



# NVTC WMATA Committee Meeting

February 29, 2024

Meeting materials available at [www.novatransit.org](http://www.novatransit.org)

# Committee Meeting Agenda

1. **Welcome and Opening Remarks**
2. **Review October 21, 2023 Meeting Summary**
3. **NVTC WMATA Committee Overview and 2024 Workplan**
4. **WMATA's Proposed FY 2025 Operating Budget & FY 2025-2030 CIP**
  - A. **ACTION: Authorize the NVTC WMATA Committee Chair to Submit Comments on WMATA's Proposed Budget and CIP**
5. **Developing Funding Options for Northern Virginia Transit Agencies**

# **Agenda Item #3: NVTC WMATA Committee Overview and 2024 Workplan**

- **Overview of Scope and Responsibilities**
- **Proposed 2024 NVTC WMATA Committee Workplan and Schedule**

# Overview of Scope and Responsibilities

Commission	NVTC WMATA Committee	Regional Staffing Structure
<p><i>Meets Monthly</i></p> <ul style="list-style-type: none"> <li>• Discuss and inform Commissioners during the WMATA portion of the agenda</li> <li>• Receive reports from the WMATA Committee and WMATA Board Members</li> <li>• Take formal action on NVTC policy positions on WMATA</li> </ul>	<p><i>Meets 5-6 times a year</i></p> <ul style="list-style-type: none"> <li>• Provides a forum for consensus-based recommendations to the Commission on WMATA policy positions</li> <li>• Provides strategic guidance to staff on WMATA related policy matters and NVTC's responsibilities from legislation</li> </ul>	<p><i>Meets Bi-weekly or Monthly</i></p> <ul style="list-style-type: none"> <li>• NVTC staff coordinate a regional staffing structure that includes DRPT and jurisdictional staff</li> <li>• Prepares Virginia WMATA Board members for WMATA Board meetings</li> <li>• Builds consensus on Virginia issues related to WMATA and facilitates multi-jurisdictional representation</li> </ul>

# Proposed 2024 NVTC WMATA Committee Schedule\*

## WMATA Committee

JAN - APR	MAY - JUL	SEPT - DEC	Not Scheduled
<ul style="list-style-type: none"> <li>• WMATA Committee Introduction and Workplan</li> <li>• Comments on WMATA FY 2025 Budget</li> <li>• Update on NVTC's WMATA Operating Funding and Reform Working Group and related General Assembly efforts</li> </ul>	<ul style="list-style-type: none"> <li>• Work Session(s) on the Annual Report on the Performance and Condition of WMATA</li> <li>• Engagement on the General Assembly's Joint Subcommittee studying long-term funding for WMATA (likely with NVTC Legislative and Policy Committee)</li> </ul>	<ul style="list-style-type: none"> <li>• Review draft Annual Report on the Performance and Condition of WMATA</li> <li>• Preliminary Discussion of WMATA FY 2026 Budget</li> </ul>	<ul style="list-style-type: none"> <li>• Other NVTC WMATA-focused efforts</li> <li>• WMATA's Better Bus Network Redesign</li> <li>• Blue/Orange/Silver Line Capacity Study</li> </ul>

## Commission Actions

JAN - APR	MAY - JUL	SEPT - DEC
<ul style="list-style-type: none"> <li>• Updates from the Chair and Actions Recommended by the NVTC WMATA Committee</li> <li>• Authorize the Executive Director to send the Annual Report on WMATA</li> </ul>		

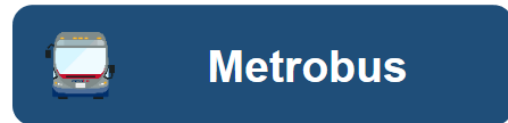
\*Work plan dates and content may change

# **Agenda Item #4: WMATA's Proposed FY 2025 Operating Budget & FY 2025-2030 CIP**

- **Background**
- **Revised FY 2025 WMATA  
Proposed Operating Budget**
- **Proposed FY 2025 Capital  
Budget and FY 2025-2030  
CIP**
- **Key Themes for Budget  
Comments Letter**
- **ACTION: Authorize Chair to  
Submit Comments**

# WMATA FY 2025 Budget Overview

- WMATA is soliciting public comment on its original GM/CEO proposed FY 2025 budget, released December 2023.
- The \$750 million operating budget gap (as of June 2023) is closed with internal efficiencies, preventive maintenance transfer increase, systemwide service cuts and fare increases.



- Eliminate Metrobus service on 67 of 135 lines
- Reduce service on 41 of 135 lines



- Major frequency reduction
- 10pm system closure
- 10 stations closed
- Red Line and Silver Line turnbacks



- 20% general increase in fares and parking rates expected to result in net revenue increase with some ridership loss

\*The WMATA Board authorized advertisement of a 25% general increase to fares and parking rates.

**MetroAccess:** Service area reduced with reductions to the fixed route network

Source: [WMATA Finance and Capital Committee Presentation](#), December 2023

# WMATA FY 2025 Budget Overview

- Revised FY 2025 proposed budget (released February 8) assumes 3% cap rebaselining occurs in VA and MD and additional funding from VA, MD and DC.
- Includes cost savings, salary freezes, targeted Metrorail service reductions, fare increases and transfer of some preventive maintenance expenses.

## Regional Framework for a Balanced Budget

The revised proposed budget adopts a regional approach that requires collaboration and contributions from all stakeholders. Aggressive expense management by Metro would keep FY2025 **gross expenses** at FY2024 levels (0% growth).

**Metro:** Salary and wage adjustments, recurring administrative efficiencies, and other cost reductions resulting in **\$119** million and **\$174** million in savings in FY2025 and FY2026, respectively.

