

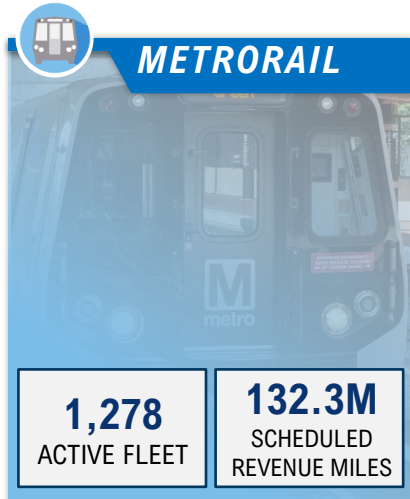
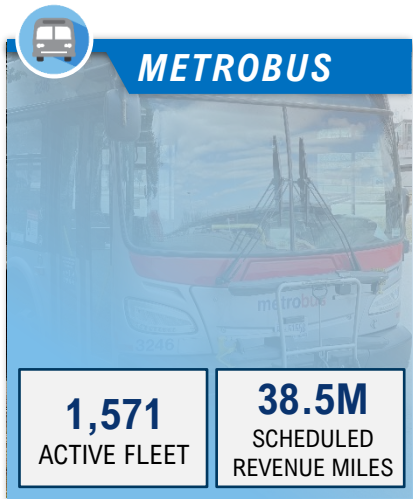
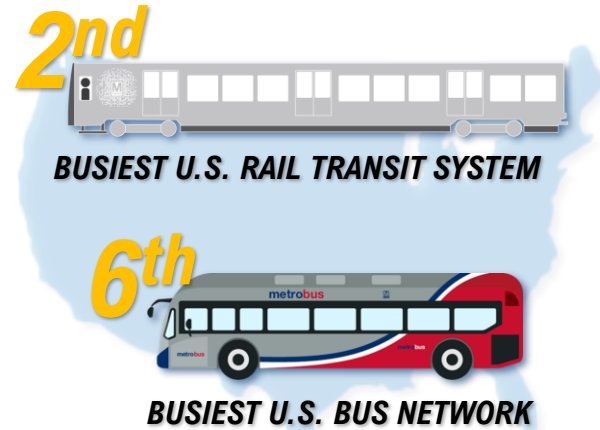
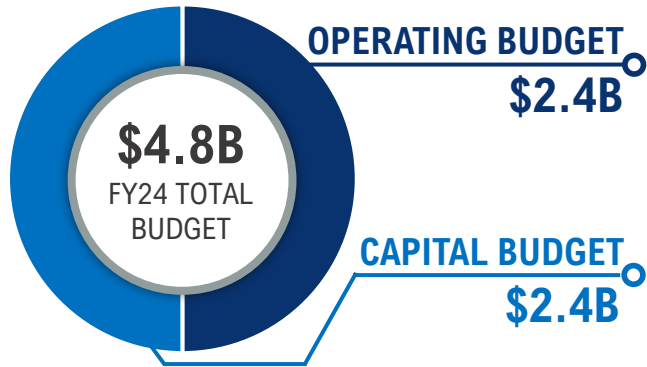
WMATA Update

Montgomery and
Prince George's Delegations

Randy Clarke
October 24, 2023



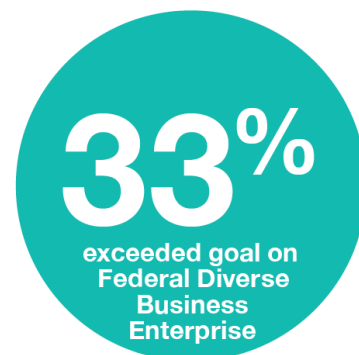
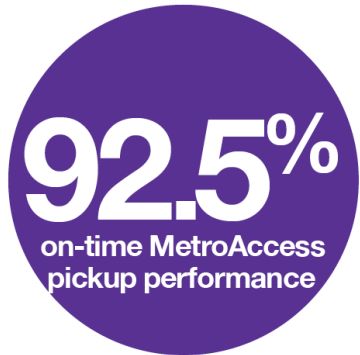
WMATA | At A Glance



98 RAIL STATIONS	
DC	40 STATIONS
MD	26 STATIONS
VA	32 STATIONS

128 MILES OF RAIL	
AERIAL	15 MILES
SURFACE	59 MILES
SUBWAY	54 MILES

FY23: A BUSY YEAR FOR METRO



12,000 employees. Countless achievements.

ONE Metro.

