

**NVTC WMATA COMMITTEE MEETING  
THURSDAY, FEBRUARY 29, 2024**

**Via Electronic Participation  
Public Streaming Via [YouTube](#)**

**6:00 P.M.**

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**AGENDA**

1. Welcome and Opening Remarks
2. Review of the October 19, 2023 Joint WMATA Committee and Legislative and Policy Committee Meeting Summary
3. NVTC WMATA Committee Overview and 2024 Workplan
4. **WMATA's Proposed FY 2025 Operating Budget & FY 2025-2030 CIP**
  - **ACTION: Authorize the NVTC WMATA Committee Chair to Submit Comments on WMATA's Proposed FY 2025 Operating Budget & FY 2025-2030 CIP**
5. Developing funding Options for Northern Virginia Transit Agencies
  - A. Preview of NVTC's Metro Operating Funding and Reform Working Group Report
  - B. Overview of SJ 28 (Mass Transit in Virginia Legislative Study)/HB 30 (Joint Subcommittee on Northern Virginia Public Transit)
6. Other Items

WMATA Committee Members

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

**MEETING SUMMARY**  
**NVTC JOINT WMATA / LEGISLATIVE AND POLICY COMMITTEE**  
**NVTC Suite #230 Conference Room**  
**2300 Wilson Blvd., Arlington, Virginia**  
**Public Livestreaming via You Tube**  
**October 19, 2023**

**NVTC WMATA Committee Members Present:**

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

**Legislative and Policy Committee Members Present:**

Canek Aguirre, Chair  
Adam Ebbin (non-voting member)  
Libby Garvey  
Matt Letourneau (*via electronic participation*)  
Catherine Read  
David Snyder  
James Walkinshaw

**Other NVTC Commissioners Present:**

Takis Karantonis

**Staff and Others Present:**

Kate Mattice, Executive Director  
Andrew D'huyvetter  
Allan Fye  
Rhonda Gilchrest  
Scott Kalkwarf  
Aimee Perron Seibert  
Melissa Walker  
Ronnetta Zack-Williams

Nathan Macek (HDR)  
Aaron Kozuki (HDR) (*via electronic participation*)  
Kirk Dand (Arlington County)  
Jennifer Monaco (City of Alexandria)  
Greg Potts (WMATA)  
Brent Riddle (Fairfax County)  
Joseph Schwartz (VRE)

WMATA Committee Chair Alcorn called the joint meeting of the WMATA Committee and Legislative and Policy Committee to order at 6:05 p.m. He stated that the meeting is being livestreamed for the public and that he is co-chairing the meeting with Legislation and Policy Committee Chair Aguirre. Chair Alcorn noted that Mr. Letourneau is participating electronically from Loudoun County for a personal reason due to a scheduling conflict and that he will need to leave the meeting at 6:45 p.m.

Mr. Ebbin moved, with a second by Ms. Garvey, to approve Mr. Letourneau's request to participate electronically. The vote in favor was cast by Commissioners Aguirre, Alcorn, de Ferranti, Garvey, Smedberg and Snyder. (Mr. Ebbin did not vote as he is a non-voting member.)

Ms. Mattice asked if there were any changes to the Meeting Summary of the August 31, 2023 Legislative and Policy Committee Meeting. Similarly, Chair Alcorn asked for any changes to the

Meeting Summary of the September 21, 2023 WMATA Committee Meeting. Committee members accepted both meeting summaries with no changes.

Chair Alcorn introduced the discussion of WMATA's FY 2025 budget and future options for getting WMATA a long-term, sustainable revenue stream for operations, while Chair Aguirre added that one of the most important tasks for the coming General Assembly Session will be to help legislators understand how important WMATA and all transit systems in Northern Virginia are to the entire Commonwealth.

#### NVTC's Metro Operating Funding and Reform Working Group

Mr. D'huyvetter provided an overview of WMATA's FY 2025 budget planning considerations including the future operating deficit that will begin in FY 2025, drivers of the deficit, considerations on fare increases and services cuts, internal cost savings WMATA has found, and the use of preventative maintenance to reduce the operating budget and its effect on the capital budget. He gave three scenarios presented by WMATA to reduce the funding gap along with flexing preventative maintenance funds. Mr. Letourneau added that the current ridership revenues are not because ridership isn't growing, but that the average fare is less because long-distance commuters are slower to return to the system after the pandemic. He also stated that potential fare and service changes will be presented at the next WMATA Board meeting. Mr. Smedberg stated that deferring preventative maintenance would be a one-time use that would not impact immediate state of good repair work. He also explained that WMATA is required to have a balanced budget come July 1 and that a one-time rebaseline of the 3% cap in Virginia and Maryland will be required for FY 2025. Mr. Smedberg added that this situation is severe and WMATA staff are reaching out to as many stakeholders as possible. He also stressed that even if a solution is determined for FY 2025, the problem will not be solved because WMATA's financial model is broken.

