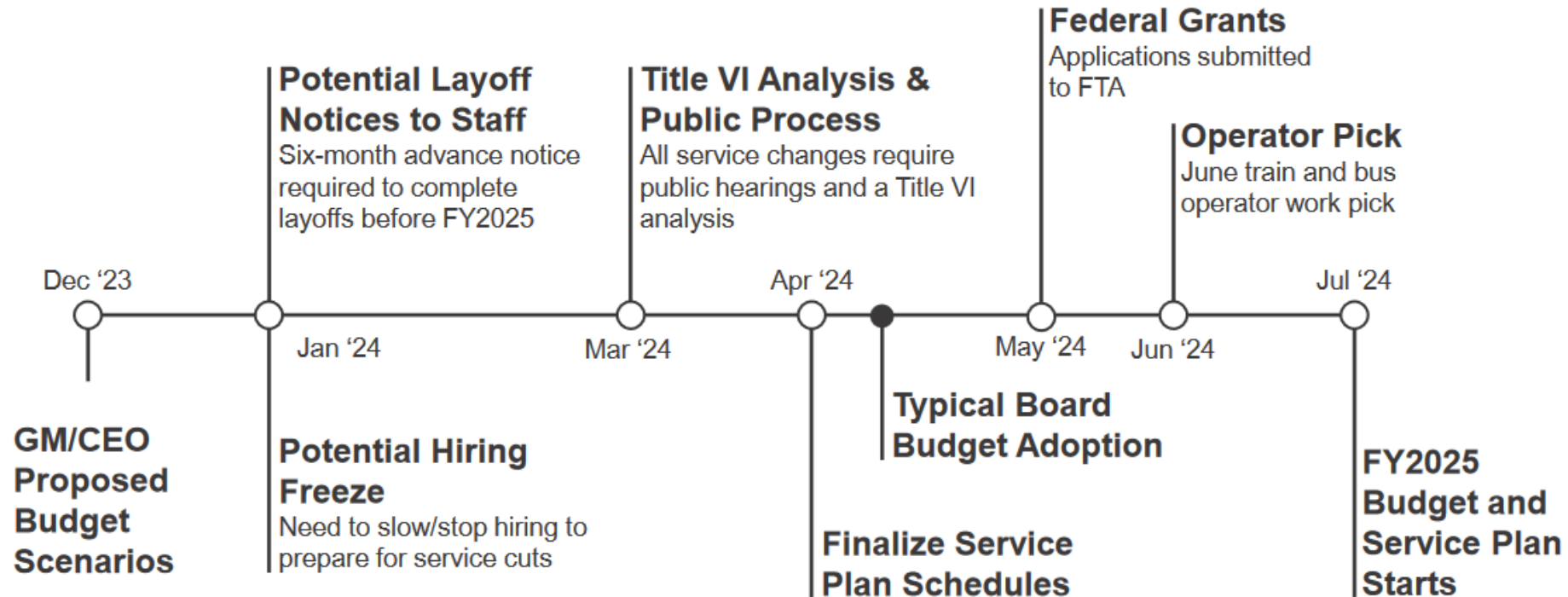
3A. WMATA FY 2025 Budget Considerations

Capital Deficit begins in FY2028 or earlier instead of FY2029



3A. WMATA FY 2025 Budget Considerations

FY2025 Budget Timeline



Agenda Item #3

Metro Operating and Funding Reform Working Group

A. WMATA FY 2025 Budget Planning Considerations

B. Overview of Working Group Recommendations

C. Revenue Options and Estimates

3B. Overview of Working Group Recommendations

Problem

- Metro faces structural operating and capital funding deficits
- In the short-term, Metro faces an operating funding gap of up to \$750M in FY 2025 which grows to over \$1.2B by FY 2035*
- Scale of funding gaps and traditional subsidy's reliance on property tax in VA is unsustainable

Working Group Purpose and Outcomes

- Examine and develop options for a new financial operating model for Metro with a focus on examining new Virginia revenues
- Provide options and technical information to Commissioners
- Seek policy and legislative guidance through the WMATA Committee and Legislative and Policy Committee for inclusion in NVTC Legislative Agenda

3B. Overview of Working Group Recommendations

Proposed Structure for NVTC’s 2023 Annual Report on WMATA

Chapter	Title	Data Source or Content
	Introduction	Context and background on FY 2025 operating gap; highlighting new services
1	Metro Funding, Accountability, and Reform Recommendations	Policy Recommendations by the Commission
2	Use of Dedicated Capital Funds	WMATA
3	Safety & Reliability	
4	Metrorail Financial Performance	National Transit Database (NTD) and Metro Performance Reports
5	Metrobus Financial Performance	
6	Metrorail & Metrobus Ridership	

