

WMATA Update

Virginia Commonwealth Transportation Board

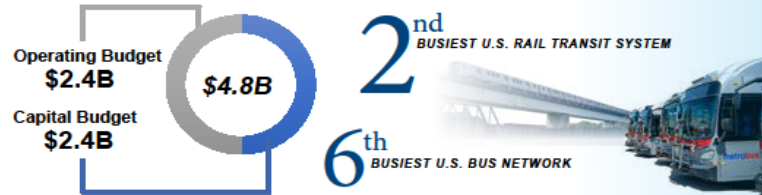
Paul Smedberg, Matt Letourneau, Randy Clarke

October 17, 2023



Metro at a Glance

METRO | AT A GLANCE



METROBUS METRORAIL METROACCESS



1,556 ACTIVE FLEET
38.5M SCHEDULED REVENUE MILES



1,278 ACTIVE FLEET
132.3M SCHEDULED REVENUE MILES



754 ACTIVE FLEET
28.5M SCHEDULED REVENUE MILES

128 MILES OF RAIL

98 RAIL STATIONS



Rail stations and miles of rail includes Potomac Yard station, which opened in May 2023. Throughout this book, chart and table totals may not sum due to independent rounding.



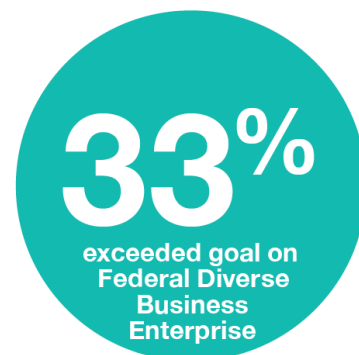
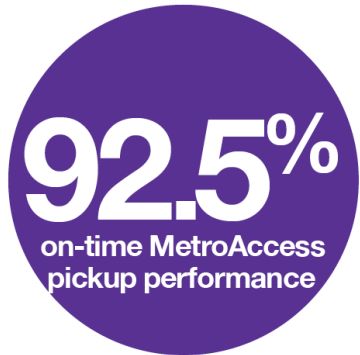
**Silver Line Extension Opening Day
November 15, 2022**



