

Washington Metropolitan Area Transit Authority
Board Action/Information Summary

Action Information

MEAD Number:
200690

Resolution:
 Yes No

TITLE:

Adoption of FY15 Operating Budget and Fare Changes

PRESENTATION SUMMARY:

This presentation will provide information to the Board to inform its decision to adopt the General Manager/Chief Executive Officer's (GM/CEO) proposed \$1.8 billion FY2015 Operating budget (as modified since December 2013), including updates on investments in human capital and business proficiency, changes to revenue forecasts, and Board-requested modifications to the proposed fare adjustments for FY2015.

PURPOSE:

To present the Board with updated information on the proposed FY2015 Operating budget and FY2015 fare adjustments, including investments in human capital and business proficiency, changes to the operating revenue forecast, and the current and future philosophy behind the fare policy for MetroAccess.

DESCRIPTION:

Key Highlights:

- The FY2015 Budget advances the Momentum strategic plan and key actions established in the GM/CEO's CY2014-2016 Business Plan.
- The FY2015 subsidized operating budget totals \$1.76 billion to provide safer, better, and more service across all three transit modes.
- The FY2015 budget advances key business plan actions including:
 - Delivery of safer service by continuing to close NTSB recommendations, developing and implementing a fatigue management program, supporting employee close call reporting, and enhancing customer awareness of safety and security;
 - Implementation of a new comprehensive Customer Care program;
 - Operation of a full fiscal year of Silver Line Phase 1 service;
 - Initiation of new Metrobus Priority Corridor Network (PCN) and State of Good Operations (SOGO) improvements; and
- The FY2015 budget book will include, for the first time, a separate chapter highlighting Metro's investments in Human Capital, including employee compensation, benefits, recruiting, training and development, and pension and OPEB.
- The FY2015 fare changes are expected to generate net revenue of approximately \$30 million, and these fare changes pass the equity analysis required by Title VI of

the Civil Rights Act (ensuring that minority and low income populations are not disproportionately impacted by fare changes).

Background and History:

In April 2013 the Board approved Metro's \$2.7 billion FY2014 Budget and \$5.5 billion FY2014-2019 Capital Improvement Program. The April 2013 multi-year financial plan projected modest passenger fare increases to be implemented in July 2014 as well as additional jurisdictional investment to support the FY2015 budget.

New Collective Bargaining Agreements have been executed between Metro and three unions that represent a majority of Metro's employees covering wages, benefits, hours and working conditions for FY2013 through FY2016. Negotiated agreements have been executed with: Local 689 Amalgamated Transit Union which represents a majority of Metro's operating, maintenance, clerical, and administrative personnel; Local 2, Office and Professional Employees International Union, AFL-CIO, which represents professional, technical, administrative, and clerical personnel; and Local 922, International Brotherhood of Teamsters, the bargaining unit comprised of nearly 400 operating, maintenance, clerical and administrative personnel employed in the Landover Bus Division. The FY2015 Budget incorporates the fiscal impact of each of these new agreements.

In September 2013 the GM/CEO presented his CY 2014-2016 Business Plan, a multiyear plan that identifies tangible, near-term actions that are aligned with Momentum and the multiyear operating and capital budgets. The GM/CEO's business plan places an added focus on improving our service for customers by building on the Customer Service Action plan and putting an emphasis on the customer experience.

Discussion:

FY2015 Operating Budget

The FY2015 Operating Budget is linked to the Momentum strategic plan, the key actions established in the GM/CEO's CY2014-2016 Business Plan, and the multiyear operating and capital program investment plans. The FY2015 budget is focused on providing Metro's customers with Safer, Better and More service. The Proposed FY2015 Budget advances key actions and initiatives including:

Improving Safety for Customers and Employees and Keeping the System Secure

- Metro's highest priority is the safety of the system for customers and employees.
- Of 29 National Transportation Safety Board recommendations to Metro, 21 have been closed. The FY2015 budget includes the required investments to continue progress on the remaining 8 recommendations, including the replacement of the 1000 series railcars, improving exterior door handles, and replacing track circuits.
- Metro has also established a policy to provide a framework for the prevention and mitigation of fatigue and is promoting vigilance by developing and implementing a Fatigue Risk Management System (FRMS). The system will have a special focus on safety-sensitive and safety-critical Metro employees and contractors.

- Metro is also investing to improve the security of the system, with new police officers for bus patrols and for the Silver Line, and in a new District II Substation and Range and a new Security Operations Control Center.

Caring for Customers

- In order to consistently focus on the customer, Metro is establishing a first ever, system-wide customer care program and is completing customer service action plan items including quarterly customer satisfaction surveys, training for front line employees, and improved communications tools and equipment.
- Metro is also investing in improved lighting in underground stations, station cooling upgrades, and station rehabilitation projects.
- Through the Metro 2025 program, Metro plans to advance significant investments over the next ten years in Next Generation Communications infrastructure and equipment in order to provide meaningful, timely, and accurate information to customers.

Connecting Communities with New Rail and Bus Service

- The FY2015 operating budget includes the operation of the full fiscal year of Silver Line Phase 1 service which extends the Metrorail system through Tysons Corner to Wiehle Avenue-Reston East.
- The FY2015 operating budget also includes operating support for the implementation of additional Priority Corridor Network (PCN) improvements to better connect communities.

Delivering Quality Service

- The FY2015 operating budget advances additional Metrobus State of Good Operations and Priority Corridor Network improvements to meet or exceed on-time performance targets and better connect communities.
- Metro will also continue the comprehensive rehabilitation and replacement of track and rail structures to improve reliability and to achieve a steady state of maintenance of the Metrorail system.
- As a direct result of capital investments and improved preventive maintenance on escalators, Metro recently achieved 92 percent escalator availability, the highest level of availability in five years. Metro will continue the reinvestment in these important assets in FY2015 and beyond.

Efficiency, Effectiveness, and Sustainability

Metro is advancing several key initiatives to improve effectiveness, achieve cost

savings, and avoid future costs by streamlining business support and administrative processes and redeploying resources. Metro is also taking action to realign key areas of the operating budget to present a budget plan more consistent with experience and expectations, including salaries and wages, overtime, parts and materials and energy. Key efficiency and effectiveness initiatives include:

- Finance workforce planning and business process streamlining
- Non-revenue fleet improvements
- Sustainability and energy saving initiatives
- Administration of pension, healthcare, and Other Post Employment Benefit programs

Inventory parts demand and procurement improvement

Investing in Employees

In FY2015 Metro will continue the implementation of employee engagement improvement initiatives, recruitment strategies, and succession planning strategies, and Metro is preparing to implement the MetroConnect state-of-the-art workforce management system.

Metro will also be introducing a set of business proficiency initiatives in FY2015 that will integrate enterprise risk management into Metro's business planning. The initiatives will include enhanced contracting expertise (through hiring of legal contracts staff), leadership development, and "best practices" business process training in areas such as procurement and grants management.

Human Capital

Human capital is a way of defining and categorizing people's skills and abilities and how they are used to accomplish the goals and objectives of the organization. At Metro, the management of human capital involves workforce planning and investment, and is aligned with the strategic plan and integrated with the core mission of operating and maintaining a safe, reliable, and effective transit system.

Human capital is not just the number of people employed, but the investments associated with such employment — often referred to as personnel costs. Metro's personnel costs fall into one of two major categories, labor or fringe benefit costs.

Labor costs make up approximately 68 percent of personnel costs. Labor costs include regular wage and overtime pay for operations employees, as well as salary expense for management, professional, and administrative personnel. The proposed FY2015 labor budget for operating and capital is \$1.04 billion.

Fringe benefit costs at Metro comprise the personnel-related expenses incurred by an employer that are above and beyond the cost of employee pay. Metro's fringe benefits are comprised of health insurance and pension plans required by collective bargaining agreements to retain a professional workforce. Fringe benefits also include government mandated costs such as unemployment insurance and payroll taxes. The proposed FY2015 fringe benefits budget is \$491.5 million.

The proposed staffing requirement for FY2015 is 12,876, consisting of 11,517 operating positions, 1,279 capital positions and 80 positions funded by reimbursable projects. Metro's FY2015 proposed budget includes a 1.5 percent increase over Metro's approved headcount for fiscal year 2014, primarily due to resources required for maintenance of the rail system and Bus service improvements.

Updated Revenue and Subsidy Forecasts

Metro's total operating revenue forecast in the FY2015 budget is \$948 million, a reduction of \$5 million from the proposed budget in December. At the end of 2013, as a result of inaction by Congress, the federal transit subsidy reverted to a lower level of \$125 per month (from a higher value of \$245) and is no longer at parity with the federal parking subsidy, which remains at the higher level. As a result, the previous forecast of one percent growth in Metrorail ridership in FY2015 has been reduced to zero. This will reduce forecasted revenues for FY2015 by approximately \$6 million. This rail revenue reduction is partially mitigated by an increase in projected advertising revenue of \$0.5 million (as a result of the new advertising contract, which has a higher minimum guarantee) and a net increase in bus revenue of \$0.5 million (due to higher revenues from the DHS-funded service to the Coast Guard facility at St. Elizabeth's, offset by lower projected contributions from the District of Columbia for the "Ride Free on Bus" program for students).

However, the proposed use of the FY2013 operating surplus has also changed from December. The GM/CEO is recommending that Metro reserve \$10 million of the \$30 million FY2013 surplus to address revenue contingencies in FY2014, including the delayed opening of the Silver Line, the bad winter weather, and the government shutdown in October. This will allow \$20 million of the surplus to be used to offset FY2015 jurisdictional contributions, up from an assumed value of \$15 million in the December proposed budget.

Thus, the \$5 million increase in available FY2013 surplus offsets the \$5 million net revenue decrease, and the total required local subsidy (including debt service, preventive maintenance, and the application of prior year surplus funds) remains at \$779 million, the same value as in the December proposal. This total figure is an increase of \$44 million or 6 percent over the approved FY2014 subsidy.

FY2015 Fare Changes

The GM/CEO proposed a set of fare changes in the December budget proposal, and the Board then adopted a fare docket for the public hearings in January and February that expanded on the original proposal, in order to give the Board more flexibility in considering fare changes.

The final FY2015 fare changes are broadly similar to what was proposed by the GM/CEO in December, with a 3 percent increase for Metrorail fares and an increase in the base Metrobus fare to \$1.75. However, there are a few notable changes from the December proposal:

- The cash surcharge on Metrobus will be retained, so that the base SmarTrip® bus fare will be \$1.75 and the cash fare will be \$2.00.
- A "convention pass" will be offered, which will be a discounted 1-day unlimited rail

- pass offered exclusively through WMATA bulk sales
- An additional parking surcharge of \$0.50 will be imposed at Metro daily parking facilities in Prince George's County (with the exception of Landover, Addison Road, and Prince George's Plaza)

These fare changes are expected to generate net revenue of approximately \$30 million, and this combination of fare changes passes the equity analysis required by Title VI of the Civil Rights Act (ensuring that minority and low income populations are not disproportionately impacted by fare changes). A summary of the equity analysis, as well as a staff report on the public hearings and other Title VI-required public outreach efforts, are included with the Board resolution.

Jurisdictional Subsidy

Total jurisdictional subsidy in the proposed FY2015 budget increases by 6 percent over FY2014, from \$735 million to \$779 million. The allocation of Metrorail and MetroAccess subsidy is unchanged from the December proposal, while the allocation of Metrobus subsidy has changed slightly as a result of updating the allocation with the most recent route-level data on miles and hours of service in each jurisdiction.

Total debt service for FY2015 is now \$21.3 million, an increase of \$0.1 million from the December proposal. As a result of the government shutdown in October 2013, the Internal Revenue Service (IRS) informed Metro of a reduction in the refundable credits associated with the 2009B Build America Bonds of \$0.1 million. This added cost will be included in the jurisdictional billings in FY2015.

MetroAccess Fare Policy

The impact of the proposed FY2015 fare increases on MetroAccess riders was one of the primary issues raised at the public hearings. The fare proposal does not include any change to the overall structure of MetroAccess fares (calculated as twice the comparable fixed-route fare, with a maximum fare of \$7.00). The current fare structure was put in place in FY2011:

- The FY2011 budget included a set of initiatives that were designed to address unsustainable growth in MetroAccess in the preceding year. Ridership had peaked in FY2009 at a 22% increase over the previous year, and the budget was approaching \$100 million annually.
- The steps taken included (a) a reevaluation of the service area and fare policy in the context of ADA requirements, and (b) demand management initiatives such as conditional eligibility, travel training, and the aggressive promotion of the Free Ride Program for conditionally eligible MetroAccess customers.
- As the paratransit subsidy approached that of Metrorail, and in the context of substantial budget gaps in each of the prior three fiscal years, the Metro Board realigned its policies governing paratransit to ensure that the level of service provided did not greatly exceed that required by ADA.
- In addition to the change in fare policy, the service area was also redefined as the ADA $\frac{3}{4}$ -mile corridor around existing fixed-route services. Approximately 20% of the customer base was "grandfathered" to allow continued travel beyond this corridor as needed, and a maximum fare of \$7.00 was established, thereby

avoiding potential fares up to \$10.00 that could have been charged based on twice the peak rail fare.

Following the public hearings, the Board received a formal letter from the Access Advisory Committee (AAC) outlining their recommended changes to the MetroAccess fare policy. These changes including pricing the service at twice the bus fare only; reducing the multiplier; and reducing the maximum fare.

If the Board is to consider a change in Metro’s current philosophy for pricing MetroAccess, it will need to evaluate both the immediate impact on operating subsidy in FY2015 (through both reduced fare revenue and increased expense as a result of additional trips) and the longer-term impact on future budgets and fare change decisions:

- If the fare policy were to revert back to the pre-FY2011 method of twice the bus fare, the additional subsidy that would be required for MetroAccess in FY2015 is estimated at more than \$10 million.
- Similarly, a reduction of the multiplier from 2 to 1.5 would have an estimated subsidy impact in the range of \$5-\$10 million.
- Other suggestions have included smaller changes to the multiplier so that the average fare increase for MetroAccess riders is comparable to the average increase for Metrorail riders. This would have a smaller near-term impact on subsidy, but would also raise broader policy issues – in particular, what should future MetroAccess fare increases be compared to, and should the multiplier be considered a “variable” in all future fare changes.

FUNDING IMPACT:

Budget:	Operating Budget, Fiscal 2015
Project/Account:	Insert full account name from budget line item.
Project Manager:	Insert manager’s name
Project Department/Office:	Insert department/office name from budget line item
This Action:	Amount requested for approval
Remarks:	The FY2015 subsidized operating budget totals \$1.76 billion, and the FY2015 operating reimbursable budget totals \$50.8 million.

	FY XXXX	
Budget:	Approved total project budget, or approved amended budget	[Use additional columns for each year beyond one]
This Action:	Amount requested for approval	

Prior Approval:	Commitments & obligations against the budget as recorded in PeopleSoft	
Remaining Budget:	Budget-(subtotal + prior approval)	

TIMELINE:

Previous Actions	Presentation of the GM/CEO's proposed FY2015 operating and capital budgets and authorization of public hearings (Dec 2013)
	Public outreach and public hearings (Jan/Feb 2014)
Anticipated actions after presentation	Adoption of the FY2015 Capital Budget and FY2015-2020 Capital Improvement Program (Apr 2014)
	Implement adopted fare changes and begin FY2015 budget year (Jul 2014)

RECOMMENDATION:

Approve the staff report on public outreach, approve the Title VI equity analysis, and adopt the FY2015 operating budget and FY2015 fare adjustments.



WASHINGTON METROPOLITAN AREA TRANSIT AUTHORITY

Adoption of the FY2015 Operating Budget

Finance & Administration Committee
March 13, 2014



Purpose

Approve the FY2015 operating budget and fare adjustments in support of Metro's Board-endorsed Strategic Goals and the GM/CEO's business plan



Agenda

- Review FY2015 program investments
- Human capital
- Changes since December proposal
- Fare adjustments (bus/rail/parking)
- MetroAccess fare policy
- Operating investment summary



Safer, Better, More

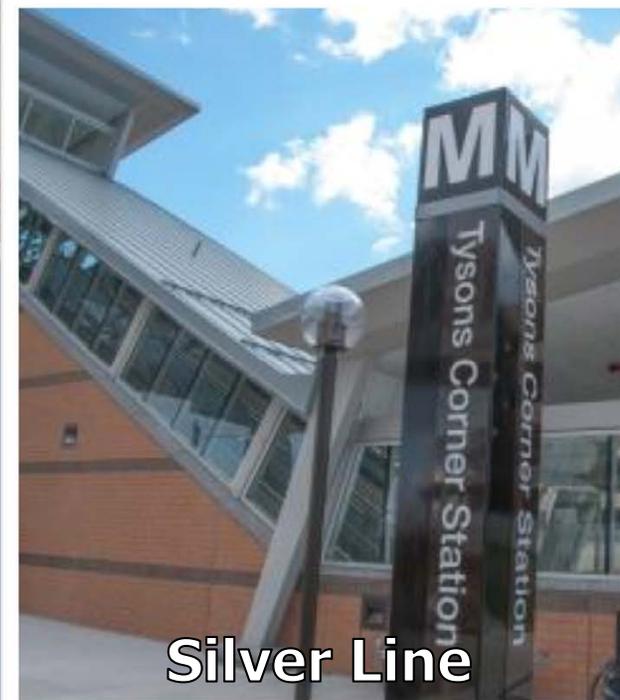
7000-Series Railcars



NTSB Recommendations



Station Lighting



Silver Line

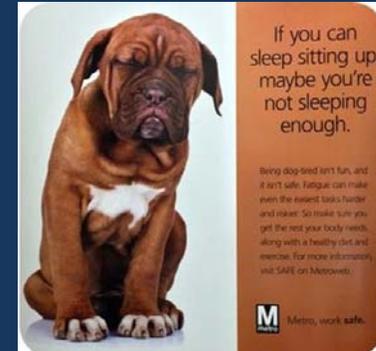


FY2015 Will Bring Authority-wide Investments in...