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)

WMATA is a major employer and economic driver in Maryland

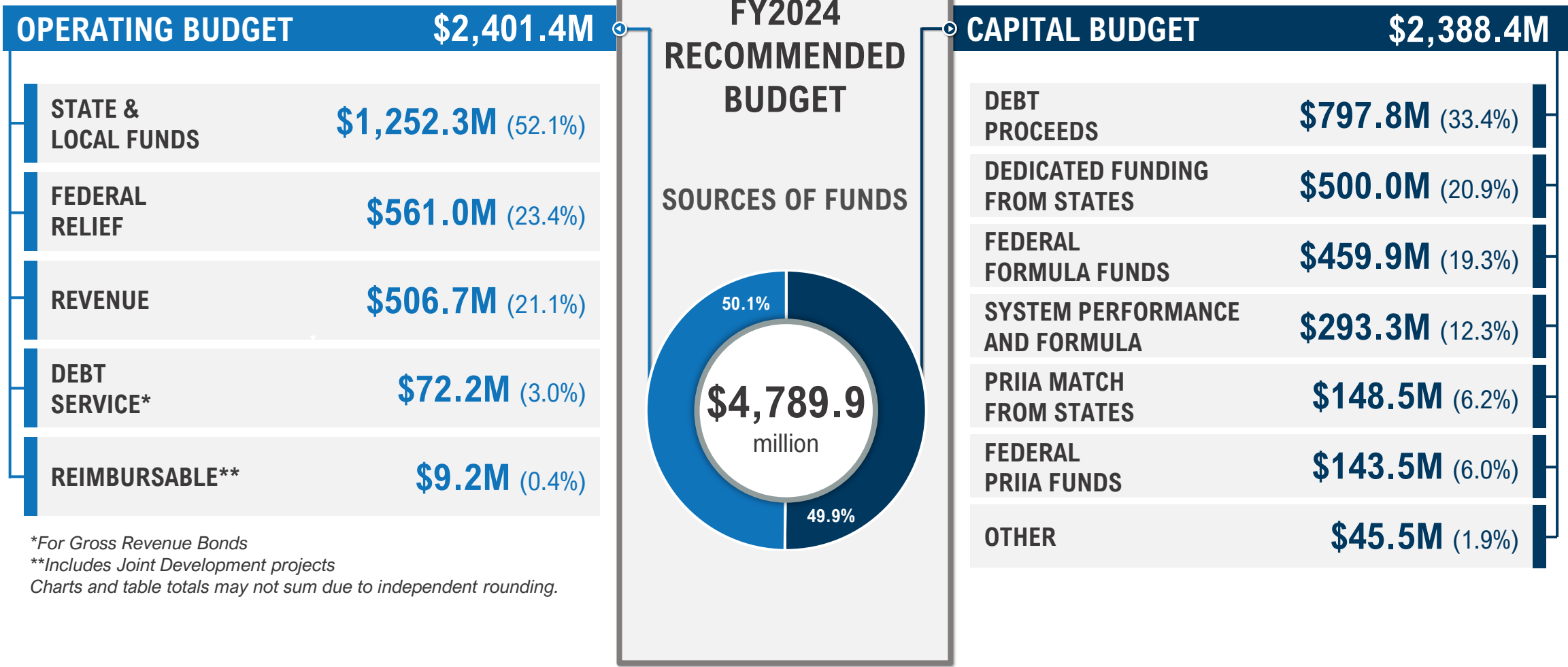
WMATA Employees in Maryland (July 2023)	
Anne Arundel County	508
Baltimore City	195
Baltimore County	229
Calvert County	167
Caroline County	7
Carroll County	31
Cecil County	1
Charles County	1119
Dorchester County	3
Frederick County	147
Harford County	26
Howard County	240
Kent County	3
Montgomery County	1159
Prince George's County	5046
Queen Anne's County	24
St. Mary's County	103
Talbot County	3
Washington County	75
Wicomico County	1
Worcester County	1
MD Total	9088

WMATA Procurements Support Maryland Manufacturing



WMATA's 7000-series railcar procurement resulted in expansion of Knorr facility in Westminster and 8000-series railcar contract resulted in Hitachi Rail developing manufacturing facility in Hagerstown