**Potomac Yard Station Opening Day
May 19, 2023**



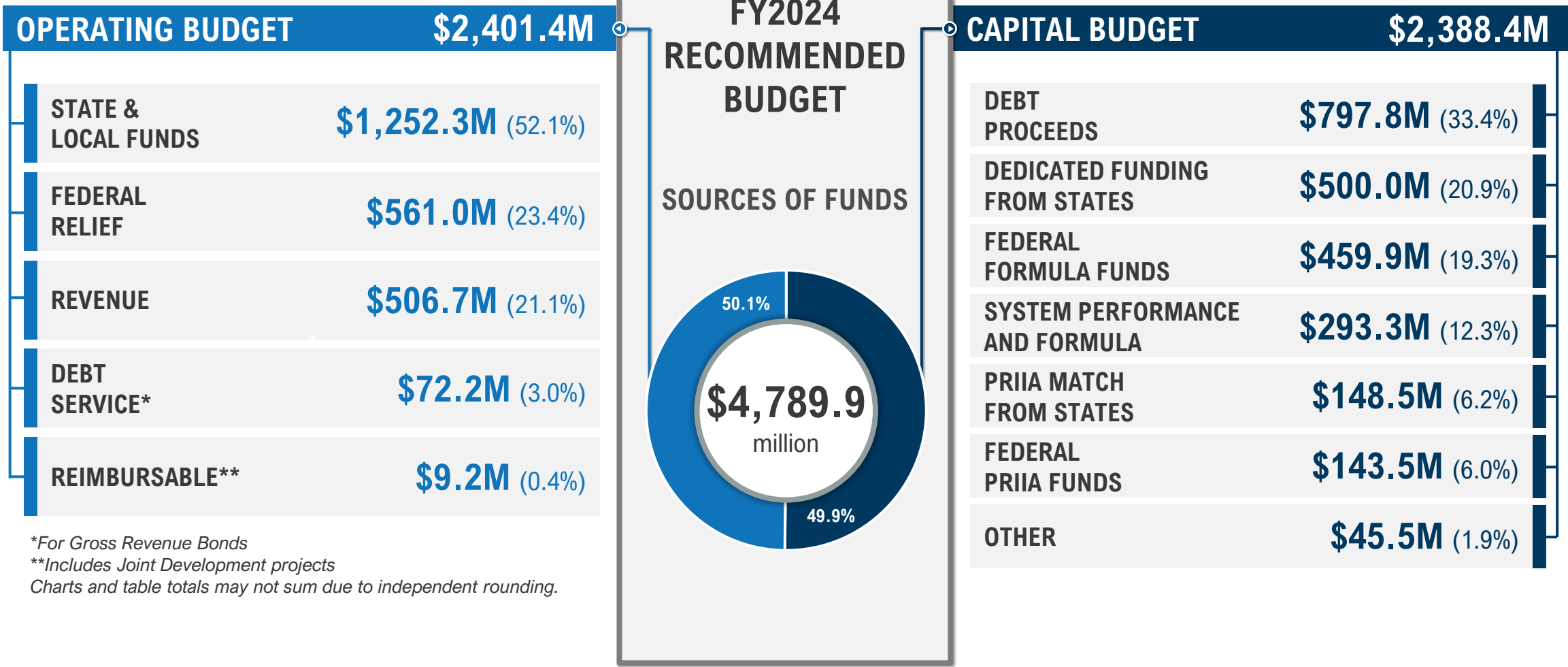
FY23: A BUSY YEAR FOR METRO



12,000 employees. Countless achievements.

ONE Metro.

FY2024 Budget – Sources of Funds



*For Gross Revenue Bonds
 **Includes Joint Development projects
 Charts and table totals may not sum due to independent rounding.



Metro and the Region are Growing Together



Within ½ mile of Metrorail stations and bus stops in the Compact area:

- 60% of population • 2.8M people
- 70% of jobs • 1.7M jobs
- 50% of employers • 134,400 businesses

The ½ mile around Metrorail stations is just 3% of the region's land but contains:

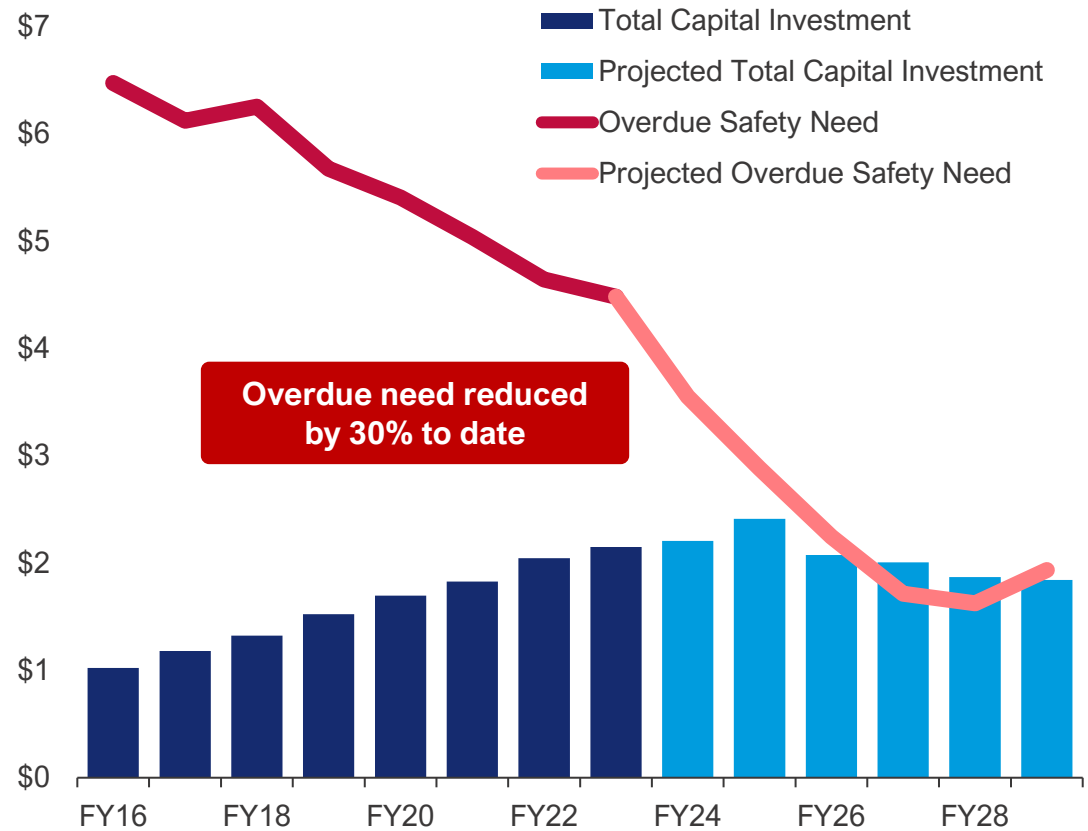
- 30% of property value • \$328B
- 40% of jobs
- 65% of new office development
- 50% of new apartments
- 25% of affordable housing
- 13 Fortune 500 headquarters

Sources: U.S. Census Bureau (2020, 2021); MWCOG Multifamily Rental Housing Construction Indicators Report (Oct. 2022); MWCOG Commercial Construction Indicators Report (Jun. 2022)

The Region is Investing in Renewing and Modernizing Metro

Capital investments have renewed system assets and substantially reduced the state of good repair backlog.