Improving Safety



Closing NTSB recommendations



Fatigue Risk Management System

Caring for Customers



Improving communications



Customer Care Program

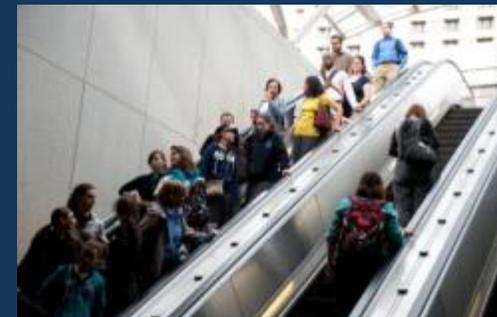


FY2015 Will Bring Authority-wide Investments in...

**Delivering
Quality
Service**



Improving
reliability



Better escalator
availability

**Connecting
Communities**



Operating Silver
Line Phase I



Expanding Priority
Corridor Network



FY2015 Will Bring Authority-wide Investments in...

Efficiency and Sustainability



Garage lighting project

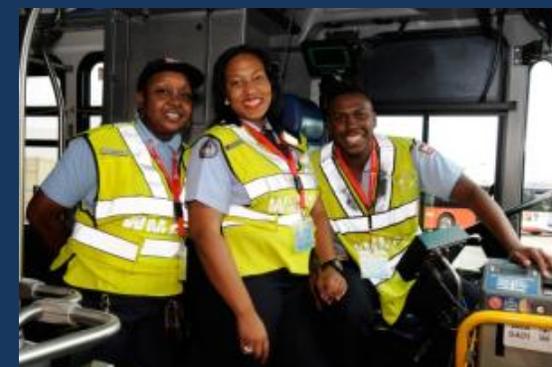


Service vehicle fleet initiative

Metro's Employees



Recruitment and succession planning



Improving employee engagement



Human Capital: Initiatives

- Total compensation strategy
- Recruiting and training
- Performance management
- Engagement surveys
- Recognition awards
- Wellness programs





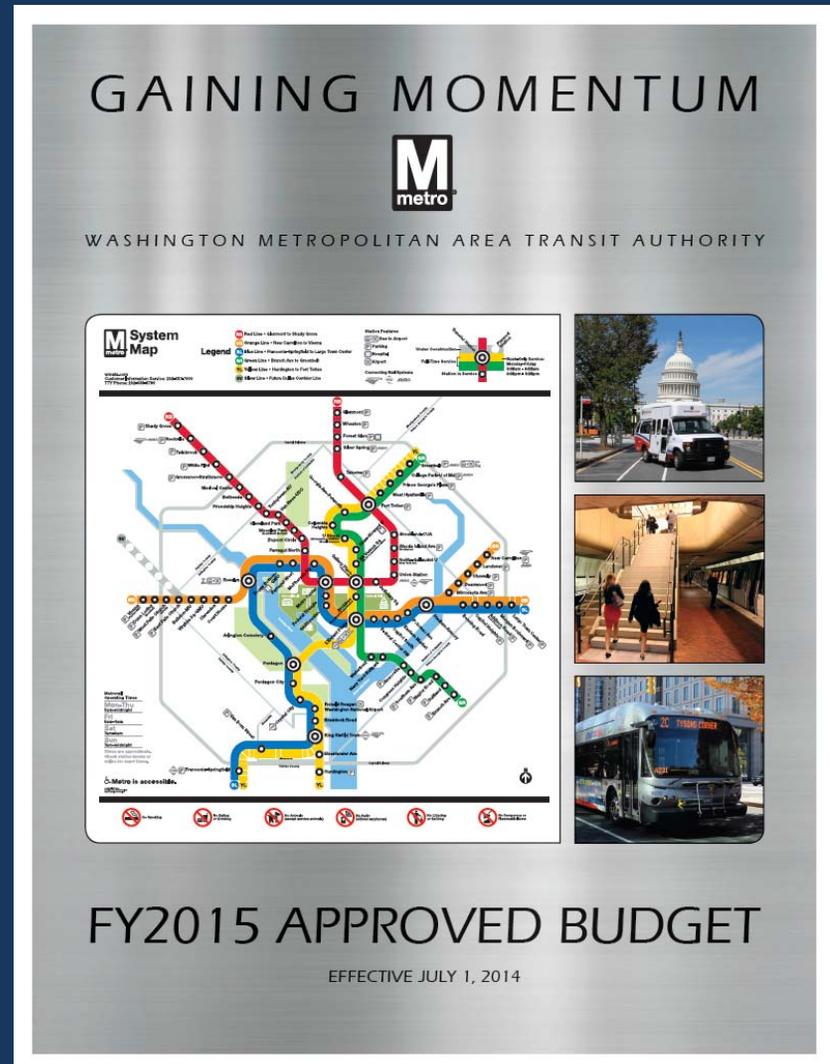
Human Capital: Summary

	FY2014	FY2015	Change
POSITIONS	12,689	12,876	187
Fringe Benefits			
Healthcare	\$189.7	\$202.1	\$12.4
Taxes (FICA & Unemployment)	\$75.0	\$79.8	\$4.8
Pension (Defined Benefit)	\$162.3	\$169.8	\$7.5
Pension (Defined Contribution)	\$7.4	\$7.9	\$0.5
Life Insurance	\$1.7	\$1.7	\$0.0
Long Term Disability	\$0.7	\$0.7	\$0.0
Workers Comp Assessment	\$0.8	\$2.6	\$1.7
Other Unallocated Fringe Benefits	\$27.4	\$27.0	-\$0.4
Total Fringe Benefits	\$465.0	\$491.5	\$26.6
Total Payroll	\$969.2	\$1,042.1	\$72.9
<i>Fringe Rate (Allocated)</i>	<i>45.2%</i>	<i>44.6%</i>	<i>-0.6%</i>



Human Capital: Additional Detail

- Approved FY2015 budget book will provide a separate chapter highlighting:
 - Compensation
 - Benefits
 - Recruiting
 - Training & development
 - Pension & OPEB





Changes Since December

- Business proficiency initiatives
- Addition to operating reimbursable budget
- Revenues
- Subsidy allocation





Business Proficiency Initiatives

- Integrate enterprise risk management into business planning
- Enhance contracting expertise
 - Add legal contracts staff
- Leadership development program
- “Best practices” business process training
 - NTI – procurement training
 - Grants management
 - Executive-level proficiency



Addition to Operating Reimbursable Budget

- December proposal: \$8.8 million for Safety & Security grants to support MTPD
- Now: increased to \$17.2 million





Changes to Revenue *(not including fare adjustments)*

- Recommend taking out 1% rail growth in FY2015 – revenue reduction of \$6 million
- New advertising contract sets higher minimum guarantee – add \$0.5 million for FY2015 (hopefully more in FY2016)
- Net increase of \$0.5 million for bus (more for DHS St. Elizabeth's service, less for DC school subsidy program)



Changes to Subsidy Allocation

- Added \$0.1 million to debt service due to credit reduction on 2009 Build America Bonds
- Recommend reserving \$10 million for contingencies in FY2014
 - Silver Line delay, weather, and shutdown
 - Allows additional \$5 million to be used to offset FY2015 contributions
- Allocation updated with latest bus data
- Total FY2015 jurisdictional contribution unchanged at \$779 million



FY2015 Fare Adjustments



- 3% increase
- 15% cap (off-peak, mid-dist.)
- Yes to convention pass pilot



- \$1.75 base SmarTrip[®] fare
- \$2.00 cash fare



FY2015 Fare Adjustments (cont.)



- \$0.25 daily increase at all Metro parking facilities
- \$0.50 additional surcharge at most Metro facilities in Prince George's County
- Yes to \$15 event parking at Largo Town Center and Morgan Blvd



Revenue Impact of Fare Adjustments *(if no MetroAccess policy change)*

- Similar to December proposal, generates revenue increase of \$30 million
 - Slight gain from bus cash surcharge
 - Slight loss from Prince George's County parking surcharge
- Will pass final Title VI analysis





MetroAccess Fare Policy

- Issues raised at the hearings and by the Board:
 - Distribution of proposed increase
 - Perceived inconsistency of fares
 - Travel time comparability
 - Market share trends
 - Price sensitivity
- Change to MetroAccess pricing philosophy?





Distribution of Proposed Fare Increase

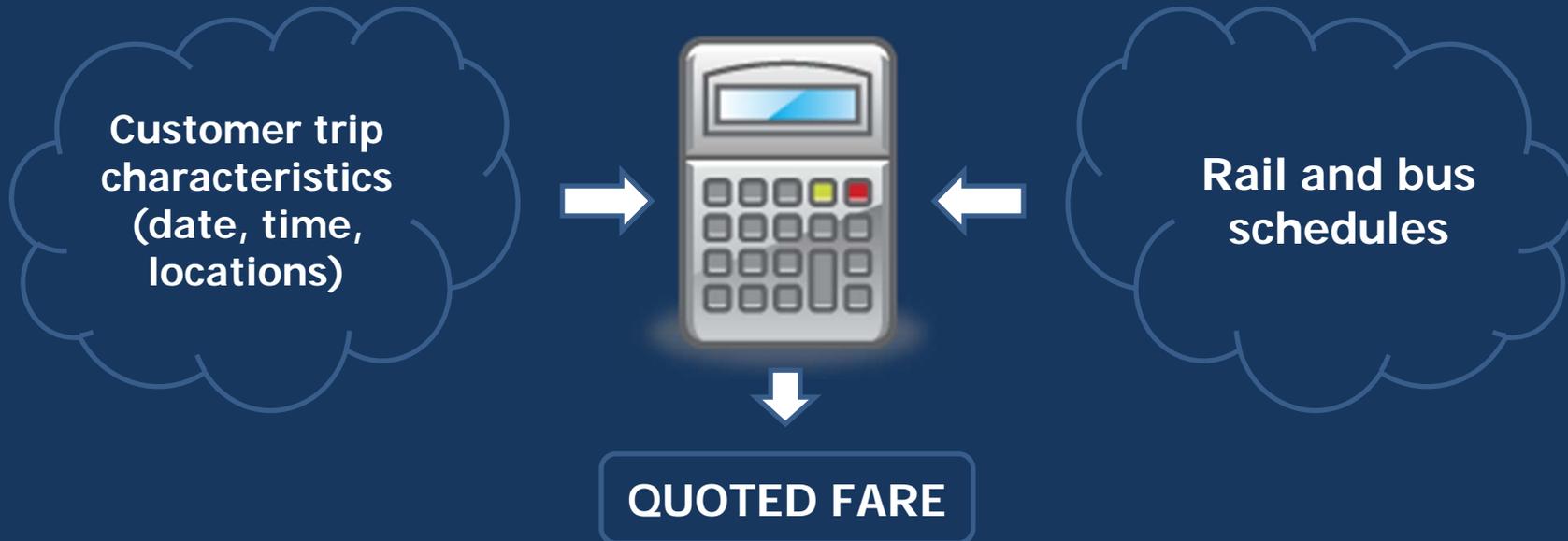
- Current proposal: no change to structure
 - 2x fastest comparable fixed route, \$7.00 max fare
- Average MetroAccess increase only slightly above system-wide average:

Mode	Average Increase
Bus	9.6%
Rail	3.2%
Bus + rail (w/ transfer)	6.2%
Parking	9.0%
MetroAccess	5.4%
System-wide	4.9%

- Some trips will see more or less than 5%



MetroAccess: Fare Calculator



- Minor changes to a customer's trip can lead to different fare
- If rail/bus service changes, fare for same trip may change:
 - Bus service changes
 - Weekend rail trackwork
- Results may occasionally seem counter-intuitive – for example, a peak trip may be cheaper than the same trip off-peak!



MetroAccess: Travel Time Comparability

- Federal requirements
 - ADA: Paratransit must be provided at level of service comparable to service for non-disabled riders
 - CFR: Prohibits *substantial* number of trips with *excessive* length, but recognizes impact of shared rides
- Paratransit travel times are compared to:
 - **Walk + wait + travel time + walk + buffer**
 - Buffers are WMATA-specific and FTA-approved
- Latest analysis presented to AAC in August
 - Based on April 2013 data
 - Compliance rate was **98.8%**



MetroAccess: Market Share Trends

- Analysis by KFH Group of prior growth:

Provider	FY2003		FY2010	
Human Service Agencies /Jurisdictions	2,137,500	52%	1,952,300	33%
Medicaid	982,000	24%	1,621,900	27%
MetroAccess	972,500	24%	2,377,200	40%
Total Trips	4,092,000		5,951,400	

- Recent data on changes in top destinations (Dec 2013 vs. Jun 2012):
 - 25% increase in dialysis centers
 - 5-10% increase in hospitals



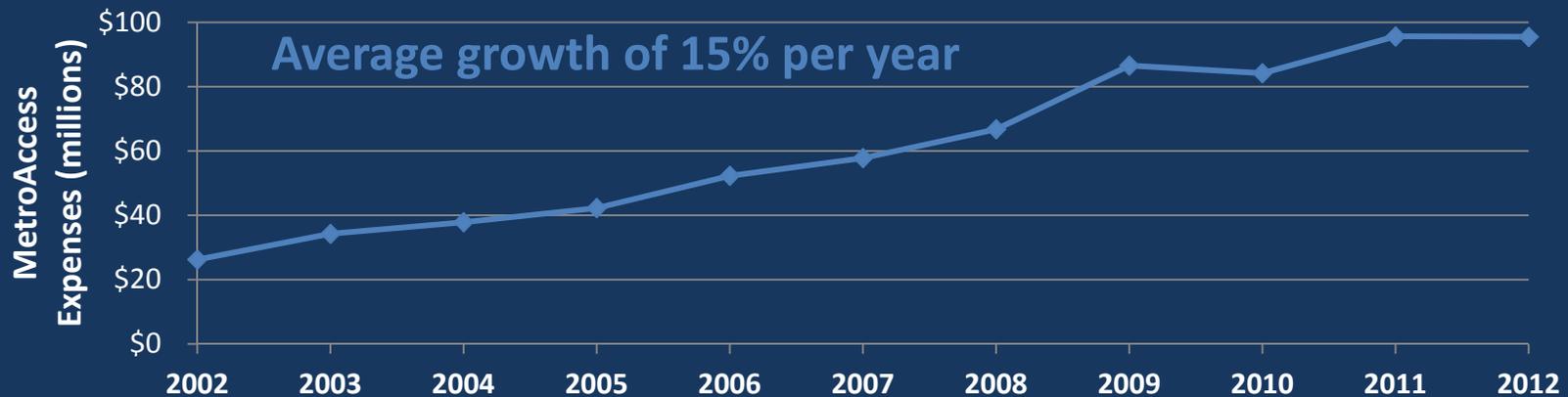
MetroAccess: Price Sensitivity of Riders

- Likely to be less price-sensitive than rail/bus riders
 - Dependency on service, non-discretionary trips
 - Budget assumes low elasticity (i.e., little cost savings)
- 12% overall decrease in ridership FY2010 to FY2012
 - $\frac{3}{4}$ -mile corridor and demand management impacts occurred over time
 - Fare increase was immediate and large
- Estimate of 10% drop due to FY2011 fare policy change



Should the MetroAccess Pricing “Philosophy” Change?

