



Finance & Administration Committee

Information Item III-B

November 6, 2014

FY2015 First Quarter Budget Review

Washington Metropolitan Area Transit Authority
Board Action/Information Summary

Action Information

MEAD Number:
201129

Resolution:
 Yes No

TITLE:

FY2015 First Quarter Budget Review

PRESENTATION SUMMARY:

Present a summary of FY2015 first quarter operating and capital budget results.

PURPOSE:

To inform the Finance & Administration Committee on the ridership, revenue, and operating expenses through the first quarter of FY2015, as well as the status, delivery rates and success of the Capital Program during the same period.

DESCRIPTION:

Key Highlights:

- Through September, Metro's FY2015 operating budget has a negative net position of \$3.3 million resulting from a \$9.2 million negative variance in revenue partially offset by a \$5.9 million positive variance in expenditures.
- Operating revenues are below budget primarily in the area of rail passenger fares, which are \$8 million or approximately four percent below budget as a result of a number of factors, including reduced federal employment in the Washington region and the lower federal transit benefit.
- Operating expenses are under budget primarily as a result of lower utilization of Services contracts, which is \$7 million under budget. Other major expense categories (personnel, materials and supplies, fuel and propulsion) are all within \$1-\$2 million of budget.
- Through the first quarter, Metro has invested \$81 million of the \$1.0 billion FY2015 capital budget.

Background and History:

Metro's \$1.8 billion FY2014 operating budget provides for the personnel, materials and supplies, fuel and propulsion power, and services to operate Metrobus, Metrorail, and MetroAccess. Metro is also investing in the largest and most aggressive capital program since its construction. Metro is literally being rebuilt over the next six years to provide safer and more reliable service. Between FY2014 and FY2020, a total capital investment of \$6.5 billion is planned.

Discussion:

FY2015 First Quarter Ridership & Revenue

Total transit ridership in the first quarter on all modes was 90.5 million, an increase of close to one million trips or one percent over the same quarter last year. However, this is approximately 3.6 million or four percent below total budgeted trips.

- Metrorail ridership was 54.7 million, an increase of 0.4 million over the same quarter in FY2014, but a negative variance of 2.7 million compared to budget. Rail ridership performance did improve in September compared to July and August -- down only 0.6 million in that month compared to budget -- in part due to the introduction of normal (post-summer vacation) patronage on the new Silver Line.
- Metrobus ridership was 35.2 million, an increase of 0.4 million over the first quarter of FY2014, but a negative variance of 0.9 compared to budget. Most of the negative variance occurred in August (0.7 million), and staff are watching bus trends in the second quarter closely to see if August was an anomaly or if other factors are at work.
- MetroAccess ridership was 570,000, an increase of 30,000 over last year and 40,000 over budget for the quarter. Ridership and registrants continue to grow at a steady pace, though the initiation of the DC CAPS pilot project in October (to shift kidney dialysis patients from MetroAccess to taxicabs) should begin to have an impact in the second quarter.

Revenue results track closely with ridership results. Total passenger fares and parking fees were \$221.6 million in the quarter -- an increase of approximately \$10 million or five percent over the same period last year, but \$8.5 million below budget primarily as a result of rail ridership. Non-transit revenues are slightly below budget (\$11.8 million actual compared to \$12.4 million budget), with a negative variance in joint development revenue outweighing a positive variance in advertising.

FY2015 First Quarter Operating Expenses

Total operating expenses for the quarter were \$437.5 million, a positive variance to budget of \$5.9 million or 1.3 percent. The positive variance is primarily due to savings in Services, which are below budget by \$7.3 million. In the other major expense categories:

- Total personnel expenses of \$321.3 million are essentially at budget (a positive variance of \$0.2 million). Within personnel, salaries and wages are positive by \$3.8, but this is offset by negative variances for overtime of \$2.4 million and fringes of \$1.2 million.
- Fuel, propulsion, and utilities expenses of \$36.2 million are positive by \$1.2 million.
- Materials and supplies expenses of \$24.6 million have a negative variance of \$2.6 million.
- Insurance and other expenses of \$9.7 million are negative by \$0.2 million.