FY2024 Budget – Sources of Funds



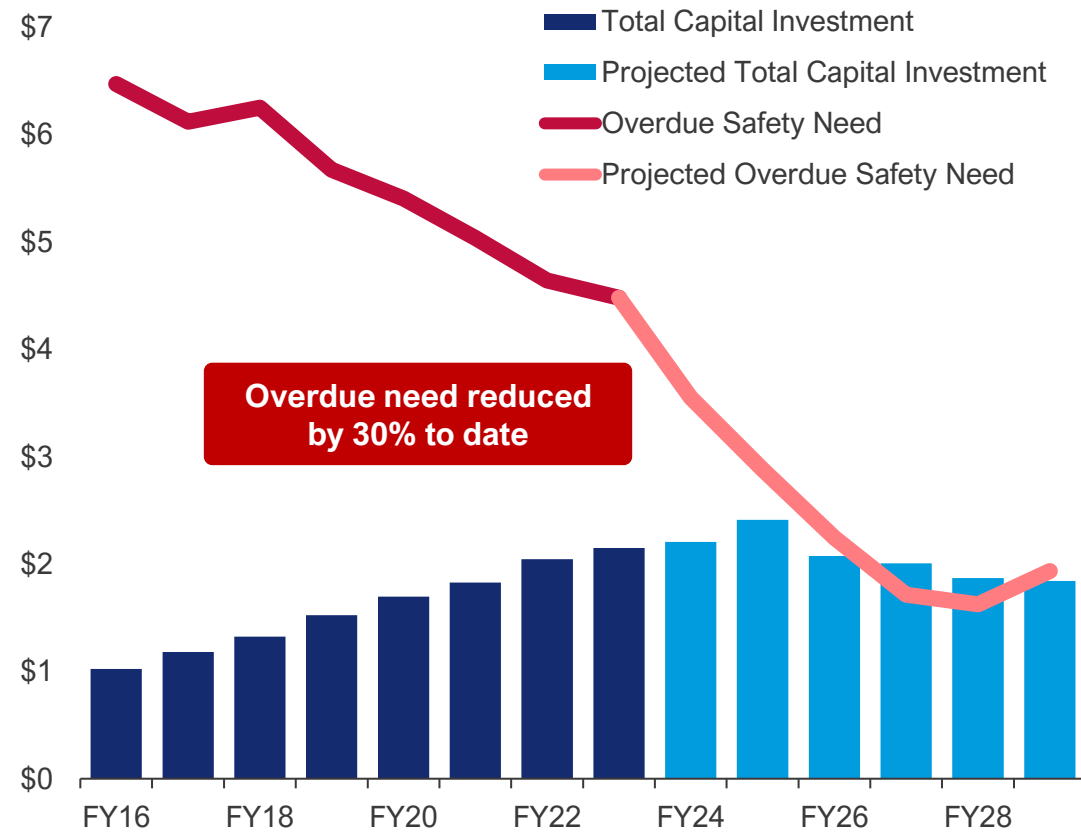
*For Gross Revenue Bonds
 **Includes Joint Development projects
 Charts and table totals may not sum due to independent rounding.



The Region is Investing in Renewing and Modernizing Metro

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

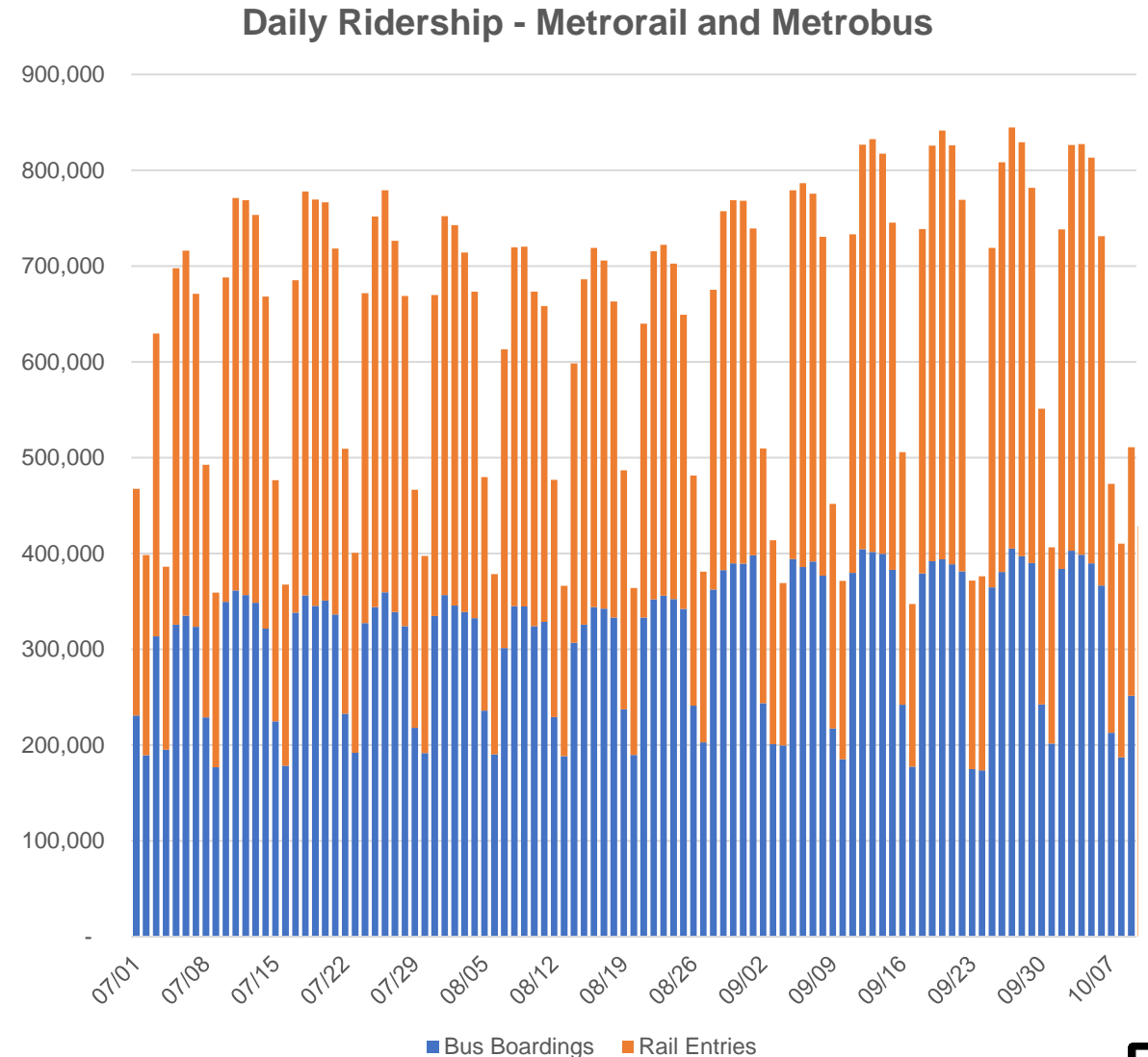
Overdue State of Good Repair Need (\$B) & Capital Investment



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.

