



NVTC Joint WMATA and Legislative & Policy Committee Meeting

Meeting materials available at novatransit.org

September 19, 2024

Committee Meeting Agenda

1. **Welcome and Opening Remarks**
2. **Meeting Summary of the July 11, 2024 Joint NVTC WMATA/ Legislative and Policy Committee**
3. **NVTC Work Towards Long-Term Sustainable Dedicated Funding**
 - A. **DMVMoves**
 - B. **SJ 28: Northern Virginia Growing Needs of Public Transit Joint Subcommittee**
 - i. **Peer Transit Funding Summary**
 - C. **NVTC 2024 Annual Report on the Performance and Condition of WMATA**
4. **NVTC Regional Fare Policy and Technology Update**
5. **Overview and Timeline for NVTC's 2025 Legislative Agenda**

Agenda Item #3: NVTC Work Toward Long-Term Sustainable Dedicated Funding

- A. DMVMoves**
- B. SJ 28: Northern Virginia
Growing Needs of Public
Transit Joint Subcommittee**
 - i. Peer Transit Funding
Summary**
- C. NVTC 2024 Annual Report
on the Performance and
Condition of WMATA**

3. NVTC Work Towards Long-Term Sustainable Dedicated Funding



NVTC Inputs

- Annual Report on the Performance and Condition of WMATA (2023)
- Value of Transit to the Commonwealth (2023)
- Metro Operating Funding and Reform Working Group Report (2024)

SJ 28 - Northern Virginia Growing Needs of Public Transit Joint Subcommittee



2024 Annual Report on the Performance and Condition of WMATA

Coordination with NoVA Transit Agencies and Jurisdictions

3A. DMVMoves



- A proposed outcome of the meeting is 'vision and goals, policy recommendations, and funding scenarios for analysis' to the DMVMoves Regional Task Force (September 23, 2024)
- Using feedback from NoVA-focused meetings, NVTC has identified and shared opportunities for further coordination and collaboration across the entire region.
- Northern Virginia funding principles for long-term, sustainable transit funding:
 - One-size-fits-all approach doesn't work in the region's funding context
 - VA, MD and DC should develop their own funding solution and should include an inflation factor
 - Maintain 50/50 partnership between Northern Virginia jurisdictions and the Commonwealth
 - Ensure state and local resources to sustain rebaselined FY 2026 funding levels at WMATA



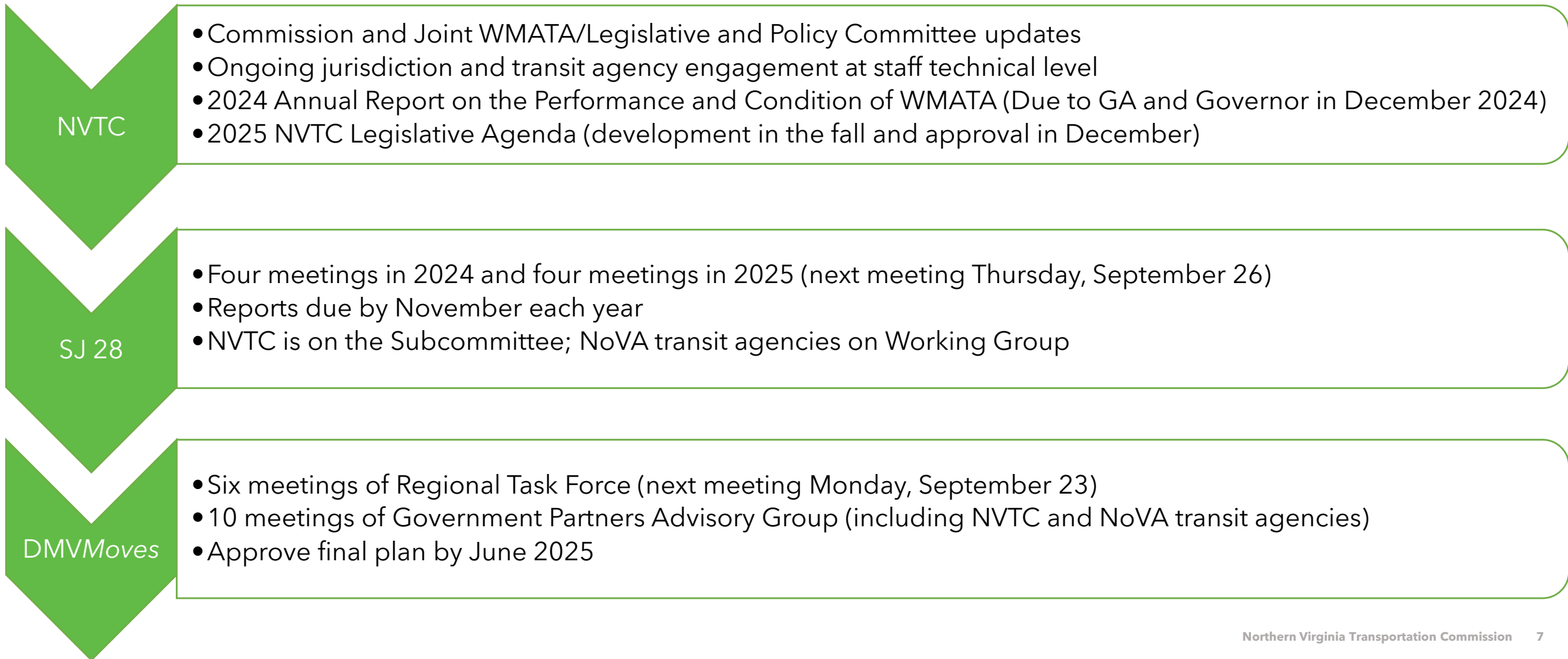
3B. SJ 28: Northern Virginia Growing Needs of Public Transit Joint Subcommittee



- Draft Agenda for September 26, 2024, SJ 28 Subcommittee
 - Presentations:
 - Northern Virginia Bus Needs (NVTC)
 - OmniRide Needs
 - VRE Needs
 - WMATA Needs, including Cost Containment Strategies and Opportunities
 - Presentation from Deputy Secretary Sargent
 - Overview of the Virginia 3% Cap, including Cost Containment Discussion from NVTC's Annual Reports on the Performance and Condition of WMATA (NVTC)
 - Peer Transit Funding (NVTC)
- Meeting Location: NVTC Offices, Suite 230
- 1PM to 5PM, Livestream on NVTC's YouTube Channel, Open to the Public

3. NVTC Work Towards Long-Term Sustainable Dedicated Funding

Next Steps








Peer Transit Funding Summary

How Do Other Regions Fund Transit Operating Budgets?

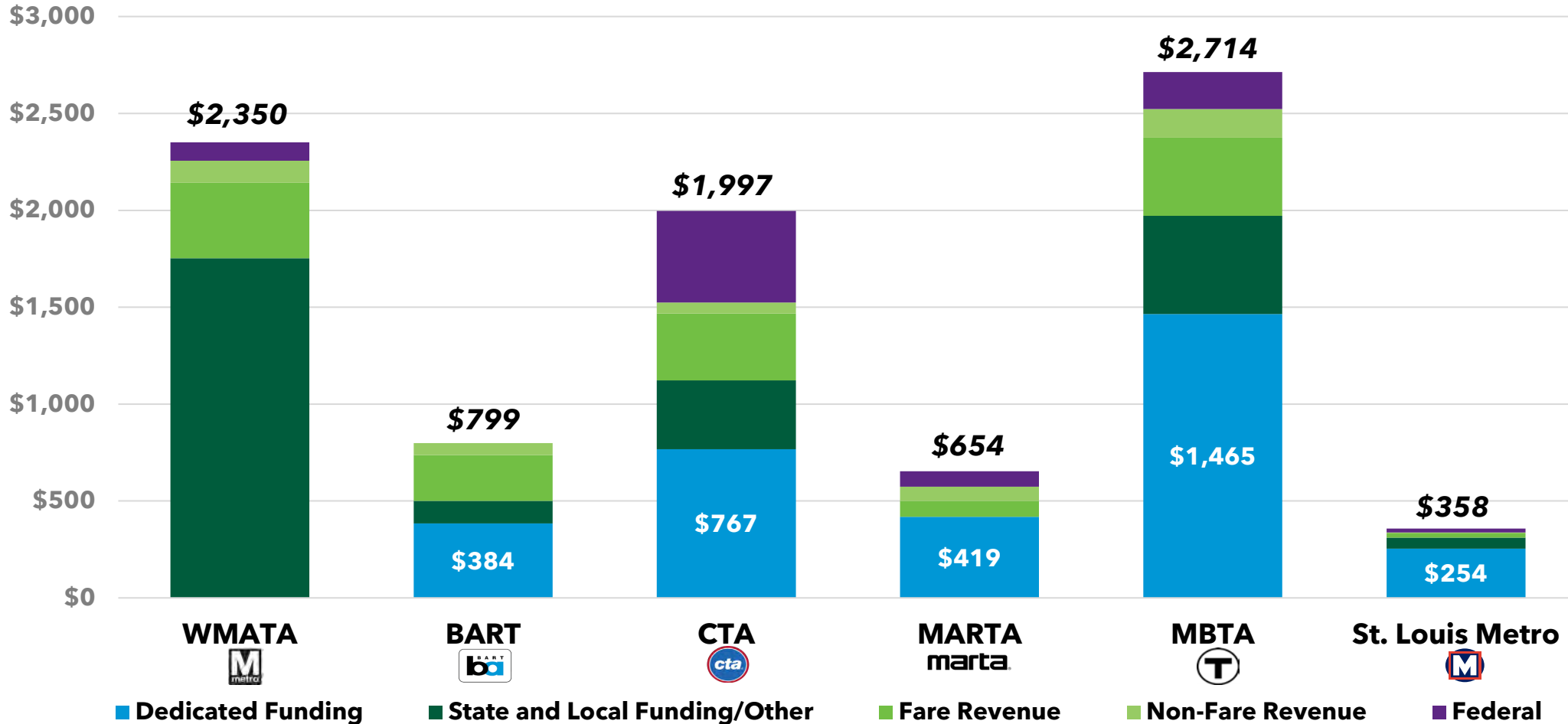
- Transit agencies fund their operating budgets in a variety of ways. Most large agencies have a combination of dedicated revenue sources and other types of state and local funding.
- Analysis of FY 2025 operating budgets for peers based on:
 - Age (BART, MARTA)
 - Governance structure (St. Louis Metro)
 - Size (CTA, MBTA)
- Which dedicated revenues support each system and to what extent?
- Findings that can inform new potential revenues for transit in Northern Virginia

