

Washington Metropolitan Area Transit Authority
Board Action/Information Summary

☒ Action ☐ Information

MEAD Number:
202033

Resolution:
☒ Yes ☐ No

TITLE:

Amend the Fiscal Year 2018 and 2019 Budgets

PRESENTATION SUMMARY:

Staff requests the Board to approve specified amendments to the Fiscal Year 2018 and 2019 budgets.

PURPOSE:

To amend the Fiscal Year 2018 and 2019 Operating Budgets, primarily to add funding for increased personnel and contracted services expenses resulting from:

1. The Collective Bargaining Agreement (CBA) entered into by WMATA and Local 2, Office and Professional Employees International Union (OPEIU);
2. The CBA award for Local 689, Amalgamated Transit Union (ATU); and
3. Newly awarded contracts for MetroAccess services required by the Americans with Disabilities Act (ADA)

The net impact of the additional personnel costs in fiscal year 2018 results in an incremental \$22.0 million of required subsidy, and for fiscal year 2019, \$29.1 million. An additional \$36.5 million is requested for MetroAccess service in FY2019.

DESCRIPTION:

Key Highlights:

WMATA recently concluded Collective Bargaining Agreements with two of its unions, Local 689 and Local 2, which require additional personnel expenses beyond the amounts in the approved FY2018 and FY2019 operating budgets. The Board approved these agreements at its meeting on September 27, 2018, and the operating budgets for FY2018 and FY2019 are to be amended to account for these personnel costs.

In addition, the FY2019 budget will be further amended to include an incremental \$36.5 million for the new MetroAccess contracts. WMATA has several initiatives underway to contain MetroAccess expense growth in FY2019 and beyond.

Background and History:

The additional subsidy request from the jurisdictions to cover the incremental costs per fiscal year are:

- FY2018 = \$22.0 million
- FY2019 = \$65.6 million

Breakdowns of subsidy contributions by jurisdiction are included as Attachment A (FY2018) and Attachment B (FY2019) to the resolution. For FY2018, the \$22.0 million reflects the total additional costs by mode of the labor settlements, with \$20.5 million for Local 689, primarily payouts for unused vacation, and \$1.6 million for Local 2. These amounts are actuals and are less than the estimates provided at the time of adoption of the CBAs in September.

For FY2019, the labor costs for Local 689 are estimated at \$25.1 million and costs for Local 2 are estimated at \$4.0 million. The \$29.1 million for CBA expenses in fiscal year 2019 was applied to the three modes by their relative shares of expenses. The \$36.5 million in additional MetroAccess contract expenses in fiscal year 2019 was applied exclusively to MetroAccess and then allocated to the jurisdictions.

MetroAccess faces increased costs to obtain drivers in a competitive market caused by the transportation network companies (TNC). Despite Metro's efforts to reduce demand by encouraging riders to use alternative ride programs that are both more responsive to rider needs and less expensive to provide, the overall cost of MetroAccess is expected to exceed the FY2019 approved budget. Management is taking a series of actions to minimize the increase. These actions include rate negotiations with Service Delivery Providers, expansion of the Abilities-Ride Program and an effort to increase the number of pool/multiple passenger trips and thereby reduce the number of vehicles being used daily.

Discussion:

When the budgets for FY2018 and FY2019 were approved, WMATA was negotiating with several labor unions representing employees. The budgets for those fiscal years did not include estimates of the anticipated but unknown personnel costs that would result from those negotiations.

In July 2018, WMATA and AFL-CIO union OPEIU Local 2 reached an agreement through collective bargaining that provides modest wage increases in exchange for greater employee contributions to health care. The personnel costs for fiscal year 2018 and fiscal year 2019 associated with that agreement are included in the proposed amendment.

WMATA worked to reach a negotiated agreement with ATU Local 689 as well, however, negotiations reached an impasse and the parties moved to binding arbitration. The arbitration award was issued in August 2018. The personnel

costs for fiscal year 2018 and fiscal year 2019 associated with that award are included in the proposed amendment.

As described in Resolution 2018-38, the fiscal year 2018 costs (shown in Attachment A) will be funded by additional contributions from the jurisdictions no later than January 2, 2019 and the fiscal year 2019 costs (shown in Attachment B) will be funded by additional contributions from the jurisdictions no later than July 2, 2019.

The table below shows the breakdown of estimated costs by type and fiscal year.