- Previous unsustainable cost curve:



- Pricing changed, cost growth was mitigated
- Usage now rising again
- Developing regional partnerships to balance demand
- Pricing policy change for FY2015 will impact future budgets



AAC Fare Proposals

- **2x bus fare** (return to prior policy)
 - Estimate 10% increase in trips
 - Net subsidy increase of >\$10 million
- **Lower multiplier**
 - At 1.5x, net subsidy increase of \$5-\$10 million
 - Multiplier of 1.9x = ~3% avg. increase
- **Lower cap (to \$6.50)**
 - Net subsidy increase of \$0.5-\$1 million

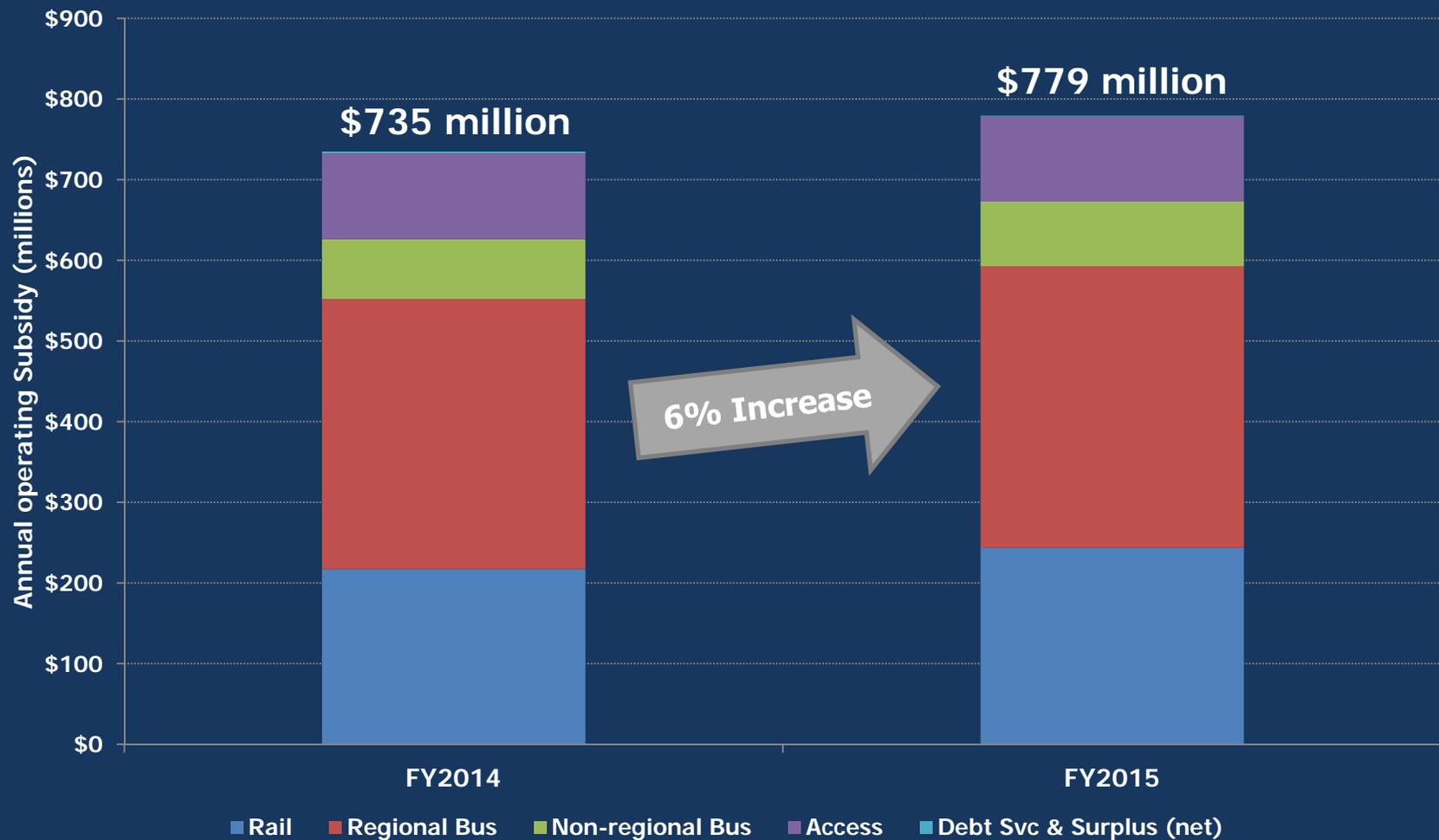


FY2015 Operating Budget

Dollars in millions	Approved Budget FY2014	Proposed Budget FY2015	Change	
			\$	%
Passenger & Parking Fares	\$843	\$898	\$55	7%
Other Revenue	49	50	1	2%
TOTAL REVENUE	892	948	56	6%
Salaries & Wages	798	864	66	8%
Pension	140	147	7	5%
Health & Other Benefits	246	264	18	7%
Non-Personnel Costs	472	483	11	2%
TOTAL EXPENSES	1,656	1,757	101	6%
Preventive Maintenance	(31)	(31)		
Prior Year Surplus	(30)	(20)		
OPERATING BUDGET	1,595	1,707	112	7%
GROSS SUBSIDY	703	758	56	8%
Debt Service	33	21		
NET SUBSIDY	735	779	\$44	6%



Jurisdictional Investment: Operating Subsidy





Recommendation

Approve the staff report on public outreach and adopt the FY2015 operating budget and FY2015 fare adjustments



Next Steps

April 2014

- Adoption of the FY2015 Capital Budget and FY2015-2020 Capital Improvement Program (CIP)

July 2014

- Implement adopted fare changes and begin FY2015 budget year



Appendix



Jurisdictional Investment: FY2015 Operating Budget

<i>(\$ millions)</i>	FY 2014 Subsidy	FY 2015 Subsidy	Metrorail	Metrobus	Regional	Non- Regional	Metro Access	Debt Service	Operating Surplus
District of Columbia	\$275.5	\$293.7	\$81.2	\$182.8	\$147.3	\$35.5	\$27.1	\$10.7	(\$8.1)
Montgomery County	\$123.7	\$130.4	\$46.9	\$60.5	\$50.4	\$10.1	\$20.9	\$5.0	(\$2.9)
Prince George's County	\$159.0	\$164.5	\$40.1	\$83.0	\$59.8	\$23.3	\$41.5	\$5.5	(\$5.7)
Maryland Subtotal	\$282.7	\$294.9	\$86.9	\$143.6	\$110.2	\$33.4	\$62.4	\$10.5	(\$8.6)
City of Alexandria	\$27.7	\$31.0	\$11.5	\$19.1	\$15.9	\$3.3	\$1.0	\$0.0	(\$0.5)
Arlington County	\$47.9	\$51.9	\$23.3	\$28.4	\$27.0	\$1.4	\$0.9	\$0.0	(\$0.6)
City of Fairfax	\$1.6	\$1.7	\$0.8	\$0.6	\$0.6	\$0.0	\$0.3	\$0.0	(\$0.0)
Fairfax County	\$97.6	\$103.9	\$39.2	\$53.5	\$46.7	\$6.8	\$13.3	\$0.0	(\$2.1)
City of Falls Church	\$2.0	\$2.1	\$0.8	\$1.3	\$1.3	\$0.0	\$0.1	\$0.1	(\$0.1)
Virginia Subtotal	\$176.7	\$190.7	\$75.6	\$102.9	\$91.4	\$11.5	\$15.5	\$0.1	(\$3.3)
Total Subsidy	\$734.9	\$779.3	\$243.7	\$429.3	\$348.9	\$80.4	\$105.1	\$21.3	(\$20.0)

Note: Metrorail column includes both Base and Maximum Fare subsidies. Total Maximum Fare subsidy is \$7.1 million.



Title VI Notes

- Demographic breakdown of SmarTrip[®] versus cash on local and express routes:

Service Type	Payment Type	% Minority	% Low Income
Local	SmarTrip [®]	74%	41%
	Cash	79%	45%
Express	SmarTrip [®]	53%	13%
	Cash	65%	16%



Title VI Notes

- Detail from Title VI equity analysis on average fare change:

Mode	Minority	Non-Minority	Low Income	Non-Low Income
Rail	3.3%	3.1%	3.9%	3.1%
Bus	10.1%	10.2%	10.1%	10.2%
Parking	11.1%	7.3%	9.8%	9.0%
MetroAccess	5.5%	5.3%	5.8%	5.1%
Systemwide	5.7%	4.2%	7.0%	4.6%
Difference in Change:		1.6%		2.4%



AAC Fare Proposals: Evaluation Matrix

Proposal	Change compared to existing fare policy			Total change vs. Original GM Proposal
	<i>Revenue (existing trips)</i>	<i>Subsidy (change in trips)</i>	<i>Total</i>	
0) Original GM proposal	\$0.4	\$0.6	\$1.0	--
1) 2x bus only	(\$1.8)	(\$9.8)	(\$11.6)	(\$12.6)
2) Reduce multiplier				
1.90x	\$0.2	\$0.3	\$0.5	(\$0.5)
1.75x	(\$0.3)	(\$1.5)	(\$1.8)	(\$2.8)
1.50x	(\$1.0)	(\$5.6)	(\$6.6)	(\$7.6)
1.25x	(\$2.0)	(\$11.0)	(\$13.0)	(\$14.0)
1.00x	(\$3.1)	(\$17.0)	(\$20.1)	(\$21.1)
3) Lower cap to \$6.50	\$0.2	\$0.2	\$0.4	(\$0.6)

figures in millions



Metro's Pension Plans

Pension Funding (in millions)

Plan	FY2015 Operating Contribution	FY2015 Authority-wide Contribution	Market Value of Assets	Actuarial Value Assets	Actuarial Value Liabilities	Unfunded Liability	Actuarial Funded Ratio*	Asset Smoothing
689	\$105.7	\$128.4	\$2,502.0	\$2,105.2	\$2,960.1	\$854.9	71.1%	5 Years
922	\$5.4	\$6.6	\$172.1	\$146.2	\$170.2	\$24.0	85.9%	3 Years
L2	\$4.4	\$5.4	\$137.9	\$122.3	\$150.7	\$28.4	81.2%	10 Years
Police	\$7.4	\$9.0	\$175.0	\$154.5	\$211.2	\$56.7	73.2%	10 Years
Non-Rep	\$16.8	\$20.4	\$366.4	\$349.1	\$480.3	\$131.2	72.7%	10 Years
Defined Contribu	\$6.5	\$7.9						
LTD	\$0.5	\$0.7						
All Plans	\$146.9	\$178.4	\$3,353.4	\$2,877.3	\$3,972.5	\$1,095.2	72.4%	

**Funded ratios are based on latest actuarial valuations*



Metro's Pension Plans

Pension Performance and Fees

Plan	As of December 31, 2013				Assumed Rate of Return	Fees \$\$\$	Fees % of Assets
	1-year	3-year	5-year	10-year			
689	20.2%	11.0%	13.4%	6.5%	7.85%	\$10.8	0.43%
922	16.6%	10.1%	12.0%	6.3%	7.00%	\$0.8	0.46%
L2	21.1%	11.5%	13.6%	6.8%	8.00%	\$0.1	0.07%
Police	20.0%	11.5%	14.3%	7.5%	7.50%	\$0.7	0.40%
Non-Rep	19.4%	10.6%	13.5%	6.6%	8.00%	\$0.2	0.05%



Metro's OPEB Plans

Summary of OPEB Obligations (in millions)

Year	Annual OPEB Costs	Contribution Made (Pay-Go)	YOY Increase	Net OPEB Obligation	Unfunded Actuarial Accrued Liability
FY2008	\$93.1	\$33.8	\$59.2	\$59.2	\$1,330.4
FY2009	\$97.6	\$38.2	\$59.4	\$118.7	\$1,390.8
FY2010	\$128.2	\$36.2	\$91.9	\$210.6	\$1,648.2
FY2011	\$135.1	\$36.2	\$98.8	\$309.4	\$1,739.7
FY2012	\$137.3	\$44.6	\$92.7	\$402.1	\$1,948.6
FY2013	\$143.6	\$49.6	\$94.0	\$496.2	\$2,027.1



FY2015 Ridership by Mode

Ridership by Service

(Trips in Thousands)	FY2012	FY2013	FY2014	FY2015
	<u>Actual</u>	<u>Actual</u>	<u>Budget</u>	<u>Proposed</u>
Metrorail ¹	218,244	208,969	219,300	222,868
Metrobus ¹	132,195	132,065	132,555	139,124
MetroAccess ²	2,083	2,033	2,003	2,123
Total	352,522	343,068	353,858	364,115

¹ Metrorail ridership is based on linked trips; Metrobus ridership is based on unlinked trips.

² MetroAccess ridership is based on total passengers.

Definition: Unlinked trips are total boardings. Linked trips are total number of complete trips from origin to destination, including transfers.

Updated since December proposal



Allocation Data: Metrorail

Weekday Ridership by Residence (2012 Survey) (33.3%)			
	Total	% of Total	Weight
District of Columbia	211,822	32.0%	10.7%
Montgomery County	134,951	20.4%	6.8%
Prince George's County	110,340	16.7%	5.6%
Maryland Subtotal	245,291	37.1%	12.4%
Alexandria	33,480	5.1%	1.7%
Arlington	73,855	11.2%	3.7%
City of Fairfax	3,090	0.5%	0.2%
Fairfax County	90,784	13.7%	4.6%
Falls Church	3,625	0.5%	0.2%
Virginia Subtotal	204,834	30.9%	10.3%
Total	661,947	100.0%	33.3%



Allocation Data: Metrobus

Weekday Ridership by Residence (2008 Survey) (15%)			
	Total	% of Total	Weight
District of Columbia	223,851	50.2%	7.5%
Montgomery County	59,233	13.3%	2.0%
Prince George's County	91,582	20.5%	3.1%
Maryland Subtotal	150,815	33.8%	5.1%
Alexandria	13,614	3.1%	0.5%
Arlington	24,019	5.4%	0.8%
City of Fairfax	892	0.2%	0.0%
Fairfax County	32,102	7.2%	1.1%
Falls Church	1,001	0.2%	0.0%
Virginia Subtotal	71,628	16.0%	2.4%
Total	446,294	100.0%	15.0%



Allocation Data: MetroAccess

SHARE OF COMPACT TRIPS		
<u>Jurisdiction</u>	<u>FY2013</u>	
District of Columbia	523,821	25.8%
Montgomery County	404,502	19.9%
Prince George's County	803,173	39.5%
Maryland	1,207,675	59.4%
City of Alexandria	21,008	1.0%
Arlington County	19,969	1.0%
City of Fairfax	5,354	0.3%
Fairfax County	251,737	12.4%
City of Falls Church	1,990	0.1%
Virginia	300,058	14.8%
TOTAL	2,031,554	100.0%

SUBJECT: APPROVAL OF THE FISCAL YEAR (FY) 2015 FARE CHANGES WITH ACCOMPANYING PUBLIC HEARING REPORT AND TITLE VI EQUITY ANALYSIS, AND ADOPTION OF THE FY2015 OPERATING BUDGET

RESOLUTION
OF THE
BOARD OF DIRECTORS
OF THE
WASHINGTON METROPOLITAN AREA TRANSIT AUTHORITY

WHEREAS, The Board of Directors received and considered the General Manager/Chief Executive Officer's (GM/CEO) proposed FY2015 Operating budget, and approved a docket of proposed fare changes for FY2015; and

WHEREAS, The Board of Directors conducted six public hearings preceded by open forums on the proposed fare changes, the results of which are summarized in a Staff Report (Attachment A); and

WHEREAS, As required by Title VI of the Civil Rights Act of 1964, Metro staff conducted additional public outreach to riders regarding the proposed fare changes at rail stations, on buses and at bus transfer centers, and through community-based organizations, and conducted an online survey with the results of these outreach efforts summarized in the Staff Report; and

WHEREAS, As required by Title VI of the Civil Rights Act of 1964, Metro staff has evaluated the proposed FY2015 fare changes (Attachment B) to determine whether these changes would have a disparate impact on minority populations or impose a disproportionate burden on low income populations, and has determined there is no significant disparate impact on minority populations or disproportionate burden on low-income populations at the system-wide level in the proposed fare changes shown in Attachment B, and has summarized this evaluation in the Equity Analysis (Attachment C); and

WHEREAS, It is anticipated that the Montgomery County Council will approve continued funding for the "Kids Ride Free" program to subsidize free Metrobus fares for Montgomery County students between 2:00 p.m. and 7:00 p.m. for the FY2015 Budget; and

WHEREAS, It is anticipated that the District of Columbia will approve continued funding for the School Transit Subsidy Program (including the "Ride Free on Bus" program for students), as well as continued funding for transfer discounts at Anacostia and Congress Heights stations; and

WHEREAS, Metro staff, as directed by the Board of Directors, developed a list of budget initiatives for the Board's consideration during the FY2015 budget development process; now, therefore be it

RESOLVED, That the Board of Directors approves the Staff Report on the public hearings and outreach held in January and February 2014, concerning proposed fare changes; and be it further

RESOLVED, That the Board of Directors approves the Title VI Equity Analysis demonstrating no disparate impact on minority populations or disproportionate burden on low income populations from the FY2015 fare changes proposed in Attachment B; and be it further

RESOLVED, That the Board of Directors approves changes to the Metrobus, Metrorail and MetroAccess fares and parking fees as reflected in Attachment B to begin on or about Sunday, June 29, 2014; and be it further

RESOLVED, That the Board of Directors approves the FY2015 subsidized operating budget of \$1.76 billion, with expenses and subsidies detailed in Attachments D-1 through D-3; and be it further

RESOLVED, That \$21.3 million of debt service expenditures resulting from the issuance of Metro Matters bonds are subsumed within the FY2015 budget and allocated to the jurisdictions as detailed in Attachment D-3; and be it further

RESOLVED, That the total budget for Operating Reimbursable Program projects shall be \$50.8 million, as detailed in Attachment E; and be it further

RESOLVED, That the budget for Operating Reimbursable Safety & Security grants for FY2015 shall be \$17.2 million or such lesser amount of federal safety and security grants awarded to Metro as shown in Attachment E; and that the FY2015 budget for Safety and Security grants may not exceed this amount without additional action from the Board of Directors; and be it further

RESOLVED, That the Board of Directors authorizes the temporary use of Metro's short-term financing facilities or lines of credit to ameliorate the impact of any shortfall in the Operating budget; provided, however, that all costs of such usage (including

interest) shall be solely payable out of the Operating budget and charged to the jurisdiction or jurisdictions causing the need to use the lines of credit or to the Operating budget, if not due to a specific jurisdiction or jurisdictions, and not from any capital funds provided by the funding jurisdictions or from federal grants; and be it further

RESOLVED, That in order to implement the Operating budget, the GM/CEO and the Chief Financial Officer or their designees are authorized to: (1) file and execute grant applications on behalf of Metro for funds from the federal government and any other public or private entity consistent with the Operating budget; and (2) execute and file the annual Federal Transit Administration Certifications and Assurances; and be it finally

RESOLVED, That this Resolution shall be effective immediately.