**Customers:** At least 12.5 percent fare increase on Metrobus, Metrorail, and MetroAccess beginning in FY2025, and up to 25 percent on late nights and weekends (with \$2.50 cap).

**Jurisdictions:** Additional jurisdictional investment to replace prior reductions of jurisdictional funding to Metro and adjustments for ridership and inflation.

Use of Funds		Budget	2- Year Regional Transformation Framework	
(\$M)		FY2024	Revised FY2025 Proposed Budget	FY2026 Forecast
Expense	Initial Expenses	\$2,459	\$2,575	\$2,704
	Administrative Efficiency		- 50	- 52
	Salary and Wage Adjustment		- 38	- 77
	Inflation Reduction		- 11	- 25
	Target Service Cuts		- 20	- 20
	Total Savings		- 119	- 174
	Gross Expenses	\$2,459	\$2,457	\$2,530
	Additional PM (above \$60M)	- 139	- 104	- 114
	Expense after PM Transfer	2,320	2,352	2,416

*Note: Amounts may not sum due to independent rounding*

## Assumptions

Personnel & Non-personnel: 0% salary and wage increase in FY2025 for L689, L922 and non-represented employees subject to the collective bargaining; CPI reduced from 5% to 3.5% in FY2025 and from 5.0 to 3.0% in FY2026

Source: [WMATA Finance and Capital Committee Presentation](#), February 2024



# WMATA FY 2025 Budget Overview

- Revised FY 2025 proposed budget (released February 8) includes targeted Metrorail service reductions and a 12.5% general fare increase (up to 25% on late-night and weekends).



**More Targeted Rail Service.** Efficiently deliver frequent all-day service to drive ridership and revenue growth. Schedule **peak service** periods to align with ridership levels. Operate more **six-car trains** where shorter trains provide sufficient capacity. Considering reduced service levels on holidays with low ridership.



**Redesigned Bus Network.** Maintain bus service levels and begin Better Bus implementation. The Year One Network reallocates existing resources to deliver more value to the region, adapting to how customers travel now.



**More Fare Revenue.** Increase fares by 12.5% to keep pace with inflation. Reduce fare evasion with system-wide high-barrier faregate installation and increased fare enforcement. Make it easier to pay with increased use of Metro Lift and Senior reduced fare programs.

Optimize service to deliver the most useful network with available resources:

- Adapt Service.** Adapt rail and bus service capacity with targeted changes while sustaining good frequency to grow ridership.
- Provide Access to More Destinations.** Reduce customer travel times and increase access to jobs and opportunity.
- Optimize Use of Metro's Assets.** Manage railcar and bus fleets to deliver high asset utilization and provide good service at low marginal cost.

Fare Increase Scenario	Revenue Impact (M)	Ridership Impact (M)
<b>Baseline</b>	<b>\$362.2</b>	<b>233.3</b>
5%	\$10.0	-4.1
12.5%	\$22.2	-10.2
<b>12.5% + up to 25% late-night/weekend</b> (with \$2.50 cap)	<b>\$23.9</b>	<b>-11.3</b>
20%	\$33.9	-15.2
25%	\$40.4	-19.0

## Parking Rates

- Keep parking rates unchanged to encourage use of available capacity at parking facilities; raising parking rates would be expected to reduce growth in long-distance Metro commutes, lessening future fare revenue

## Fares

- Balance increasing revenue and continuing to grow ridership
- Considering modifying weekend and late-night fares for additional revenue in response to strong ridership

Source: [WMATA Finance and Capital Committee Presentation](#), February 2024

# WMATA FY 2025 Budget Overview

- Revised FY 2025 proposed budget (released February 8) includes additional subsidy commitments from VA, MD, and DC.
- Announced commitments are inconsistent with traditional formula and will need to be reconciled.

(\$M)	FY2025 Base	Additional Regional Investment	Revised FY2025 Proposed Budget*	FY2026 3% Growth*	One-Time Savings Expiration*	FY2026 Forecast*
Expense			\$2,352			\$2,416
Revenue			(\$488)			(\$498)
<b>Gross Subsidy</b>			<b>\$1,865</b>			<b>\$1,918</b>
One-Time Savings			(\$95)			\$0
<b>Subsidy</b>	<b>\$1,290</b>	<b>\$480</b>	<b>\$1,770</b>	<b>\$53</b>	<b>\$95</b>	<b>\$1,918</b>
District of Columbia	\$462	\$200	\$662	\$20	\$36	\$717
Maryland	\$488	\$150	\$638	\$19	\$34	\$691
Virginia	\$340	\$130	\$470	\$14	\$25	\$510

*Note: amounts may not sum due to independent rounding*

*\*The subsidy amounts reflect additional contributions, are inconsistent with Metro's historical subsidy formula, and will need to be reconciled*

## Funding Requirements Beyond Metro's Operating Subsidy

Amounts exclude 24-Hour Overnight Bus, student programs, reimbursable agreements, Safety and Security grant programs, Joint development projects, and any other programs separately agreed upon.