Chair Alcorn asked if the Commonwealth would help with funding the coming year to which Mr. Smedberg and Mr. Letourneau confirmed the Secretary of Transportation shared his position that there would be no new funding for Metro. Ms. Garvey said she believes a sales tax would be the solution and that there needs to be better education on Metro with members of the general community. She also noted the visible absence of the business community in these discussions. Ms. Mattice stated that the MetroNow Coalition is starting to come together, and the business community is watching this space closely.

Ms. Read arrived at 6:23 p.m. and joined the discussion.

Chair Alcorn stated that commercial property owners have paid billions of dollars for Metrorail service along the Silver Line. Mr. Letourneau added there is a strategy for engagement with property owners along the Silver Line corridor, but it has not been the focus due to the elections. Mr. de Ferranti shared his discussions with some members of the business community and said that they would like to see service cuts and fare increases before they act. He also stated that he doesn't believe the right strategy is handling this issue solely on the local level, with no responsibility from the state. Mr. Letourneau added that localities need to advocate with Richmond to help fill WMATA's budget gap. Ms. Garvey mentioned that there should be a session

at the Virginia Association of Counties (VACO) conference on WMATA's operating deficit to which Mr. Walkinshaw added that there could be resistance by VACO to including this in their materials.

Mr. Karantonis mentioned that withholding funding from a major piece of infrastructure due to an election is problematic and asked if there was anything discussed that would change the Secretary of Transportation's mind. Mr. Letourneau responded that it was mentioned that the Commonwealth will not have additional funding and they would like to see service cuts and fare increases; however, the Secretary of Transportation has acknowledged the importance of Metro. Mr. Snyder stated that he would like to know what the rationale was from the Secretary of Transportation on not providing additional support for Metro and how much Metro is looking for from localities.

Mr. Walkinshaw arrived at 6:37 p.m. and joined the discussion.

Chair Alcorn asked which scenario WMATA presented would change the capital budget deficit timeline to FY 2028 or earlier and Mr. Letourneau responded that any scenario where over \$60 million of preventive maintenance is flexed will accelerate the capital budget deficit. He also mentioned the caveat that if service is reduced WMATA can't flex as much preventive maintenance because there will not be as much preventive maintenance to do. Chair Alcorn asked if the budget assumption is that rail service will continue as normal or if the goal is to get back to pre-pandemic levels to which Mr. Letourneau responded that WMATA is not currently running budgeted FY 2024 service levels yet because of staffing, but the assumption is to continue running FY 2024 level service.

Ms. Garvey asked if it is accurate that WMATA has had a financial issue from its inception to which Mr. Smedberg responded that there are papers from economists in the 1970s that note WMATA's funding structure would never be sustainable. He also stated that one of the challenges WMATA is facing is people believing it is a business and not a public good.

Mr. Letourneau left the meeting at 6:45 p.m.

Mr. D'huyvetter outlined the working group's purpose and the elements that will be included in the working group technical report, including new dedicated revenue in Virginia to support WMATA's operating budget, revenue estimates for each revenue source, recommendations on revenue structure, and key findings that will inform NVTC's 2023 Annual Report on the Performance and Condition of WMATA recommendations. Mr. D'huyvetter reviewed the recommendations which were grouped into five categories:

- Structural Growth Cost
- Operational and Financial Accountability
- Structural Funding Deficit
- Capital
- Oversight

Mr. D’huyvetter reviewed the categories areas WMATA is already working on or accomplished and that NVTC has its own recommendation to continue the working group process. He also provided the next steps on the Annual Report between October and December 2023.

Mr. Walkinshaw asked two questions about the Wolf Act recommendation. The first question is does the “ability to pay” language make an impact with arbitrators and second, what is the goal with labor costs if WMATA’s labor costs are already aligned with other larger transit agencies. Mr. Smedberg responded that there are other aspects of those agreements that are the real issue. Ms. Mattice added that this has previously been included in NVTC’s Legislative Agenda. Mr. de Ferranti noted that board member salaries should not be included in the report because it is a distraction.

Chair Alcorn introduced the discussion on revenue options and estimates. Ms. Mattice stated that the revenues estimates are for longer-term action and are meant to show estimates with various revenue sources. She also explained that NVTC is not recommending any revenue source. Mr. Snyder asked if it was possible to calculate how much sales tax and income tax from Northern Virginia goes to Richmond and whether that can be earmarked to come back to the region. Mr. Mr. D’huyvetter responded that staff have limited consultant capacity on the study and will determine how to follow up on commissioner requests to look at additional funding sources.

Mr. Macek explained the process and evaluation factors and considerations that went into narrowing the potential revenue options from 40 to 10. Mr. D’huyvetter reviewed the 10 revenue options and estimates for selection:

- Retail Sales 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

Mr. Kozuki explained the process of the revenue estimate analysis. He also reviewed the preliminary estimates of the existing Northern Virginia and statewide transportation funding options (that would be collected in the NVTC district) as well as new sources for transit funding. Mr. Kozuki also provided the current rate, growth potential, and low and high funding estimates in 2025 dollars of each of the 10 options.