Dedicated operating funding takes on a variety of characteristics among peer agencies, depending on the governance, funding structure and modes in the region.

System	Modes Operated
 BART	Rail, Paratransit
 CTA	Rail, Bus
marta MARTA	Rail, Bus, Streetcar, Paratransit
 MBTA	Rail, Light Rail, Bus, Ferry, Paratransit
 St. Louis Metro	Light Rail, Bus, Streetcar, Paratransit
 WMATA	Rail, Bus, Paratransit









Operating Funding Comparison

Total FY 2025* Operating Budget (millions)



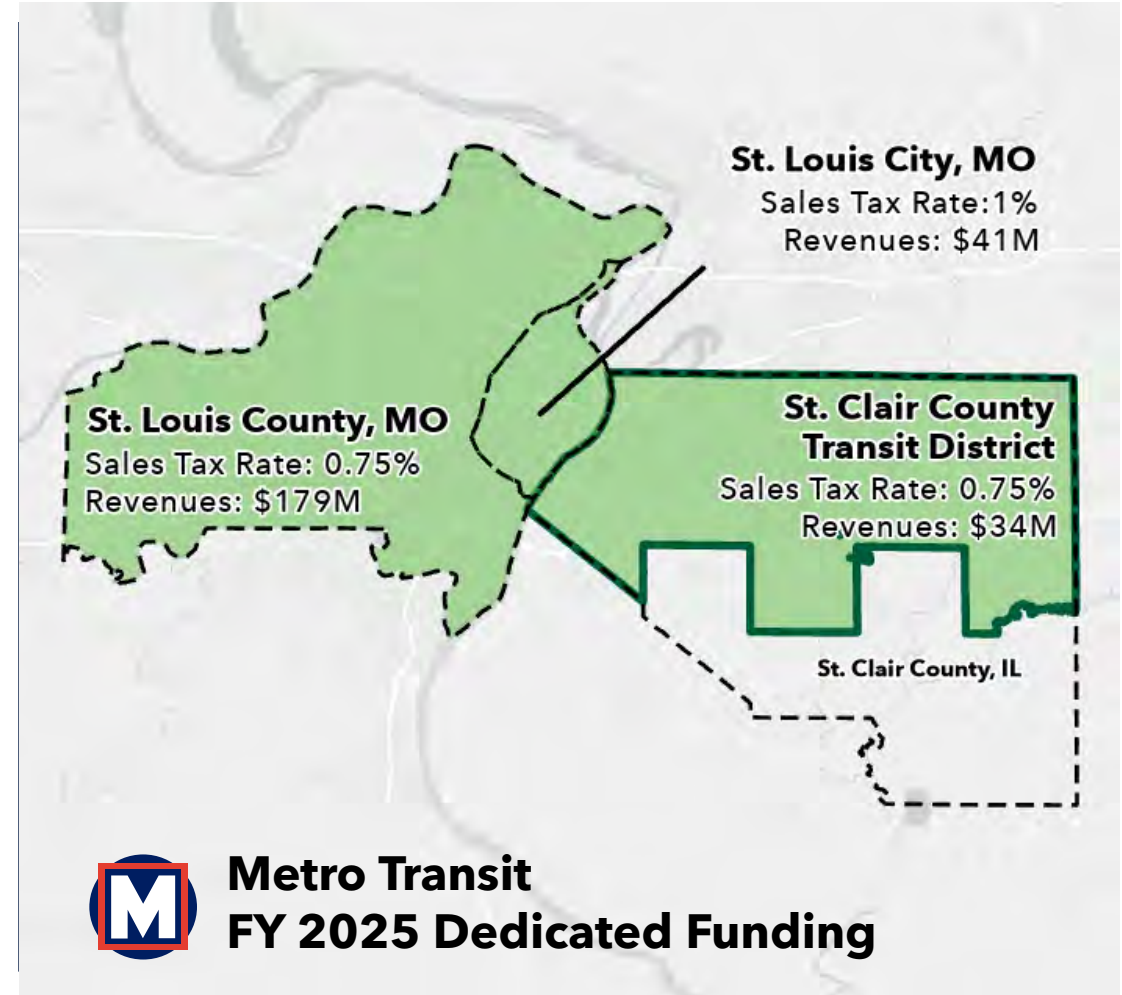
Note: Figures are rounded, derived from each agency's approved FY 2025 operating budget and consolidated into like categories for comparison.
 * CTA's budget is calendar year 2024.

Dedicated Funding Sources in Other Regions

Funding Source	Agency
Sales Tax	    
Real Estate Transaction Tax	
Property Tax	
Title Ad Valorem Tax (vehicle sale or transfer)	

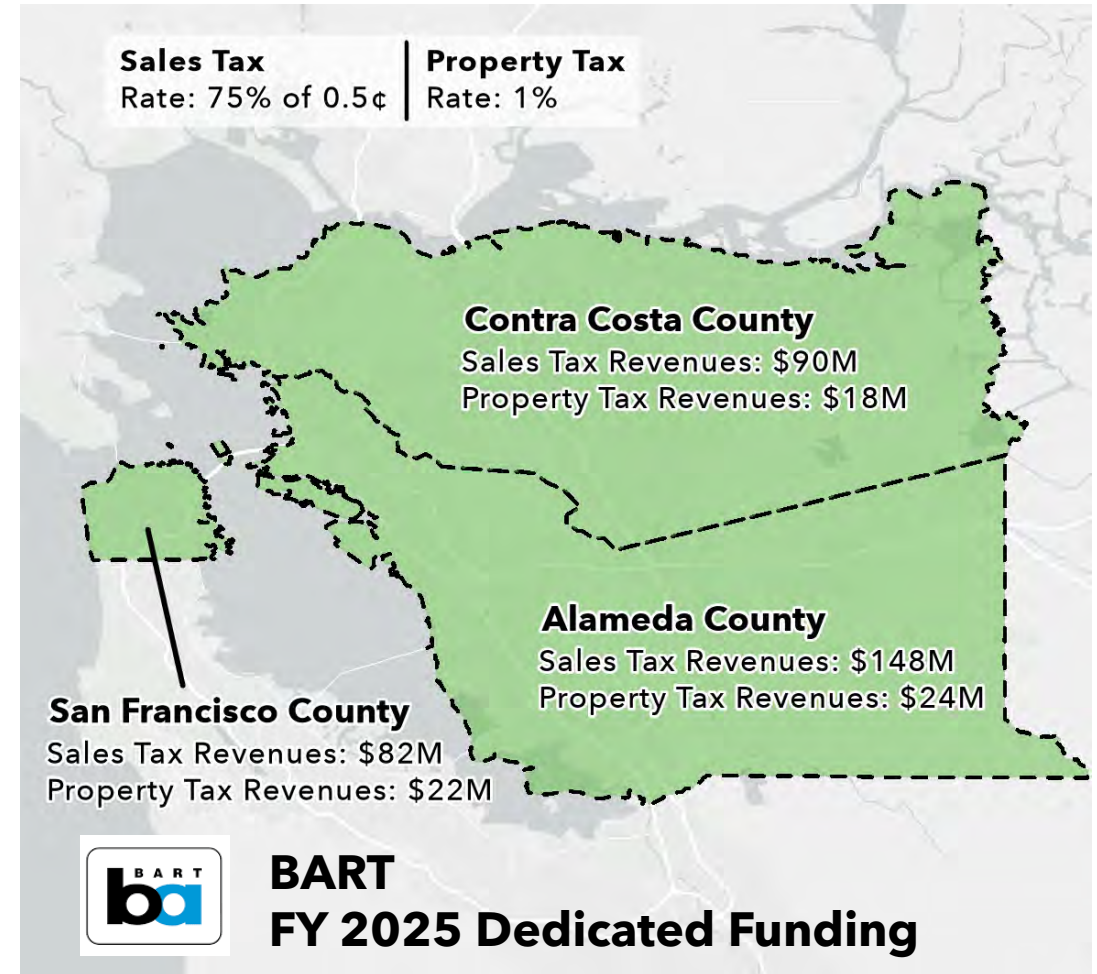
Agency Profile: Metro Transit (St. Louis)