Source: [WMATA Finance and Capital Committee Presentation](#), February 2024

# NVTC Comments on WMATA FY 2025 Budget

## 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 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



## **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

# WMATA FY 2025 Budget: Next Steps

- **March:** Submit comments on March 5 to WMATA regarding its FY 2025 proposed budget
- **April:** WMATA Board adoption of the FY 2025 Budget and FY 2025-2030 Capital Program
- General Assembly Session Dates:
  - March 9: Session Ends
  - Reconvened Session is [scheduled](#) for April 17, 2024

# Discussion

**ACTION: Authorize the NVTC WMATA Committee Chair to Submit Comments on WMATA's Proposed FY 2025 Operating Budget & FY 2025-2030 CIP**

Committee member comments to Chair Alcorn and NVTC staff by COB Monday, March 4

Budget Comments to WMATA are due Tuesday, March 5 at 5pm

# **Agenda Item #5: Developing Funding Options for Northern Virginia Transit Agencies**

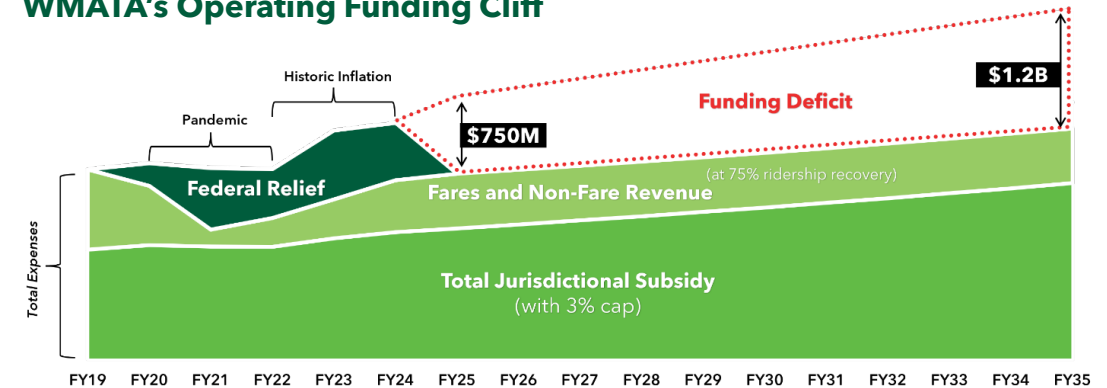
- **Background**
- **Preview of NVTC's Metro Operating Funding and Reform Working Group Report**
- **NVTC Efforts to Address Transit Funding in Northern Virginia**
- **Overview of SJ 28 (Mass Transit in Virginia Legislative Study)**

# Background

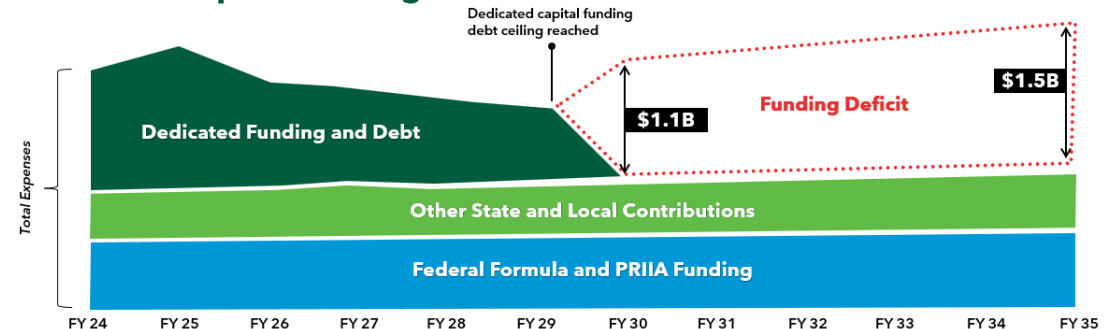
- Nationwide, all major U.S. transit agencies are facing operating fiscal cliffs as a result of slow ridership and fare recovery, changing travel patterns, inflation and the exhaustion of the federal aid that has sustained agencies throughout and since the pandemic
- WMATA faces an initial \$750 million operating budget gap for FY 2025 (as of June 2023) and exhausting the debt capacity of dedicated capital funding in FY 2029 or earlier, local transit agencies in Northern Virginia and the Virginia Railway Express (VRE) face their own financial challenges
- Over the last several years, NVTC and partner organizations have laid the groundwork to address these systemic funding issues

Source: WMATA [Finance and Capital Committee Presentation](#), June 2023,  
WMATA [Finance and Capital Committee Presentation](#), September 2023

## WMATA's Operating Funding Cliff



## WMATA's Capital Funding Cliff





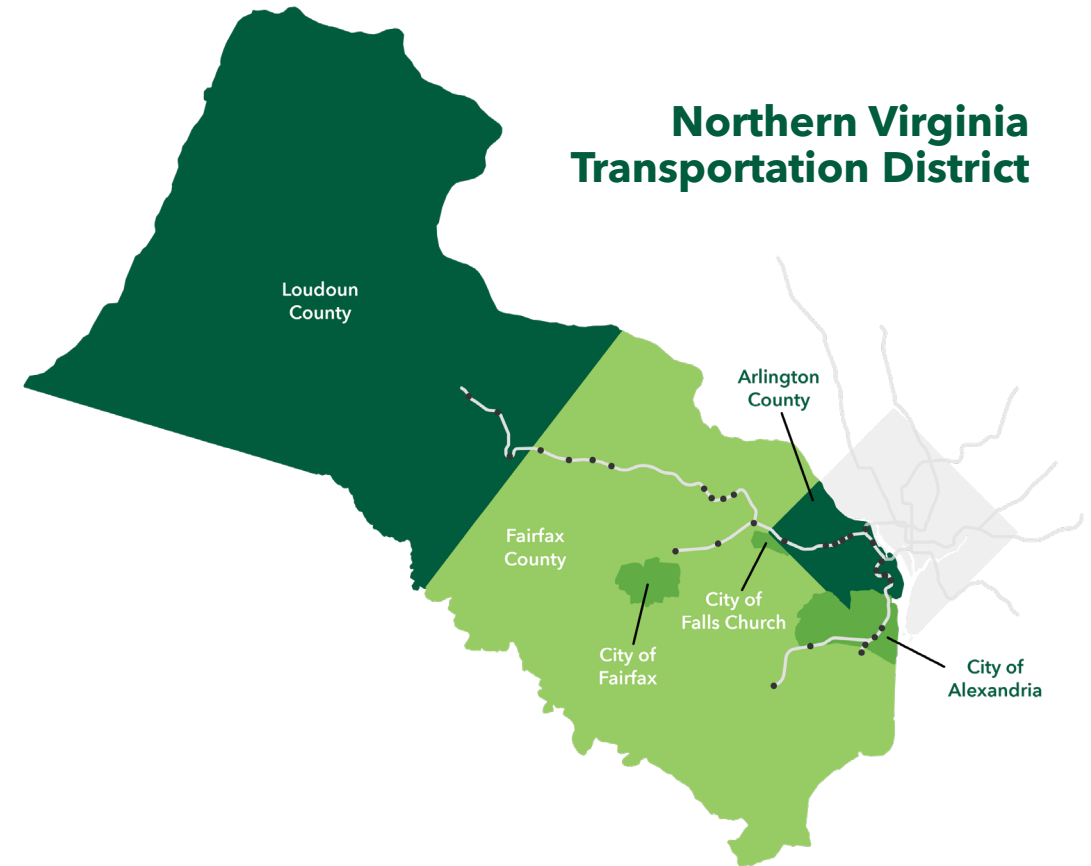
# Preview of NVTC's Metro Operating Funding and Reform Working Group Report