3B. Overview of Working Group Recommendations

Key Recommendations

Structural Cost Growth

- Manage labor cost escalation through **reforms to pension and OPEB that are in alignment with national averages**
 - Seek amendments to the Wolf Act that require arbitrators in Metro contract mediations to consider Metro's fiscal condition and jurisdiction's ability to pay (*Congress*) *Legislative Committee discussion*
 - Increase worker contributions to pensions and OPEB to reflect national averages (*collective bargaining process*)
 - Limit or prohibit overtime earnings towards retirement pay (*collective bargaining process*)
 - Implement OIG findings to improve controls and governance and explore alternative retirement plans for new employees in the next collective bargaining agreement (*collective bargaining process*)
- Short-term: Seek administrative or legislative opportunities to **permit WMATA to re-baseline** its annual operating subsidy in FY 2025 to Virginia to reflect the impact of COVID-19 pandemic on the transit system without financially penalizing NVTC localities. (*Commonwealth of Virginia, State of Maryland and WMATA Board*) *Legislative Committee discussion*

Operational and Financial Accountability

- Improve farebox recovery by **raising the base fare for Metrorail and Metrobus** (*WMATA Board*)

3B. Overview of Working Group Recommendations

Key Recommendations

Structural Funding Deficit

- **Secure one or more sustainable and reliable sources of dedicated revenues*** to support transit operators in the Northern Virginia Transportation District, including Metro (*Commonwealth of Virginia*)
 - From that revenue, implement a waterfall of funding priorities and establish a dedicated Metro operating fund at NVTC to convey Virginia's portion of dedicated operating funding to Metro and leverage matching funding from the District of Columbia and State of Maryland (*Commonwealth of Virginia and NVTC*)
 - Utilize new regional dedicated operating funding to create predictable jurisdictional operating subsidy increases (*WMATA Board and funding jurisdictions*)
 - **Establish a rainy-day fund at Metro** and adopt a rainy-day fund management policy (*WMATA Board and funding jurisdictions*)
- Restore the federal employee presence in the Metro system by returning federal government workers to the office and **securing a replacement for the region's losses in fares from riders using federal transit benefits** (*Federal Government*) *Legislative Committee discussion*

Capital

- Secure one or more sustainable, reliable, and bondable sources of dedicated revenues to support additional dedicated capital funding (*Commonwealth of Virginia*)

*Dedicated Funding should be restricted for use by WMATA, flow on an uninterrupted basis, occur outside of the quarterly subsidy payment process, and is not subject to traditional annual appropriations. Additional considerations include adjustments for inflation and modal availability,

3B. Overview of Working Group Recommendations

Additional Recommendations

Oversight

- Any additional oversight responsibilities or tasks should be assigned to existing agencies or bodies, starting with the WMATA Board of Directors who are the governing body for Metro
- Formalize an audit committee in the WMATA Board Bylaws, **coordinate jurisdictional audits**, and audit the jurisdictional operating subsidy calculation process and fare buy down agreements to ensure that Metro is following proper protocols and procedures with jurisdictional funding (*WMATA Board*)
- Explore options among the signatories and appointing authorities to provide uniform compensation of Principal Directors of the WMATA Board (*Commonwealth of Virginia, NVTC, District of Columbia, State of Maryland, WSTC and USDOT*)

Operational and Financial Accountability

- Ensure **uniform reporting** on the uses of **any new dedicated funding** (*VA, DC, MD*)

Structure Cost Growth

- Long-term: Establish a **revised Virginia and Maryland legislative operating assistance growth cap** to reflect a new operating funding structure and to restore accountability to Metro's operating subsidy allocation process, which helps address the unintended consequences of the cap while maintaining it as a tool to contain subsidy escalation. (*Commonwealth of Virginia, State of Maryland and WMATA Board*)

3B. Overview of Working Group Recommendations

Ongoing Recommendations/Accomplishments

Structural Cost Growth

- Communicate the results an **efficiency and accountability program** to assess opportunities to drive cost efficiencies, reduce administrative costs, quantify the results, implement change, and **provide annual updates** to the WMATA Board (*WMATA*)
- Continue to increase non-fare revenues by expanding revenue streams from advertising, joint development, and parking and explore leveraging the value of Metro's physical and data infrastructure (*WMATA*)

Operational and Financial Accountability

- Redesign the Metrobus network, through the Better Bus Network Redesign, to **find efficiencies and cost savings** (*WMATA Board*)
- Continue to enhance the physical safety and security of customers (*WMATA*)
- Working through the Better Bus Network Redesign, update the way Metro allocates Metrobus **subsidies to better reflect the level of service** provided in each jurisdiction (*WMATA Board*)
- Enforce fare payment uniformly across the system and mitigate and **report on the occurrence and fiscal impacts of fare evasion** (*WMATA*)

3B. Overview of Working Group Recommendations

Short-Term Recommendations for NVTC

- Depending on what Metro, the region and the General Assembly accomplish in 2024, **NVTC should be prepared to continue the Working Group process** in the next few years. Some of the topics may include (but not limited to): continuing to develop permanent operating and/or capital funding solutions, recommending operating reporting requirements, advancing audit concepts, refining revenue structure recommendations and developing long-term recommendations for the legislative 3% operating cap (NVTC)

