NVTC Presents:

Getting Metro Back on Track

A discussion with Virginia members of the WMATA Board

@NovaTransit

This forum is sponsored by the Northern Virginia Transportation Commission. Learn more about NVTC at www.novatransit.org.
NVTC was founded in 1964, in part to represent the interests of the Commonwealth during the establishment of WMATA (1967).

NVTC continues its role as funding partner, policy debater, and the voice of Virginia on WMATA matters.
Metrorail (and VRE) Benefit All of Virginia

More than $600M in sales and income tax revenue sent to the state’s general fund that was generated by the additional households and jobs that Metrorail and VRE support.

For every $1 Virginia invests in rail transit, it receives more than $2.50 in return.

Virginia’s future is tied to the health and success of Metro.
WMATA: 40+ Years of Serving Virginia

WMATA operates the nation’s

✓ 5th largest bus system (opened 1973)
✓ 2nd largest heavy rail system (opened 1976)
✓ 5th largest paratransit service (opened 1994)

Virginia Annual Metro Ridership
(Unlinked Passenger Trips)

<table>
<thead>
<tr>
<th></th>
<th>FY 2016</th>
<th>Change</th>
<th>FY 2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Metrorail</td>
<td>101,604,032</td>
<td>-11.9%</td>
<td>89,497,280</td>
</tr>
<tr>
<td>Metrobus</td>
<td>19,997,471</td>
<td>-4.4%</td>
<td>19,124,426</td>
</tr>
</tbody>
</table>

Source: NVTC and WMATA
Who Rides Metrorail in Virginia?

• More than 90% of Virginia riders live in NVTC jurisdictions (the counties of Arlington, Fairfax and Loudoun and the cities of Alexandria, Fairfax and Falls Church).

• About a third of Virginia riders live within a half mile of a Metrorail station.

• Over half of Virginia riders are from households earning more than $100,000 a year.

• Federal employees comprise 37% of Virginia’s riders.

• During the morning peak, most Virginia riders walk (38%), take a bus (27%), or drive alone (21%) to Virginia stations.

Source: NVTC and WMATA 2016 Metrorail Ridership Survey
FY2019 Anticipated WMATA Budget Timeframe

NOV. 2017

WMATA GM presented proposed budget

DEC. 2017

Publication of FY2019 proposed budget

DEC. 2017-FEB. 2018

Budget deliberations and public hearing

MAR. 2018

Board adoption of FY 2019 budget, to take effect July 1

Source: WMATA FY2019 Proposed Budget Presentation
FY2019 Capital Budget Priorities

- Fund safety, compliance, and reliability enhancements to improve ridership.

- Deliver capital program investments to renew and preserve system.

FY2017 capital spending was nearly $1.2 billion and the largest capital investment since the completion of the Metrorail system. WMATA’s annual capital investment will ramp up to over $1.5 billion annually by FY2022.

Source: WMATA FY2017 Year End Financial Results and FY2019 Proposed Budget Presentation
To restore the system to a state of good repair requires:

- Investing $15.5 billion over 10 years.
- Establishing a dedicated, multi-year revenue source generating $500 million annually for a Capital Trust Fund.
- Securing Congressional reauthorization of PRIIA at or above the current level of $1.5 billion over 10 years.
- Capping jurisdictional contributions at 3% annual growth.

Source: WMATA *Keeping Metro Safe, Reliable and Affordable*
Maintaining a Safe & Reliable System Requires Adequate $10\text{-year Capital Needs ($25 Billion)}$

<table>
<thead>
<tr>
<th>Category</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>State of Good Repair (SGR)</td>
<td>$17\text{B}$</td>
</tr>
<tr>
<td>New Needs</td>
<td>$7\text{B}$</td>
</tr>
<tr>
<td>Unallocated</td>
<td>$1\text{B}$</td>
</tr>
</tbody>
</table>

10\text{-year Priority Needs for Critical Safety & Reliability Projects ($15.5 Billion)}

<table>
<thead>
<tr>
<th>Category</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Expected 10\text{-year Funding Gap}</td>
<td>$7.5\text{B}$</td>
</tr>
<tr>
<td>Historical Capital Funding Level Extrapolated Over 10 Years</td>
<td>$8.0\text{B}$</td>
</tr>
</tbody>
</table>