Reviewed as to form and legal sufficiency,



Kathryn H.S. Pett
General Counsel

WMATA File Structure Nos.
4.2.2 Fiscal Year Budgets
9.12.9 Tariff (WMATA Fare Structure)
18.8 Public Hearings and Meetings

PROPOSED

STAFF REPORT

**Public Hearings and Input:
Proposed FY2015 Budget, Fare Proposal and
Capital Improvement Program**

March 7, 2014

Washington Metropolitan Area Transit Authority

General Information

The following report is a summary of the comments on the FY2015 Washington Metropolitan Area Transit Authority (Metro) proposed budget, fare changes and capital program. The comments were received by Metro staff and Board members during a public comment period that extended from January 2 through February 11, 2014. This Staff Summary Report reflects input into the public record via oral and written comments received at six public hearings, those mailed, faxed or e-mailed to Metro headquarters, and the results of an online survey. This report also includes a summary of feedback from MindMixer, an online forum for community engagement, and community-based organization (CBO) outreach.

Public Comment and Reporting Process

In preparation for the budget public hearings, Metro staff scheduled station and transit center outreach events from January 6-31, 2014. Street teams were available on Metro's busiest station platforms to distribute budget and hearing information. Additionally, a series of nine three-hour "pop-up" events were scheduled at transit locations throughout the region. The online survey was available at all of the street team and pop-up events.

A series of six public hearings was conducted from January 29-February 6, 2014. Two public hearings were held in each jurisdiction:

- Jan. 29: Greenbelt, MD
- Jan. 30: Springfield, VA
- Feb. 3: Washington, DC
- Feb. 4: Rockville, MD
- Feb. 5: Arlington, VA
- Feb. 6: Washington, DC

The public was informed that, if approved, any fare modifications were expected to take effect on or about July 1, 2014.

Formal notice of these hearings was made in the Washington Post as well as Washington Hispanic, El Tiempo Latino, El Pregonero and Express India. Advertisements were placed in the Express, El Tiempo Latino, Epoch Times, Korea Times and the Washington Informer. Metro also advertised on six local radio stations, including Spanish language stations. In addition, notice was posted on the front page of Metro's website, which receives nearly one million views per month (with translations available in multiple languages), in Metro buses and trains, and distributed through email outreach and community lists that include more than 3,000 government, civic, business and community stakeholders. Outreach activities were also promoted to more than 100,000 subscribers of Metro's traditional media outreach and social media channels.

Standard procedures were employed at each public hearing. Prior to the hearing, Metro hosted Information Sessions to provide the public with an opportunity to learn about Metro's current work to improve service and to provide comments and suggestions on any topic, including subjects that are not on the docket. A series of documents were available describing the proposals being considered to generate revenue for the FY2015 Metro operating budget. In addition, attendees were invited to complete the online survey via tablets at three of the Information Sessions.

At the beginning of each hearing, the presiding Board member read a prepared statement outlining the public hearing process. Then, a senior member of the Metro staff presented the major proposed budget highlights. Pre-registered speakers were then called to the podium to offer testimony followed by speakers who had registered at the hearing. Additionally, all attendees were informed that Metro would accept written testimony until 5 p.m. February 11, 2014.

The purpose of the public hearings is twofold. First, the hearings allow Metro to solicit and obtain public comment regarding the proposed FY2015 budget, increasing bus, rail and parking fares, and Metro's capital improvement program. Second, the public hearings satisfy the requirements of Section 62 of the Metro Compact and Federal Transit Administration statutes that require public hearings be held prior to implementing a fare increase or service reduction.

Executive Summary of Input

A public comment period was held between January 2 and February 11, 2014 to solicit and obtain public input on proposals to balance the FY2015 Metro operating budget.

Six public hearings were conducted between January 29 and February 6, 2014, which included opportunities for the public to provide oral and written testimony in the District of Columbia, Maryland and Virginia. Comments were also accepted via mail and email. Additionally, a questionnaire was made available that the public could complete online to comment on the public docket. Finally, staff launched budget outreach questions on MindMixer.

The proposals being considered on the public docket were increases to base rail and bus fares, the elimination of a cash surcharge on Metrobus, and increases to parking rates at Metro-operated facilities.

Approximately 6,755 inputs were received during the public comment period submitted through oral testimony at a public hearing, written testimony, emailed and mailed comments, and/or through the online survey.

With respect to public hearing and written comments submitted, the majority of comments focused on the impact that fare increases would have on the MetroAccess fare calculation, as well as concerns about fares increases being implemented at a time when Metrorail and Metrobus service issues remain.

Of the 180 public comments received at hearings and in writing, 72% were opposed to the fare changes, 5% supported the proposal, 44% of the respondents mentioned service concerns, and 30% of the comments were submitted by MetroAccess riders.

With 6,575 people participating in this year's budget and fare survey, the number of respondents nearly doubled compared to the last time a budget survey was conducted in 2012. Forty-three percent of respondents self-identified as minorities, while 17% volunteered that they live in households with incomes under \$35,000 annually.

The survey found that almost half of respondents reported they would not change the amount they ride Metrorail as a result of a three or four percent fare increase. When compared to the three percent increase, slightly more respondents said they would decrease the amount they ride on Metrorail if a four percent increase were implemented.

Most respondents also said they would be unaffected by the \$1.75 or \$1.85 fare increase on Metrobus. However, half of MetroAccess customers said they would ride less as a result of the fare increases.

Low-income respondents were significantly more likely to say they would ride less on Metrobus, airport buses, Metrorail and Express buses as a result of the increases compared with mid- to high-income respondents. Minority respondents also were significantly more likely to report they would take Metrobus, Metrorail and Airport buses less due to increases in fares than non-minorities.

In addition to gathering a response related to the fare changes, the survey also gathered information about what investments in Metro's assets are most important to riders. The rehabilitation of track and rail structures, escalator maintenance and improved signage were noted as the most important service improvements with over eight in 10 respondents saying these improvements are somewhat or very important. The rehabilitation of track and rail structures was noted as important by almost all (96%) survey takers. Seventy percent of respondents believe riders should pay less and jurisdictions pay more to fund these service improvements.

It is important to note that regardless of the channel by which customers delivered their input on the FY2015 budget, these comments reflect only those who proactively responded to the call for comment on the public docket. This report provides a summary of the data collected which uses percentages to organize the information collected. Like the public hearing, the survey was available to all and was not designed to obtain a random representative sample.

PUBLIC HEARING AND WRITTEN INPUT

There were a total of 180 customer inputs from the FY2015 budget fare hearings, 113 were in-person and 67 were received from written testimony.

The public hearing comments and written testimony covered a variety of issues, however the most prevalent theme related to MetroAccess fares. MetroAccess riders expressed concern about the impact of the fare increase, which could be doubled for some MetroAccess riders due to the current fare calculation. Suggestions from MetroAccess riders include reducing the fare calculation multiplier from 2 to 1.5 or 1.25, and reducing the maximum fare from \$7 to \$6.50. Other commenters expressed their opposition to fare increases due to Metrorail and Metrobus service issues and concerns about Metro signage and other communications issues.

In addition, written testimony was received from Destination DC in favor of the convention pass, and a representative from the Montgomery County Chamber of Commerce spoke at the Rockville hearing in favor of the Momentum strategic plan.

The topline findings from the public hearing comments and written testimony include:

- 130 inputs (72%) oppose fare changes
- 8 inputs (5%) support the fare changes
- 78 inputs (44%) were concerned with current service levels
- 36 inputs (20%) were unrelated to the public docket

Additional details:

	JURISDICTION	Rail	Bus	Access	Against fare changes	Support fare changes	Service Concerns	Off Topic	Other Source
DC	31 17%	17	8	4	24	2	17	4	2
Maryland	59 33%	20	12	24	46	4	22	8	5
Virginia	25 14%	13	5	5	21	0	15	3	4
Undetermined	65 36%	17	9	22	39	2	24	21	9
Total	180	67	34	55	130	8	78	36	20
		37%	19%	31%	72%	4%	43%	20%	11%

ONLINE QUESTIONNAIRE INPUT

To facilitate public input, a survey on the docket was developed, in which respondents were asked to select options they would most likely support. Multiple answers to some questions were permitted, resulting in certain questions having response tallies exceeding 100%. During the public comment period, more than 6,575 people responded (see Appendix A for complete budget survey results).

Respondents began with a set of questions where they were asked about their priorities. Under investing in assets, track and rail reliability was chosen by almost every respondent as very or somewhat important. An additional nine in 10 chose escalator maintenance as very or somewhat important. When asked about customer care and its level of importance, eight in 10 customers chose improving announcements and signage as most important with training employees as second most important. Finally, respondents placed the new 7000 series cars as the top priority for Metro to deliver quality service, with replacing 200 buses per year as a close second. When thinking about these costs and who should pay for them, seven in 10 riders believed that the jurisdictions should pay more than they do currently.

Riders were next asked about the effect of a fare increase on bus services. Six in ten said they would not be affected at all by a \$1.85 fare increase on Metrobus, and about two-thirds said they would not be affected by a \$1.75 Metrobus fare. A little over one-half of respondents said that SmarTrip customers should continue to get a discount. More than one-half (56%) of current Express bus riders said they would take fewer trips if fares were increased, while less than 30% of current airport bus riders reported they would take fewer trips if fares were increased.

When it came to fare changes on Metrorail, nearly 50% of customers would not change the amount of riding as a result of a 3% increase. These numbers changed only slightly with a 4% fare increase.

MetroAccess customers accounted for only 6% (346 customers) of those who answered the survey. Slightly more than half (52%) of these respondents said their riding would not change due to a rate increase on their MetroAccess usage.

Although the majority (67%) of survey takers didn't use parking, among those who did, it was an even split between those who said they would not change the amount of parking they used and those who said they would decrease the amount of parking significantly.

A last set of questions asked riders about the impact of the transit benefit reduction on their riding habits. About one-half of customers use no transit benefits. And 22% say they will ride less as a result of the subsidy dropping.

OTHER INPUT

MindMixer

Although not part of the formal public record, Metro also solicited comments on the budget and fare proposal through its online forum, MindMixer. During the outreach period, the site had 1,291 total visitors, of which 855 (66%) were new visitors and 436 (33%) were returning visitors (e.g. people who participated in MindMixer before). Five rounds of questions and a demographic survey were conducted.

Most MindMixer participants indicated that: riders should pay less and jurisdictions should pay more of the Metro costs; it is more important to eliminate cash fares on buses than to allow cash payments; Metro should consider variable parking pricing based on time of day and/or demand; and that the three most important Metro 2025 initiatives are 100 percent 8-car trains during rush hour, bus service improvements and new connections.

Below are the five questions posed and responses from MindMixer participants:

Question 1: *How should Metro balance its funding needs for rebuilding and service improvements between riders and local governments? (115 responses)*

- 66% indicated that riders should pay less, government should pay more
- 24% indicated that riders and governments should pay evenly
- 10% indicated that riders should pay more, governments should pay less

Question 2: *Is it more important to allow bus fares to be paid by cash or eliminate the option? (67 responses)*

- 70% indicated that it is more important to eliminate cash fares on buses to enable faster boarding and reduce travel time
- 30% indicated that it is more important to allow cash fares on buses to provide equity and flexibility for last minute travelers

Question 3: *A new payment system may more easily allow changes in fare options or choices. What should we consider in the future? (10 ideas)*

There were the usual requests for zone fares and flat fares, but other interesting ideas were:

- Monthly SmarTrip passes for any fare price (similar to Puget Pass in Seattle)
- Create a lifeline discount fare for low income riders
- Discount on fares for those who auto reload
- Monthly unlimited bus pass

Additional analysis was done to determine if low-income respondent views of the upcoming fare increase varied from the total population of respondents. Low-income was defined as an annual income of \$0 - \$34,999. All other income levels were considered mid- to high-income.

The areas where low-income respondents' views varied significantly from mid- to high-income respondents are highlighted below:

- When asked about current cost percentages of jurisdictions versus riders, low-income respondents were significantly more likely to report the jurisdictions should pay more.
- Low-income respondents were significantly more likely to report a fare increase on Express or Airport buses would result in them taking fewer trips.
- When asked about the effect of a fare increase on Metrobus, about four in 10 low-income respondents report they would take fewer trips if fares were increased to \$1.75 or \$1.85. This is significantly more than the two in ten mid- to high-income respondents who report they would take fewer trips.
- When increases on Metrorail were queried, low-income respondents were significantly more likely to say they would ride less by a slight or significant amount due to the increase.

Analysis was also done to determine if minority respondents views on the upcoming fare increase varied from non-minority respondents. There were few significant differences found as minority responses were largely in-line with the non-minority responses. The areas where significant differences were found are highlighted below:

- Minority respondents were significantly more likely to report the jurisdictions should pay more for the proposed budget increase.
- Minority respondents were almost twice as likely as non-minority respondents to say they would take fewer trips if the fare increase were implemented.
- Although most minority respondents would not be affected by an airport bus fare increase, minorities were significantly more likely to say they would take fewer trips as a result of the fare increase.
- Minority respondents were significantly more likely to report fare increases would result in a slight or significant decrease in their ridership on Metrorail.

Question 4: How should Metro charge for parking at its stations? Please discuss options in the comments section below. (52 responses)

- 46% indicated variable pricing based on time of day and/or demand for spaces
- 31% indicated weekly or monthly passes
- The remainder of the responses were under 15%

Question 5: Metro proposes to make a down payment on Metro2025. Which two initiatives would best increase capacity and efficiency? (235 responses)

- 25% indicated enable 100% eight-car trains during rush hours
- 20% indicated implement bus service changes and build bus-only lanes.
- 20% indicated add new connections (pocket tracks, crossovers) that will allow trains to be routed around delays and get back on-time faster.
- 19% indicated increase capacity of the busiest stations and build underground walkways.
- The remainder of the Metro 2025 initiatives garnered under 10%

Community-Based Organization (CBO) Outreach

Metro conducted seven outreach events with six community-based organizations that serve constituents who are minority, low-income, and/or have limited English proficiency. The purpose of the outreach was to inform the constituents about upcoming system improvements and the proposed fares and fees in the FY15 budget. Additionally, constituents were asked to complete Metro’s public opinion survey on the FY15 budget.