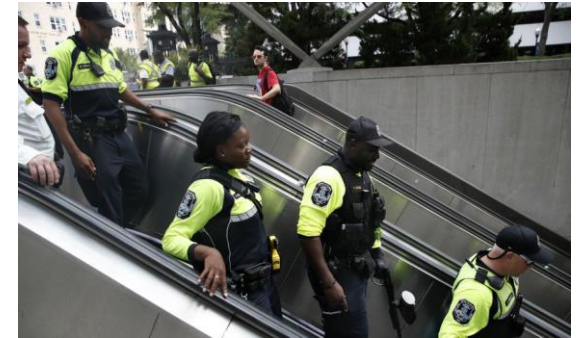




Enhanced Visibility – Enforcement

- 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

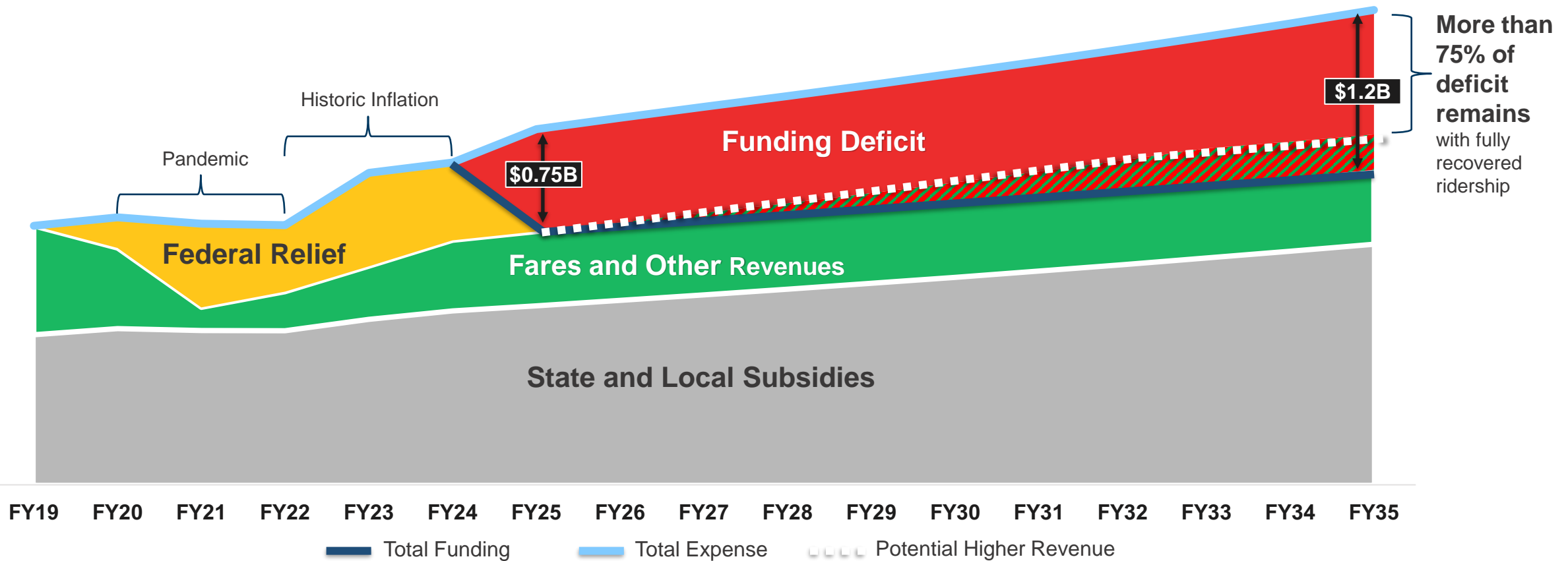
- Fare enforcement increased >1200% YTD 2023
- Point-of-Entry policing has reduced crime and disorderly conduct