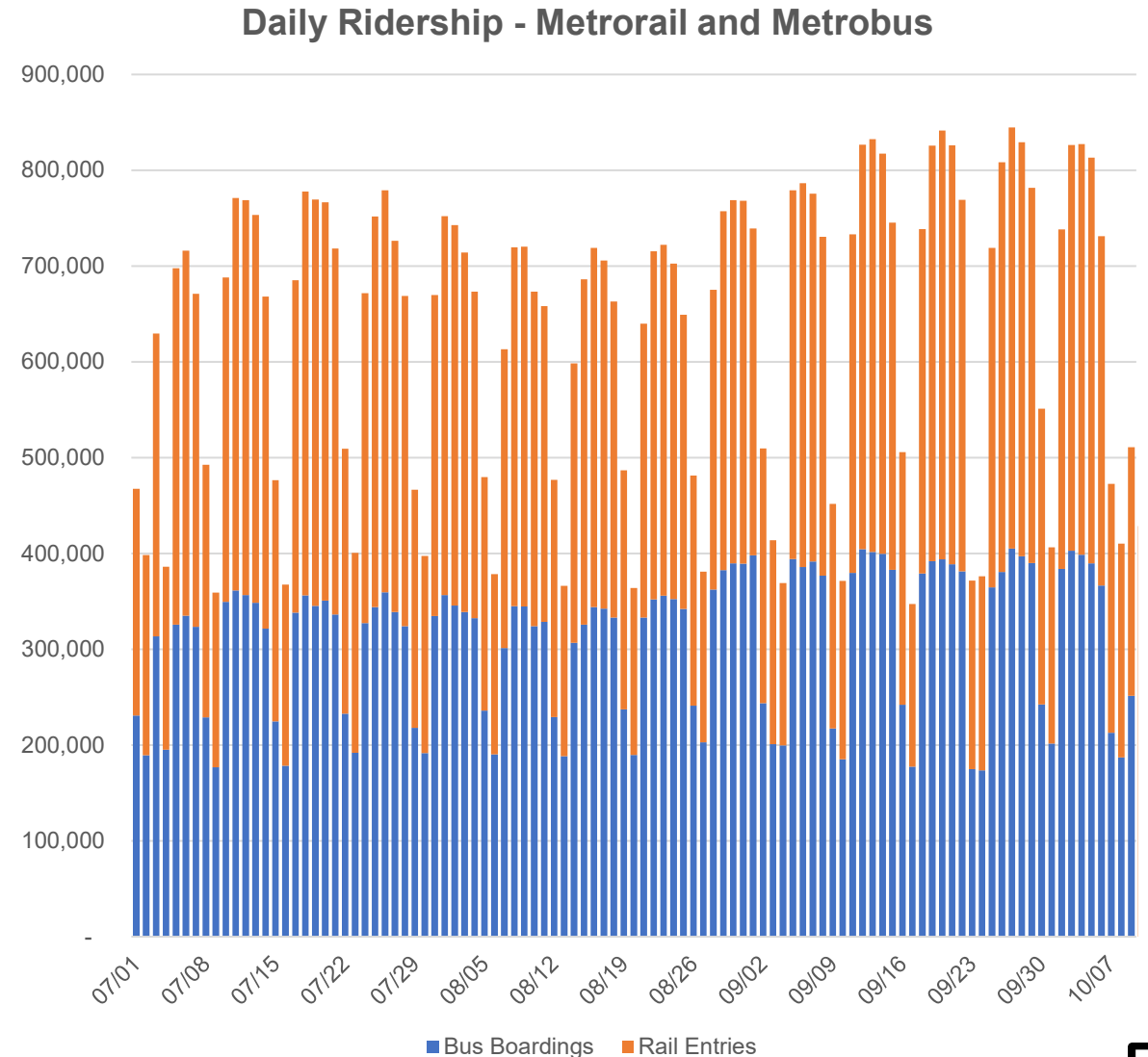
Overdue State of Good Repair Need (\$B) & Capital Investment



Includes state of good repair and modernization investment



- September 2023 had the highest *weekday* average ridership since the pandemic:
 - 398k daily entries on rail (54% of weekday avg in 2019)
 - 389k on bus (87% of 2019)
- September average *weekend* ridership was **91%** of September 2019 on Metrorail and **105%** on Metrobus.
- September 27th was the highest combined bus and rail ridership day at nearly 850,000 trips.
- The 4 busiest weeks (Mon-Fri) of ridership for bus and rail combined have all occurred since Labor Day.