Constituents were able to talk with Metro staff from the Budget and Civil Rights offices to address questions and concerns. At many of the outreach events, riders expressed concern about losing money on their SmarTrip cards, and their inability to register the cards online due to lack of access to a computer. Below are the community-based organizations that hosted outreach events:

Organization	Focus
St. Ann's Center for Children, Youth, and Family- Hyattsville, MD	Support to young families, especially mothers and children
Prince George’s Community College- Hyattsville, MD	Latin Student Association
Central American Resource (CARECEN)- Washington, DC	Development of the Latino community through direct services in immigration, housing and citizenship
Carlos Rosario International School-Washington, DC	Provides evidence –based adult education and programs to immigrant students
Mary’s Center-Washington, DC	Federally Qualified Health Center that provides health care, family literacy and social services
ESOL Adult & Community Education- Falls Church, VA	Offers English classes at several levels of proficiency to foreign born adults learning English as a new language

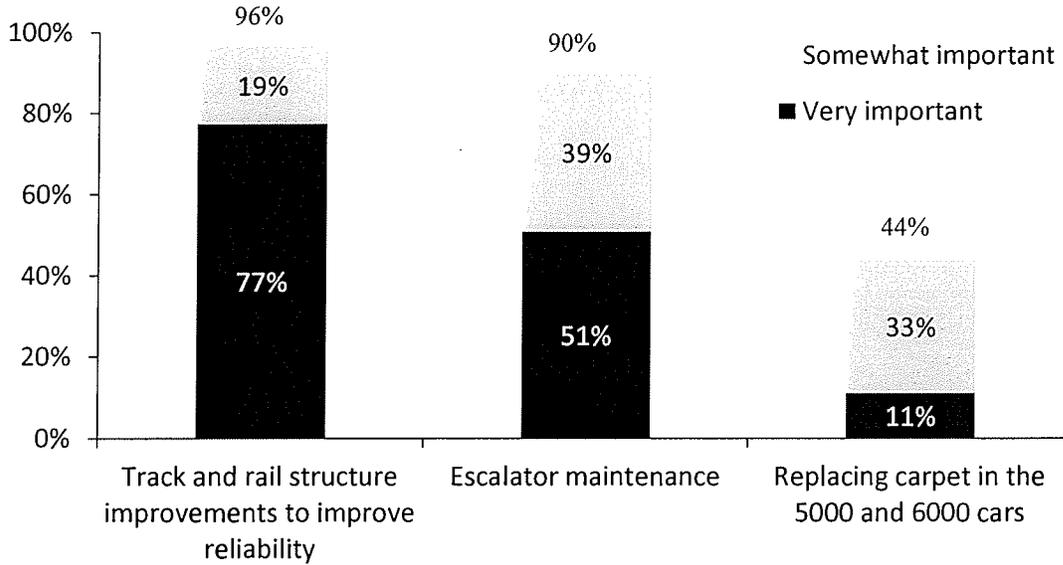
Appendix A:

Metro's FY2015 Budget Survey Results

Metro Fiscal Year 2015 Budget Customer Survey

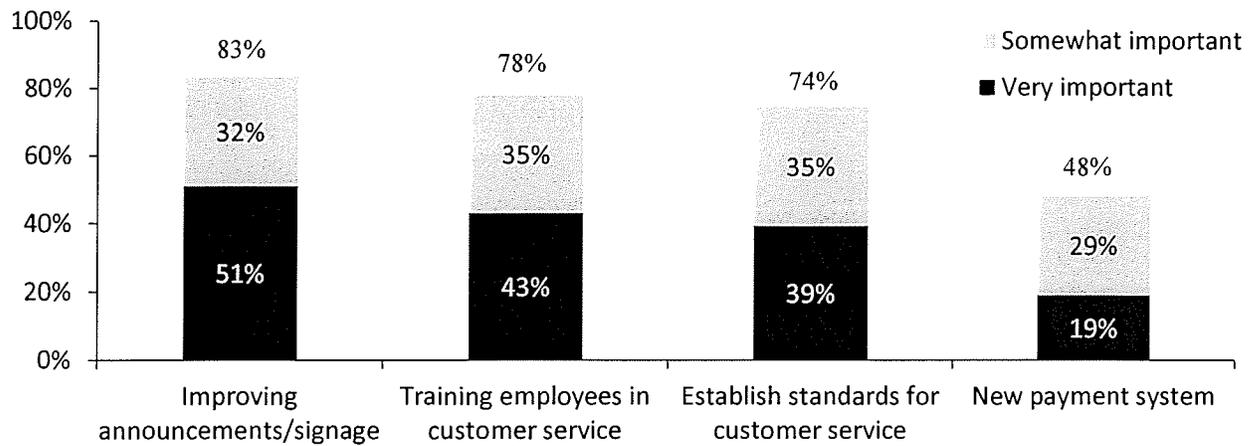
Q. Investing in our Assets: how important would you say each of the following initiatives are for Metro?

n= 4,365
On-Line respondents



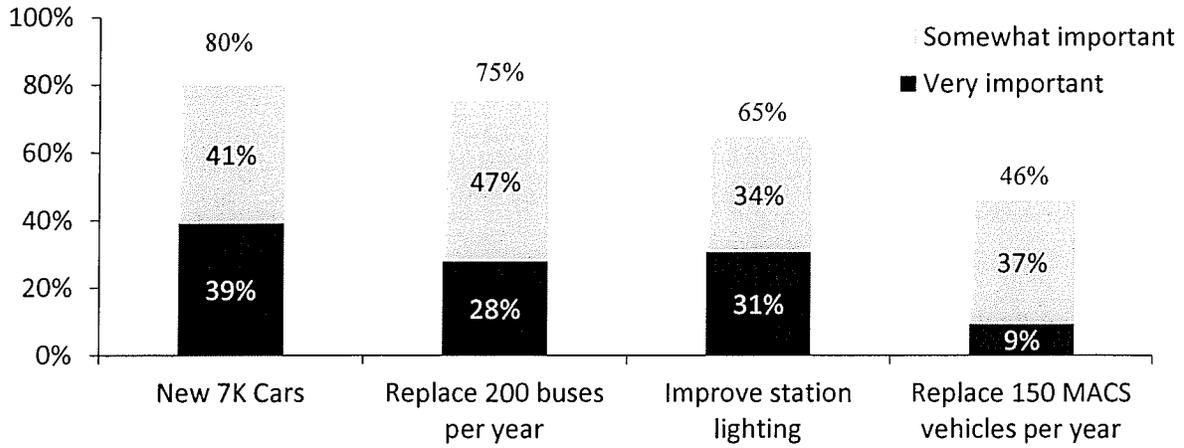
Q. Caring for Customers: how important would you say each of the following initiatives are for Metro?

n= 4,324
On-Line respondents



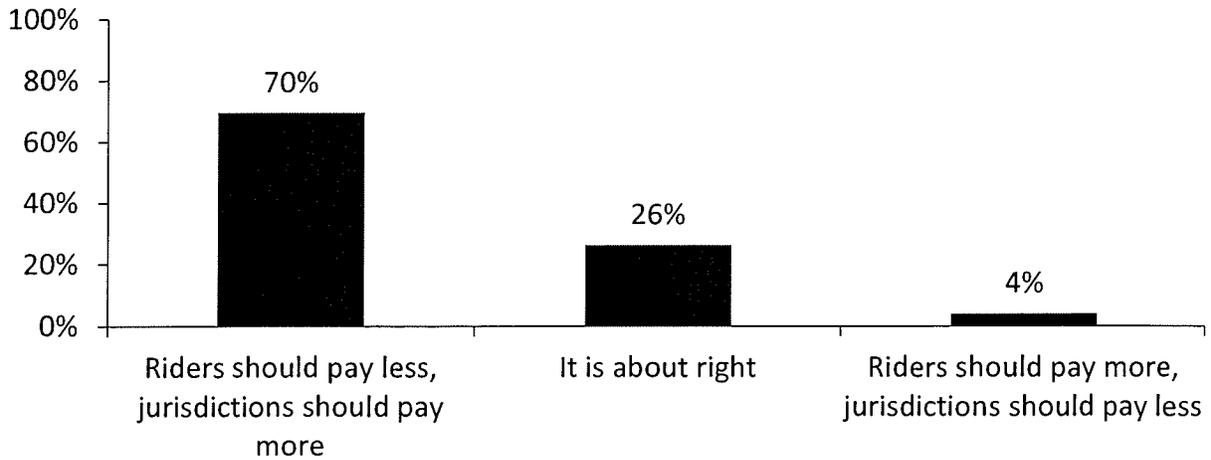
Q. Delivering Quality Service: how important would you say each of the following initiatives are for Metro?

n= 4,252
On-Line respondents



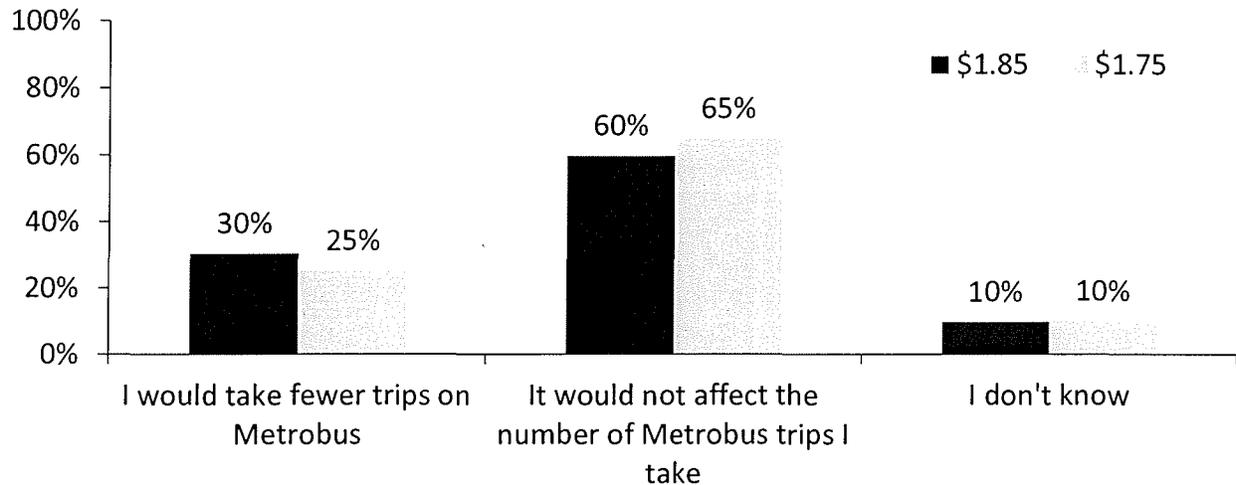
Q. What do you think about the split for the increase?

n=4,201
On-Line respondents



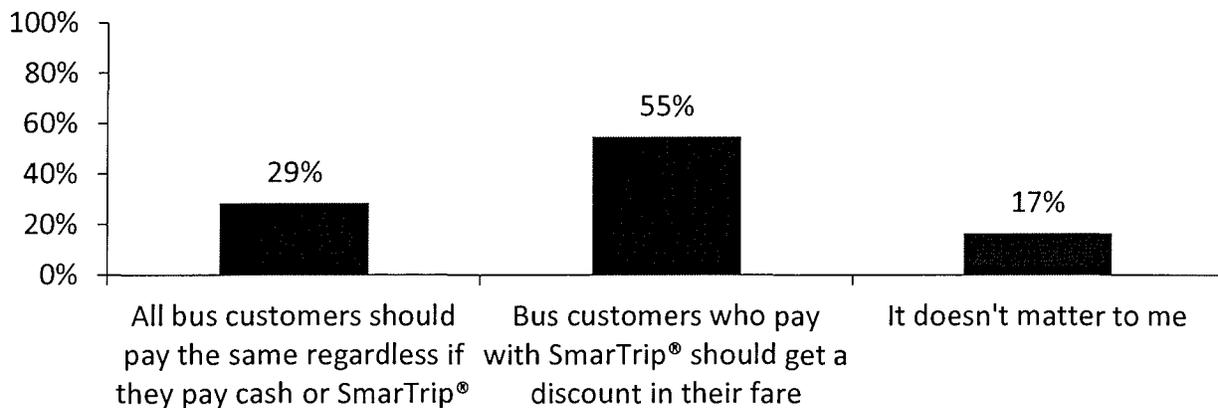
Q. Metro is considering an increase in base bus fares up to \$1.85/\$1.75. How would such a fare increase affect the number of trips you take on Metrobus?

n=5,698
All respondents



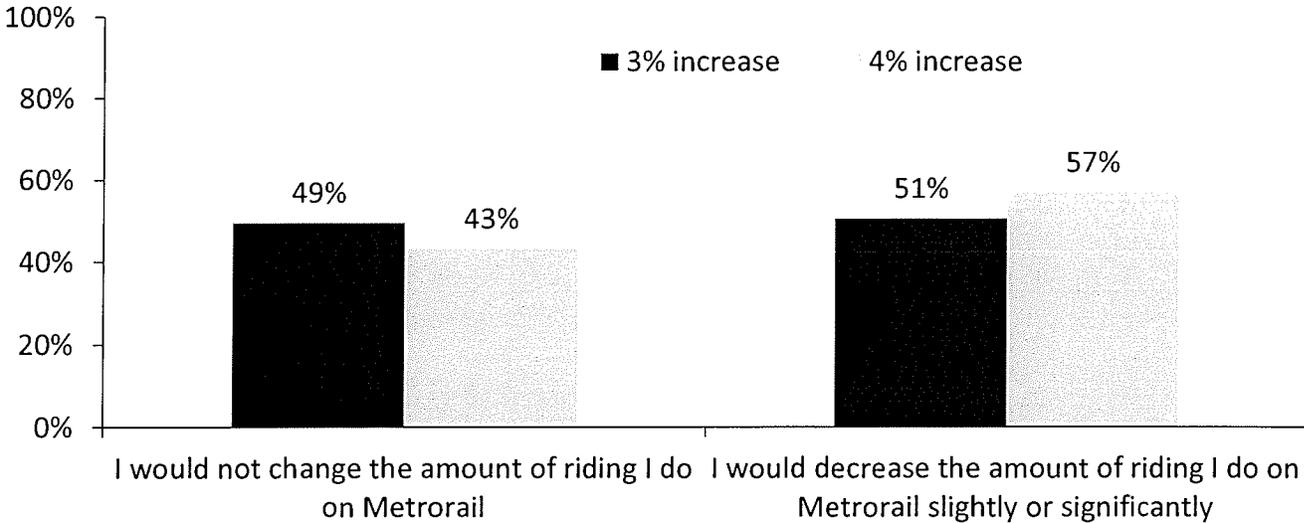
Q. Currently, a rider paying cash is charged an additional \$0.20. Which of the following would you support?

n=5,691
All respondents



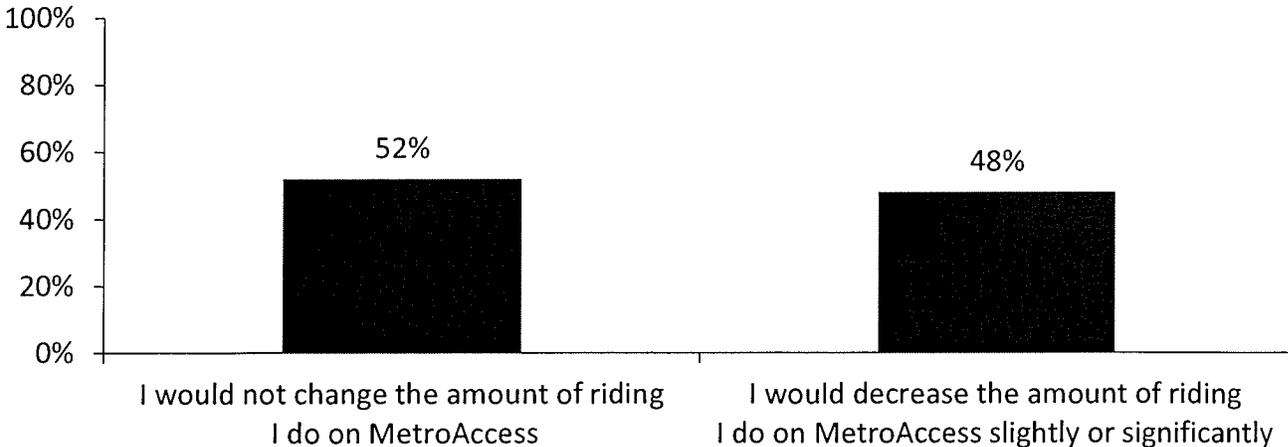
Q. For you, which of the following would occur as a result of the 3%/4% increase in fares?

n=5,690
All respondents



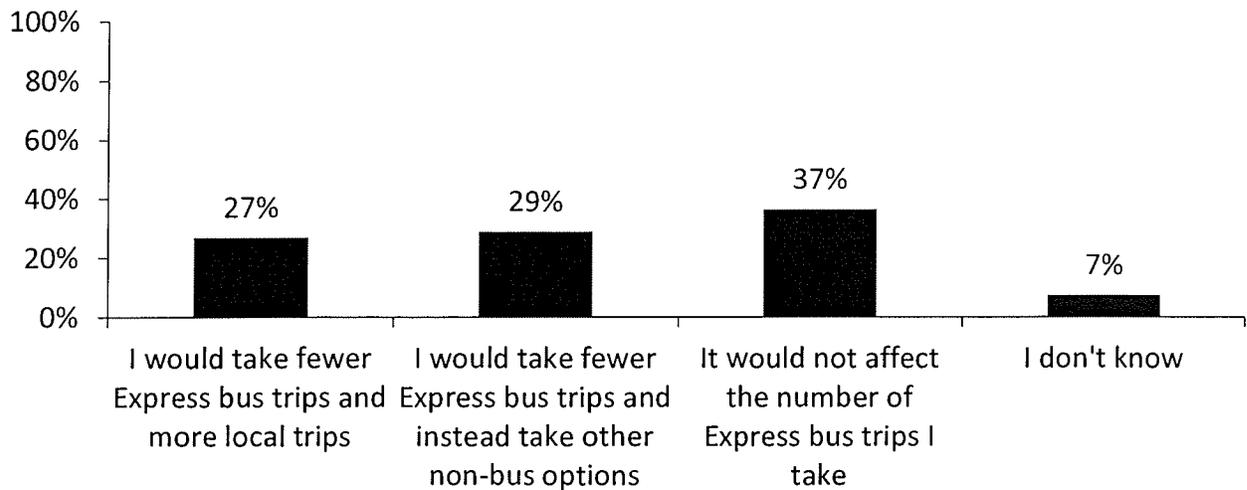
Q. Which of the following would apply to your MetroAccess riding as a result of this increase in fares?