## Developing a Menu of Revenue Options

- Working Group developed a menu of revenue options to provide technical information to Commissioners and other stakeholders
- Revenue options provided to the Commission to inform potential conversations about the long-term solution for WMATA dedicated capital and/or operating funding

## Reform, Accountability and Oversight

- Benchmarking – Working Group investigated accountability and reform measures at other transit agencies
- 3% cap – report illustrates the unintended consequences of the 3% cap and considerations for a revised cap



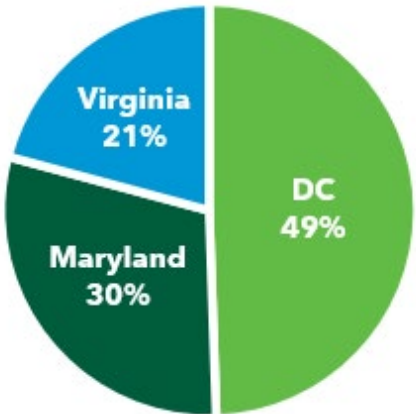
# Preview of NVTC's Metro Operating Funding and Reform Working Group Report



## Context: Virginia Uniquely Participates in WMATA Services

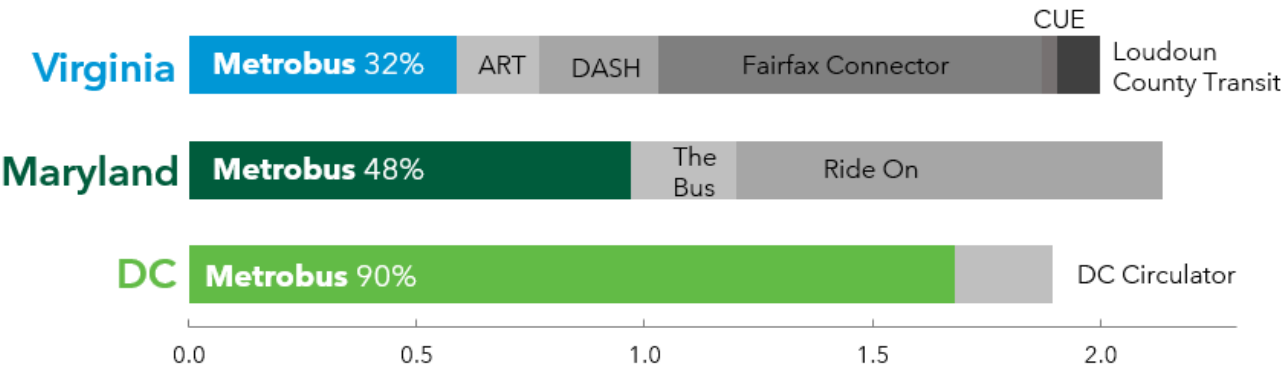
- Virginia’s use of WMATA services is considerably different than the District of Columbia and Maryland – Virginia receives more bus service from local providers than Metrobus and much fewer MetroAccess trips than Maryland and DC

FY 2024 Share of Metrobus Service Hours, Regional and Non-Regional Routes



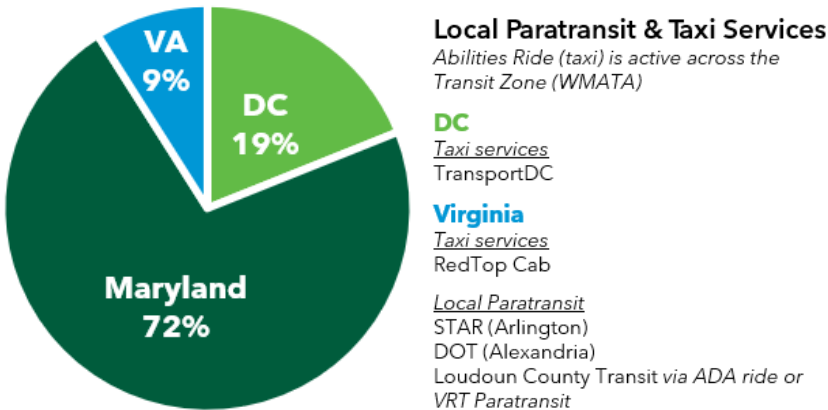
Source: WMATA FY 2024 Budget

FY 2022 Metrobus and Local Bus Service Vehicle Revenue Hours (millions)



Source: National Transit Database (NTD); WMATA FY 2022 Approved Budget; Bus Geodistribution information provided by WMATA; Metrobus service data adjusted using correct factor based on actual vehicle revenue hours from NTD data