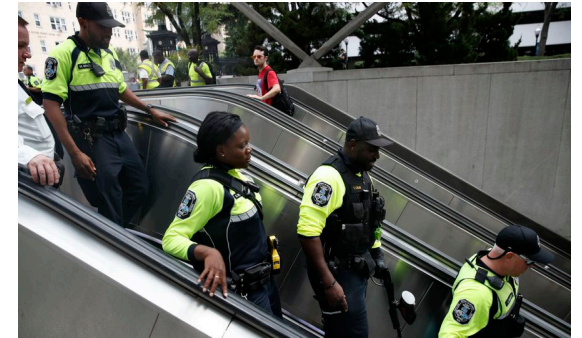




Enhanced Visibility – Enforcement

- Enforcement is up 274% compared to 2022

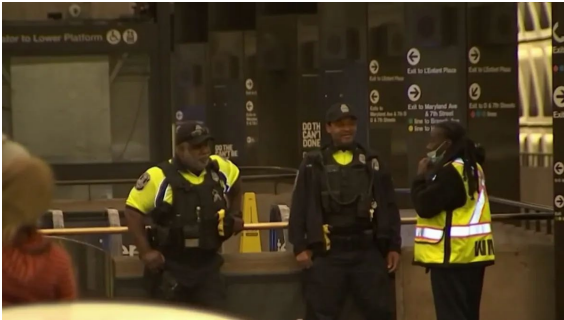
Enforcement (Department-wide)			
Enforcement Type	2022	YTD 2023	% Change
Arrests	1,283	2,459	92%
Summonses/Citations	501	4,103	719%
Warnings	33	230	597%
Warning – Panhandling	0	2	200%
Warning – Loitering	0	1	100%
Warning – Fare Evasion	27	217	704%
Warning – Alcohol Violation	2	0	-200%
Warning – Smoke or Carry Lighter, Pipe, etc.	4	7	75%
Warning – Disorderly Affray	0	1	100%
Total	1,817	6,792	274%





Enhanced Visibility – Fare Enforcement

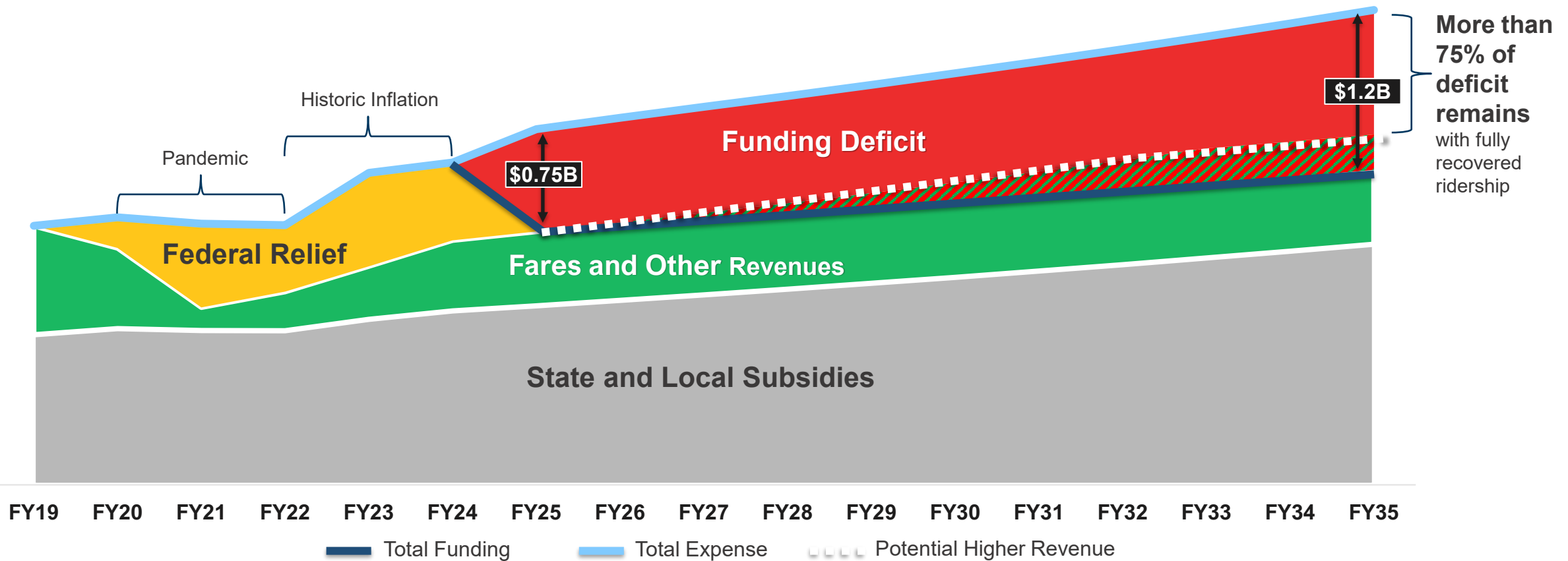
- Fare enforcement increased >1200% YTD 2023
- Point-of-Entry policing has reduced crime and disorderly conduct