n=331
All respondents



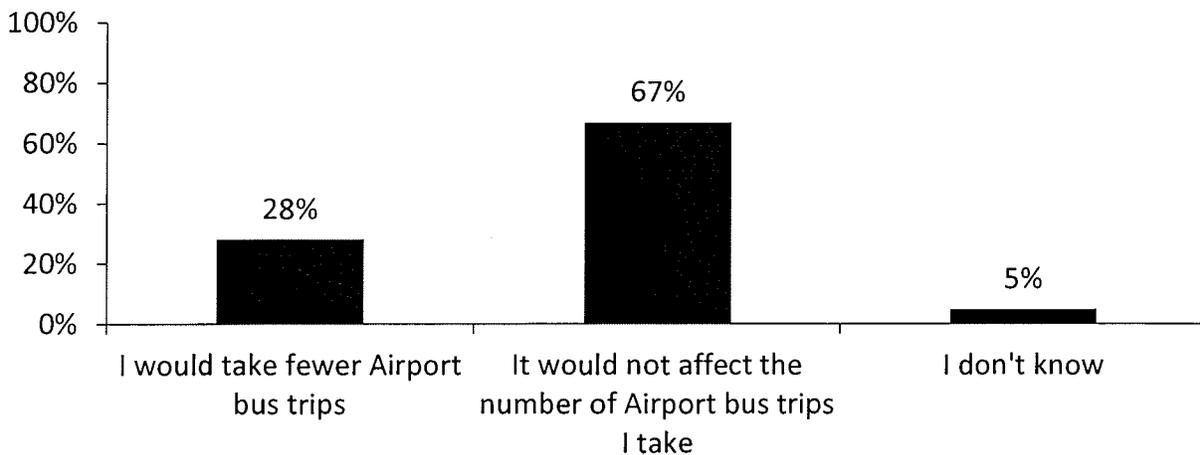
Q. If [Express buses] cost was changed to \$4.00 for all trips, how would that affect the number of trips you take on the Express buses?

n= 776
All respondents



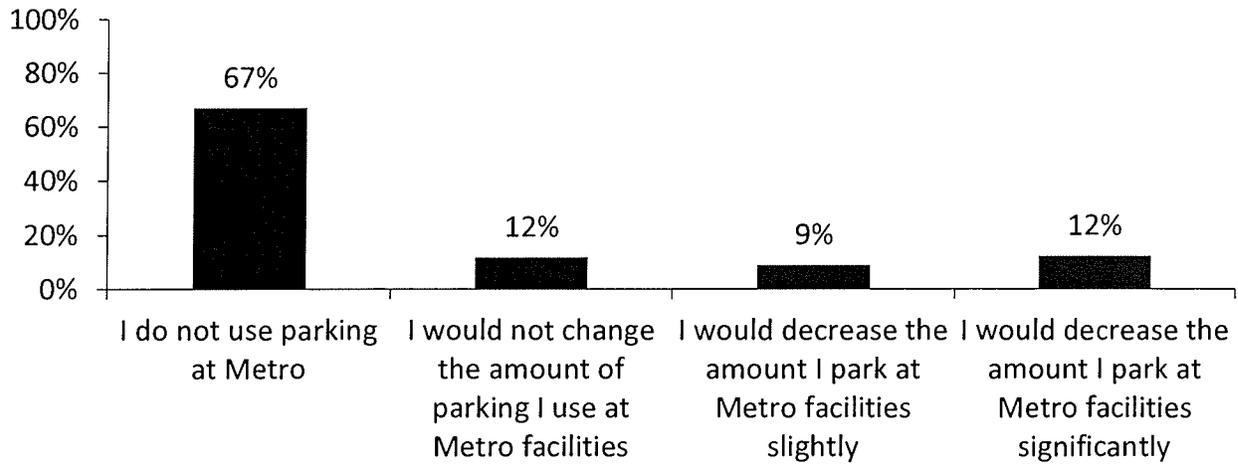
Q. If [Airport buses] fee were raised to \$7.00 per trip, how would it affect the number of trips you take on the Airport buses?

n=1,090
All respondents



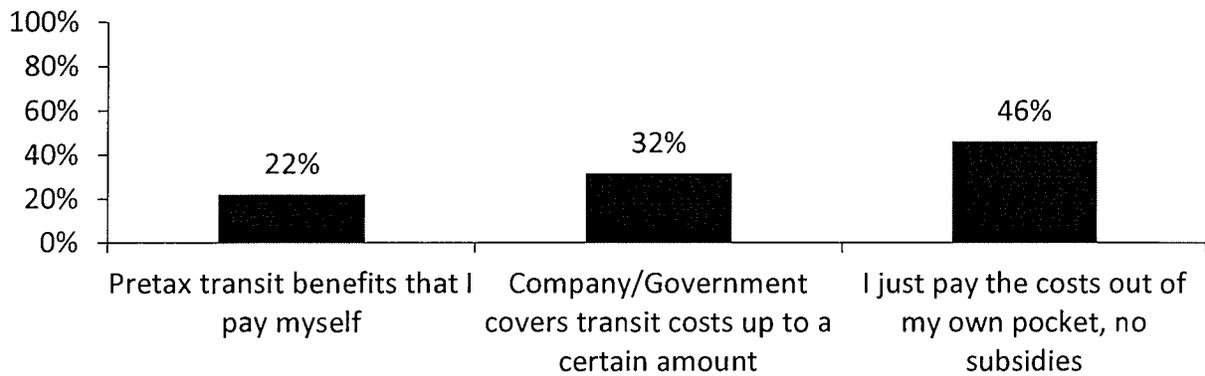
Q. Metro is proposing to increase parking by \$0.25 at all stations. What affect would this increase amount have on your parking at Metro stations?

n=5,661
All respondents



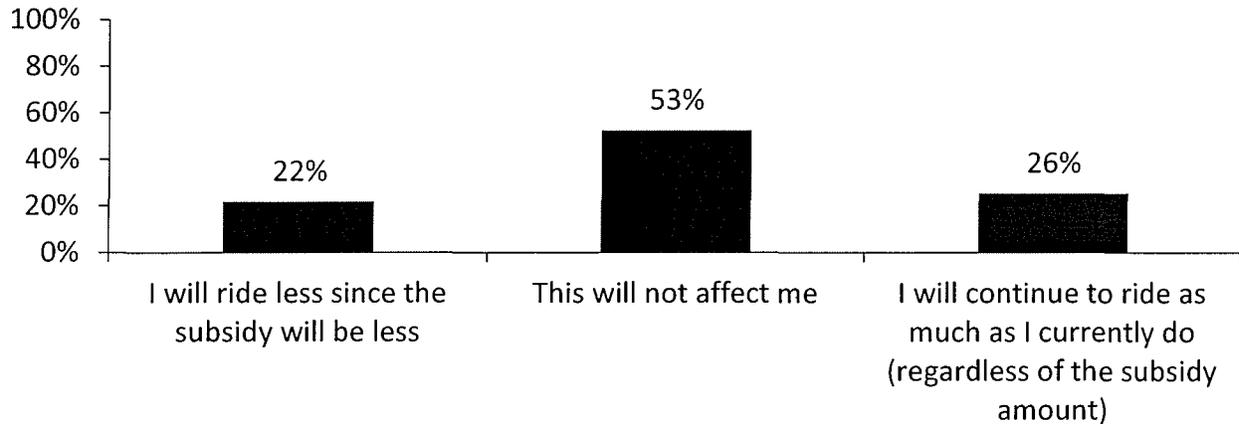
Q. Do you use any of the following to pay for your transportation expenses?

n=4,111
On-Line respondents



Q. On January 1, without Congress' action, the amount allowed for transit subsidies decreased from a maximum of \$245 to \$130 per month. Which of the following will be your reaction?

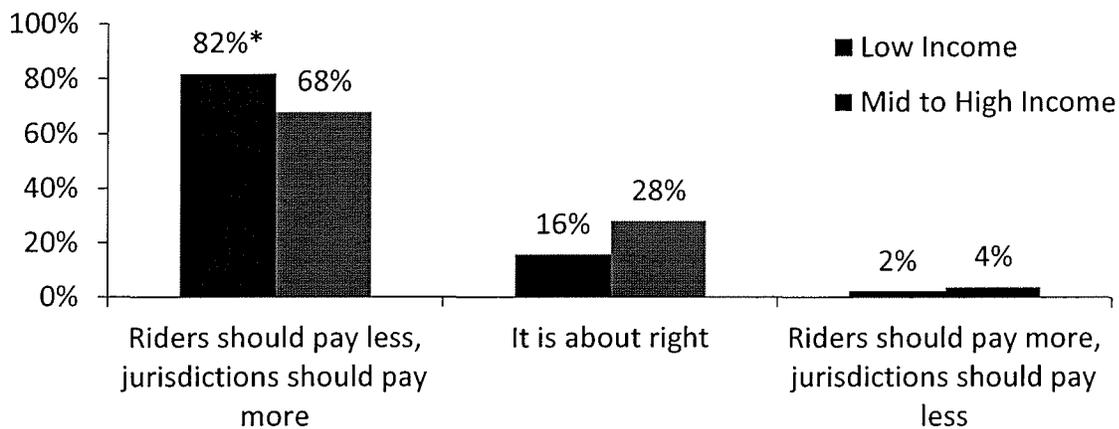
n=4,099
On-Line respondents



LOW INCOME COMPARISON

Q. What do you think about the split for the increase?

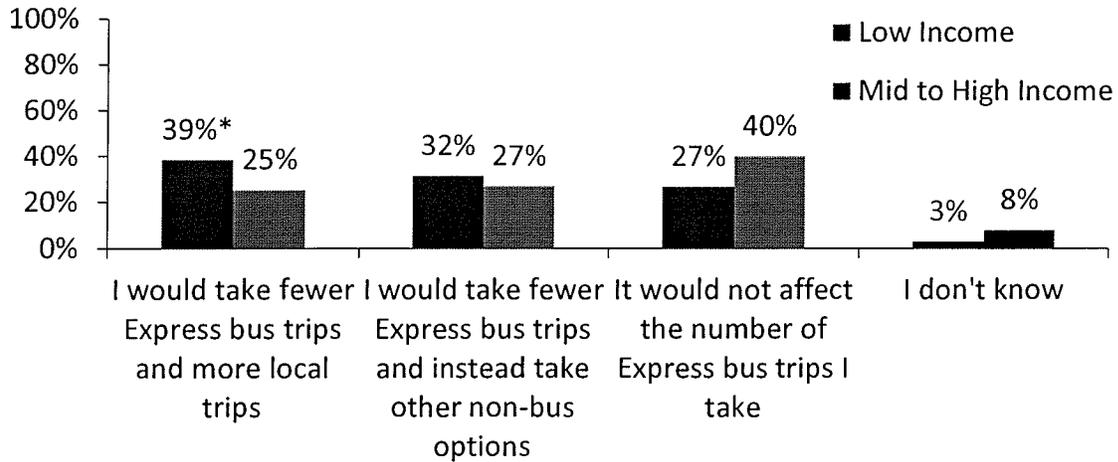
On-Line respondents



* Notes a significant difference at the 95% confidence level

Q. If [Express buses] cost was changed to \$4.00 for all trips, how would that affect the number of trips you take on the Express buses?

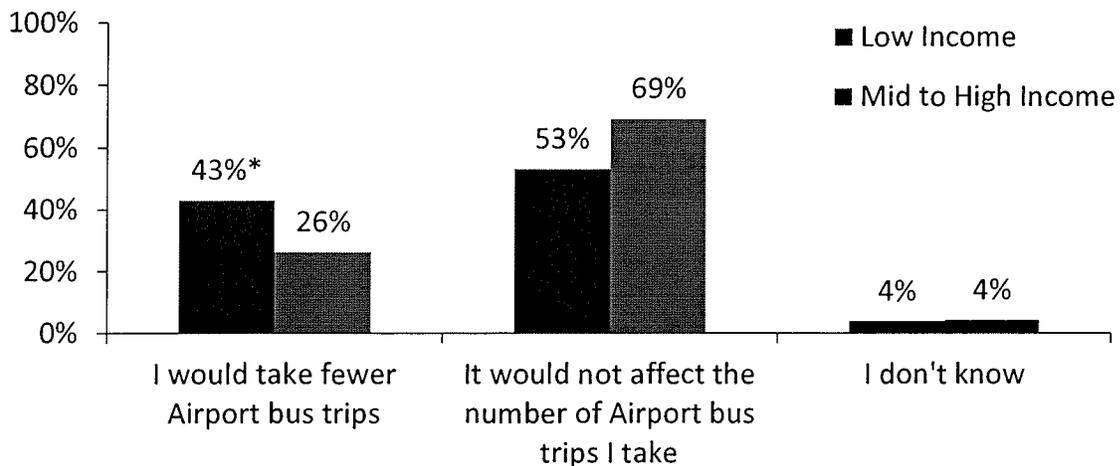
All respondents



* Notes a significant difference at the 95% confidence level

Q. If [Airport buses] fee were raised to \$7.00 per trip, how would it affect the number of trips you take on the Airport buses?

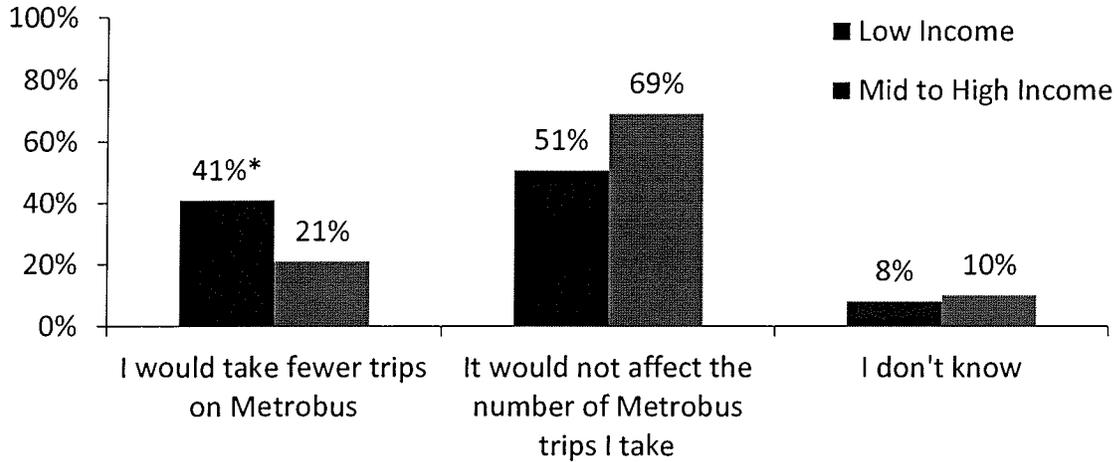
All respondents



* Notes a significant difference at the 95% confidence level

Q. Metro is considering an increase in base bus fares up to \$1.75. How would such a fare increase affect the number of trips you take on Metrobus?

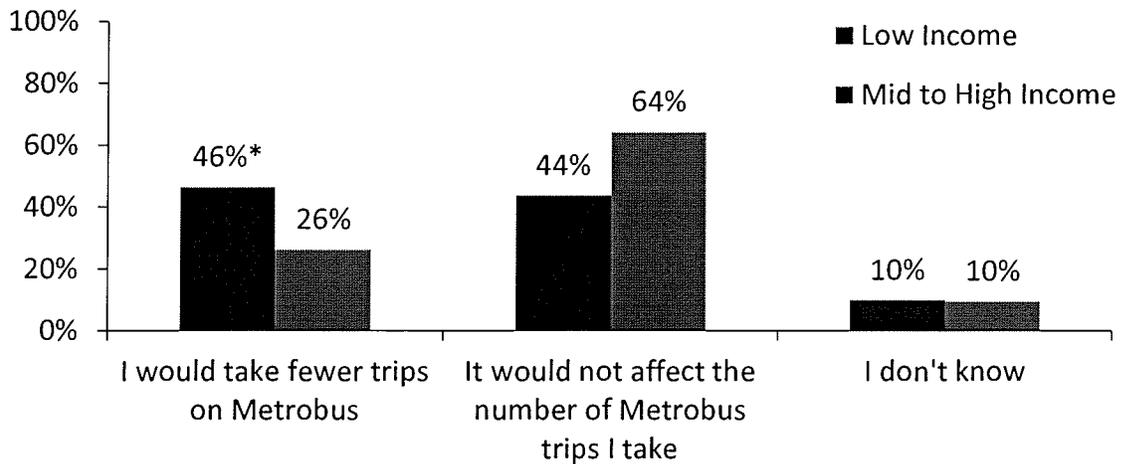
All respondents



* Notes a significant difference at the 95% confidence level

Q. Metro is considering an increase in base bus fares up to \$1.85. How would such a fare increase affect the number of trips you take on Metrobus?