- Metro Transit is operated by the Bi-State Development Agency, an interstate compact between Missouri and Illinois.
- Roughly 70% of FY 2025 operating budget revenues come from dedicated sales tax receipts.
 - In Missouri, sales tax revenues are collected locally and allocated to Bi-State Development.
 - In Illinois, the St. Clair County Transit District collects sales tax revenues and contracts with Bi-State Development for service.
- There are **different sales tax rates** in the region for Metro Transit:
 - St. Louis City - 1.0%
 - St. Louis County - 0.75% (plus a portion of a separate 0.5% sales tax for transportation)
 - St. Clair County Transit District - 0.75%
- FY 2025 sales tax revenues:
 - St. Louis City - \$41M
 - St. Louis County - \$179M
 - St. Clair County Transit District - ~\$34M



Agency Profile: BART (San Francisco Bay Area)

- BART receives a dedicated 75% share of a **uniform sales tax** (one-half cent) levied in BART District counties; the remaining 25% is required to be allocated by a regional body (MTC) to local transit systems.
 - FY 2025 sales tax revenue is projected at \$320M.
- BART receives property tax revenue from a statutory portion of the 1% general levy in each BART District county.
 - FY 2025 property tax revenue is projected at \$64M.
- Local assistance from one-off agreements with BART District counties and the counties of San Mateo and Santa Clara also support BART's operating budget.
 - FY 2025 local assistance totals \$66M, \$24M of which is collected from the BART District counties.

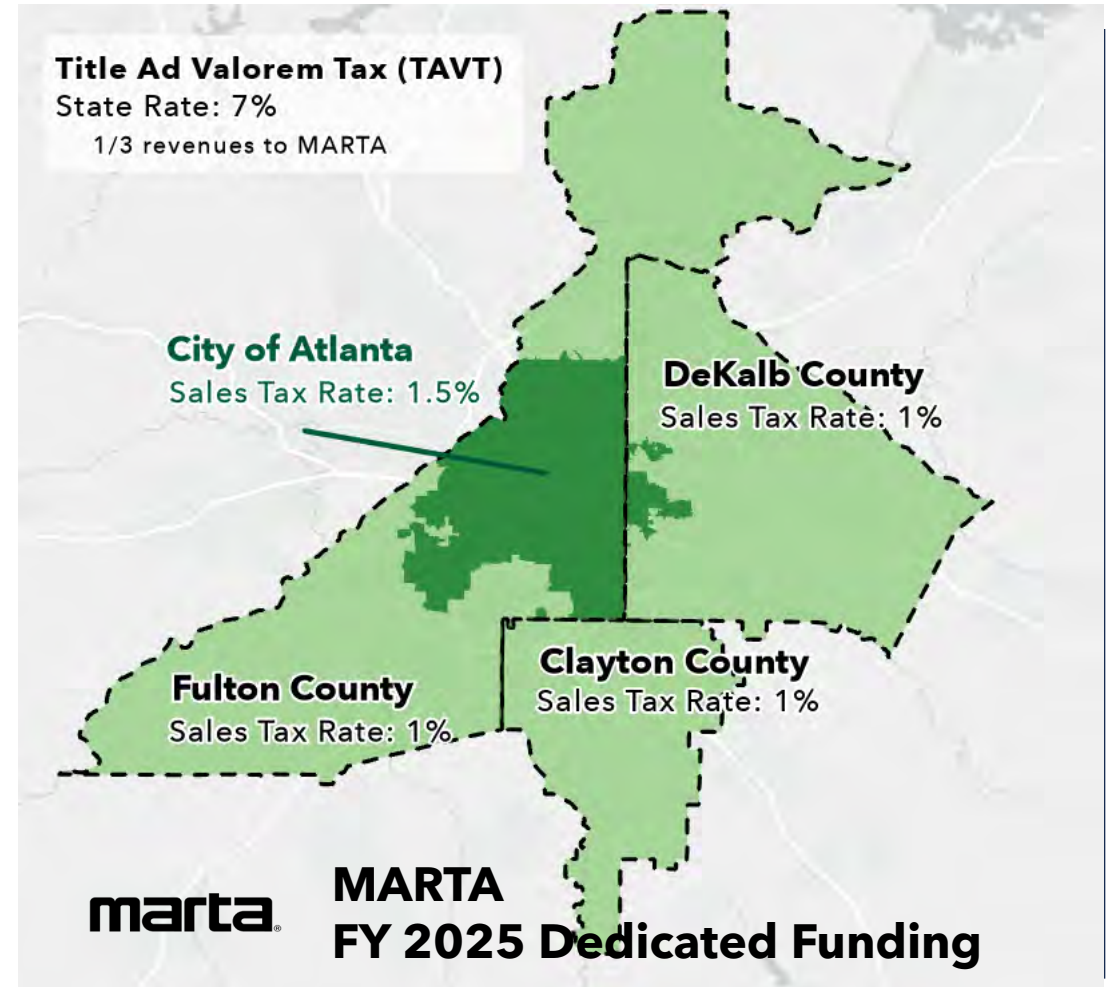


Note: BART is currently constructing an extension to the cities of San Jose and Santa Clara as part of the [BART Silicon Valley Phase II Project](#), partly funded by separate sales tax and other measures not shown on this map.

Source: [BART FY 2024-2025 Budget](#)

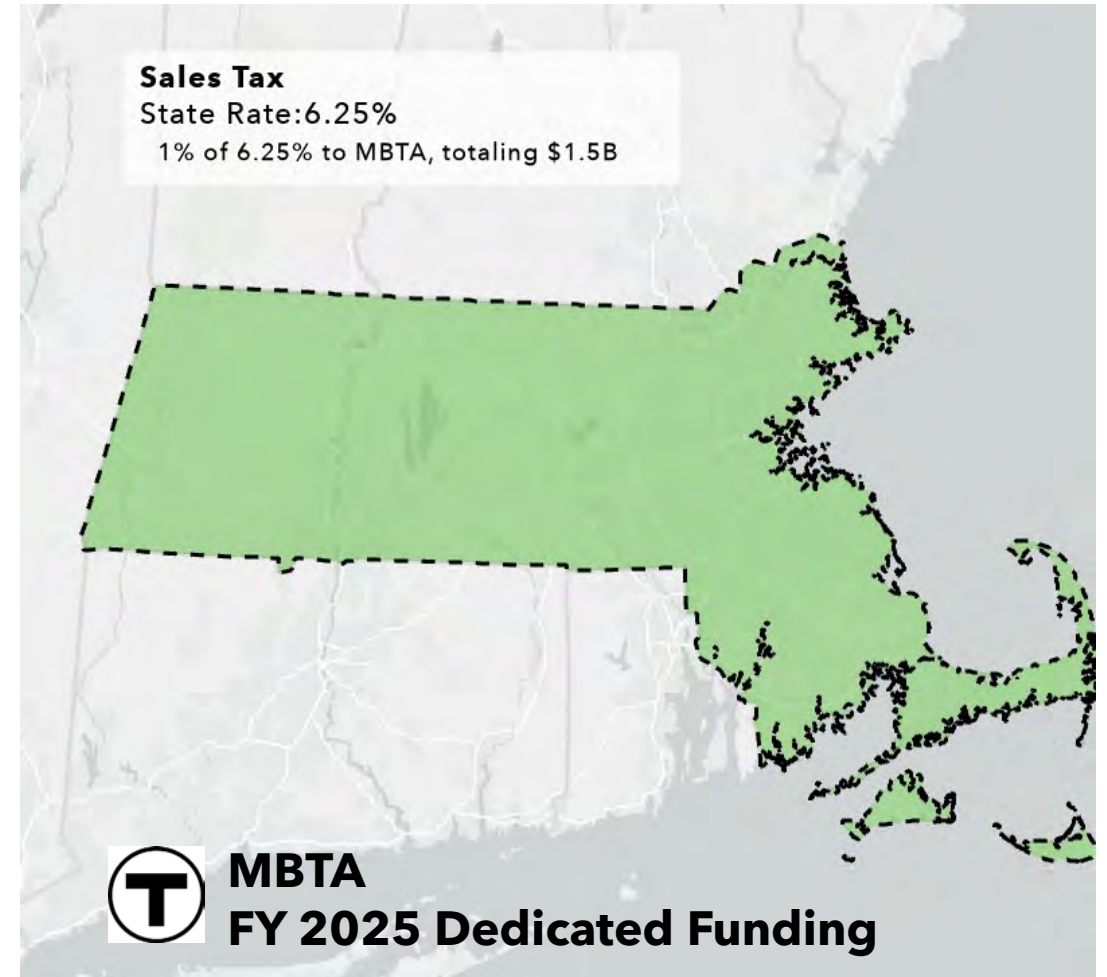
Agency Profile: MARTA (Atlanta)

- The MARTA service area has **different sales tax rates**: a 1% sales tax in Fulton, Clayton and DeKalb counties and 1.5% in the City of Atlanta, totaling \$386M and comprising 59% of total operating revenues in FY 2025.
- 1/3 of revenues from a title ad valorem tax (TAVT) collected in the three counties also support MARTA's operating budget, totaling \$33M in FY 2025.
 - The TAVT rate is 7% in Georgia.
- MARTA must meet its debt service obligations in order to receive its dedicated revenue sources.
- MARTA does not receive any state aid.