Disposition	2022	2023 (As of 9/27)	% Change
Adult Arrest	31	344	1,010%
Summons/ Citation	286	3,787	1,224%
Juvenile Arrest	1	27	2,600%
Total	318	4,158	1,208%

Each arrest may have multiple offenses

FY2025: Initial Operating Deficits Forecast



* Projection as of June 2023

FY2025 \$750M Deficit Drivers in Detail

Jurisdiction Subsidy Credit

\$196M

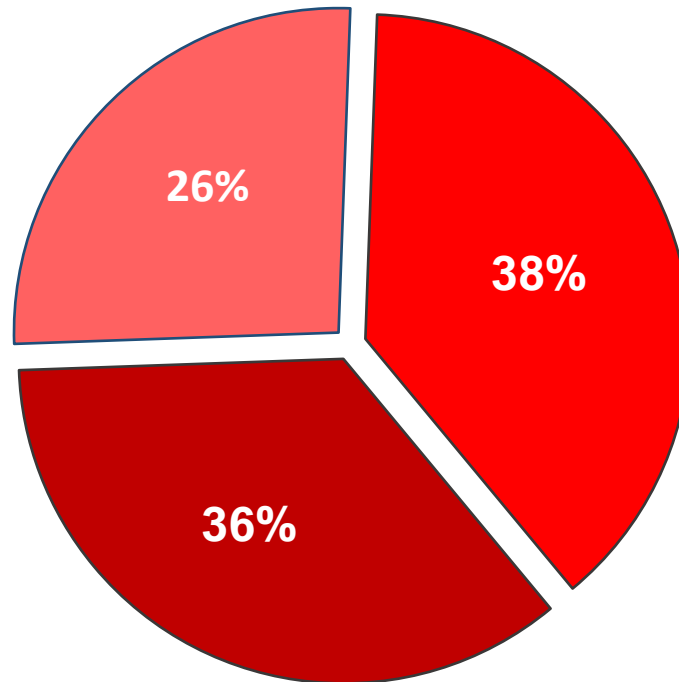
At the onset of the pandemic, Metro provided support to jurisdictions in the form of a subsidy reduction and forgone 3% increases.

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.

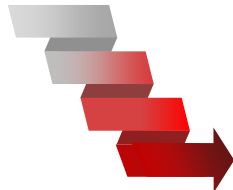
Balancing Budget with Service Cuts Would Devastate Region




Impacts of a 67% cut to Metro

- Decreased service, quality, security, and accessibility
- Stops ridership recovery; below current capacity needs

Could serve only **300,000** rail and **200,000** bus trips a day

- Triggers transit **death spiral**

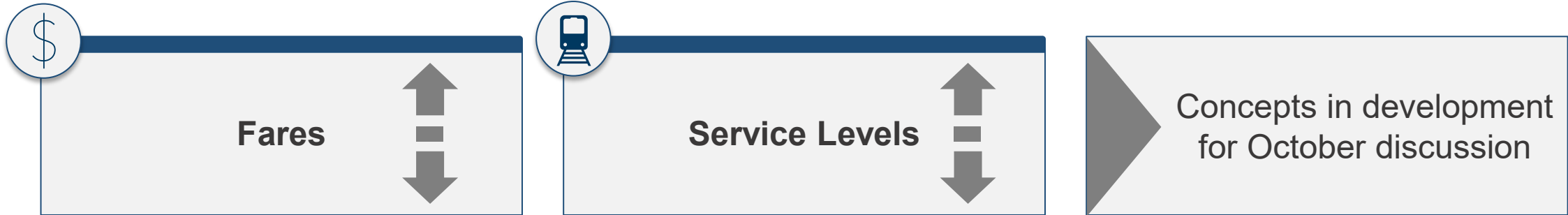


	Ridership Impact	-95M (-40%)
	FTE Impact	-5,300 (-41%)
	Operating Budget Impact	
	Expense	-\$947M (-37%)
	Revenue	-\$197M (-37%)
	Net	-\$750M
	Deficit	\$0
Assumes Full Jurisdictional Subsidy		