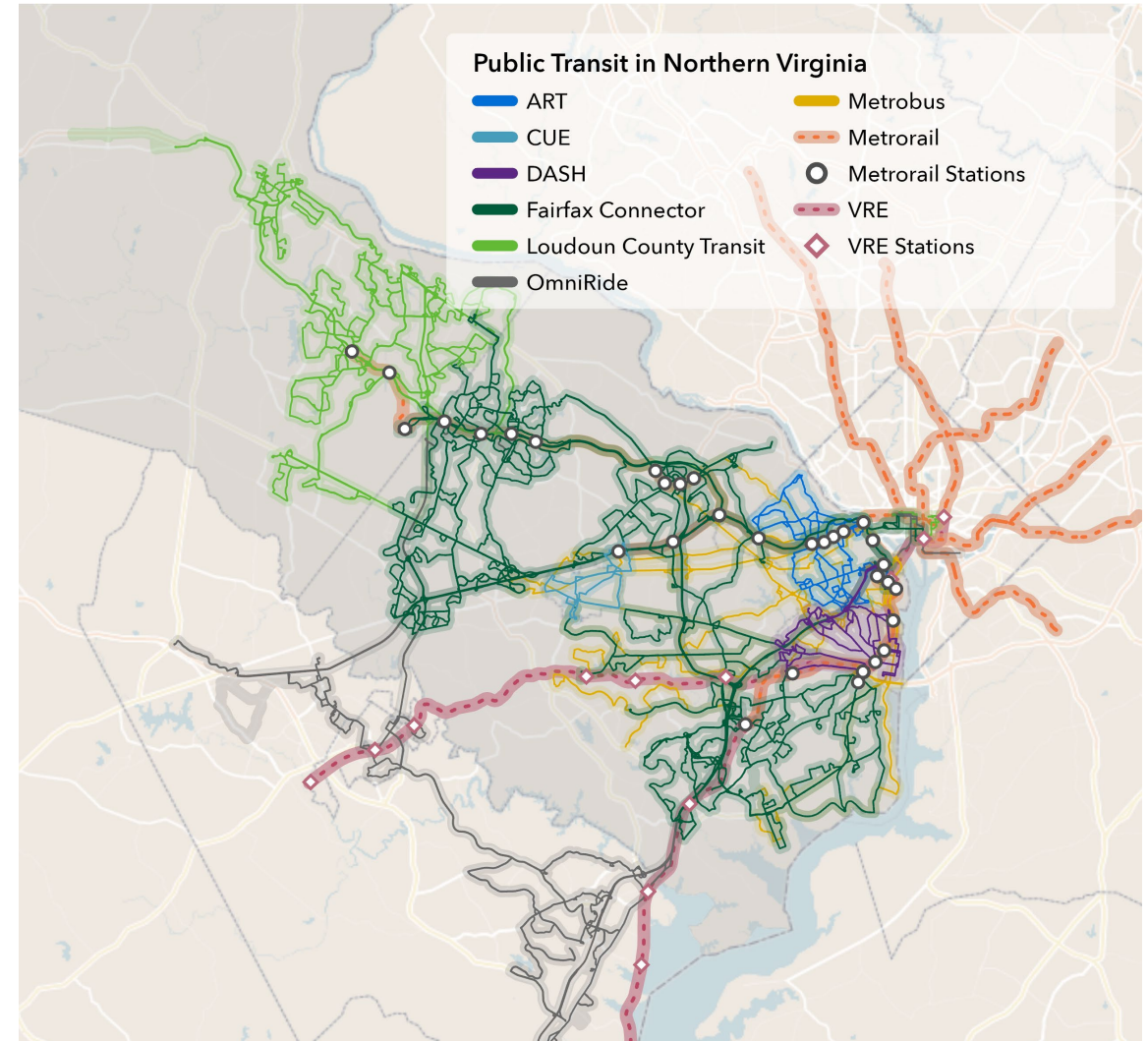
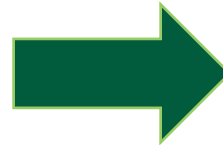
FY 2023 Share of MetroAccess Passenger Trips



Note: As shown in FY 2025 proposed operating subsidy; utilizes FY 2023 actual ridership  
Source: WMATA FY 2025 Proposed Budget

# Preview of NVTC's Metro Operating Funding and Reform Working Group Report

**Context: Report recommends dedicated operating and capital funding for all transit providers in Northern Virginia, not just WMATA**