Key Themes and Considerations

- These recommendations are intended to be a framework for NVTC, the Commonwealth, and regional discussions on WMATA. NVTC staff are engaging with MWCOG and other regional partners on recommendations that have regional significance.
- Developing long-term solutions for WMATA will take coordinated action between the WMATA, the region, NVTC, our local jurisdictions, and the Commonwealth.
- A common theme of these recommendations is ***predictability***.
 - Funding jurisdictions want predictability in their subsidies
 - WMATA wants predictability in its short and long-term funding
 - Riders want predictability in their rail, bus, and paratransit service
- NVTC staff are exploring how the Working Group process and/or consultant support can continue in 2024 to address emerging topics.

3B. Overview of Working Group Recommendations

Next Steps

October and November: NVTC staff will continue including the Working Group Recommendations in the 2023 Annual Report on the Performance and Condition of WMATA

November 2: Commission briefing on the 2023 Annual Report on the Performance and Condition of WMATA

December 7: Commission approval of the 2023 Annual Report on the Performance and Condition of WMATA

December 15: Submit 2023 Annual Report on the Performance and Condition of WMATA to Governor and General Assembly

Agenda Item #3

Metro Operating and Funding Reform Working Group

A. WMATA FY 2025 Budget Planning Considerations

B. Overview of Working Group Recommendations

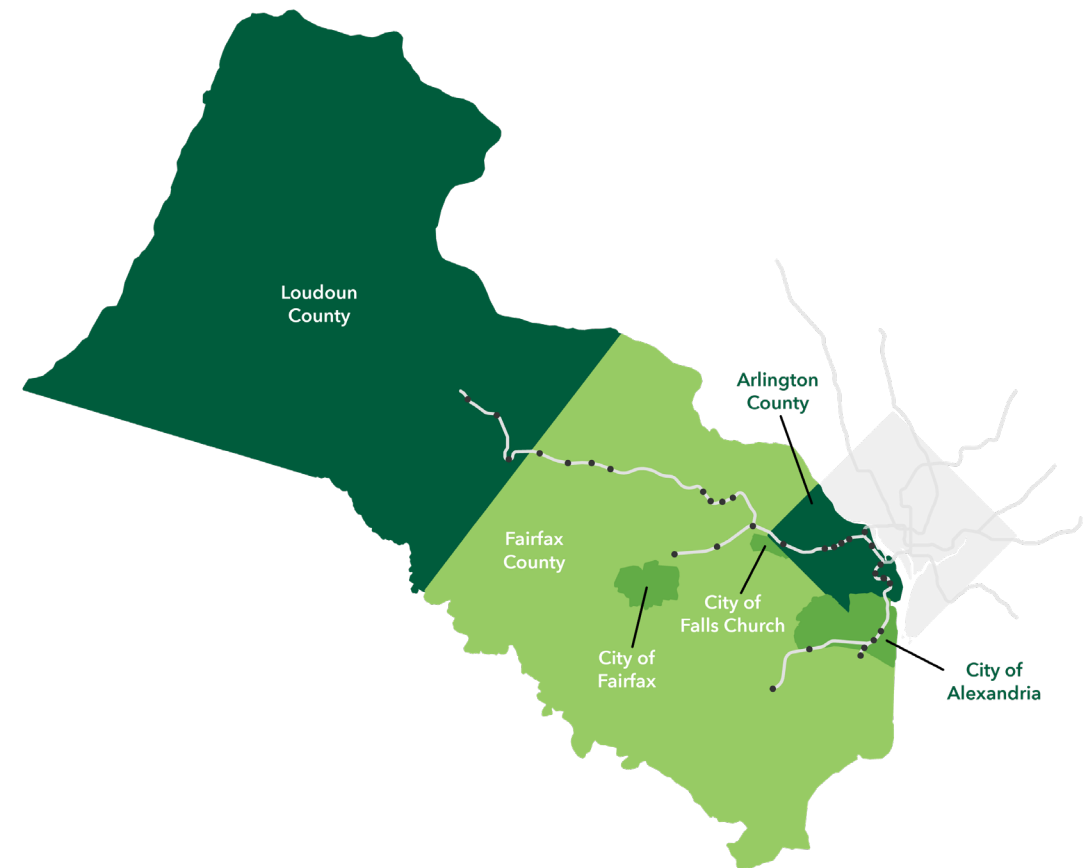
C. Revenue Options and Estimates

3C. Revenue Options and Estimates

Developing a “Menu of Revenue Options”

- Working Group developed a menu of revenue options to provide technical information to Commissioners and other stakeholders
- The revenue options are provided to the Commission to inform any potential conversations about the long-term solution for WMATA dedicated capital and/or operating funding
- NVTC (and the region) are not seeking any long-term funding solutions in 2024