- State of Good Repair (SGR)
  - Rebuilt Railcars and Buses
  - Track Rehabilitation

- New Needs
  - Radio and Wireless System
  - Traction Power Upgrades

Source: WMATA *Keeping Metro Safe, Reliable and Affordable*
Proposed Investments to Make Metro Safe & Reliable

Acquisition of 164 new 7000 series railcars and replacement buses/paratransit vehicles

Reinvest, replace, and rehabilitate station escalators, elevators, chillers and cooling towers, and platforms

Rehabilitate and maintain existing railcar, bus, and paratransit fleets

Rehabilitate and replace track and structures, repair, mitigate, and eliminate tunnel leaks, install power upgrades, and install radio infrastructure

**WMATA capital investment priorities total**

$1.28 billion in FY2019

*Over 85% of planned investment is already underway*

Source: WMATA [FY2019 Proposed Budget Presentation](FY2019_Proposed_Budget_Presentation)
# Proposed FY2019 Jurisdictional Capital Contributions

*(in millions)*

<table>
<thead>
<tr>
<th>Jurisdiction</th>
<th>FY2018 Approved*</th>
<th>FY2019 Proposed</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>District of Columbia</td>
<td>$230</td>
<td>$280</td>
<td>$49</td>
</tr>
<tr>
<td>Maryland</td>
<td>$223</td>
<td>$271</td>
<td>$47</td>
</tr>
<tr>
<td>Commonwealth of Virginia</td>
<td>$ 51</td>
<td>$ 51</td>
<td>$ 0</td>
</tr>
<tr>
<td>City of Alexandria</td>
<td>$ 23</td>
<td>$ 30</td>
<td>$ 6</td>
</tr>
<tr>
<td>Arlington County</td>
<td>$ 44</td>
<td>$ 56</td>
<td>$12</td>
</tr>
<tr>
<td>City of Fairfax</td>
<td>$ 1</td>
<td>$ 2</td>
<td>$ 0</td>
</tr>
<tr>
<td>Fairfax County</td>
<td>$ 76</td>
<td>$ 96</td>
<td>$21</td>
</tr>
<tr>
<td>City of Falls Church</td>
<td>$ 1</td>
<td>$ 2</td>
<td>$ 0</td>
</tr>
<tr>
<td>Virginia Subtotal</td>
<td>$197</td>
<td>$237</td>
<td>$40</td>
</tr>
<tr>
<td><strong>Total Contribution</strong></td>
<td><strong>$651</strong>*</td>
<td><strong>$787</strong></td>
<td><strong>$136</strong></td>
</tr>
</tbody>
</table>

Note: Does not include contributions for debt service payments or [debt strategy](#). *Does not include FY2018 financing authorized in prior years totaling $284 million.*

Source: WMATA [FY2019 Proposed Budget Presentation](#)
FY2019 Operating Budget Priorities

• No service reductions or fare increases.
• Encourage customers to use “fare-pass” products.
• Fund legacy commitments, mandates, and cost inflation, while limiting operating subsidy growth to 3%.
• Implement management actions to improve efficiency and reduce cost.

Source: WMATA FY2019 Proposed Budget Presentation
GM’s Plan Changes WMATA’s Operating Business Model

• Caps jurisdictional subsidies at 3% annual growth.
• Creates a rainy day fund.
• Provides a defined contribution retirement plan for new hires.
• Seeks Congressional amendments to the Wolf Act.
• Provides flexibility to reduce costs.

Source: WMATA *Keeping Metro Safe, Reliable and Affordable*
Management Actions (Already Implemented)

• Reduced 800 positions
• Implemented controls on absenteeism and workers’ compensation
• Enhanced advertising
• Launched abilities-ride
• Increased fare collection enforcement

Additional Actions

• Control overtime expenses
• Increase parking revenue & expand advertising
• Cost efficiencies and reductions
• Advance structural reforms (TBD)
## Proposed FY2019 Jurisdictional Operating Subsidy