Mr. Smedberg asked if there is a percentage that can be assigned to the low and high funding estimates to which Mr. Macek responded that it was qualitative judgement based on trends. Mr. Macek further explained considerations for each of the 10 options and how to use the revenue estimates to inform further discussions. Mr. D’huyvetter added that these estimates will be included in the Working Group Technical Report.

Mr. Garvey stated that many of the revenue options are not great from an equity standpoint, but she supports a retail and sales tax. Mr. Walkinshaw stated that he believes the conversation should include statewide numbers as this is also a Commonwealth problem that should be solved in collaboration with localities. He also stated that having tax rates from neighboring states to

compare would be helpful. Mr. Smedberg agreed with Mr. Walkinshaw's sentiments. Mr. D'huyvetter shared that the study team looked at the three statewide sources (sales tax, vehicle registration fees, and driver's license fees) and while they were not ready for this presentation they would be included in the final report.

Mr. de Ferranti added he would like to see calculations for statewide sales and income taxes collected in the NVTC district that are conveyed to Richmond as Mr. Snyder mentioned earlier. Mr. Smedberg asked that staff get an understanding of the legislative process as it may take up to two years. Ms. Perron Seibert added that a statewide option would take effect July 1. Mr. Snyder asked for a framework of the Commonwealth's surplus. He also stated that he does not agree with additional sales taxes but capturing what has already been paid to the state.

### 2024 Legislative and Policy Agenda

Chair Aguirre introduced NVTC's preliminary 2024 Legislative and Policy Agenda, which the Legislative and Policy Committee is tasked with putting together. Ms. Mattice reviewed the following 2024 proposed state level priorities:

- 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 the 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.

Ms. Mattice explained in further detail the concept of rebaselining the 3% cap for FY 2025, stating that even if Northern Virginia localities wanted to use their own funds to help WMATA get through FY 2025, jurisdiction would automatically lose 35% of state aid. She also stated that the idea of rebaselining would not remove the 3% cap, but it would be an ask for a one-time modification for FY 2025.

Chair Alcorn stated that it is important to understand what the rebaselining would mean for funding jurisdictions and what would be the increase. Chair Aguirre agreed with these sentiments. Chair Aguirre mentioned that this is a short-term fix and it's important to acknowledge the long-term challenge in funding Metro.

Ms. Mattice also gave an overview of the following 2024 proposed federal priorities:

- 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.

Ms. Mattice stated that the Commission will be briefed on the proposed Legislative and Policy Agenda in November, with requested approval in December.

Mr. Snyder asked what does rebaselining mean and what are the implications. Ms. Mattice stated that Legislative Agenda prioritizes funding and rebaselining and that permission is needed to get a WMATA bill that exceeds the existing 3% cap. Ms. Mattice added that WMATA will be providing additional scenarios that will include fare increases and service cuts.

Chair Alcorn and Chair Aguirre adjourned the meeting at 8:18 p.m.



# NVTC Comments on WMATA FY 2025 Budget

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## General Budget Comments

- Funding WMATA is a joint partnership with NVTC localities and the Commonwealth
- Value of WMATA to the Commonwealth
- Engagement on a long-term funding solution (NVTC's Metro Funding and Reform Working Group & SJ28)

## Comments on FY 2025 Budget (introduced December 2023)

- The region must do its part to avoid unacceptable draconian service cuts, station closures, and layoffs that will imperil jeopardize WMATA's ongoing ridership recovery.
- NVTC is working with partners in Virginia to rebaseline the 3% cap and seek additional state aid to help close the gap in FY 2025 and FY 2026.

## Comments on Revised FY 2025 Proposed Budget (introduced February 8, 2024)

- Convey general support for Revised FY 2025 Proposed Budget, reflecting additional funding commitments
  - Targeted service and fare optimization, fare enforcement, support enrollment in Metro Lift
  - Cost savings totaling \$113 million (\$25 million in capital efficiencies, \$38 million from salary and wage freezes and \$50 million identified by cost efficiency task force)
  - Cumulative \$308 million in cost savings measures between FY 2018 and FY 2024
  - Additional Jurisdictional Operating Investment
  - Capital Program and Six-Year CIP



# NVTC Comments on WMATA FY 2025 Budget

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## Comments on Revised FY 2025 Proposed Budget (introduced February 8, 2024) cont.

- Additional Comments on revised proposed budget
  - Avoid overburdening long-distance riders
  - Avoid long-term use of preventive maintenance (PM) flex to close budget gaps
  - Do not support formula changes during the budget process, jurisdictional subsidy totals will need to be reconciled with approved subsidy allocation formula
  - Anticipated changes to the bus network as part of the Better Bus Network Redesign must include updates to Metrobus subsidy allocation formulae