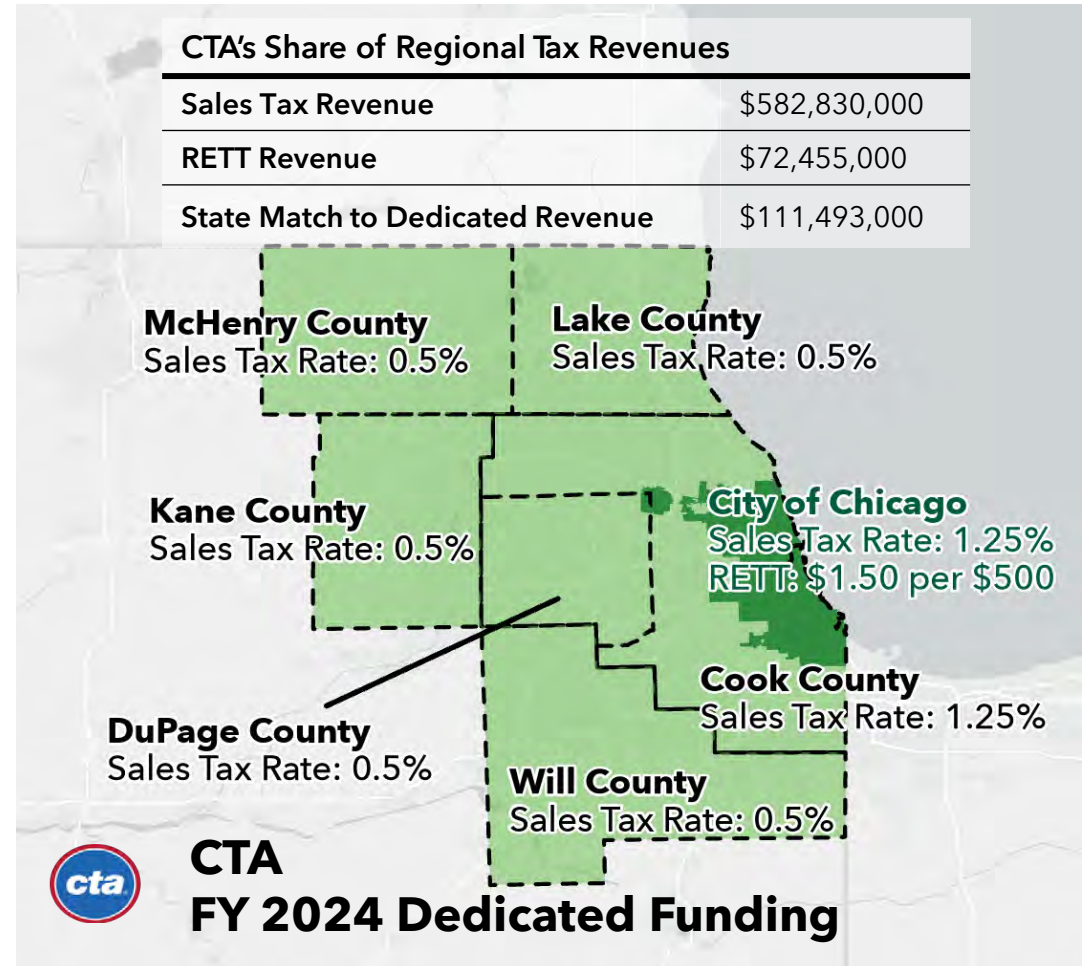
Agency Profile: MBTA (Boston)

- MBTA receives 1 cent of the **statewide sales tax** (6.25% total).
- FY 2025 sales tax revenue: \$1.5B
 - Sales tax revenue comprises 54% of total FY 2025 revenues.
 - Sales tax revenue annual increases cannot exceed the lesser of 3% or annual inflation nor be less than the prior year's allocation.
- To balance its FY 2025 budget, MBTA used \$307M from its deficiency fund
 - MBTA is projecting between \$696M and \$863M annual budget gaps beginning in FY 2026








Agency Profile: CTA (Chicago)

- The Chicago region has **different sales tax rates**. CTA receives dedicated funding from a portion of receipts on 1.25% sales tax in the City of Chicago and Cook County, and a 0.50% sales tax in surrounding counties.
 - Revenues are split between CTA, Metra and Pace depending on where the taxes were collected. CTA also receives revenues from a real estate transfer tax (RETT) of \$1.50 per \$500 from the City of Chicago.
- Other sources of dedicated funding support CTA's operating budget per 1983 and 2008 legislation; revenues support CTA and other Chicago area agencies by both predetermined formulas and Regional Transportation Authority discretion.
 - Some dedicated revenues in the region are matched with state funding.
- FY 2024 dedicated revenue totals approximately \$767M.



Sales Tax Rates and Intermediary Organizations in Other Regions

Agency	Sales Tax Rate in Region	Intermediary Organization
St. Louis Metro 	0.75% - 1%	Cities, counties or transit districts contract or allocate funding to Bi-State Development Agency for St. Louis Metro.
BART 	0.5%	Metropolitan Transportation Commission allocates a portion of the BART District sales tax to local transit providers in the transit district.
MARTA 	1.0 - 1.5%	Trustee (US Bank) who receives revenues from state and local jurisdictions, makes debt service payments and certifies that debt service requirements are met prior to transfer to MARTA.
MBTA 	1% statewide	N/A
CTA 	0.5 - 1.25%	RTA allocates dedicated revenues to CTA and other transit agencies in the region based on predetermined formulas and on a discretionary basis.

Findings

- No other transit agency has WMATA's unique governance and funding structure with three parties in an interstate compact and numerous local operators of different transit modes.
 - Dedicated revenue sources in other regions often support more than one transit operator.
- Each peer transit agency has dedicated revenues for transit operations which can comprise the majority of some operating budgets.
 - 'Dedicated' means different things in different places. The geography, number of jurisdictions, number of additional transit operators, broader funding structure, and governance of a transit agency result in different approaches for each agency.
- The most common form of dedicated operating revenue was a sales tax.
 - Rates and revenue flows often vary in different jurisdictions within a region that fund the system - there is no one-size-fits-all approach.
- Larger transit agencies tend to have more than one source of dedicated operating revenue.
- Despite existing dedicated revenue structures, each agency is facing their own operating budget fiscal cliff (\$696M for MBTA, \$730M for CTA in FY 2026; \$385M for BART in FY 2027).

Next Steps

- Work with staff to propose a definition of dedicated funding for transit agencies in Northern Virginia
 - Several definitions will be needed to address the diversity of operators, their needs and WMATA's unique governance and funding structure.
- Considerations
 - Predictability and reliability
 - Flow of funding and role of intermediary organizations
 - State and local appropriations
 - Bondability
 - Relationship to other funding partners

NVTC 2024 Annual Report on the Performance and Condition of WMATA

3C. NVTC 2024 Annual Report on the Performance and Condition of WMATA



Draft Recommendations for Committee

(Directed to; [status/advancement](#))

- 1. Continue to work with federal, state, regional and local funding partners to develop long-term, sustainable, dedicated funding to meet Metro’s capital and operating needs. (VA, MD, DC and NVTC; [SJ 28](#) and [DMVMoves](#))**
- 2. Preserve additional state aid (FY 2026) and operating cap re-baselining contained in the two-year state budget. (VA; [General Assembly](#))**
- 3. Establish a revised Virginia and Maryland legislative operating assistance growth cap. (VA, MD and WMATA Board; [SJ 28](#) and [Maryland discussions](#))**
4. Sustain rail and bus service levels to continue an ongoing ridership recovery (WMATA; [FY 2026 budget cycle](#))
5. Establish a reserve fund and associated fiscal management policies at Metro. (WMATA Board and funding jurisdictions; [discussions at WMATA Board](#))
6. 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; [USDOT/OMB Discussions](#))

3C. NVTC 2024 Annual Report on the Performance and Condition of WMATA



Draft Recommendations for Committee

(Directed to; [status/advancement](#))

7. Identify opportunities to leverage regional resources, technology and policies that benefit riders and find cost savings. (WMATA, VRE and transit agencies; [ongoing discussions at DMVMoves](#))
8. Formalize the functions and scope of a WMATA Board audit committee to enhance oversight via a coordinated jurisdictional audit. (VA, MD, DC and WMATA Board; [discussions at WMATA Board](#))
9. Manage labor cost escalation through reforms to pension and other post-employment benefits (OPEB). (WMATA and labor unions; [CBA discussions](#))
 - Increase worker contributions to pensions and OPEB.
 - Limit or prohibit overtime earnings towards retirement pay.
 - Implement Metro's OIG OPEB findings.
10. Require consideration of Metro's fiscal condition in binding arbitration. (Congress; [Federal action required](#))

Next steps: Commission briefing in November and report approval in December

Agenda Item #4: NVTC Regional Fare Policy and Technology Update

A. Background

- i. Current Fare Policies*
- ii. Fare Technologies and Collection*

B. Case Studies

C. Opportunities for Our Region

Why Discuss Regional Fare Policies?