The Northern Virginia Transportation District



3C. Revenue Options and Estimates

Narrowing Potential Revenue Sources

Evaluation Factors

- Revenue Potential
- Stability
- Growth Potential
- Applicable Level of Government
- Ease of Administration
- Socioeconomic Equity
- Proportionality
- Economic Impacts

Other Considerations

- Current Structure, if used in Virginia
- Tax Base and Current Rates
- Exportability to “Other Payers”
- Mode Shift
- Eligible Uses, if used in Virginia
- Legal Feasibility
- Implementation Variations
- National Examples

3C. Revenue Options and Estimates

Revenues Selected for Estimation* by the Working Group

- Retail Sales & Use Tax
- Transient Occupancy Tax
- Grantor's Tax
- Regional Motor Vehicle Fuels Tax
- Motor Vehicle Sales Tax
- Vehicle Registration Fee
- Driver's License Fee
- TNC Sales Tax
- Parking Sales Tax
- Auto Repair Labor Tax

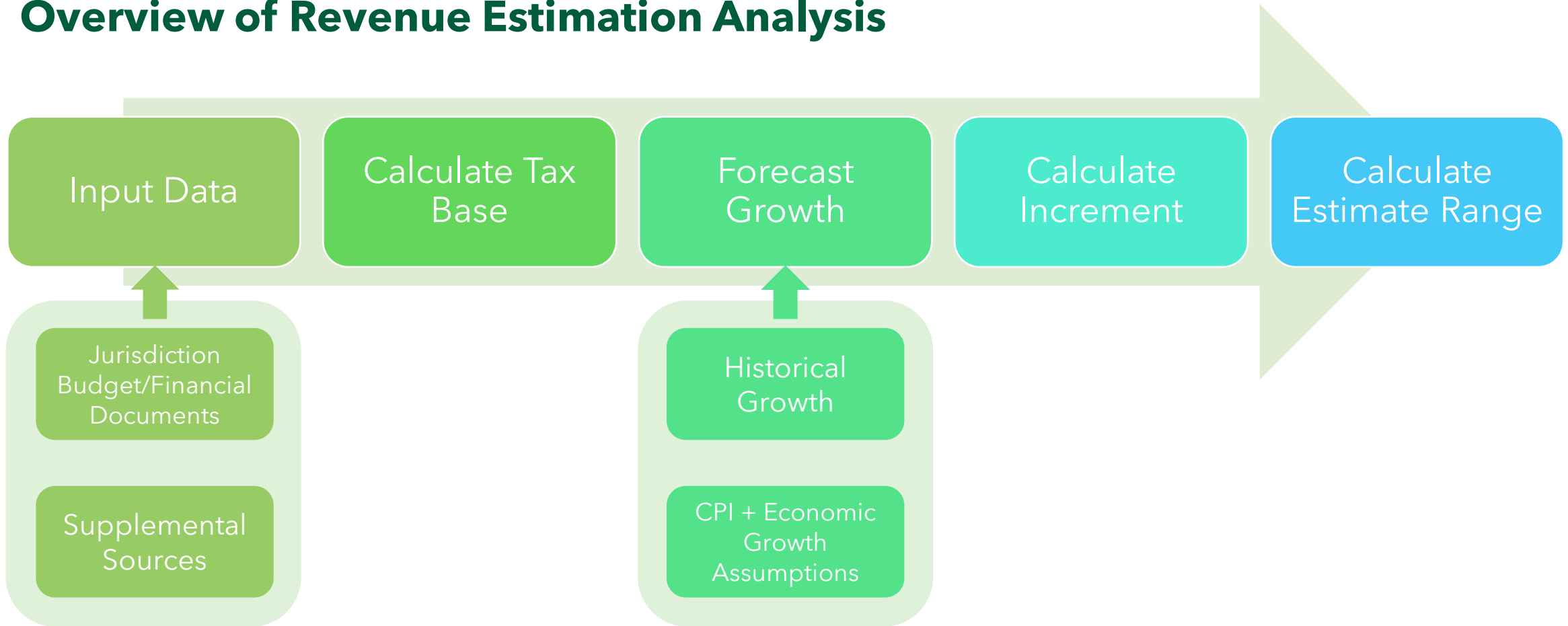
**Estimates were generated at the NVTC District Level*

Assumptions

- The Working Group felt strongly about maintain existing funding structures and did not support redirecting existing revenues from state, regional, or local partners.