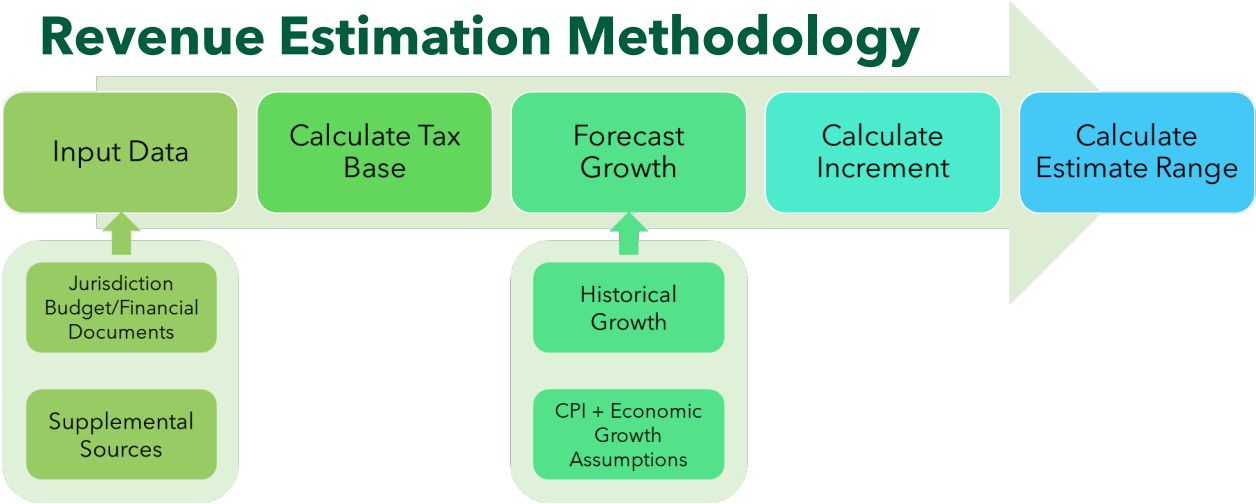


# Preview of NVTC's Metro Operating Funding and Reform Working Group Report

## 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

## Revenue Estimation Methodology



*Estimates were generated at the NVTC District level*

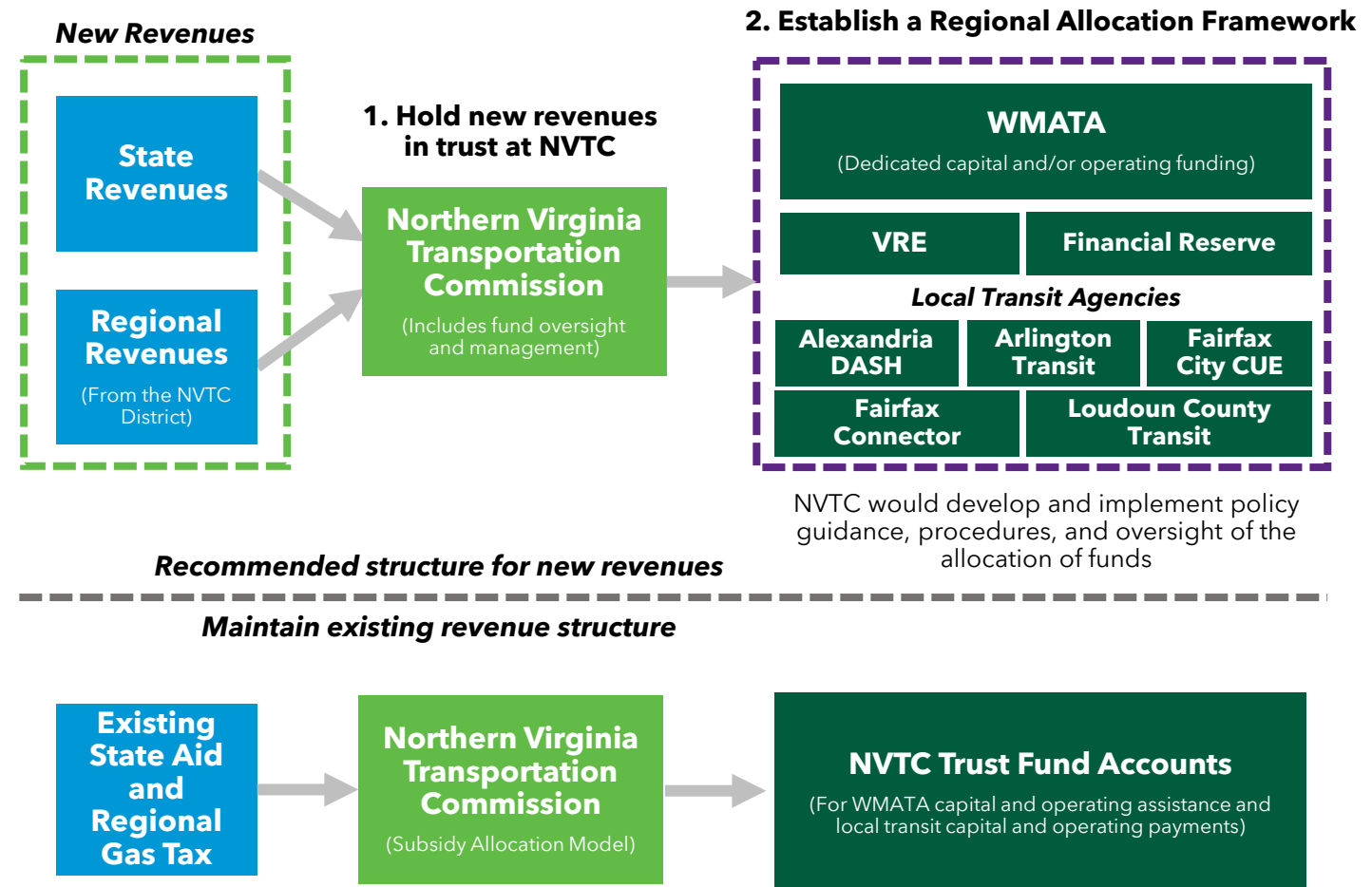
*\*Estimates also generated at the state level*