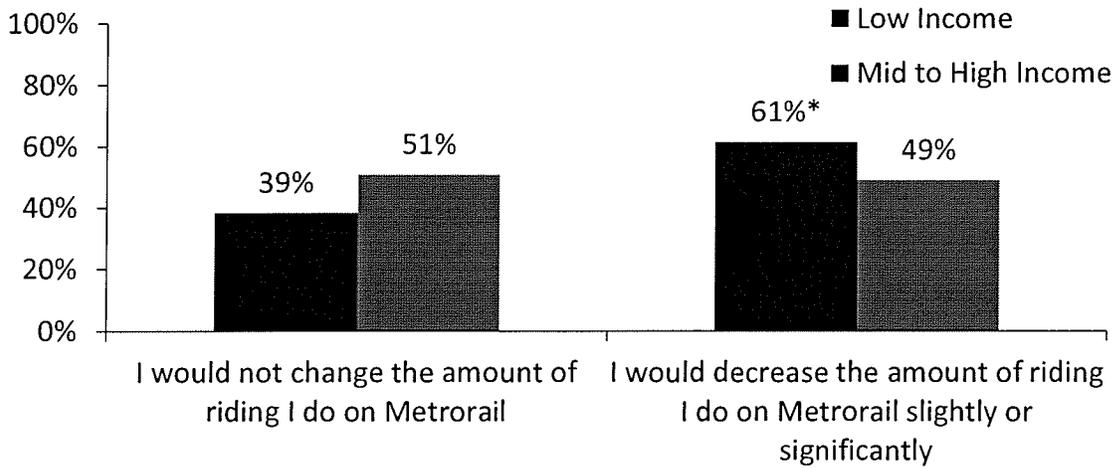
All respondents



* Notes a significant difference at the 95% confidence level

Q. For you, which of the following would occur as a result of the 3% increase in fares?

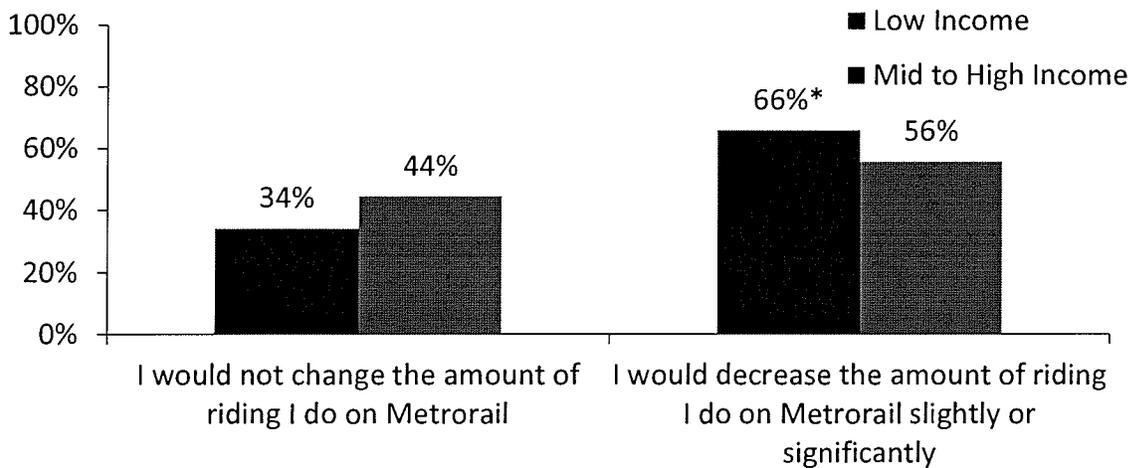
All respondents



* Notes a significant difference at the 95% confidence level

Q. For you, which of the following would occur as a result of the 4% increase in fares?

All respondents

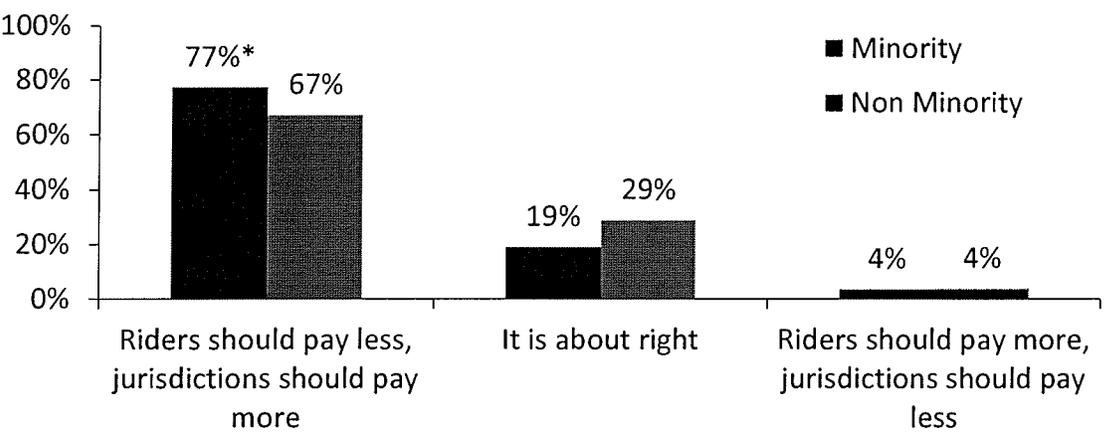


* Notes a significant difference at the 95% confidence level

MINORITY COMPARISON

Q. What do you think about the split for the increase?

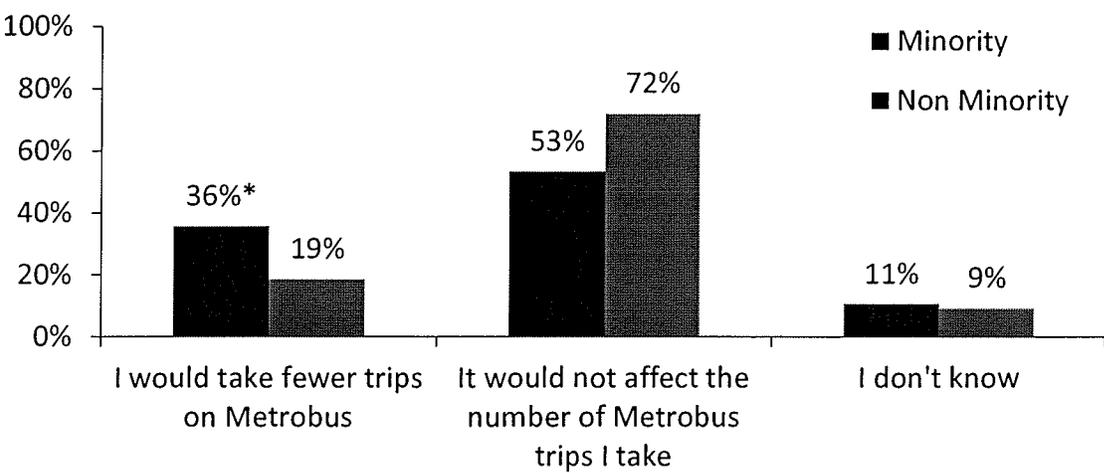
On-Line respondents



* Notes a significant difference at the 95% confidence level

Q. Metro is considering an increase in base bus fares up to \$1.75. How would such a fare increase affect the number of trips you take on Metrobus?

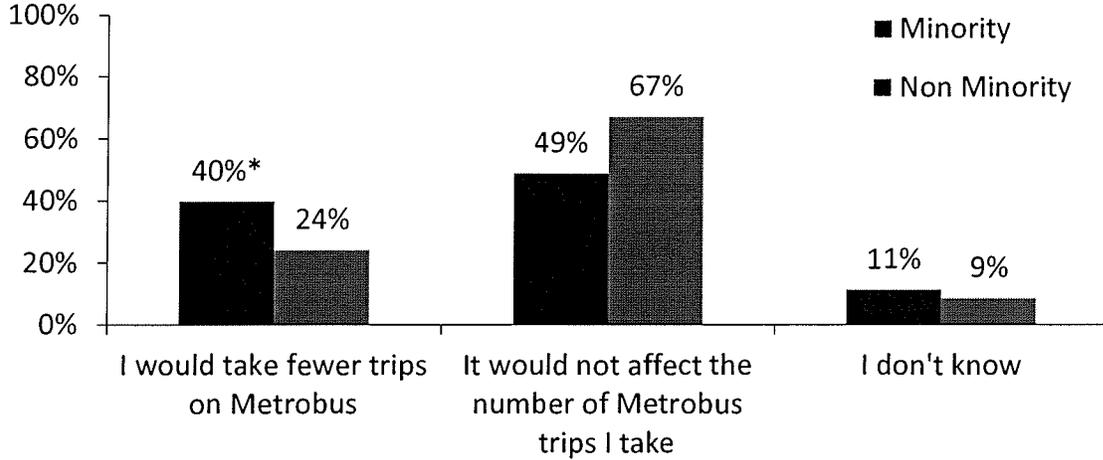
All respondents



* Notes a significant difference at the 95% confidence level

Q. Metro is considering an increase in base bus fares up to \$1.85. How would such a fare increase affect the number of trips you take on Metrobus?

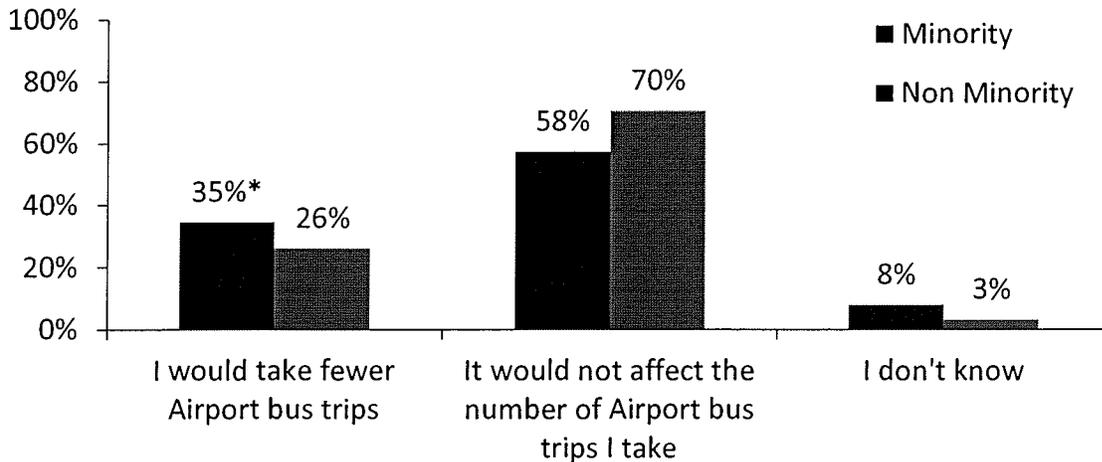
All respondents



* Notes a significant difference at the 95% confidence level

Q. If [Airport buses] fee were raised to \$7.00 per trip, how would it affect the number of trips you take on the Airport buses?