3C. Revenue Options and Estimates

Overview of Revenue Estimation Analysis



3C. Revenue Options and Estimates

Existing Northern Virginia Transportation Funding Sources

Preliminary Estimates			Millions of 2025\$*		Growth Potential**	Notes
Revenue Source	Current Rate	Increment Evaluated	Low	High		
Retail Sales & Use Tax	6.0% Statewide + Regional + Local increments	0.1%	\$44.7	\$50.7	High	Excludes food & groceries revenue
Transient Occupancy Tax	Varies 5.0% - 8.0%	1.0%	\$10.4	\$11.9	Medium, volatile	Revenue is still recovering from pandemic
Grantor's Tax ¹	\$0.20 per \$100 of Assessed Value	\$0.01	\$1.5	\$2.0	Medium, volatile	Calculated using number of home sales and median price
Regional Fuel Tax ²	\$0.087 per gallon	\$0.01	\$5.5	\$6.8	Low-Medium	Utilizes vehicle miles traveled and miles per gallon to calculate gallons used. Long-term uncertainty due to EV transition

* Estimates are for the NVTC District

** High: High growth potential

Medium: Moderate growth potential

Low: Limited growth potential

¹ Rate shown denotes the regional grantor's tax in the NVTC district. There is an additional state grantors tax.

² In addition to the regional fuel tax, users pay state and federal fuel taxes

3C. Revenue Options and Estimates

Existing Statewide Transportation Funding Sources

Preliminary Estimates			Millions of 2025\$*		Growth Potential**	Notes
Revenue Source	Current Rate	Increment Evaluated	Low	High		
Vehicle Sales Tax	4.15%	0.1%	\$4.1	\$5.1	High	Uses new vehicle sales from DMV, mean sales price
Vehicle Registration Fee	Varies \$30.75 - \$44.75 per vehicle	\$1.00	\$1.8	\$2.4	Medium	Statewide vehicle per capita used to calculate jurisdictions
Driver's License Fee	\$32 initial, \$20 renewal	\$1.00	\$0.2	\$0.2	Low	Assumes 8-year license renewal period

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3C. Revenue Options and Estimates

New Sources for Transit Funding

Preliminary Estimates

			Millions of 2025\$*		Growth Potential**	Notes
Revenue Source	Current Rate	Increment Evaluated	Low	High		
TNC Sales Tax	Not available, new source	1.0%	\$3.0	\$5.8	Medium, volatile	DCFHV cost per trip applied to Replica TNC trip data
Parking Sales Tax	Not available, new source	1.0%	\$2.5	\$4.1	Medium	Replica off-street unrestricted paid parking, average rate paid
Auto Repair Labor Tax	Not available, new source	1.0%	\$8.3	\$12.9	Medium	Uses Bureau of Transportation Statistic cost per mile of maintenance and vehicle miles traveled

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Notes:

- TNC = Transportation Network Companies
- **Replica** is a synthetic travel demand model that sources data from location-based services to gain insight on travel patterns, economic activity, and consumer behavior

3C. Revenue Options and Estimates

Key Considerations

- Differentiate between sources based on:
 - Revenue potential
 - Future growth potential
 - Volatility
- New increments of existing revenue streams easier to implement, administer
- Consider proportionality of revenue streams (e.g., parking vs. fuel revenues)
- Most options will require state legislative action

3C. Revenue Options and Estimates

Using the Revenue Estimates

- Informs conversation of what funding could raise
- Projections are a snapshot of what funding may raise, based on:
 - Geographic area
 - Estimated tax base
 - Projected growth
 - Assumed incremental tax rates
- All revenue estimates have inherent variability based on assumptions and methodology
- Many possible combinations of revenue sources, funding increments
- Refined projections will be prepared by legislative analysis bodies in DC, MD, VA

3C. Revenue Options and Estimates

Next Steps for the Working Group Technical Report

- NVTC staff will prepare a technical report to post online in December 2023

Next Steps for the Annual Report on WMATA

- Working Group Draft Recommendations on Metro Funding, Accountability, and Reform will be provided as a workshop item at the November Commission meeting.
- At the December meeting, the Commission is anticipated to authorize the Executive Director to send the report to the Governor and General Assembly.

Agenda Item #4

**NVTC Preliminary 2024
Legislative and Policy Agenda**

4. NVTC 2024 Preliminary Legislative and Policy Agenda

Proposed 2024 State-Level Priorities - proposed new priorities highlighted

- Advocate for long-term, sustainable, dedicated funding to ensure WMATA, VRE and all Northern Virginia transit systems meet the growing needs of public transit in our region.
- Seek administrative or legislative opportunities to permit WMATA to re-baseline its annual operating subsidy in FY 2025 to Virginia to reflect the impact of COVID-19 pandemic on the transit system without financially penalizing NVTC localities.
- Protect state funding of public transit in Northern Virginia and ensure sustainable growth in the Commonwealth Transportation Fund.
- Protect existing NVTC autonomy, programs and funding sources.
- Continue support for state investment in Transforming Rail in Virginia and other passenger rail initiatives.
- Preserve transit's ability to effectively compete within the SMART SCALE program.
- Restore full revenue levels to the Northern Virginia Transportation Authority.
- Support funding for development and implementation of transit innovations including transit signal priority, zero and low-emission public transit, and fare payment technologies.