Note: amounts may not sum due to independent rounding

FY2025: Key Decisions

Fares and Service...



Ways Metro Can Reduce Deficit...

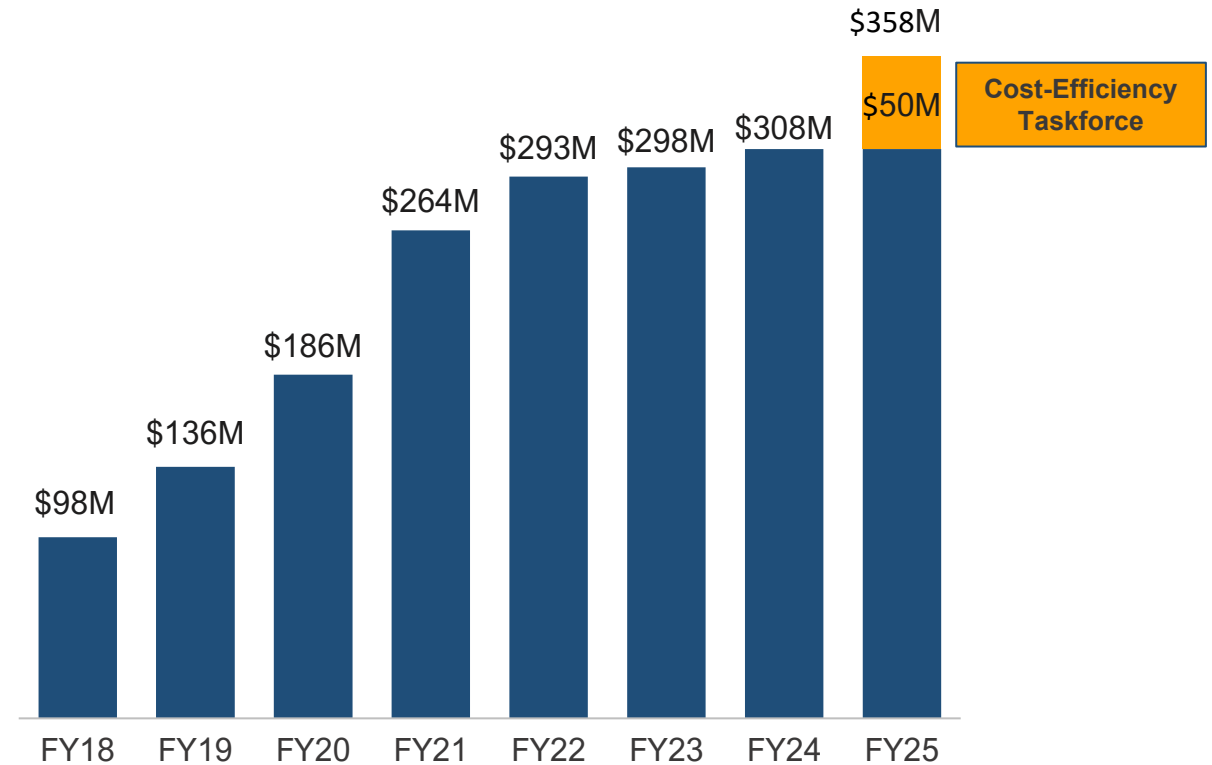
This section contains four distinct strategy boxes, each with an icon and a title. 1. 'FY2023-2024 Financial Management:' with a circular refresh icon, describing the goal to 'Closely manage operating expenses to maximize potential carryover'. 2. 'Internal Efficiencies:' with a bar chart icon, describing 'Opportunities to further reduce operating costs and increase productivity in FY2025 and beyond'. 3. 'Preventive Maintenance:' with a wrench icon, describing 'Costs for operating maintenance that can be reimbursed by the capital budget subject to FTA approval'. 4. 'Federal Revenue Recovery:' with a building icon, describing 'Potential replacement for Federal SmartBenefits revenue'.