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

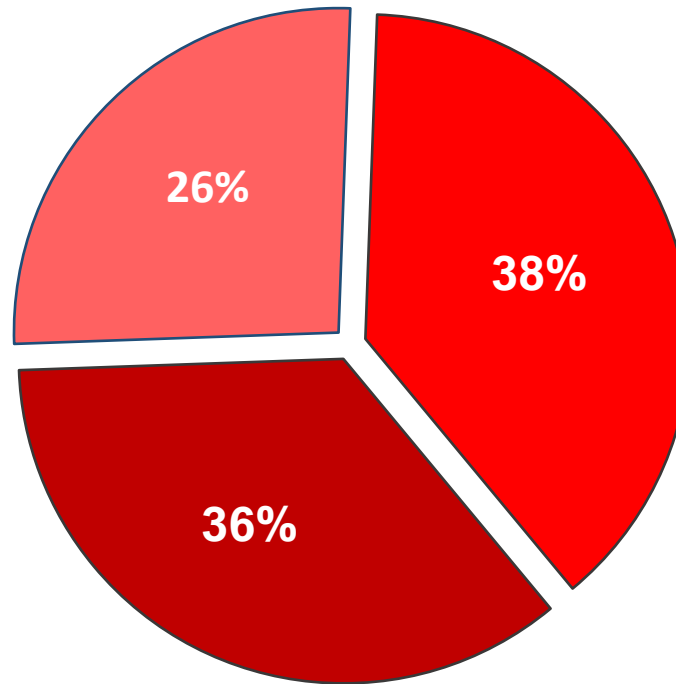
At the onset of the pandemic, Metro provided support to jurisdictions in the form of a subsidy reduction and forgone 3% increases.

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.

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)

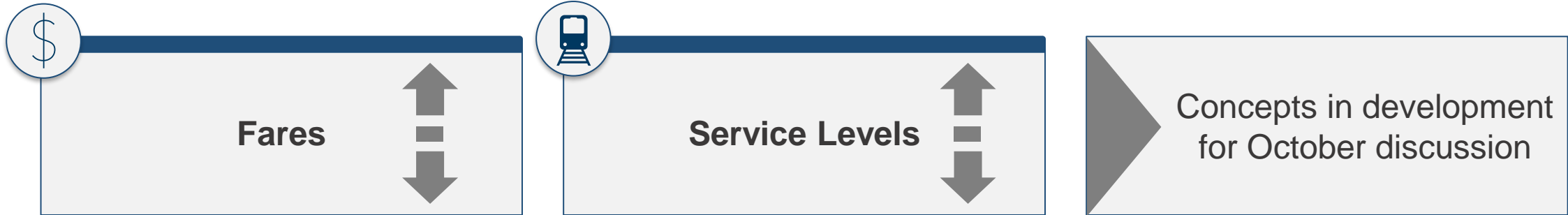
YoY Change from Subsidy Prior to Credit	3%	-9%	-11%	-11%	-11%
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Note: Totals may not sum due to independent rounding; excludes debt service







FY2025: Key Decisions

Fares and Service...



Ways Metro Can Reduce Deficit...

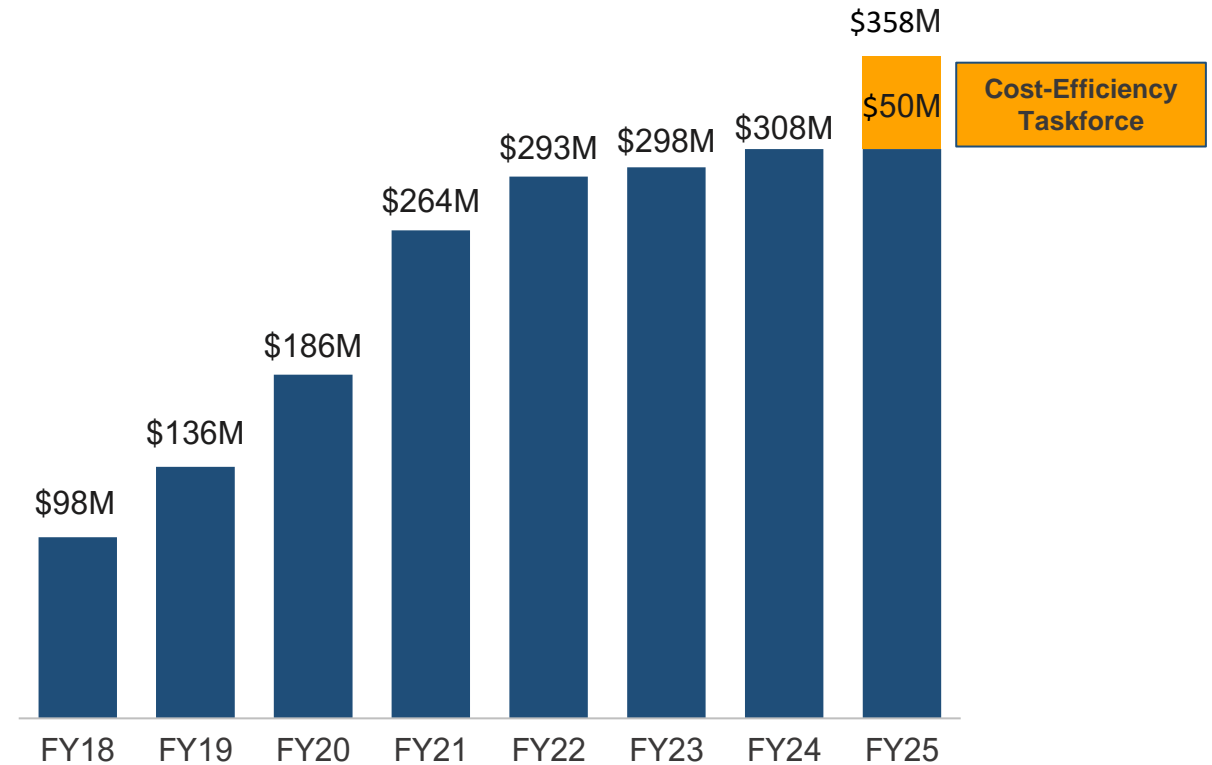
 FY2023-2024 Financial Management: Closely manage operating expenses to maximize potential carryover	 Internal Efficiencies: Opportunities to further reduce operating costs and increase productivity in FY2025 and beyond	 Preventive Maintenance: Costs for operating maintenance that can be reimbursed by the capital budget subject to FTA approval	 Federal Revenue Recovery: Potential replacement for Federal SmartBenefits revenue
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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