- Fare policy and collection has been discussed as it relates to creating a seamless user experience during DMV Moves and SJ 28 conversations
- It's important to understand the current state - including both strengths and weakness - of our existing system



A Tale of Transit Fare Policies: Northern Virginia's Seven Bus Providers

Loudoun County Transit

- Employer Transit Benefits
- Local Routes

Fairfax CUE

- All Routes**

Fairfax Connector

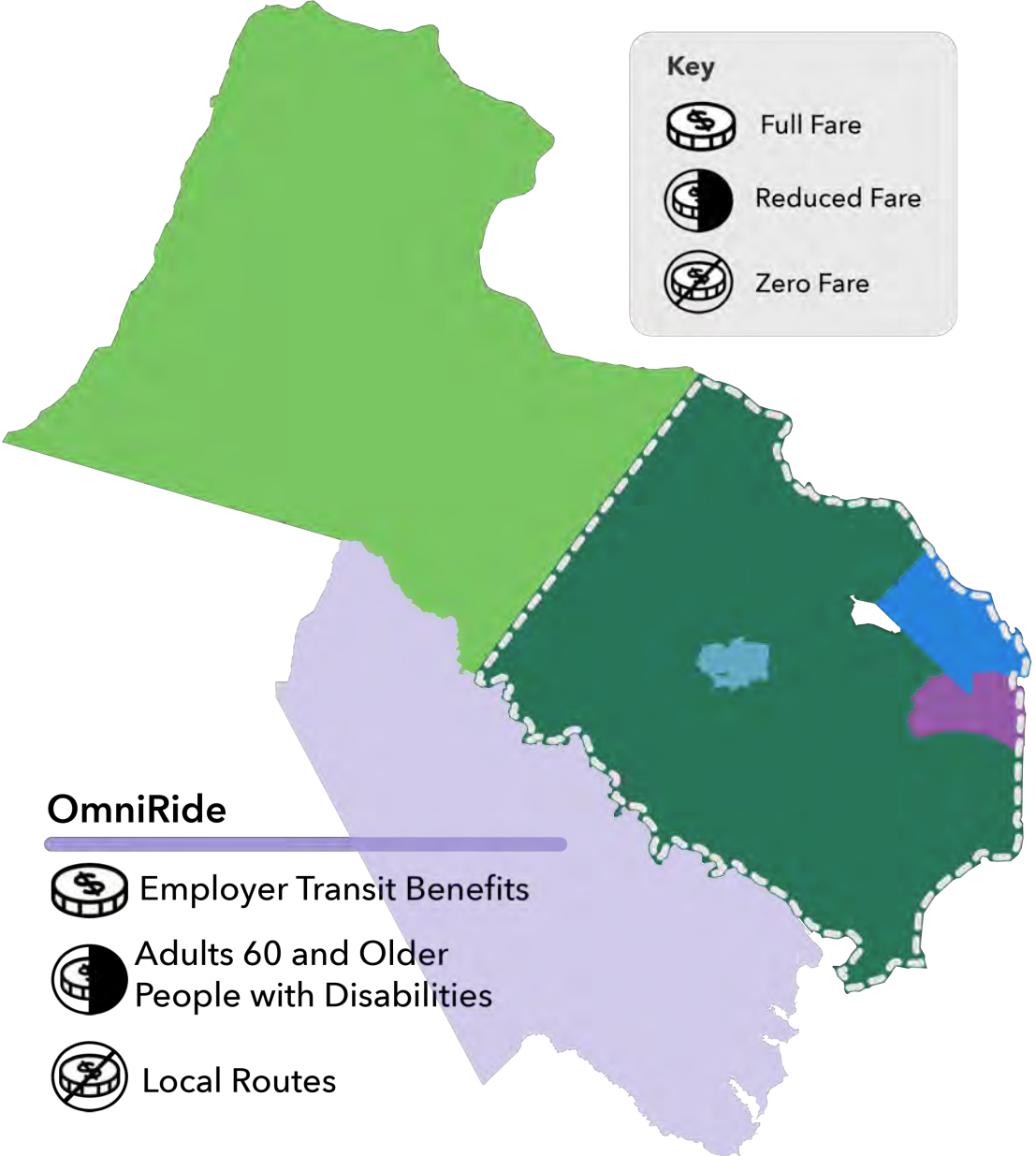
- Employer Transit Benefits
- Adults 65 and Older
- Low-Income Households**
- People with Disabilities
- Fairfax Grade 7-12 Students
- Kids 12 and Under*

OmniRide

- Employer Transit Benefits
- Adults 60 and Older
- People with Disabilities
- Local Routes

Key

- Full Fare
- Reduced Fare
- Zero Fare



Arlington Transit (ART)

- Employer Transit Benefits
- Adults 65 and Older
- People with Disabilities
- Arlington K-12 Students

DASH

- All Routes**

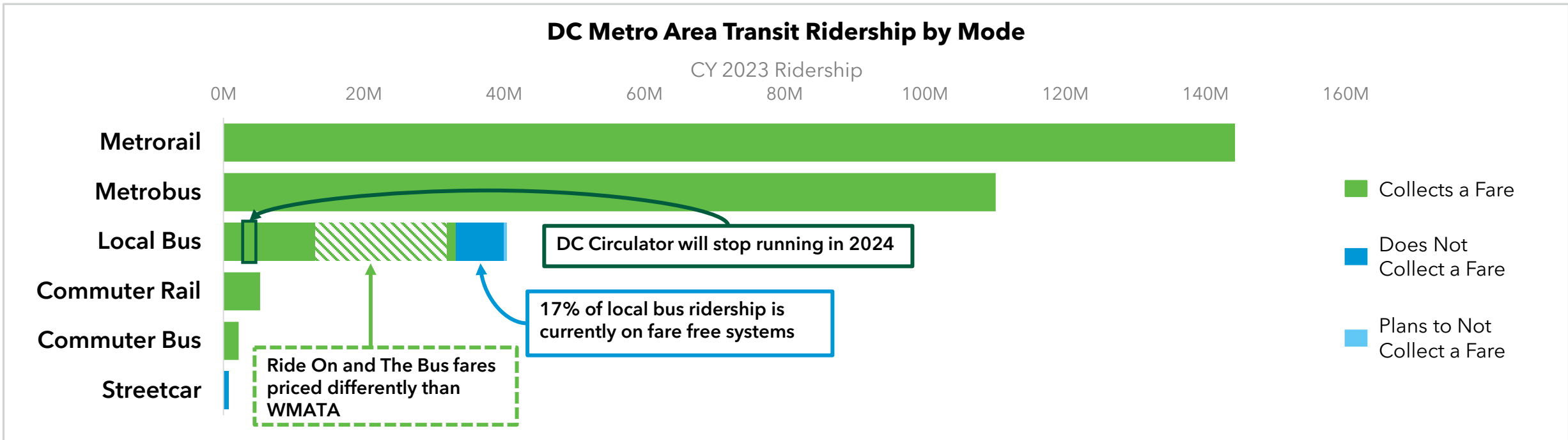
Metrobus

- Employer Transit Benefits
- Adults 65 and Older
- Low-Income Households
- People with Disabilities
- DC K-12 Students
- Funded by DC

Services with Fare Collection



- Within Virginia, local bus and Metrobus fares are aligned for those that collect fares. Maryland local systems charge \$1.
- ART and Fairfax Connector have raised their fares in line with the Metro fare increase.
- The systems maintain free transfers between local buses and Metrobus and a \$2.25 transfer discount from local Virginia bus to rail.



Source: National Transit Database

Note: Local Bus fares priced to match WMATA unless otherwise noted. Commuter Bus and Commuter Rail priced differently than Local Bus. Fairfax City CUE, Alexandria DASH, and OmniRide local services are fare free. Local Loudoun County Transit routes will be fare free in January 2025

Example Trips - ART to Metrobus

← from Bonchon Arlington, 2201 N Pershing Dr Suite...
to Abercrombie & Fitch, 1208 Wisconsin Ave NW ...