Aggressive Management Actions Focused on Savings

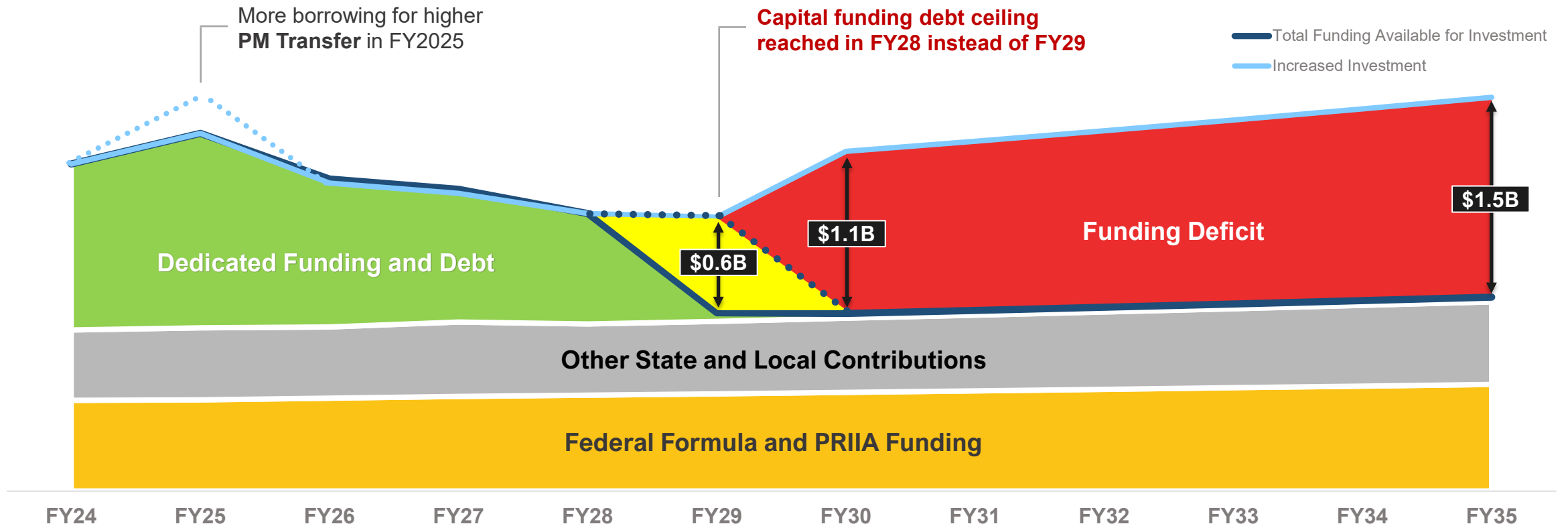
Cost-Efficiency Examples

- Healthcare cost-sharing
- Maximizing real estate assets
- Office consolidation
- Recovery plan, hiring/vacancy freeze, defer material supply purchase
- Elimination of positions through efficiencies and planned reductions
- Non-revenue fleet reduction, enhanced contractor management, call center consolidation (FY2025)
- Eliminate duplicative software applications

Impact of Annual Management Actions



Capital Deficit begins in FY2028 or earlier instead of FY2029



FY2025 Potential Scenarios

PRELIMINARY

<i>\$ in Millions</i>		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
	Potential Inflation Reduction	- \$23	- \$23	- \$23
	Potential Federal SmartBenefits Replacement	- \$50	- \$50	- \$50
	Potential Deficit w/ Federal Replacement	\$577	\$437	\$292

* \$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



3 Percent Cap on Increases to Annual Operating Subsidy

- In 2017, as part of WMATA's strategic plan, management recommended and the WMATA Board approved, an annual jurisdictional operating contribution growth at 3%
- In 2018, Maryland, Virginia, and the District of Columbia approved their share of \$500 million in historic dedicated capital funding to support WMATA's State of Good Repair backlog
- Maryland and Virginia conditioned the dedicated capital funding to a 3% cap on annual operating budget subsidy increases with limited exceptions
- The District of Columbia legislation does not include the 3% cap

Subsidy Contributions Declined During Pandemic and Never Recovered; \$690M in Foregone Subsidy

(\$ millions)

		Approved Subsidy with Credit				
		FY2020	FY2021	FY2022	FY2023	FY2024
	Base Subsidy	\$1,113	\$1,159	\$1,104	\$1,143	\$1,228
	Legislatively Allowable Exclusions	\$12	\$87	\$6	\$49	\$25
	Total Subsidy	\$1,125	\$1,246	\$1,110	\$1,192	\$1,252
	Subsidy Credit	\$0	(\$135)	\$0	\$0	\$0
	Total Amended Subsidy	\$1,125	\$1,111	\$1,110	\$1,192	\$1,252