Considerations for Service Delivery

Good, frequent service is key to generating ridership

- Frequent service in the core
- Efficient transfers
- Reliable, on-time departures at end of lines

Examine opportunities to **operate efficiently while maintaining good service** and limiting customer impacts

Lower
Customer
Impacts



Higher
Customer
Impacts

Shorter trains

- Maintains service frequency
- Saves on traction power
- Fewer railcars need to be maintained for daily service

Adjust hours of service

- Reduce operating hours/costs
- Opening and closing times and peak service periods

Service reductions

- Longer headways
- Turnbacks
- Closed stations/entrances

Potential Targeted Service Cut Concepts

Concept	Category	Potential Targeted Service Reductions	Ridership Change (M)	Trips Positively Impacted	Trips Negatively Impacted	Estimated Net Savings (\$M)	Preliminary Equity Scan: Potential Finding	
A	Peak Span	A1	Limit peak service to 7-9am and 4-6pm	(0.8)	0	20.1	(3.5)	No
		A2	Limit peak service to 6-9am and 3-6pm	(0.3)	0	8.6	(2)	No
B	Entrances	B1	Reduce staffing at some station entrances	-	0	-	(0.5)	n/a
		B2		-	0	-	(5)	
C	Headways	C1	Decrease OR Line peak service to every 10 min	-	-	4.6	(3)	No
		C2	Decrease OR Line off-peak service to every 12 min	-	-	7.8	(2)	No
		C3	Decrease GR and YL Line weekend service to every 8 min	(0.6)	0	9.9	(3)	Yes
D	Train Length	D1	100% 6-car trains on BL, YL, and SV	n/a	n/a	n/a	(8)	n/a
E	Service Patterns	E1	RD line turnbacks (Grosvenor and Silver Spring)	(1.3)	0	10.9	(2)	No
		E2	SV line turnbacks (Stadium-Armory)	(0.5)	0	4.1	(4)	Yes
		E3	BL line turnbacks (Stadium-Armory)	(0.5)	0	3.9	(4)	Yes
		E4	BL line turnbacks (Arlington Cemetery)	(3.0)	0	34.6	(7)	No
		E5	SV line turnbacks (Wiehle-Reston East)	(1.2)	0	28.0	(2)	No
F	Hours of Operation	F1	Close 1 hr earlier (12am) on Fri and Sat nights	(0.2)	0	0.2	(3)	No
		G	Bus Services	G1	Eliminate lowest productivity lines	(1.4)	0	1.4

BL/SV turnbacks cannot be combined

Potential Savings Range:

(25) to (30)

PRELIMINARY ESTIMATES



Potential Targeted Service Improvement Concepts

Concept	Category	Potential Service Improvements	Ridership Change (M)	Trips Positively Impacted (M)	Trips Negatively Impacted (M)	Estimated Net Cost (\$M)	Preliminary Equity Scan: Potential Finding
F	Hours of Operation	F2 Close 1 hr later (2am) on Fri and Sat nights, or	0.2	0.2	0	3	No
		F3 Open 1 hr earlier (6am) on Sat and Sun mornings	0.2	0.2	0	3	No
G	Bus Services	G2 Capacity increases on crowded routes	0.5	8.4	0	10	No
		G3 Airport overnight service	0.1 to 0.2	0.1 to 0.2	0	1.5 to 3	Yes*
Potential Cost Range:						14.5 to 16	
Better Bus Network Redesign		Year 1 Network				Resource Neutral	
Automatic Train Operation		Improved train run times and reliability from automatic door and trains operations				(5 to 10)	

**Implementation will likely include other network changes, which could offset impacts*

PRELIMINARY ESTIMATES

WASHINGTON METROPOLITAN AREA TRANSIT AUTHORITY



Potential Fare Increase Scenarios

- Fare increases expected to result in a net revenue increase but reduce ridership
 - Diminishing revenue returns for fare increases as more customers get priced out of the system
 - Ridership impacts from fare changes build over time