4. NVTC 2024 Preliminary Legislative and Policy Agenda

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4. NVTC 2024 Preliminary Legislative and Policy Agenda

Proposed 2024 State-Level Priorities: Re-baselining the 3% Cap

2017: Keeping Metro Safe, Reliable and Affordable –
Metro GM Wiedefeld

Recommendation:
“Cap jurisdictional contributions for operating at three percent annual growth”

Proposed as an internal management tool to cap total jurisdictional contributions – not EACH jurisdiction

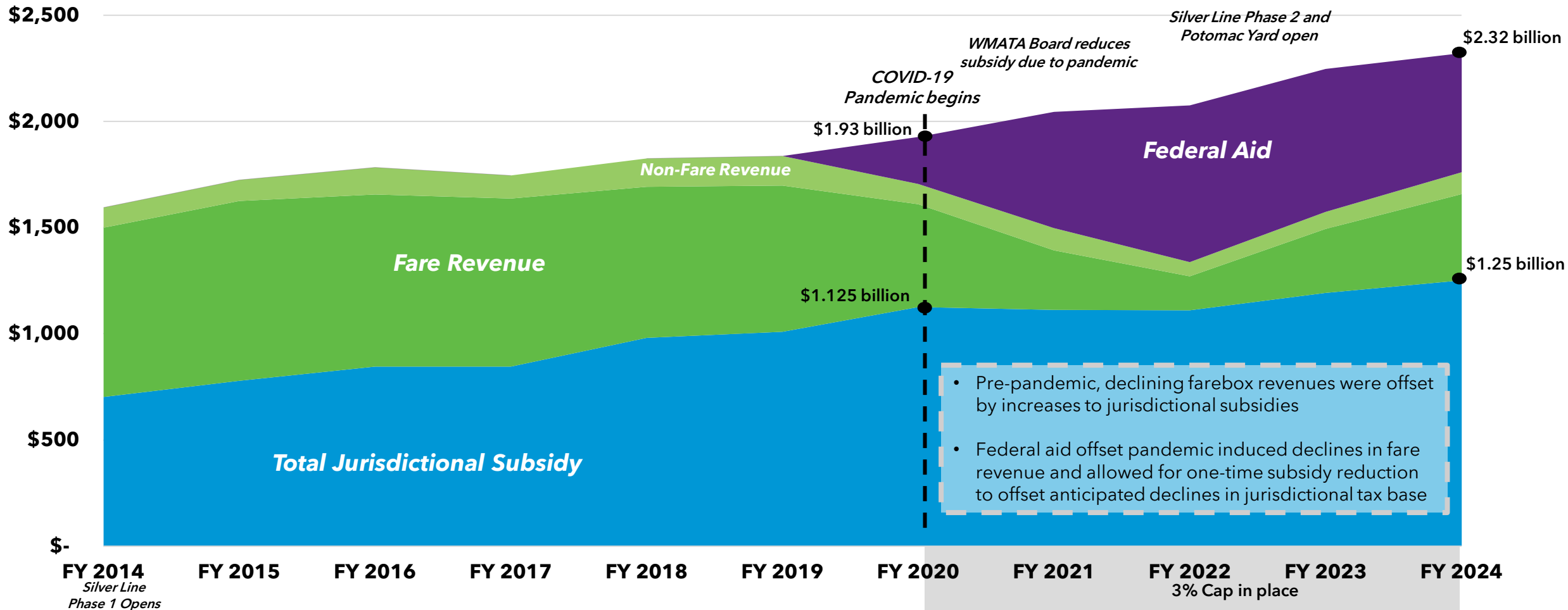
2018: Virginia Code for WMATA Dedicated Capital Funding – HB1539

Enacted:
“in any year that the total **Virginia** operating assistance in the approved WMATA budget increases by more than 3 percent from the total operating assistance in the prior year's approved WMATA budget, the [**Commonwealth Transportation**] **Board shall withhold** an amount equal to 35 percent of the funds available.”

2018: Maryland Code for WMATA Dedicated Capital Funding – SB 277/ HB 372

Enacted:
“in any year that the total **Maryland** operating assistance in the approved WMATA budget increases by more than 3 percent over the total operating assistance in the prior year's approved WMATA budget, the **Secretary shall withhold** an amount equal to 35 percent of the funds available.”

Total WMATA Expenditures by Revenue Source for FY 2014 - FY 2024 (in millions)



Source: [WMATA FY 2014 - FY 2023 Approved Budget Books](#) and [FY 2024 Approved Budget](#).

Notes: All FYs represent approved budget totals, except for FY 2020 which shows actual totals in order to include the first year of federal aid.

*When compared to FY 2023, FY 2024 includes an additional \$139.1 million in eligible preventive maintenance operating expenses that were transferred from the operating budget to the capital budget to be paid for with the use of capital funds.