2:40 PM - 3:07 PM
(27 min)

45 / 48 > 38B

2:43 PM from N Barton St & Pershing Dr
5 min every 15 min

2:40 PM ○ Bonchon Arlington
2201 N Pershing Dr Suite E, Arlington, VA 22201

Walk
About 3 min, 0.1 mi

2:43 PM ○ N Barton St & Pershing Dr

45 Rosslyn
4 min (4 stops) · Stop ID: 6000518

2:47 PM ○ Clarendon Bl & N Wayne St
2:57 PM

38B Farragut Square
8 min (10 stops) · Stop ID: 6000651

3:05 PM ○ M St NW & Wisconsin Av NW

Walk
About 2 min, 315 ft

3:07 PM ○ Abercrombie & Fitch
1208 Wisconsin Ave NW Lowr, Washington, DC 20007



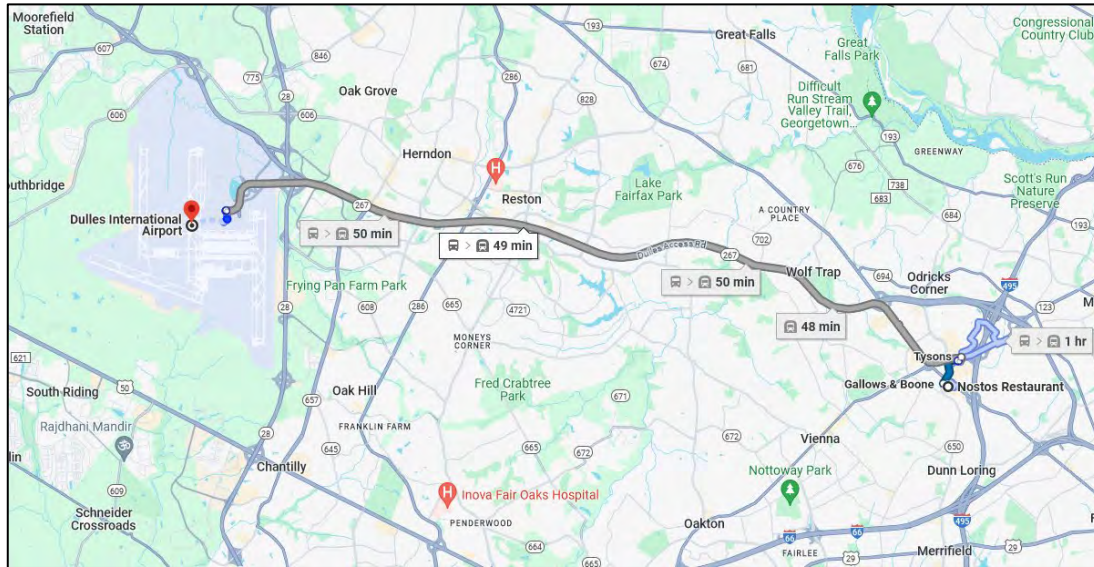
Source: www.google.com/maps and www.arlingtontransit.com/fares

Transfers · Transbordos <small>SmarTrip® Card Required · Requiere tarjeta SmarTrip®</small>			
<small>Bus to Bus - Free within 2 hours from first trip · De autobús a autobús - gratis dentro de las 2 horas desde el primer viaje</small>			
Transfer Type Tipos de Transbordo	Regular Fare Tarifa Regular	Senior/Disabled Personas mayores/ discapacitadas	K-12 Students Estudiantes K-12
ART to ART De ART a ART	Free * Gratis	Free * Gratis	Free * Gratis
ART to/from Metrobus De ART a/desde Metrobus	Free * Gratis	Free * Gratis	Free * Gratis
Metro rail to ART De Metro rail a ART	Free * Gratis	Free * Gratis	Free * Gratis
ART to Metro rail De ART a Metro rail	\$2.25 discount con descuento	\$1.10 discount con descuento	\$1.10 discount con descuento

Transfers to Fairfax County, Loudon County, DASH, and PRTC buses may require an additional fare. · Los transbordos a los autobuses de los condados de Fairfax y Loudoun, DASH, y PRTC pueden requerir una tarifa adicional.

ART 45 to Metrobus 38B
Fare: \$2.25 (\$2.25 bus fare with free transfer to Metrobus)

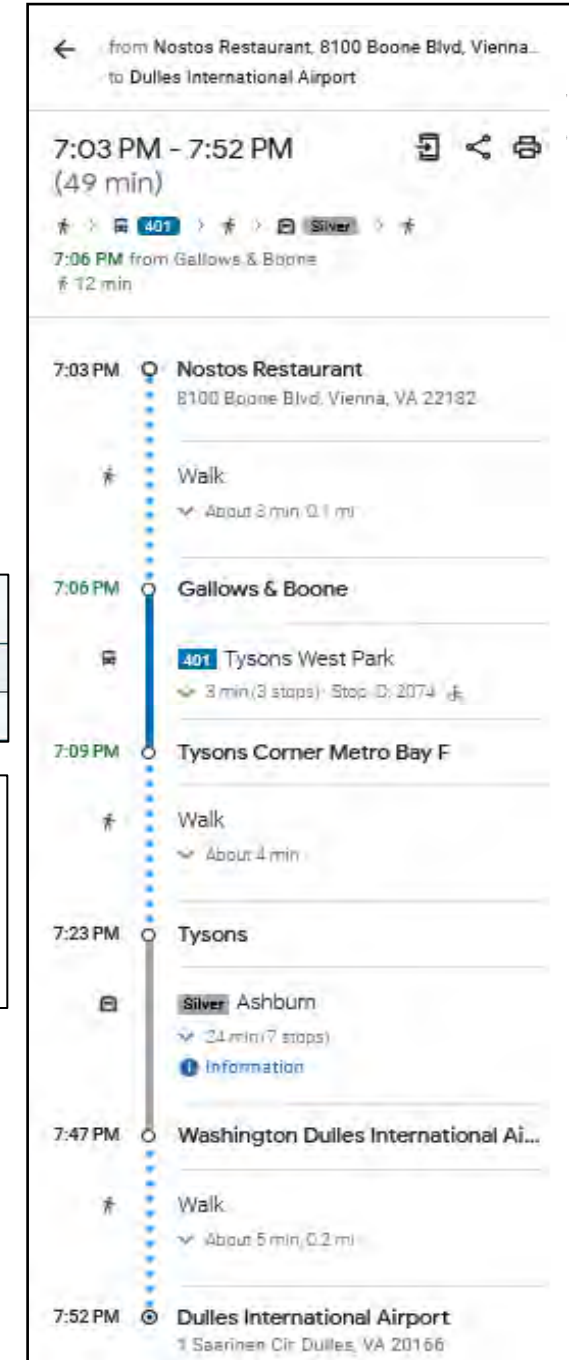
Example Trips - Fairfax Connector to Metrorail



Metrorail-to-Bus Transfer					
Regular Routes	<table border="1"> <tr> <td>SmarTrip</td> <td>FREE</td> </tr> <tr> <td>Cash</td> <td>\$2.25</td> </tr> </table>	SmarTrip	FREE	Cash	\$2.25
SmarTrip	FREE				
Cash	\$2.25				

**Fairfax Connector 401 to
Metrorail Silver Line
Fare: \$6.75**
\$2.25 bus fare + (\$6.75 rail fare - \$2.25 credit)

Source: www.google.com/maps and <https://www.fairfaxcounty.gov/connector/fares-and-policies>

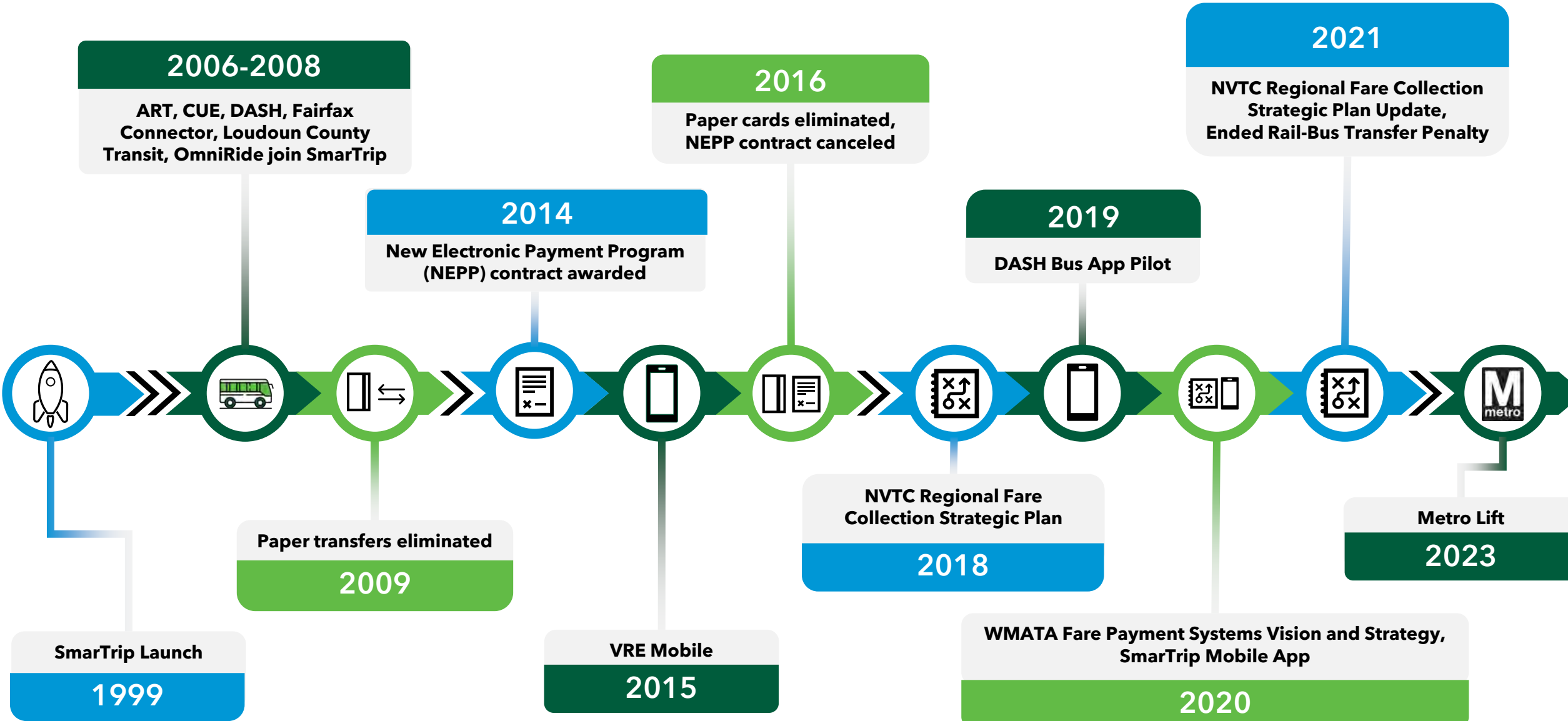


SmarTrip

- SmarTrip is the basis of the current fare collection system. **All bus systems accepting fares in our region use SmarTrip**
- SmarTrip was the first smart card-based fare system in the US when it was introduced in 1999
- The SmarTrip system is a card-based, closed system
 - All fare information is held on the card, and computation is done between the card and reader
 - It is closed because it is a form of electronic payment that can be used only to pay a fare within the SmarTrip system
- How the agencies coordinate on and pay for the system costs, as well as share revenues from pass products across providers, is managed through the SmarTrip Operating Funding Agreement (OFA)



Timeline of Fare Technology



What Are Issues With Fare Collection?