FY2025 Fare Increase Concept	Bus/Rail Base Fare <small>(incl. night/weekend)</small>	Rail Max Fare	Ridership Impact (Million)	Revenue Impact (Million)	Change from estimated FY2025 Ridership	Change from estimated FY2025 Fare Revenue
FY2024 Structure Change	\$2.00	\$6.00				
5% Increase	\$2.10	\$6.30	-4.7	\$12.9	-2%	3%
10% Increase	\$2.20	\$6.60	-9.4	\$24.3	-4%	6%
12.5% Increase	\$2.25	\$6.75	-11.6	\$28.5	-5%	7%
25% Increase	\$2.50	\$7.50	-23.4	\$54.1	-10%	13%
37.5% Increase	\$2.75	\$8.25	-35.0	\$72.6	-16%	17%
50% Increase	\$3.00	\$9.00	-46.8	\$86.9	-21%	20%

Notes: All concepts apply a proportional increase to all fares at all periods, including rail late night and weekend flat fare, through the base/max fares and the mileage charge. The monthly pass multiplier remains 32 and price of other passes scale by increase percentage. MetroAccess fares remain twice the equivalent fixed route fare and the current \$4 fare cap would scale proportionally with any increase. Preliminary Title VI scans do not indicate a finding of potential disparate impact or disproportionate burden.



FY2025 Potential Scenarios

Operating Budget: Illustrative Concepts

	Scenario 1	Scenario 2	Scenario 3	Scenario 4	Scenario 5
	Standard PM No service cuts Most add'l Subsidy	Max PM No service cuts Some add'l Subsidy	Max PM Targeted service cuts Least add'l Subsidy	Max PM ^C ~33% Cut Major service cuts No add'l subsidy	Standard PM ~60% Cut Severe service cuts No add'l subsidy
<i>\$ in Millions</i>					
FY2025 Deficit	\$750	\$750	\$750	\$750	\$750
One-Time Savings + Cost Efficiencies	- \$145	- \$145	- \$145	- \$145	- \$145
FY24 Revenue Adjustment ^A	+ \$45	+ \$45	+ \$45	+ \$45	+ \$45
Preventive Maintenance Transfer Options ^B	- \$0	- \$285	- \$285	- \$220	- \$0
Fare Increase ^D	- \$0	- \$0	- \$25	- \$25	- \$25
Service Cuts ^D	- \$0	- \$0	- \$25	- \$405	- \$625
Additional Subsidy to Balance Budget^E	\$650	\$365	\$315	\$0	\$0
Potential Inflation Reduction	- \$23	- \$23	- \$23	- \$23	- \$23
Potential Federal SmartBenefits Replacement	- \$50	- \$50	- \$50	- \$50	- \$50
	\$577	\$292	\$242	Service cut relief	
FTE Impact^D	-	-	-175	-2,900	-4,700

A. \$45M Revenue Forecast Adjustment - includes \$65M average fare and trip adjustment (rev. decrease) offset by \$20M fare evasion recovery (rev. increase)