Budget Amendments by Cost Type (\$ in millions)

Cost Type	FY2018	FY2019	Total
Local 2 CBA	\$1.6	\$4.0	\$5.6
Local 689 CBA	\$20.5	\$25.1	\$45.5
Subtotal, CBA	\$22.0	\$29.1	\$51.1
MetroAccess	\$0.0	\$36.5	\$36.5
Total	\$22.0	\$65.6	\$87.6

FUNDING IMPACT:

Budget:	Operating Budget, Fiscal 2018 and 2019
This Action:	\$87.6 million
Remarks:	Positions: none

	FY2018	FY2019
Approved Subsidy:	\$979,545,246	\$1,013,860,247
This Action:	\$22,043,189	\$65,575,343
Proposed Subsidy:	\$1,001,588,435	\$1,079,435,590

TIMELINE:

Previous Actions	July 2018 - WMATA and Local 2 reach an agreement covering fiscal years 2017, 2018, 2019 and 2020.
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	<p>August 2018 – WMATA and Local 689 receive an arbitration award covering fiscal years 2017, 2018, 2019 and 2020.</p> <p>September 2018 – Board approves Collective Bargaining Agreements with Local 2 and Local 689</p>
Anticipated actions after presentation	<p>January 2019 – Jurisdictions provide additional contributions for FY2018 budget amendment</p> <p>July 2019 – Jurisdictions provide additional contributions for FY2019 budget amendment</p>

RECOMMENDATION:

Approve the budget amendments for FY2018 and FY2019.

PRESENTED AND ADOPTED: November 15, 2018

SUBJECT: AMEND FISCAL YEARS 2018 AND 2019 BUDGETS FOR COLLECTIVE BARGAINING AGREEMENTS AND METROACCESS SERVICE

2018-48

**RESOLUTION
OF THE
BOARD OF DIRECTORS
OF THE
WASHINGTON METROPLITAN AREA TRANSIT AUTHORITY**

WHEREAS, The Washington Metropolitan Area Transit Authority (WMATA) Board of Directors previously approved the Fiscal Years (FY) 2018 and 2019 operating budgets; and

WHEREAS, WMATA reached a contract settlement with Local 2, Office and Professional Employees International Union, which increased personnel expenses accrued to FY2018 and FY2019; and

WHEREAS, WMATA and Local 689 Amalgamated Transit Union have entered into a Collective Bargaining Agreement based on an arbitration award, which have also increased personnel expenses accrued to FY2018 and FY2019; and

WHEREAS, WMATA has recently awarded new contracts for the provision of MetroAccess service, which has resulted in additional costs for FY2019; and

WHEREAS, The FY2018 and FY2019 operating budgets must be amended to cover these increased expenses and the amended operating budgets require Board approval; NOW, THEREFORE, be it

RESOLVED, That the FY2018 operating budget is increased by \$22,043,189 to be shared by the jurisdictions as shown in Attachment A; and be it further

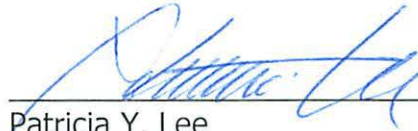
RESOLVED, That the FY2019 operating budget is increased by \$65,575,343 to be shared by the jurisdictions as shown in Attachment B; and be it further

Motioned by Mr. Corcoran, seconded by Mr. Price

Ayes: 7 – Mr. Evans, Mr. Crawford, Mr. Corcoran, Mr. Price, Mr. Goldman, Mr. Dorsey and Mr. McMillin

RESOLVED, That in order to comply with the terms of the various agreements, this Resolution shall be effective immediately.

Reviewed as to form and legal sufficiency,



Patricia Y. Lee
General Counsel

WMATA File Structure No.:
4.2.2 Fiscal Year Budgets

FY2018 Operating Budget
Amendment to Subsidy
Attachment A

Jurisdiction	TOTAL
District of Columbia	\$8,149,182
Montgomery County	\$3,781,574
Prince George's County	\$3,621,068
Maryland	\$7,402,642
City of Alexandria	\$1,035,666
Arlington County	\$2,001,029
City of Fairfax	\$58,812
Fairfax County	\$3,331,057
City of Falls Church	\$64,801
Virginia	\$6,491,365
TOTAL	\$22,043,189

FY2019 Operating Budget
Amendment to Subsidy
Attachment B

Jurisdiction	TOTAL
District of Columbia	\$18,995,014
Montgomery County	\$12,469,265
Prince George's County	\$20,473,842
Maryland	\$32,943,107
City of Alexandria	\$1,692,167
Arlington County	\$2,838,033
City of Fairfax	\$166,897
Fairfax County	\$8,816,438
City of Falls Church	\$123,687
Virginia	\$13,637,222
TOTAL	\$65,575,343