



## RESOLUTION #2552

**SUBJECT:** NVTC's Guiding Principles for Future Transit Funding

**WHEREAS:** Northern Virginia is served by a network of public transit providers, including Arlington Transit, DASH in the City of Alexandria, CUE in the City of Fairfax, Fairfax Connector, Loudoun County Transit, the Washington Metropolitan Area Transit Authority (WMATA), and the Virginia Railway Express (VRE), that provide an integrated network of local, regional and commuter services, leveraging shared facilities, integrated schedules, fare payment technologies and joint procurement efforts that move more than two million people each week and annually generate at least \$1.5 billion in income and sales tax provided to the Commonwealth of Virginia's general fund;

**WHEREAS:** NVTC was founded in 1964 in part to represent the interests of the Commonwealth of Virginia during the establishment of WMATA and is now charged with the funding and stewardship of WMATA, co-owns the VRE commuter rail system with the Potomac and Rappahannock Transit Commission (PRTC), and serves as the official financial manager for state and regional funding to support NVTC jurisdictional payments to WMATA, state and regional funding for VRE, and state capital and operating funding to local public transit systems in the Northern Virginia Transportation District (NVTC District);

**WHEREAS:** NVTC is the governing body of the NVTC District comprised of the cities of Alexandria, Falls Church and Fairfax, and the counties of Arlington, Fairfax and Loudoun, where several regional revenues are raised in a uniform manner to benefit regional transit operators, including WMATA and VRE;

**WHEREAS:** Through NVTC Resolutions #2339 and #2342, NVTC previously stated its governance, funding and reform principles and priorities regarding WMATA and as part of the dedicated WMATA capital funding legislation in 2018, codified in 33.2 Chapter 34 of the Virginia Code, the Virginia General Assembly established funding withholding provisions that required several governance, accountability and operating subsidy growth reforms at WMATA;

**WHEREAS:** WMATA is unique among transit agencies in the United States in that it is established by an interstate compact with three signatories, the Commonwealth of Virginia, the District of Columbia, and the State of Maryland, who have different funding approaches and governance structures;

**WHEREAS:** The U.S. Congress has recognized the significant role WMATA has in moving the federal workforce and providing transportation to visitors to the nation's capital so that, in addition to federal capital formula funding, it provides WMATA with \$150 million per year in federal dedicated capital funding for WMATA's state of good repair efforts, a level of funding that has not increased since 2009, and requires by code that all federal agencies in the Greater Washington area convey operating funding by budgeting and providing transit benefits to their employees who take transit, which totaled over \$100 million in fare revenue from federal employees in FY 2019;

**WHEREAS:** The Commonwealth of Virginia provides funding from the Commonwealth Mass Transit Fund to support a portion of the capital and operating costs of all public transit systems in the Commonwealth, including ART, CUE, DASH, Fairfax Connector, Loudoun County Transit, WMATA and Virginia Railway Express where the remaining funds are provided by locally- and regionally-generated revenues;

**WHEREAS:** In Virginia, NVTC jurisdictions are the compact funding partners to WMATA and are ultimately responsible for meeting WMATA's capital and operating obligations and historically, Virginia's financial support to WMATA is equally shared between NVTC jurisdictions and the Commonwealth of Virginia, reflecting the use of the WMATA network by those who live outside of the NVTC transit district and the economic value of the WMATA network to the entire Commonwealth of Virginia;

**WHEREAS:** Since 2018, the Commonwealth of Virginia has allocated a fixed amount of \$154.5 million annually in dedicated capital funding to WMATA and \$15 million annually to VRE for the Commuter Rail Operating and Capital Fund (CROC), generated primarily from regional and local revenues collected in the NVTC District (and PRTC District for CROC) and not indexed for inflation;

**WHEREAS:** The COVID-19 pandemic upended the financial operating model of all transit agencies across the United States through the inflation of operating and capital costs and the reduction in revenues from ridership whereby WMATA faces an operating fiscal cliff in FY 2027 and a capital fiscal cliff starting as early as FY 2028; VRE faces operating budget shortfalls starting in FY 2028; PRTC OmniRide faced a fiscal cliff in FY 2025 which will recur until resolved; and local transit agencies in Northern Virginia and across the Commonwealth face fiscal challenges as state aid funding levels decline starting in FY 2026;

**WHEREAS:** In the summer of 2023, WMATA faced a projected \$750 million FY 2025 operating gap, which was temporarily resolved with aggressive cost savings, fare increases, targeted service adjustments, and additional operating subsidies from the District of Columbia, Maryland and Virginia, and between FY 2023 and FY 2025, WMATA found \$532 million in operating and capital cost savings by eliminating salary and wage increases for Local 689 and non-represented employees, developing a zero growth budget, and implementing changes to maximize rail and bus service efficiencies;