B. Additional PM transfer above \$60M annual base amount

C. Maximum PM transfer reduced due to cuts to eligible maintenance activity

D. 10 to 12.5% increase; does not include parking. E. Amount above annual 3 percent growth cap from FY2024-2025

Note: Totals may not sum due to independent rounding



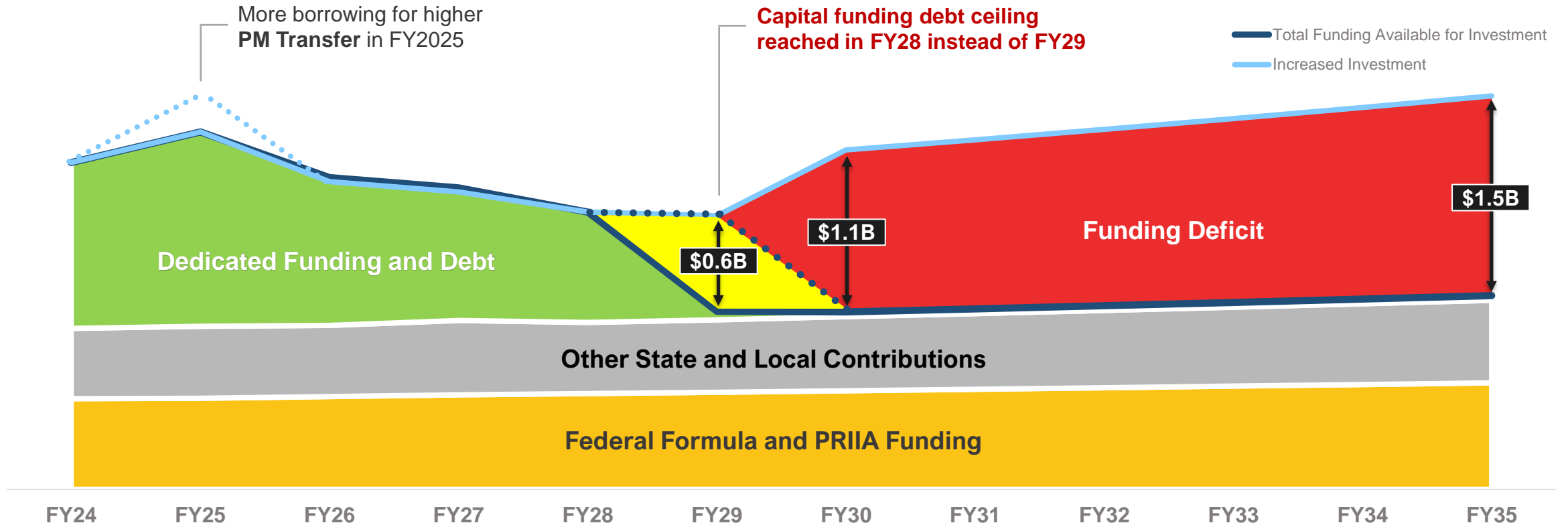
Customer Impacts of FY2025 Scenarios

Operational Reduction: Illustrative Service Concepts

	Scenario 1 Standard PM No service cuts Most add'l Subsidy	Scenario 2 Max PM No service cuts Some add'l Subsidy	Scenario 3 Max PM Targeted service cuts Least add'l Subsidy	Scenario 4 Max PM, ~33% Cut Major service cuts No add'l subsidy	Scenario 5 Standard PM, ~60% Cut Severe service cuts No add'l subsidy
Metrorail	124 trains 5 to 12 minutes Midnight or 1 am closing	124 trains 5 to 12 minutes Midnight or 1 am closing	112 to 120 trains Turnbacks Six-car trains	75 to 90 trains 10-15 min peak 20-30 min off-peak Early closing ~33% cut	50 to 60 trains 20-30 mins all day 9:30 PM closing ~60% cut
Metrobus	134 bus lines 21 lines: 12 min or better all day Systemwide: varies	134 bus lines 21 lines: 12 min or better all day Systemwide: varies	Cut 10 bus lines	Cut 50 bus lines Cut frequency on busy lines ~33% cut	Cut 80 to 95 bus lines 20 to 30 minutes 9:30 PM closing ~60% cut
MetroAccess	Full service	Full service	Full service	No service beyond regulatory requirements	No service beyond regulatory requirements
Fares	No fare increase	No fare increase	Higher fares	Higher fares	Higher fares



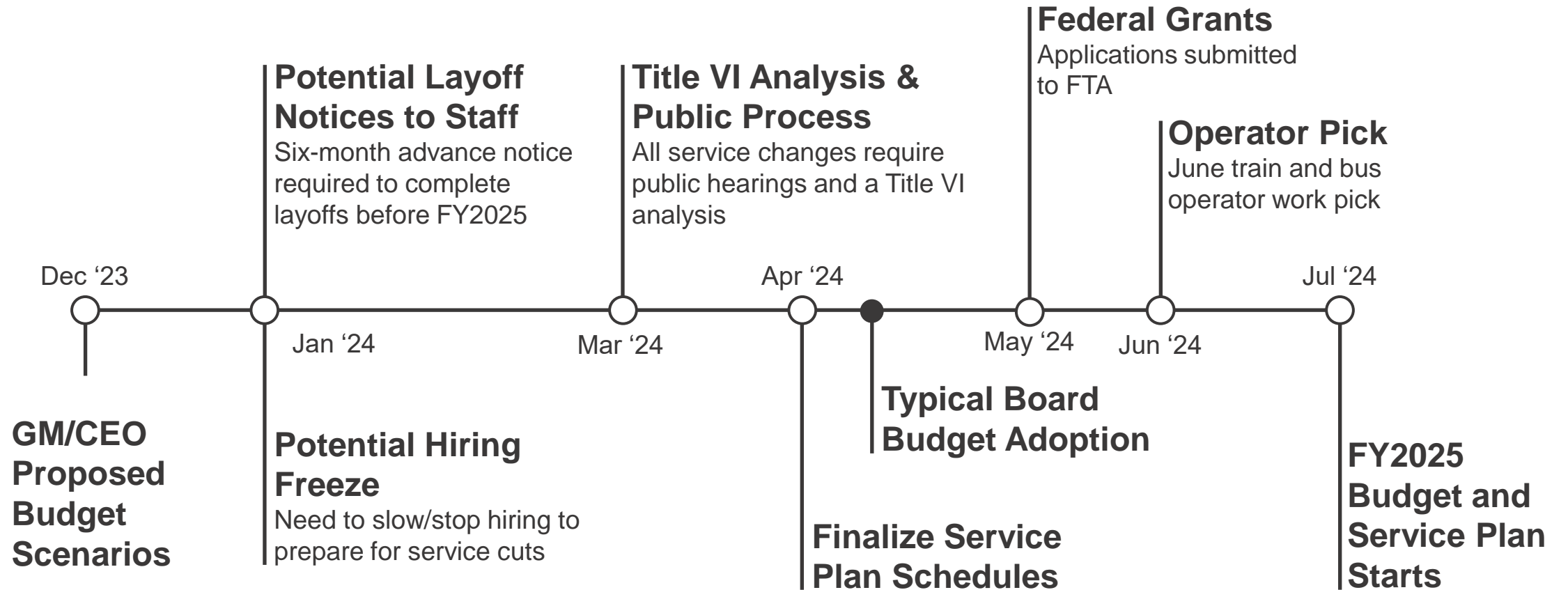
Capital Deficit begins in FY2028 or earlier instead of FY2029



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

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