*(in millions)*

<table>
<thead>
<tr>
<th>Jurisdiction</th>
<th>FY2018 Budget</th>
<th>FY2019 Proposed</th>
<th>Change</th>
<th>% Increase</th>
</tr>
</thead>
<tbody>
<tr>
<td>District of Columbia</td>
<td>$364.6</td>
<td>$369.7</td>
<td>$ 5.1</td>
<td>1.4%</td>
</tr>
<tr>
<td>Montgomery County</td>
<td>$161.4</td>
<td>$167.8</td>
<td>$ 6.4</td>
<td>4.0%</td>
</tr>
<tr>
<td>Prince George’s County</td>
<td>$202.4</td>
<td>$212.2</td>
<td>$ 9.9</td>
<td>4.9%</td>
</tr>
<tr>
<td><strong>Maryland Subtotal</strong></td>
<td>$363.7</td>
<td>$380.0</td>
<td>$16.3</td>
<td>4.5%</td>
</tr>
<tr>
<td>City of Alexandria</td>
<td>$ 40.3</td>
<td>$ 42.1</td>
<td>$ 1.8</td>
<td>4.5%</td>
</tr>
<tr>
<td>Arlington County</td>
<td>$ 70.9</td>
<td>$ 72.8</td>
<td>$ 1.9</td>
<td>2.7%</td>
</tr>
<tr>
<td>City of Fairfax</td>
<td>$  2.2</td>
<td>$  2.2</td>
<td>$  0.0</td>
<td>1.0%</td>
</tr>
<tr>
<td>Fairfax County</td>
<td>$135.3</td>
<td>$139.4</td>
<td>$  4.1</td>
<td>3.0%</td>
</tr>
<tr>
<td>City of Falls Church</td>
<td>$  2.7</td>
<td>$  2.7</td>
<td>$  0.1</td>
<td>2.3%</td>
</tr>
<tr>
<td><strong>Virginia Subtotal</strong></td>
<td>$251.3</td>
<td>$259.2</td>
<td>$  7.9</td>
<td>3.2%</td>
</tr>
<tr>
<td><strong>Total Contribution</strong></td>
<td>$979.5</td>
<td>$1,008.9</td>
<td>$29.4</td>
<td>3.0%</td>
</tr>
</tbody>
</table>

Note: Does not include debt service. Subsidy allocations are preliminary and will be updated during the budget process.

Source: WMATA [FY2019 Proposed Budget Presentation](#)
Above and Beyond the Operation subsidy 3% Cap

FY2019 Proposed Budget Does Not Include:

- Silver Line Phase 2 and increases in bus and rail service
- Rainy day fund or wage increases for FY2019 or prior years
- Increased funding for Office of Inspector General and other post-employment benefits

Budget Risks

- Ridership uncertainty – including increased paratransit growth
- Outcome of collective bargaining and pension and other post-employment benefit liabilities.
- Federal uncertainty and other safety needs

Source: WMATA FY2019 Proposed Budget Presentation
Local Obligations Increase without Reform and Funding

WMATA’s projections assume no PRIIA reauthorization, dedicated capital funding or structural reform to constrain operating subsidy growth to 3%

Estimated Annual Capital and Operating Contributions by Virginia Jurisdictions
(in Millions)

Note: Capital projections assume PRIIA ends after FY2020.

Source: WMATA FY2019 Proposed Budget Presentation
Funding Challenges for Northern Virginia Jurisdictions

Expiration of Federal Dedicated Funding (Passenger Rail Investment and Improvement Act of 2008)

- Without Congressional reauthorization of PRIIA or passage of a substitute measure prior to the end of federal fiscal year 2019, WMATA could lose up to $300 million annually.

Looming State Transit Capital Fiscal Cliff

- Beginning in 2019, 44 percent of all program funding will begin to phase out.
- This loss will jeopardize Virginia’s ability to fund its $50 million annual PRIIA match to Metro and reduce funds available to help jurisdictions fund their WMATA capital subsidies.

Lack of Regional Gas Tax Floor

- Jurisdictions rely on a regional gas tax to help cover their WMATA subsidies. As gas prices fall, so too do the revenues each jurisdiction receives. In FY2017, the jurisdictions missed out on more than $13 million that, had there been a floor, could have been used to fund WMATA.
Our Goal: Getting Metro Back on Track

- Metro’s health and safety are critical to Northern Virginia’s people, economy, and quality of life
- The Metro investment is in need of reinvestment
- FY2019 proposed budget moves in the right direction
- Dedicated sources of revenue must be identified
- We will continue to keep Metro accountable
Questions and Discussion
Thank you for coming!

More information available at:

www.wmata.com/budget

www.novatransit.org/wmata