- WHEREAS:** In 2021, the WMATA Board adopted fare policy principles that maximize ridership while ensuring adequate revenue and cost efficiency to sustain service, and between 2023 and 2024, WMATA increased passenger revenues from a 21% growth in ridership, reduced Metrorail fare evasion by 82%, and implemented an average 12.5% increase in fares for FY 2025;
- WHEREAS:** Unlike its peer transit agencies and state and local funders, WMATA has no operating contingency reserve fund which, if established, could help earn WMATA a better bond rating as it demonstrates sound financial management;
- WHEREAS:** Through its two-year budget, the Commonwealth provided additional non-recurring state aid to match additional local funding to allow Virginia to close its portion of WMATA's FY 2025 and FY 2026 operating funding gap, deferring WMATA's operating fiscal cliff in Virginia to FY 2027;
- WHEREAS:** WMATA, in partnership with the Metropolitan Washington Council of Governments (MWCOG), launched *DMVMoves*, an initiative that seeks to develop a long-term vision for world-class transit in the Greater Washington region, identify the scale of the financial need for WMATA and other transit agencies, and offer sustainable funding concepts for the region;
- WHEREAS:** Concurrently, the Virginia General Assembly established a Joint Subcommittee (through Senate Joint Resolution 28) to study long-term, sustainable, dedicated operating and capital funding as well as cost-containment controls and strategies to meet the growing needs of public transit agencies in Northern Virginia including WMATA, VRE, and local, regional and commuter bus operators serving the region;
- WHEREAS:** *DMVMoves*, in coordination with all transit systems that serve the Greater Washington region, has identified a minimum \$645 million/year gap in FY 2028 between available revenues and the need to maintain existing service and necessary state of good repair for all of the transit systems serving the Greater Washington region, and has identified larger funding gaps for scenarios that fund all state of good repair needs and/or offer increased service and capital expansion;
- WHEREAS:** The SJ 28 Joint Subcommittee directed its Technical Working Group to examine 15 potential revenues for consideration to address the funding gaps for Northern Virginia transit systems including providing revenue estimates of those generated within the NVTC District, the PRTC District and statewide;
- WHEREAS:** NVTC jurisdictions seek fiscal tools beyond increases to property taxes to address the growing needs of public transit, as that limited focus on revenues will create disproportionate impacts on Northern Virginia property owners and could lead to double-digit increase in property tax rates across NVTC jurisdictions;

**WHEREAS:** NVTC research benchmarking the funding of major public transit agencies with WMATA found that those agencies that rely on only one source of dedicated funding are susceptible to budget shortfalls during an economic recession;

**WHEREAS:** WMATA has indicated that future revenues for capital funding must legally be able to be used for the payment of or security for debt service on bonds or other indebtedness of WMATA; and

**WHEREAS:** As the region and the Commonwealth explore options for long-term, sustainable, dedicated funding solutions and associated revenue structure framework, NVTC supports a series of guiding funding principles.

**NOW, THEREFORE, BE IT RESOLVED** that the Northern Virginia Transportation Commission hereby seeks continued efforts by WMATA, VRE and all local public transit systems in Northern Virginia to implement cost containment strategies, generate operational efficiencies, and measure progress to ensure an efficient use of taxpayer resources.

**BE IT FURTHER RESOLVED** that the Northern Virginia Transportation Commission hereby seeks a long-term, sustainable, dedicated funding solution for all public transit agencies in Northern Virginia that:

1. Provides adequate growth in revenues to meet current and future operating and capital needs for WMATA, VRE and local transit operators in Northern Virginia;
2. Preserves existing local, regional and statewide revenue sources that support public transit operating and capital expenses;
3. Aims to reduce pressure on property taxes as a funding source for transit;
4. Continues to reflect a diverse range of revenue sources to reduce the economic risk associated with overreliance on a single revenue source; and
5. Directly distributes revenues to NVTC for allocation to local bus systems, VRE, and to those jurisdictions funding WMATA, matching or similar to NVTC's financial management model.


**BE IT FURTHER RESOLVED** that as co-owners of VRE, NVTC supports a long-term funding approach for VRE that continues to allocate funds generated from the NVTC and PRTC districts based upon a mutual agreement, and, if used for capital funding, enables their use by VRE for bond debt service;

**BE IT FURTHER RESOLVED** that as the representatives of the Virginia signatories of the WMATA Compact, NVTC supports a long-term funding approach for WMATA that:


1. Continues the strong federal commitment to WMATA formula funding as well as the federal dedicated state of good repair funding (PRIIA), ensures those are adjusted for inflation, and explores opportunities for federal operating assistance;
2. For non-federal funding, reflects an agreement or framework between Virginia, Maryland and the District of Columbia whereby each identify the revenue solutions that best meet the unique economic and political characteristics of each state level jurisdiction;
3. Limits revenues generated in Virginia for WMATA funding purposes to no more than Virginia's appropriate share of the WMATA budget;
4. Continues to demonstrate the shared benefit and shared responsibility of funding WMATA between the NVTC district localities and the Commonwealth, whereby at least 50% of Virginia's funding for WMATA operations and capital is provided by statewide revenue sources;
5. Ensures any regionally-generated revenue sources are raised in a consistent manner across the NVTC District;
6. Allows for the establishment by the WMATA Board of an operating contingency reserve fund that reflects sound financial management and provides greater predictability for WMATA and its funding partners;
7. Allocates revenue sources for WMATA capital purposes in a way that enables their use by WMATA for bond debt service;
8. Ensures that those that use the system help pay for the system by leveraging policies that support farebox recovery and increase paid ridership; and
9. Encourages policies that promote ridership.

**BE IT FURTHER RESOLVED** that NVTC hereby affirms its commitment to continue working with regional partners and the Commonwealth in developing transit funding solutions in preparation for the 2026 Virginia General Assembly Session and for implementation in WMATA's FY 2027 budget.

Approved this 16<sup>th</sup> day of January 2025.



David F. Snyder  
Chair



Matthew F. Letourneau  
Secretary-Treasurer