		Projected Subsidy without Credit				
		FY2020	FY2021	FY2022	FY2023	FY2024
	Base Subsidy	\$1,113	\$1,159	\$1,284	\$1,328	\$1,418
	Legislative Exclusions	\$12	\$87	\$6	\$49	\$25
	Total Subsidy	\$1,125	\$1,246	\$1,290	\$1,377	\$1,443
	Foregone Subsidy	\$0	(\$135)	(\$180)	(\$185)	(\$190)

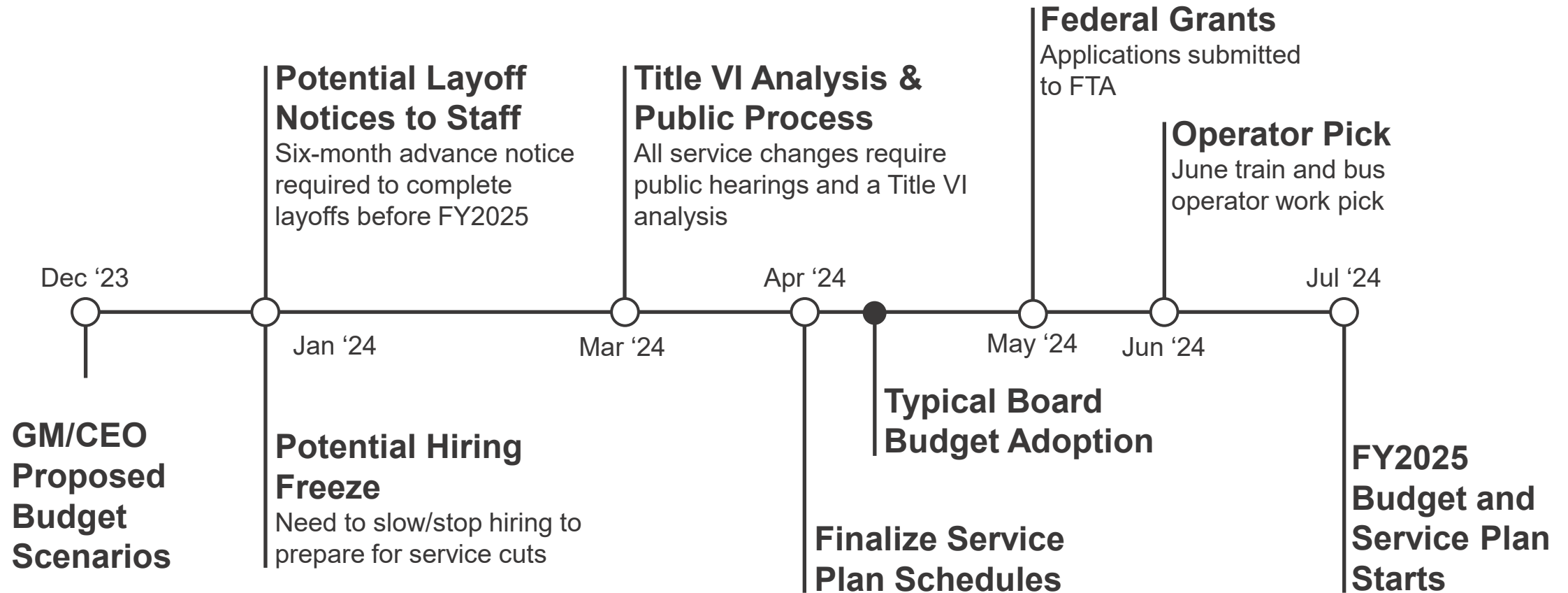
(\$690M)

YoY Change from Subsidy Prior to Credit	3%	-9%	-11%	-11%	-11%
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Note: Totals may not sum due to independent rounding; excludes debt service



FY2025 Budget Timeline



Budget Schedule Challenges

- Metro Compact requires a balanced FY2025 budget effective July 1, 2024
- To avoid service cuts, the 3% subsidy growth cap in Maryland and Virginia will require a one-time adjustment of baseline subsidy in FY2025
- Budget calendar, service plan, and collective bargaining agreement (CBA) requirements don't align well with jurisdictional legislative calendars
- Alignment challenges will cause significant layoffs, hiring and training issues
- Staffing reductions will cause significant impacts to service scheduling, system performance, and reliability, with major customer impacts – reductions to safe, frequent, reliable service