4. NVTC 2024 Preliminary Legislative and Policy Agenda

FY2025 \$750M Deficit Drivers in Detail

Jurisdiction Subsidy Credit

\$196M

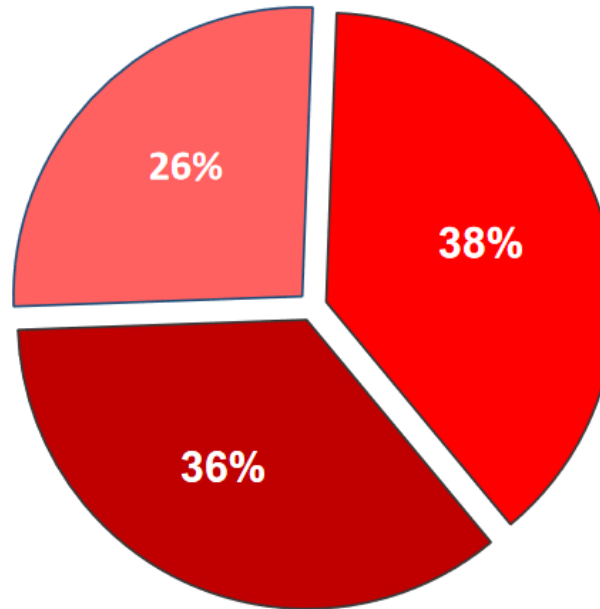
At the onset of the pandemic, Metro provided support to jurisdictions in the form of a subsidy reduction and forgone 3% increases.

Inflation & Collective Bargaining Agreements

\$266M

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FY2025 Operating Gap



Decreased Revenue Since Pandemic

\$288M

Overall ridership forecast to be approximately 25% below pre-pandemic levels along with greater prevalence of shorter distance trips outside of weekdays. Parking and advertising revenues also impacted.

2025 Impact

2017: Keeping Metro Safe, Reliable and Affordable – Metro GM Wiedefeld

Recommendation:

“Cap jurisdictional contributions for operating at three percent annual growth”

- as an internal management tool to cap total jurisdictional contributions

2018: Virginia Code for WMATA Dedicated Capital Funding – HB1539

Enacted:

“in any year that the total operating assistance in the approved WMATA budget increases by more than 3 percent over the total operating assistance in the prior year's approved WMATA budget, the [Commonwealth Transportation] Board shall withhold an amount equal to 35 percent of the funds available.”

2019: Maryland Code for WMATA Dedicated Capital Funding – SB 277/ HB 372

“in any year that the total operating assistance in the approved WMATA budget increases by more than 3 percent over the total operating assistance in the prior year's approved WMATA budget, the Secretary shall withhold an amount equal to 35 percent of the funds available.”

If WMATA sends a subsidy bill to either Virginia or Maryland that exceeds 3% over 2024, both will see State aid reduced by 35 percent.

4. NVTC 2024 Preliminary Legislative and Policy Agenda

Re-baselining to Permit FY 2025 Budget

Proposed Message and Approach

1. Maintaining predictable and controlled increases in WMATA subsidy bills is important. The cap is an important tool.
2. The revenue and cost impacts of COVID-19 and related inflation have disrupted the WMATA's bottom line.
3. WMATA has identified more than \$90 million in cost savings, is looking at revenue shift options to reduce subsidy, and is exploring fare and service modifications that could further reduce subsidy
4. However, the jurisdictional subsidies necessary to meet the FY 2025 budget scenarios cannot be met within the 3% cap this year

Maryland and Virginia need legislative or administrative action that will permit WMATA to **re-baseline** their FY 2025 operational subsidy to reflect the impacts of the COVID-19 pandemic on transit systems without forcing a financial penalty.

Do not change the 3% cap now

4. NVTC 2024 Preliminary Legislative and Policy Agenda

Proposed 2024 State-Level Priorities - proposed new priorities highlighted

- Advocate for long-term, sustainable, dedicated funding to ensure WMATA, VRE and all Northern Virginia transit systems meet the growing needs of public transit in our region.
- Seek administrative or legislative opportunities to permit WMATA to re-baseline its annual operating subsidy in FY 2025 to Virginia to reflect the impact of COVID-19 pandemic on the transit system without financially penalizing NVTC localities.
- Protect state funding of public transit in Northern Virginia and ensure sustainable growth in the Commonwealth Transportation Fund.
- Protect existing NVTC autonomy, programs and funding sources.
- Continue support for state investment in Transforming Rail in Virginia and other passenger rail initiatives.
- Preserve transit's ability to effectively compete within the SMART SCALE program.
- Restore full revenue levels to the Northern Virginia Transportation Authority.
- Support funding for development and implementation of transit innovations including transit signal priority, zero and low-emission public transit, and fare payment technologies.