# Preview of NVTC's Metro Operating Funding and Reform Working Group Report

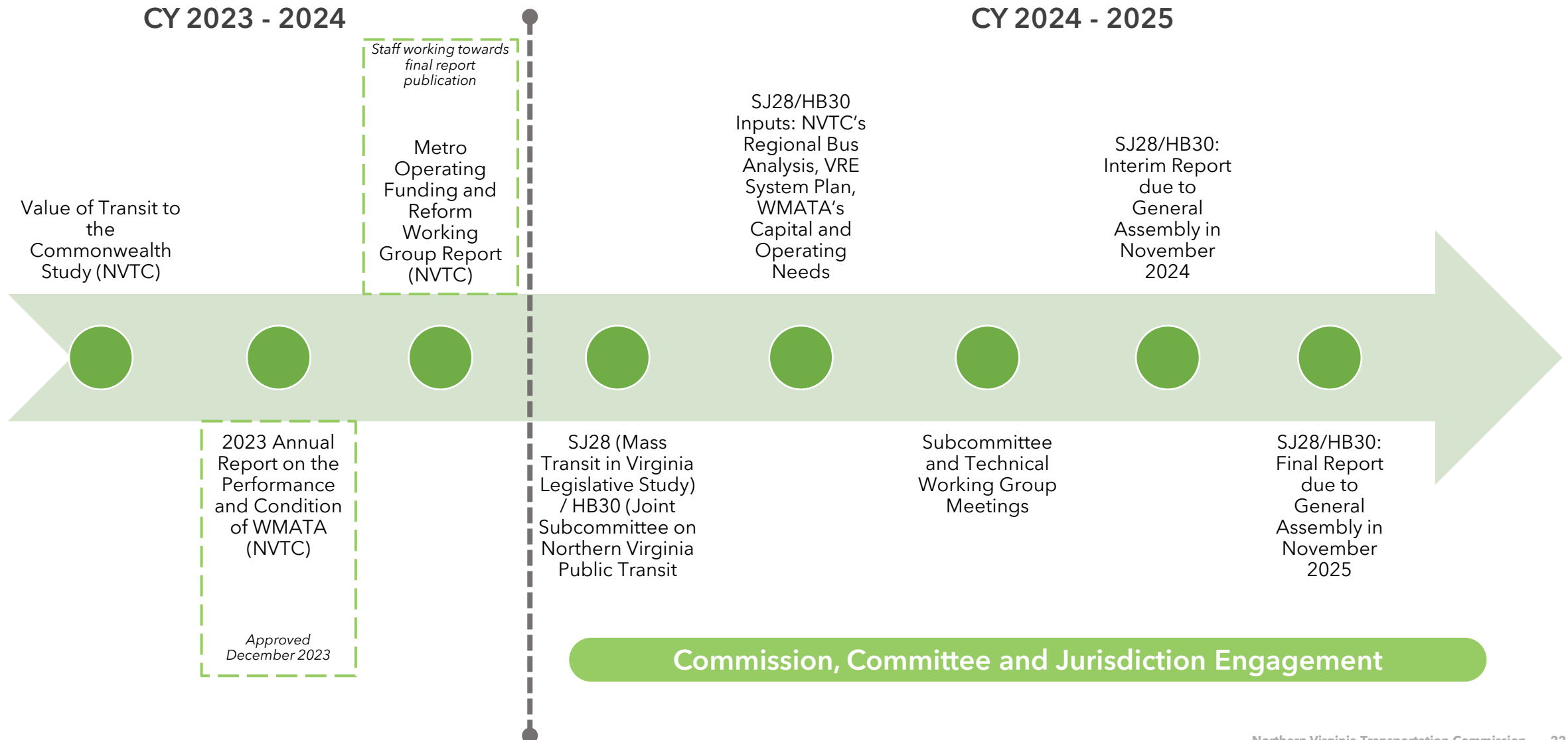
## Revenue Structure

- Included in [2023 Annual Report on the Performance and Condition of WMATA](#) (p. 19)
- Establishment of any dedicated revenues should not come at the expense of existing revenues or recipients
- New revenue sources should be in addition to and on top of existing VA funding structure. Keep existing structure and commitments largely the same
- New revenues should support all transit operators in the Northern Virginia Transportation District, including WMATA, and NVTC should develop a technical and policy framework for NVTC to manage the funds

## Recommendation for New and Existing Revenues



# NVTC and Partner Efforts to Address Transit Funding Issues in Northern Virginia





# Overview of SJ 28 (Mass Transit in Virginia Legislative Study)

## Purpose

- [SJ28](#) (Ebbin) continues to move forward in the General Assembly
- The bill establishes a joint subcommittee to study **long-term, sustainable, dedicated operating and capital funding as well as cost-containment controls and strategies** (WMATA-only) to ensure the Washington Metropolitan Area Transit Authority, the Virginia Railway Express, and the public transit systems that serve the NVTC and Potomac and Rappahannock Transportation Commission (PRTC) transportation districts.
- Joint subcommittee will complete its meetings for the first year by November 30, 2024 and for the second year by November 30, 2025

### 2024 SESSION

[history](#) | [hilite](#) | [pdf](#) | [print version](#)

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SENATE JOINT RESOLUTION NO. 28  
AMENDMENT IN THE NATURE OF A SUBSTITUTE  
(Proposed by the House Committee on Appropriations  
on February 28, 2024)

(Patron Prior to Substitute--Senator Ebbin)

*Establishing a joint subcommittee to study long-term, sustainable, dedicated operations and capital funding as well as cost-containment controls and strategies to ensure the Washington Metropolitan Area Transit Authority, the Virginia Railway Express, and the public transit systems that serve the Northern Virginia Transportation Commission and Potomac and Rappahannock Transportation Commission transportation districts meet the growing needs of public transit in the region. Report.*

WHEREAS, Northern Virginia is served by a network of public transit providers that move more than 1.5 million people each week; and

WHEREAS, the Northern Virginia Transportation Commission (NVTC) found that Northern Virginia's transit network generates \$1.5 billion in income and sales tax that goes to the Commonwealth's general fund each year; and

WHEREAS, the Washington Metropolitan Area Transit Authority (WMATA) is the backbone of Northern Virginia's transit system and plays a critical role in the Commonwealth's transportation network and economic growth; and

WHEREAS, the Virginia Railway Express (VRE) provides important commuter rail services that provide access from communities along Interstate 66 and Interstate 95 to the center of the District of Columbia, providing capacity to eliminate at least one highway lane from Interstate 95; and