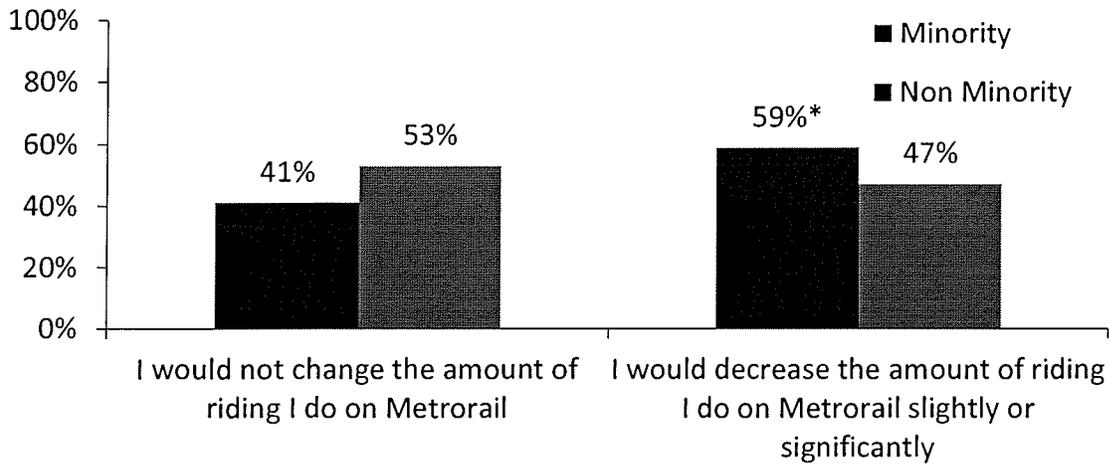
All respondents



* Notes a significant difference at the 95% confidence level

Q. For you, which of the following would occur as a result of the 3% increase in fares?

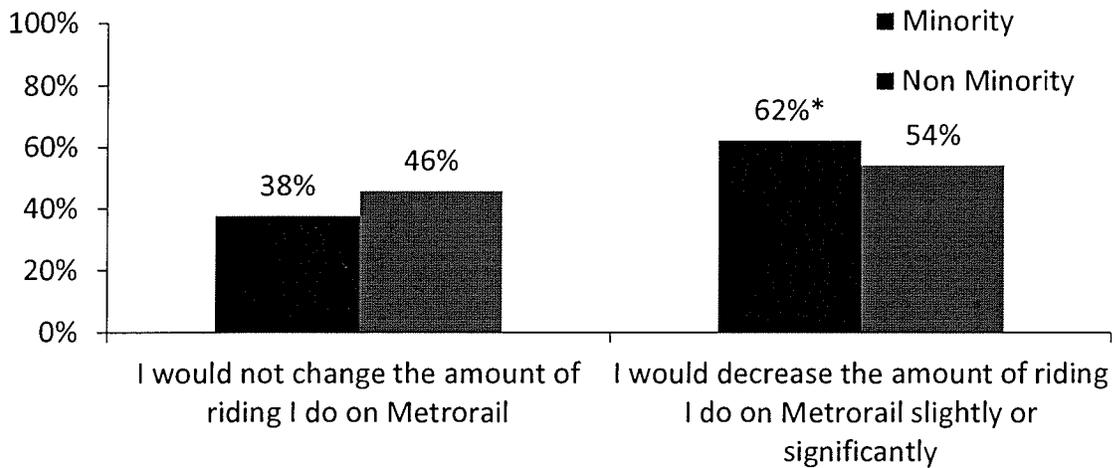
All respondents



* Notes a significant difference at the 95% confidence level

Q. For you, which of the following would occur as a result of the 4% increase in fares?

All respondents

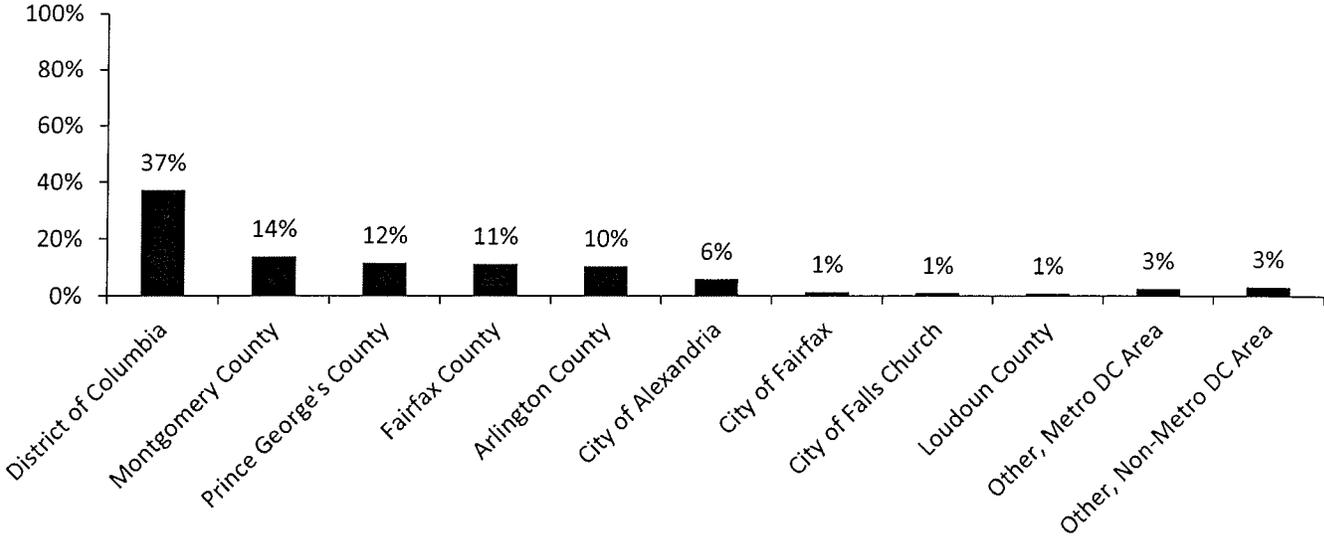


* Notes a significant difference at the 95% confidence level

DEMOGRAPHICS

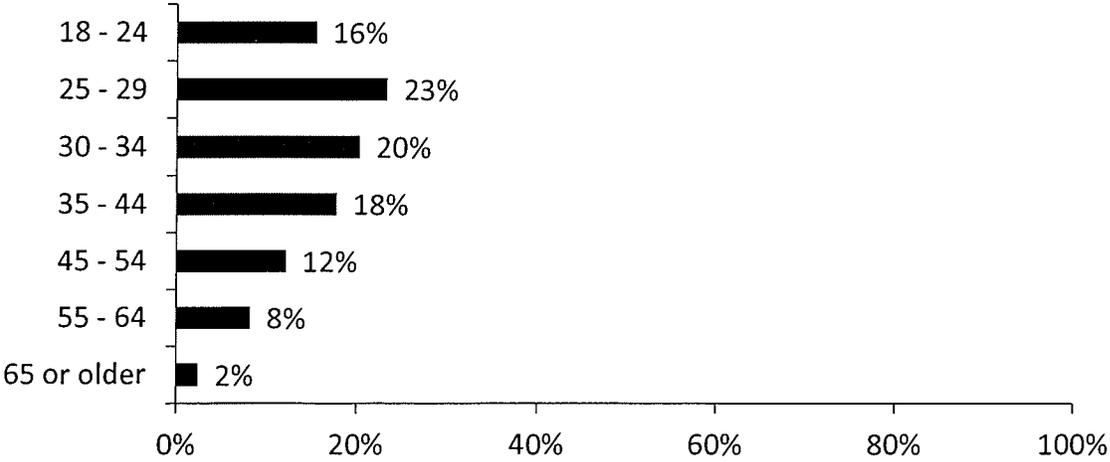
Respondent Jurisdiction

n=5,692
On-Line respondents



Age

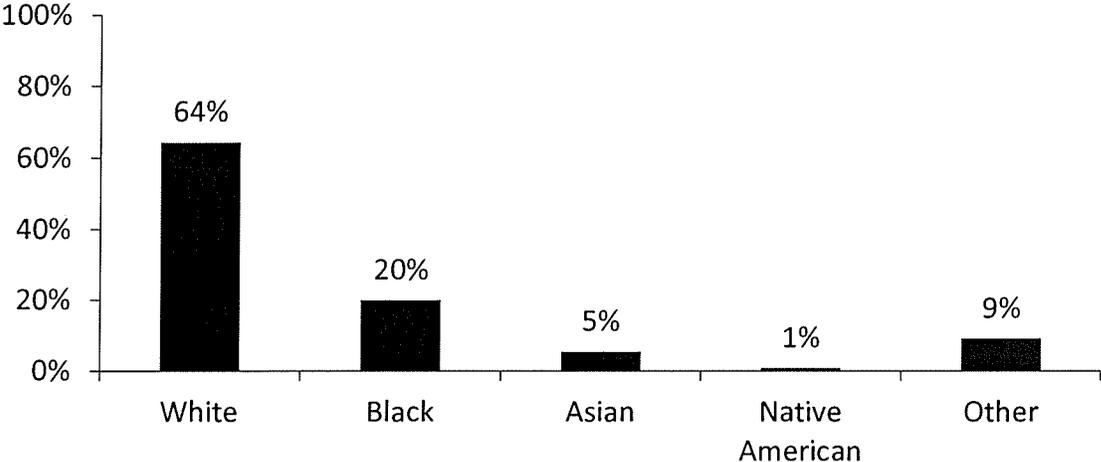
n=5,625
All respondents



Latino or Hispanic Origin? Yes: 5%

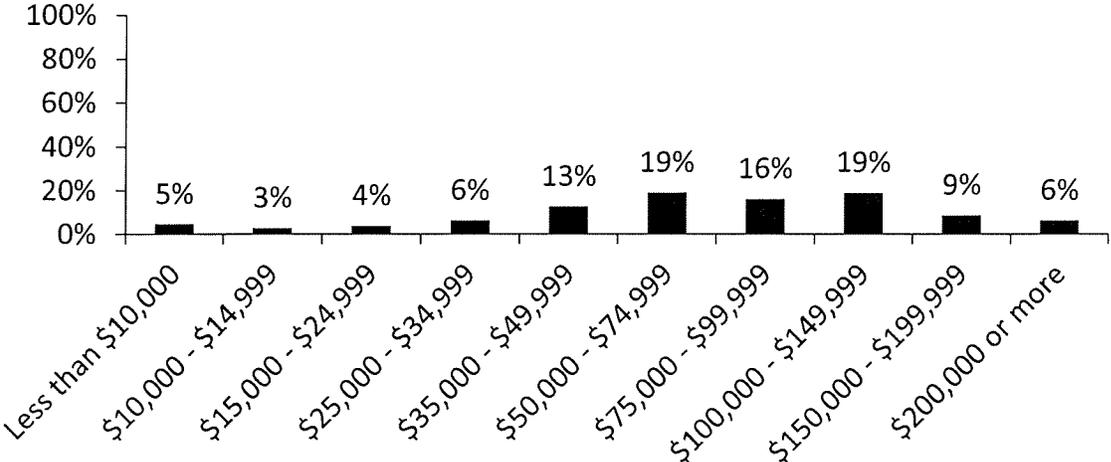
Race

n= 5,421
All respondents



Income

5,118
All respondents



ATTACHMENT B

	CURRENT Fares/Fees	FY2015 Fare Adjustments
Metrorail Fares		
Peak Fares¹		
1 · Boarding charge (up to 3 miles)	\$2.10	\$2.15
2 · Composite miles between 3 and 6 miles	\$0.316	\$0.326
3 · Composite miles over 6 miles	\$0.280	\$0.288
4 · Maximum peak fare	\$5.75	\$5.90
5 · Charge for senior/disabled is one-half peak fare	\$1.05 - \$2.85	\$1.05 - \$2.95
Off-Peak Fares²		
6 · Boarding charge (up to 3 miles)	\$1.70	\$1.75
7 · Composite miles between 3 and 6 miles	\$0.237	\$0.244
8 · Composite miles over 6 miles	\$0.210	\$0.216
9 · Maximum off-peak fare	\$3.50	\$3.60
10 · Charge for senior/disabled is one-half peak fare during off-peak	\$1.05 - \$2.85	\$1.05 - \$2.95
Magnetic Paper Fare Cards		
11 · Non-SmarTrip® fare surcharge ³	\$1.00	no change
12 · Senior/disabled non-SmarTrip® surcharge	\$0.50	no change
Rail Passes		
13 · One-day unlimited pass	\$14.00	\$14.50
14 · One-day "convention" pass (bulk sales only) ⁴	NA	\$10.00
15 · 7-day short-trip pass for rail	\$35.00	\$36.00
16 · 7-day fast pass for rail	\$57.50	\$59.25
17 · 28-day fast pass for rail	\$230.00	\$237.00
Other Rail Fares		
18 · Bus-to-rail transfer utilizing SmarTrip® card	\$0.50 discount	no change
19 · 30-day DC SmartStudent pass & DC One card, within DC	\$32.00	\$33.00
20 · DC Student farecards & DC One Card - 10 rail trips within DC	\$10.00	\$10.30
21 · TransitLink Card on MARC and VRE ⁵	\$108.00	\$111.00
22 · TransitLink Card on MTA ⁵	\$166.00	\$171.00
Metrobus Fares		
Regular Fares		
23 · SmarTrip® boarding charge for local/limited-stop bus	\$1.60	\$1.75
24 · SmarTrip® boarding charge for express bus	\$3.65	\$4.00
25 · Cash boarding charge for local/limited-stop bus	\$1.80	\$2.00
26 · Cash boarding charge for express bus	\$4.00	\$4.50
27 · Cash/SmarTrip® boarding charge for designated airport routes	\$6.00	\$7.00
Senior/Disabled: One-Half Regular Fares		
28 · SmarTrip® boarding charge for local/limited-stop bus	\$0.80	\$0.85
29 · SmarTrip® boarding charge for express bus	\$1.80	\$2.00
30 · Cash boarding charge for local/limited-stop bus	\$0.90	\$1.00
31 · Cash boarding charge for express bus	\$2.00	no change
32 · Cash/SmarTrip® boarding charge for airport designated routes	\$3.00	\$3.50

Metrobus Fares (cont.)	CURRENT Fares/Fees	FY 2015 Proposed Fare Options
Bus Transfers		
33 · Bus-to-bus transfers utilizing SmarTrip® card	varies	no change
34 · Rail-to-bus transfer utilizing SmarTrip® card	\$0.50 discount	no change
35 · Transfer from MARC, VRE, & MTA with weekly/monthly pass	\$0.00	no change
36 · Transfer from regional bus partners	varies	no change
Bus Passes		
37 · 7-Day Regional Bus Pass	\$16.00	\$17.50
38 · 7-Day Regional Senior/Disabled Pass	\$8.00	\$8.75
Other Fare Media		
39 · Package of 10 tokens, available to organizations	\$18.00	\$20.00
40 · DC student tokens - 10 trips per pack	\$8.00	\$8.75
41 · DC student pass on DC One Card - 10 trips	\$8.00	\$8.75
MetroAccess Fares⁶		
42 · MetroAccess fare (within ADA 3/4 mile service corridor)	varies	varies
43 · Maximum fare	\$7.00	no change
Parking Fees⁷		
44 · District of Columbia	\$3.50 - \$4.50	\$3.75 - \$4.75
45 · Montgomery County	\$4.25 - \$5.00	\$4.50 - \$5.25
46 · Prince George's County ⁸	\$4.50	\$4.75 - \$5.25
47 · Virginia	\$4.75	\$5.00
48 · Monthly reserved parking fee	\$45.00 - \$65.00	no change
49 · Parking meters \$1.00/60 minutes	\$1.00	no change
50 · Prince George's parking garage at New Carrollton	\$85.00	no change
51 · Non-Metro rider parking fees	\$8.25 - \$25.00	\$8.25 - \$15.00
Other Fees		
52 · Bicycle locker rental	\$120.00 (annual)	no change
53 · Surcharge on Entry/Exit for station improvements, two stations per Compact jurisdiction ⁹	\$0.05	no change

¹ Peak fares are in effect from opening through 9:30am and from 3:00pm to 7:00pm weekdays, except on national holidays. Peak fares are in effect from midnight until closing Friday and Saturday nights.

² Off-peak fares are in effect during all other hours on weekdays, Saturday and Sunday, and all national holidays.

³ Non-SmarTrip® fare surcharge is in addition to the peak or off-peak fare charged.

⁴ Discounted unlimited one-day pass for convention attendees, available through WMATA bulk sales only.

⁵ Metro's portion of the TransitLink Cards on MARC, VRE, and MTA.

⁶ MetroAccess fare is twice the equivalent fixed route SmarTrip® fare based on fastest trip.

⁷ Parking fees consist of Metro's base fee plus jurisdiction surcharge. Monthly fee for Prince George's parking at New Carrollton is \$70 base fee plus \$15 surcharge.

⁸ \$0.25 increase in base parking fee for all parking garages plus additional \$0.50 surcharge at all facilities in Prince George's County except Addison Road, Landover, and Prince George's Plaza.

⁹ Rail stations with surcharge are designated per jurisdiction discretion pending Board approval.

ATTACHMENT C

The final Title VI Equity Analysis report will be included as Attachment C following receipt of final Board direction on FY2015 fare changes. If the final fare changes are within the broad constraints previously provided to the Board at the February Finance & Administration Committee, the fare changes should pass the equity test.

FY2015 OPERATING BUDGET
(dollars in millions)

	Fiscal 2015 Budget
Operating Budget:	
Metrorail Operations	\$1,023.2
Metrobus Operations	\$620.4
MetroAccess Operations	\$113.3
Subsidized Operating Budget	\$1,756.9
Preventive Maintenance	(\$30.7)
FY2013 Audit Adjustment	(\$20.0)
Debt Service	\$0.0
Metro Matters Debt Service	\$21.3
Total FY2015 Operating Budget	\$1,727.5
 FY2015 Operating Reimbursable Programs	 \$50.8

FISCAL YEAR 2015 OPERATING BUDGET
 REVENUE, EXPENSE & FUNDING SOURCES
 (dollars in millions)

OPERATING BUDGET
 REVENUES AND EXPENSES

<i>(Dollars in Thousands)</i>	Approved Budget 2015	BUS Budget 2015	RAIL Budget 2015	ACCESS Budget 2015
REVENUES				
Passenger	\$837,559	\$156,675	\$672,643	\$8,241
Other Passenger	\$12,372	\$8,554	\$3,818	\$0
Parking	\$48,410	\$0	\$48,410	\$0
Advertising	\$19,994	\$13,361	\$6,633	\$0
Joint Development	\$7,000	\$0	\$7,000	\$0
Fiber Optics	\$16,000	\$0	\$16,000	\$0
Other	\$6,468	\$1,729	\$4,739	\$0
Interest	\$331	\$301	\$30	\$0
Total Revenues	\$948,133	\$180,619	\$759,274	\$8,241
EXPENSES				
Personnel	\$1,274,369	\$491,122	\$774,132	\$9,115
Services	\$209,253	\$37,972	\$79,554	\$91,727
Materials & Supplies	\$105,852	\$33,286	\$62,118	\$10,448
Fuel & Propulsion Power	\$89,769	\$34,556	\$55,261	(\$49)
Utilities	\$39,732	\$8,429	\$31,177	\$127
Casualty & Liability	\$29,568	\$11,328	\$17,664	\$576
Leases & Rentals	\$6,766	\$1,919	\$3,568	\$1,280
Miscellaneous	\$5,035	\$2,099	\$2,867	\$68
Preventive Maint./Reimb.	(\$3,458)	(\$356)	(\$3,102)	\$0
Total Expenses	\$1,756,886	\$620,355	\$1,023,238	\$113,292
GROSS SUBSIDY	\$808,753	\$439,737	\$263,964	\$105,052
Preventive Maintenance	(\$30,700)	(\$10,438)	(\$20,262)	\$0
Net Local Subsidy	\$778,053	\$429,299	\$243,702	\$105,052
Cost Recovery Ratio	54.0%	29.1%	74.2%	7.3%

FISCAL YEAR 2015 BUDGET
SUMMARY OF STATE/LOCAL OPERATING REQUIREMENTS

	Total	District of Columbia	Montgomery County	Prince George's County	City of Alexandria	Arlington County	City of Fairfax	Fairfax County	City of Falls Church
Metrobus Operating Subsidy									
Regional Bus Subsidy	\$348,918,791	\$147,308,613	\$50,422,508	\$59,781,028	\$15,854,223	\$26,991,357	\$638,093	\$46,654,610	\$1,268,359
Non-Regional Bus Subsidy	\$80,379,859	\$35,513,765	\$10,124,954	\$23,266,230	\$3,285,024	\$1,376,003	\$0	\$6,813,883	\$0
Subtotal	\$429,298,650	\$182,822,378	\$60,547,462	\$83,047,259	\$19,139,246	\$28,367,360	\$638,093	\$53,468,493	\$1,268,359
Percent of Total	100%	42.6%	14.1%	19.3%	4.5%	6.6%	0.1%	12.5%	0.3%
Metrorail Operating Subsidy									
Base Allocation	\$236,609,139	\$80,519,370	\$43,719,411	\$38,629,271	\$11,164,325	\$23,125,210	\$764,336	\$37,973,148	\$714,068
Max Fare Subsidy	\$7,093,110	\$680,217	\$3,148,287	\$1,442,987	\$290,018	\$184,673	\$59,493	\$1,249,456	\$37,978
Subtotal	\$243,702,249	\$81,199,586	\$46,867,698	\$40,072,258	\$11,454,343	\$23,309,883	\$823,829	\$39,222,604	\$752,047
Percent of Total	100%	33.3%	19.2%	16.4%	4.7%	9.6%	0.3%	16.1%	0.3%
MetroAccess Subsidy									
Subtotal	\$105,051,646	\$27,086,781	\$20,916,796	\$41,532,071	\$964,908	\$875,522	\$288,566	\$13,292,356	\$94,646
Percent of Total	100%	25.8%	19.9%	39.5%	0.9%	0.8%	0.3%	12.7%	0.1%
Net Operating Subsidy									
Subtotal	\$778,052,545	\$291,108,745	\$128,331,957	\$164,651,588	\$31,558,497	\$52,552,765	\$1,750,488	\$105,983,453	\$2,115,052
Percent of Total	100%	37.4%	16.5%	21.2%	4.1%	6.8%	0.2%	13.6%	0.3%
Debt Service	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Metro Matters Debt Service	\$21,281,162	\$10,725,706	\$4,969,151	\$5,533,103	\$0	\$0	\$0	\$0	\$53,203
Total Debt Service	\$21,281,162	\$10,725,706	\$4,969,151	\$5,533,103	\$0	\$0	\$0	\$0	\$53,203
FY2013 Audit Adjustment	(\$20,000,000)	(\$8,092,424)	(\$2,905,422)	(\$5,684,252)	(\$544,927)	(\$626,875)	(\$23,976)	(\$2,066,039)	(\$56,084)
Jurisdictional Operating Funding	\$779,333,707	\$293,742,026	\$130,395,686	\$164,500,439	\$31,013,570	\$51,925,890	\$1,726,511	\$103,917,414	\$2,112,171

ATTACHMENT E

Reimbursable Operating Projects
(dollars in thousands)

Summary of FY2015 Reimbursable Operating Projects
(dollars in millions)

	FY2015 Budget
State & Local Funding	
• DC Circulator (1)	17,656
Federal Grant Funding	
• Safety & Security grants	17,160
Other Sources of Funding	
• DC Circulator - Passenger revenue	3,394
• Neutral Host agreement with Carrier team	6,172
• Joint Development & Adjacent Construction projects	6,418
Total Expenditures	\$ 50,800

Note: (1) Local funding equals expenditures less passenger revenue