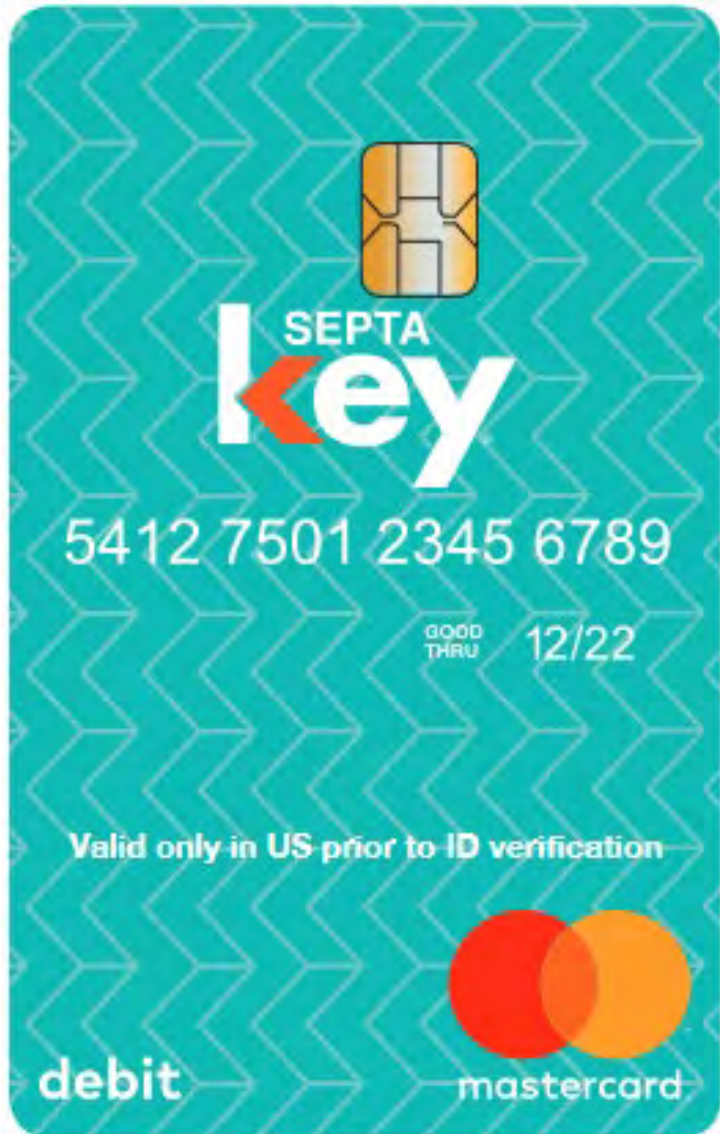
- Fareboxes are expensive, especially for smaller agencies
- Given the size and complexity of the regional system, implementing new technologies takes a long time. This also means some technology is used past its useful life
- It's currently difficult to implement specialty passes or other short-term products, especially for regional partners
- Fare capping isn't possible with the existing system

What's Next for Fare Collection?

- **Real-time communications:** no lag between fare card and back office; funds immediately available
- **Account-based systems:** value or pass is stored on the back end (with the account) rather than on the card; this requires network connectivity
- **Open payments:** credit or debit cards can be used for payment; no need for a proprietary transit card
- **Fare capping:** allows riders to pay as they go, but the amount is capped at a certain value, such as a weekly or monthly pass amount



Source: NY MTA

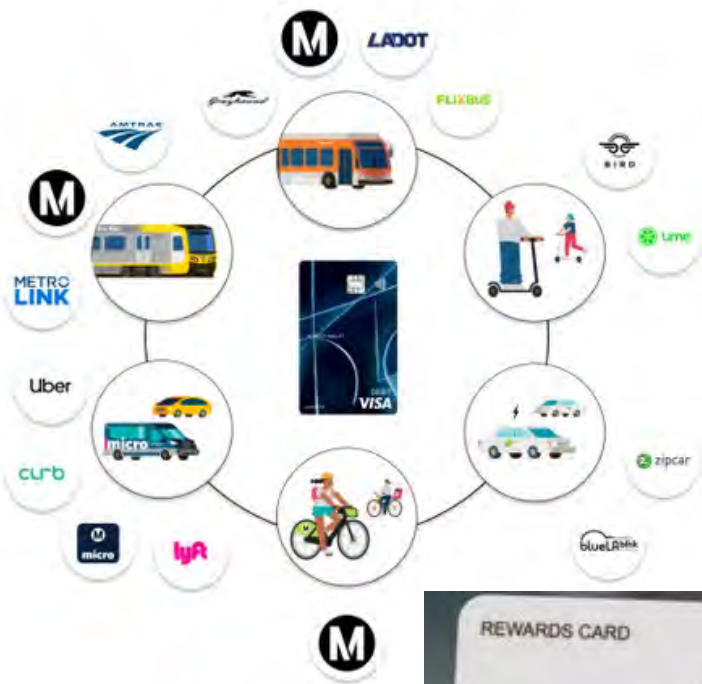


Case Study: SEPTA's Key Advantage Program

SEPTA's Key Advantage is a universal benefits program in which employers provide an "all-access" monthly pass to all employees.

- SEPTA sells the pass at a significant discount to employers because the cost is spread out across the organization (i.e., some employees use it a lot, others not at all)
- It is intended to be revenue neutral for SEPTA and participating institutions, so price adjusts at 6-month increments depending on usage among employees
- A monthly pass usually costs between \$75 and \$200 dollars. In the Key Advantage program, employers purchase it for as low as \$26.67 for large institutions

https://www.septakey.org/wcm/images/septa/pdf/SEPTAKeyAdvantage_ProgramEnrollmentDetails_Employees.pdf



Case Study: Mobility Wallet Pilot Program

Monthly subsidies to low-income Angelenos

- The Mobility Wallet is a prepaid debit card that recipients can use to pay for transit, taxis, rideshare, intercity bus/rail, shared scooters and bikes
- Recipients receive \$150 each month
- Recipients must have an annual household income that meets the Low Income Fare is Easy (LIFE) program
 - Relatedly, the LIFE program provides 20 free rides every month on LA Metro



<https://thesource.metro.net/2024/07/03/our-mobility-wallet-pilot-is-expanding-countywide-and-applications-are-now-open/>

Opportunities for the Region

- Align fare policies for low-income riders (Metro Lift) and children
- Integrate local and regional transit providers into WMATA's fare structure and passes
- Expand employer subsidies for transit, either through education and marketing or new employer programs
- Coalesce around a single mobile app for ticketing and trip planning



**Agenda Item #5:
Overview and Timeline
for NVTC's 2025
Legislative Agenda**

DRAFT 2025 State Legislative Priorities

- **Continue to** 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.
- **Preserve additional state aid (FY 2026) for WMATA and operating cap re-baselining contained in the two-year state budget.**
- **Preserve existing state, regional and local funding for transit and transportation.**
- Protect existing NVTC autonomy, programs and funding sources.
- Continue support for state investment in Transforming Rail in Virginia and other passenger rail initiatives.

DRAFT 2025 State Legislative Priorities (continued)

- Preserve transit's ability to effectively compete within the SMART SCALE program.
- Support funding for development and implementation of transit innovations, including transit signal priority, zero and low-emission public transit, and fare payment technologies.
- Support ongoing efforts to streamline the permitting process for bus stop improvement projects.

DRAFT 2025 Federal Legislative Priorities

- Ensure transit systems in Northern Virginia have the maximum access to federal formula funding and state of good repair funding, matching or exceeding the funding levels authorized in the Infrastructure and Investment Jobs Act.
- Maximize the region's access to federal transportation funding programs and competitive grant opportunities.
- Recognize the importance of public transit in accessing federal agencies and facilities, identify and secure federal long-term capital and operating funding opportunities that benefit local transit systems, including WMATA and VRE.
- 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.
- **Work with federal, state and local partners to address long-term challenges to domestic bus manufacturing highlighted by APTA's bus manufacturing task force.**

Timeline and Next Steps

- **October 17th Committee Meeting:** Committee review and endorsement of 2025 Federal and State Legislative Priorities
- **November 7th Commission Meeting:** Commission review of 2025 Federal and State Legislative Priorities
- **December 5th Commission Meeting:** Commission adoption of 2025 Federal and State Legislative Priorities

Other Activities

December 13th: Joint NVTC/PRTC/VRE Legislative Forum

January 27th: VTA Transit Advocacy Day in Richmond

February 6th: NVTC Meeting and Reception in Richmond

Thank You

The next NVTC Joint WMATA and Legislative & Policy Committee meeting is scheduled for Thursday, October 17 at 5:30 p.m.