WHEREAS, the Commonwealth's multibillion dollar investment in Transforming Rail in Virginia enables VRE's and Amtrak Virginia's long-term growth and success; and

WHEREAS, the Northern Virginia Transportation Commission (NVTC) and Potomac and Rappahannock Transportation Commission (PRTC) play important funding, coordination, and governance roles for transit agencies operating within their districts; and

WHEREAS, the COVID-19 pandemic upended the financial operating model of all transit agencies across the United States, including those that serve Northern Virginia, through inflation and reduced ridership; and

WHEREAS, federal pandemic aid, which has supported transit systems across the region since 2020, has already been exhausted or will be exhausted in the coming years; and

# Overview of SJ 28 (Mass Transit in Virginia Legislative Study)

- NVTC is represented and will be able to advocate for Northern Virginia localities and their respective transit systems

## **SJ 28 Joint Subcommittee Composition: 11 members**

- Members of Senate Finance and Appropriations (3)
- Members of House Appropriations (2) and House Transportation (2)
- Member of the WMATA Board of Directors (1)
- Member of NVTC (1)
- NVTC Executive Director
- Secretary of Transportation

## **Technical Working Group**

- NVTC
- Potomac and Rappahannock Transportation Commission (PRTC)
- Virginia Railway Express (VRE)
- WMATA
- Department of Rail and Public Transportation (DRPT)
- Northern Virginia Transportation Authority (NVTA)
- Representative from Amalgamated Transit Union Local 689
- Business community representative appointed by the Speaker of the House



# Overview of SJ 28 (Mass Transit in Virginia Legislative Study)

## NVTC 2023 Annual Report on the Performance and Condition of WMATA (Report)

- Recommended 13 near- and mid- to long-term strategies to address WMATA structural funding challenges (see [Appendix](#))

## Metro Operating Funding and Reform Working Group

- Examines 10 potential revenue sources for dedicated operating funding for transit in Northern Virginia
- Recommends revenue structure and allocation
- Includes reform, accountability and oversight findings

## SJ28: Mass Transit in Virginia Legislative Study

- Includes VRE, PRTC and local transit operators in Northern Virginia
- May assess up to five additional revenue sources for dedicated transit funding
- May offer recommendations for 2026 General Assembly consideration

**Goal: Develop solution for long-term, sustainable, dedicated operating and capital funding for transit in Northern Virginia from new revenue sources and examine industry-wide cost-saving and cost-containment tools to ensure the long-term fiscal sustainability of WMATA**

# Thank You.



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# Appendix

# Additional Materials

- 2023 NVTC Annual Report on the Performance and Condition of WMATA ([report](#))
  - Near- and Mid- to Long-Term Recommendations on next several slides
- Metro Operating and Funding Reform Working Group [presentation](#) (Revenue Estimates on slides 21-31) from October 19, 2023 Joint WMATA Committee and Legislative and Policy Committee meeting
- Metro Operating and Funding Reform Working Group [presentation](#) (slides 3-21) from September 21, 2023 WMATA Committee meeting

# 2023 NVTC Annual Report on the Performance and Condition of WMATA: Near-Term Recommendations



Recommendation	Focus Area	Directed to
1. Seek administrative or legislative opportunities to permit WMATA to re-baseline its FY 2025 operating subsidy bill to reflect the impact of the COVID-19 pandemic	Structural Funding Deficit	VA, MD and WMATA Board
2. Advocate for additional state aid in FY 2025 to match local funding for WMATA		VA General Assembly
3. Seek a commitment from federal, state, regional and local funding partners to develop long-term, sustainable, dedicated funding to meet WMATA’s capital and operating needs		NVTC and VA General Assembly
4. Return federal workers to the office and secure a replacement for the region’s losses in fares from riders using federal transit benefits		Federal Government

# 2023 NVTC Annual Report on the Performance and Condition of WMATA: Mid- to Long-Term Recommendations (1 of 2)



Recommendation	Focus Area	Directed to
1. Manage labor cost escalation through reforms to pension and other post-employment benefits (OPEB) <ul style="list-style-type: none"> <li>• Increase worker contributions to pensions and OPEB</li> <li>• Limit or prohibit overtime earnings towards retirement pay</li> <li>• Implement Office of the Inspector General (OIG) findings to improve controls and governance and explore alternative retirement plans</li> </ul>	Structural Cost Growth	WMATA and Labor Unions
2. Seek Amendments to the federal Wolf Act that would require consideration of WMATA's fiscal condition and jurisdictions' ability to pay in binding arbitration		Congress
3. Establish a revised Virginia and Maryland legislative operating assistance growth cap that addresses the unintended consequences of the current cap		VA, MD and WMATA Board
4. Improve farebox recovery by raising fares for Metrorail and Metrobus	Operational and Financial Accountability	WMATA Board
5. Formalize the functions and scope of a WMATA Board audit committee to enhance oversight via a coordinated jurisdictional audit	Oversight	VA, MD, WMATA Board and DC

# 2023 NVTC Annual Report on the Performance and Condition of WMATA: Mid- to Long-Term Recommendations (2 of 2)



Recommendation	Focus Area	Directed to
6. Secure one or more sustainable and reliable sources of dedicated revenues to support additional operating funding	Structural Funding Deficit	DC, MD, VA and NVTC
7. Establish a rainy-day fund at WMATA		WMATA Board and Funding Jurisdictions
8. Secure one or more sustainable and reliable sources of dedicated revenues to support additional capital funding	Capital	DC, MD, VA and NVTC
9. Sustain NVTC’s technical, policy, financial and legislative efforts to support the implementation of recommendations	Other	NVTC

# How WMATA is Funded in Virginia