4. NVTC 2024 Preliminary Legislative and Policy Agenda

Proposed 2024 Federal Priorities - proposed new priority highlighted

- Maximize the region's access to federal transportation funding programs and competitive grant opportunities.
- Recognizing the importance of public transit in accessing federal agencies and facilities, identify and secure federal long-term capital and operating funding opportunities that benefit our local transit systems, including WMATA and VRE.
- Seek amendments to the Wolf Act that require arbitrators in Metro contract mediations to consider Metro's fiscal condition and jurisdiction's ability to pay.
- Encourage federal return-to-office policies that encourage transit use throughout the work week.
- Continue support for commuter tax benefits for both the private and public sector.

4. NVTC 2024 Preliminary Legislative and Policy Agenda

Next Steps

- November Commission Meeting
 - NVTC staff to present Proposed 2024 Legislative and Policy Agenda for discussion
- December Commission Meeting
 - Commission asked to approve 2024 Legislative and Policy Agenda

Other Activities

- December 1st Transit Legislative Forum @ George Mason
- January 22nd – VTA Transit Advocacy Day in Richmond
- February 1st NVTC Meeting and Reception in Richmond

Agenda Item #5

Other Items

Additional Resources



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3A. WMATA FY 2025 Budget Considerations

FY2025 Subsidy Preliminary Estimates with PM at \$60M (Scenario A)

Total Operating Subsidy Detail (\$M)

	FY2024 Jurisdictional Subsidy	FY2025 Base with 3% Annual Growth	Estimated Share of FY2025 Deficit	FY2025 Total Subsidy
District of Columbia	\$448	\$462	\$254	\$716
Maryland	\$474	\$488	\$214	\$701
Virginia	\$330	\$340	\$182	\$522
Total	\$1,252	\$1,289	\$650	\$1,940

Reduce Inflation & Potential Federal SmartBenefits Recovery Impact	Total Subsidy w/ Reduced Inflation & SmartBenefits Recovery
-\$27	\$689
-\$26	\$675
-\$20	\$503
-\$73	\$1,867

Notes: Requires one-time adjustment to 3% Legislative Caps. Subject to change based on allocation inputs including ridership and revenue estimates, service adjustments, and other factors. Totals may not sum due to independent rounding; excludes debt service.

3A. WMATA FY 2025 Budget Considerations

FY2025 Subsidy Preliminary Estimates with PM at \$199M (Scenario B)

Total Operating Subsidy Detail (\$M)

	FY2024 Jurisdictional Subsidy	FY2025 Base with 3% Annual Growth	Estimated Share of FY2025 Deficit	FY2025 Total Subsidy
District of Columbia	\$448	\$462	\$203	\$665
Maryland	\$474	\$488	\$164	\$652
Virginia	\$330	\$340	\$142	\$482
Total	\$1,252	\$1,289	\$510	\$1,799

Reduce Inflation & Potential Federal SmartBenefits Recovery Impact	Total Subsidy w/ Reduced Inflation & SmartBenefits Recovery
-\$27	\$638
-\$26	\$626
-\$20	\$462
-\$73	\$1,726

Notes: Requires one-time adjustment to 3% Legislative Caps. Subject to change based on allocation inputs including ridership and revenue estimates, service adjustments, and other factors. Totals may not sum due to independent rounding; excludes debt service.

3A. WMATA FY 2025 Budget Considerations

FY2025 Subsidy Preliminary Estimates with PM at \$345M (Scenario C)

Total Operating Subsidy Detail (\$M)

	FY2024 Jurisdictional Subsidy	FY2025 Base with 3% Annual Growth	Estimated Share of FY2025 Deficit	FY2025 Total Subsidy
District of Columbia	\$448	\$462	\$150	\$612
Maryland	\$474	\$488	\$113	\$601
Virginia	\$330	\$340	\$101	\$441
Total	\$1,252	\$1,289	\$365	\$1,654

Reduce Inflation & Potential Federal SmartBenefits Recovery Impact	Total Subsidy w/ Reduced Inflation & SmartBenefits Recovery
-\$27	\$585
-\$26	\$575
-\$20	\$421
-\$73	\$1,581

Notes: Requires one-time adjustment to 3% Legislative Caps. Subject to change based on allocation inputs including ridership and revenue estimates, service adjustments, and other factors. Totals may not sum due to independent rounding; excludes debt service.

3A. WMATA FY 2025 Budget Considerations

Preventive Maintenance Definition and Considerations

Federal Definition

Federal Transit Administration (FTA) defines Preventive Maintenance (PM) as all the activities, supplies, materials, labor, services, and associated costs required to preserve or extend the functionality and serviceability of the asset in a cost-effective manner, up to and including the current state of the art for maintaining such asset (FTA C 9030.1E).

PM costs are eligible for 80/20 federal/local match and subject to FTA approval.

[No Title]

Policy Considerations

The maximum amount of preventive maintenance costs to be transferred from the operating budget to the capital budget is set in the annual budget.

Short-term maintenance activities do not change, but the budget allocation between operating and capital can be adjusted.

Increased use of PM transfers reduces capacity for other capital investments in the long-term.

The maximum eligible PM transfer is approximately \$345M in FY2025.