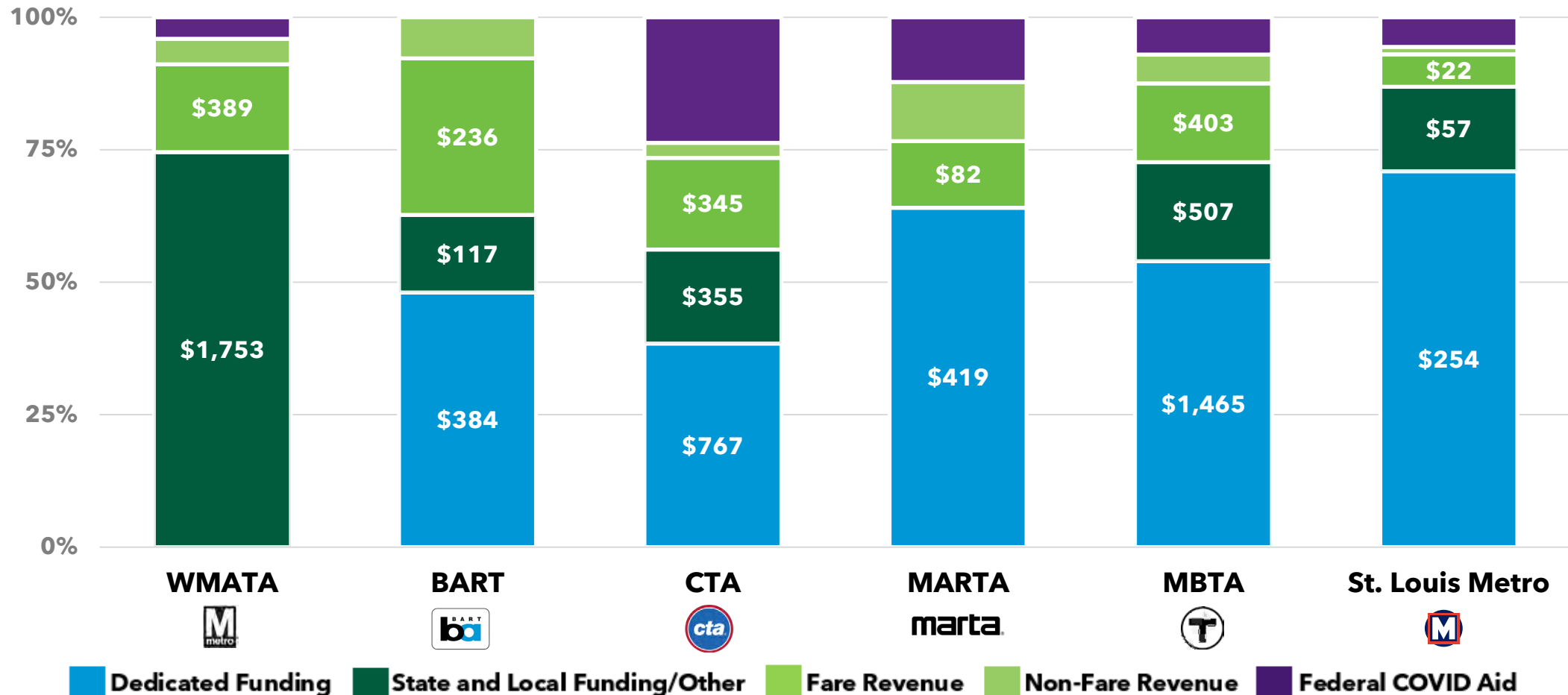


2300 Wilson Boulevard, Suite 230, Arlington, Virginia
www.novatransit.org | [@novatransit](https://twitter.com/novatransit)

Appendix

Operating Funding Comparison

Total FY 2025* Operating Budget (millions)



Note: Figures are rounded, derived from each agency's approved FY 2025 operating budget and consolidated into like categories for comparison.

* CTA's budget is calendar year 2024.

How WMATA's Operating Budget is Currently Funded



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

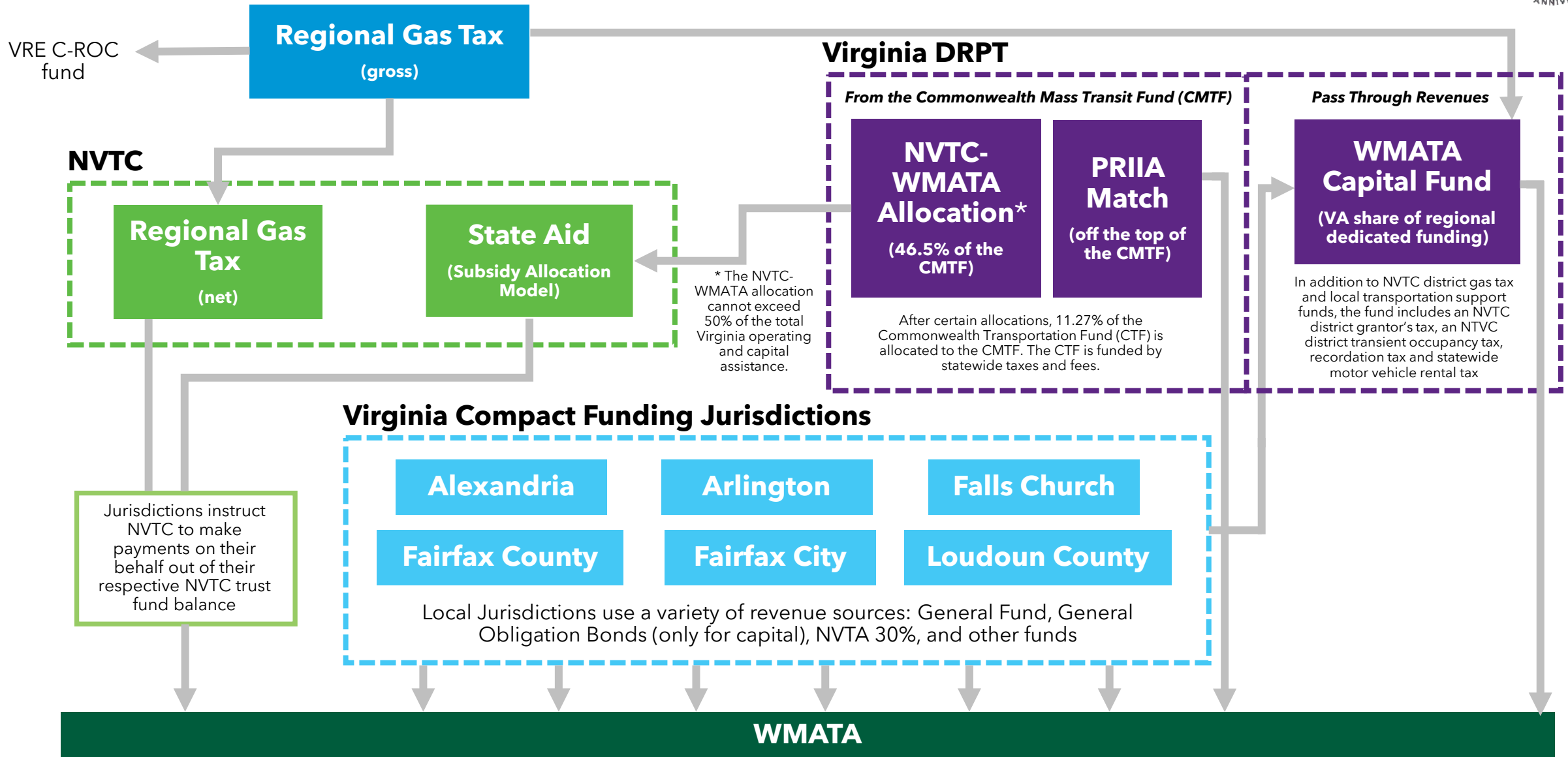
- The State of Maryland meets the majority of its obligation from the **state-wide transportation trust fund**, which is supported by a variety of transportation taxes and fees.

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.

* Since FY 2020, the Maryland's general fund has also helped fund the dedicated capital portion of the WMATA subsidy.

How WMATA is Funded in Virginia



What Are Employer Transit Benefits?

IRS Commuter Benefits

- In 2024, the IRS permits employees to have up to \$315 set aside pre-tax for transit benefits
- In the DC metro area, many employers will subsidize the cost of a transit pass up to the IRS limit
 - *An Executive Order in 2000 mandated all Federal agencies in the National Capital Region to implement a subsidy program of this type to encourage the use of transit*

SmartBenefits

- SmartBenefits is the WMATA-managed transit benefits program that works with riders' SmarTrip accounts
- Unlike in other metro regions, this transit benefit program is fee-free
- SmartBenefits can be a direct employee benefit or a pre-tax deduction. Either way, employees save money on transit and employers can benefit from payroll tax savings and/or comply with the DC commuter benefits law