FY2015 First Quarter Capital Program Delivery

Metro successfully delivered \$81 million of CIP investment during FY2015, eight percent of the capital budget. Metro has invested 3.8 billion through the CIP since the beginning

of the major rebuilding effort that started in FY2011.

During FY2015, Metro will focus on the successfully delivery of key planned CIP investments that will advance the safety and reliability of the system. Projects that will progress this year included: NTSB recommended safety projects, including the replacement of track circuits, the replacement of power cables, bus rehabilitation, continued production of 7000 series railcars, MetroAccess vehicle replacement, track and structures rehabilitation projects, and new electronic payment program.

Significant capital program accomplishments from the first quarter include:

Bus Acquisition - The FY2015 new bus order includes 80 forty-foot and 16 sixty-foot hybrid diesel-electric buses that will replace buses at the end of their useful life. As of the end of the first quarter, 33 buses have been received.

Access Vehicle Replacement – A contract is in place for the FY2015 acquisition of 150 paratransit vans. Delivery of the vans is expected to begin April 2015.

Escalator and Elevator Rehabilitation and Replacement – Two, Federal Triangle and National Airport, of the 15 plan elevator rehabilitations are completed and five are in progress. Six of the 29 escalator rehabilitations are complete. McPherson Square, L’Enfant Plaza (2), Stadium Armory, Capitol South, and National Airport escalators are rehabilitated and back in service. Eight escalator rehabilitations are in progress. Two, Glenmont and Georgia Avenue, of the 12 plan escalator replacements are complete and six are in progress.

Track Rehabilitation - Through the first quarter, Metro welded 305 open weld joints, rehabilitated 1,540 linear feet of grout pads, tamped 19.96 miles of track, repaired 354 leaks, and replaced 4 miles of running rail, 4,842 cross ties, 3,632 fasteners, 4 switches, and 44 safety signs.

FUNDING IMPACT:

This is a Board information item with no impact on funding.	
Project Manager:	Thomas J. Webster
Project Department/Office:	OMBS/CFO

TIMELINE:

Previous Actions	March/May 2014 - Adoption of FY2015 operating and capital budgets. July 1, 2014 - Beginning of FY2015
Anticipated actions after presentation	March 2015 - FY2015 Second Quarter Financial Report and Capital Progress Update

RECOMMENDATION:

No recommended action - item is for Board information only.



Washington Metropolitan Area Transit Authority

FY2015 First Quarter Budget Review

Finance & Administration Committee
November 6, 2014



Ridership Up Over Last Year

- Total transit ridership increased one percent (almost one million trips) over last year
 - Rail and bus each up 400,000 to 500,000 trips
- Growth has not yet achieved budget projections





FY2015 First Quarter Operating Budget Results

OPERATING BUDGET (\$ in Millions)

	FY2015 1st Qtr		Variance	
	Budget	Actual	\$	Percent
Revenue	\$ 242.5	\$ 233.4	\$ (9.2)	-3.8%
Expense	\$ 443.4	\$ 437.5	\$ 5.9	1.3%
Subsidy	\$ 200.9	\$ 204.1	\$ (3.3)	-1.6%
Cost Recovery	55%	53%		



FY2015 First Quarter Revenue and Ridership

FY2015 Q1 Ridership and Revenue

Mode	Measure	Budget	Actual	Variance
Rail	Ridership	57 million	55 million	↓
	Revenue	\$174 million	\$166 million	↓
Bus	Ridership	36 million	35 million	↓
	Revenue	\$42 million	\$41 million	↓
Access	Ridership	530,000	570,000	↑
	Revenue	\$2.1 million	\$2.3 million	↑
Parking	Revenue	\$12 million	\$12 million	↔
Non-Passenger*	Revenue	\$12 million	\$12 million	↔

* includes advertising, fiber optics, leases, etc.



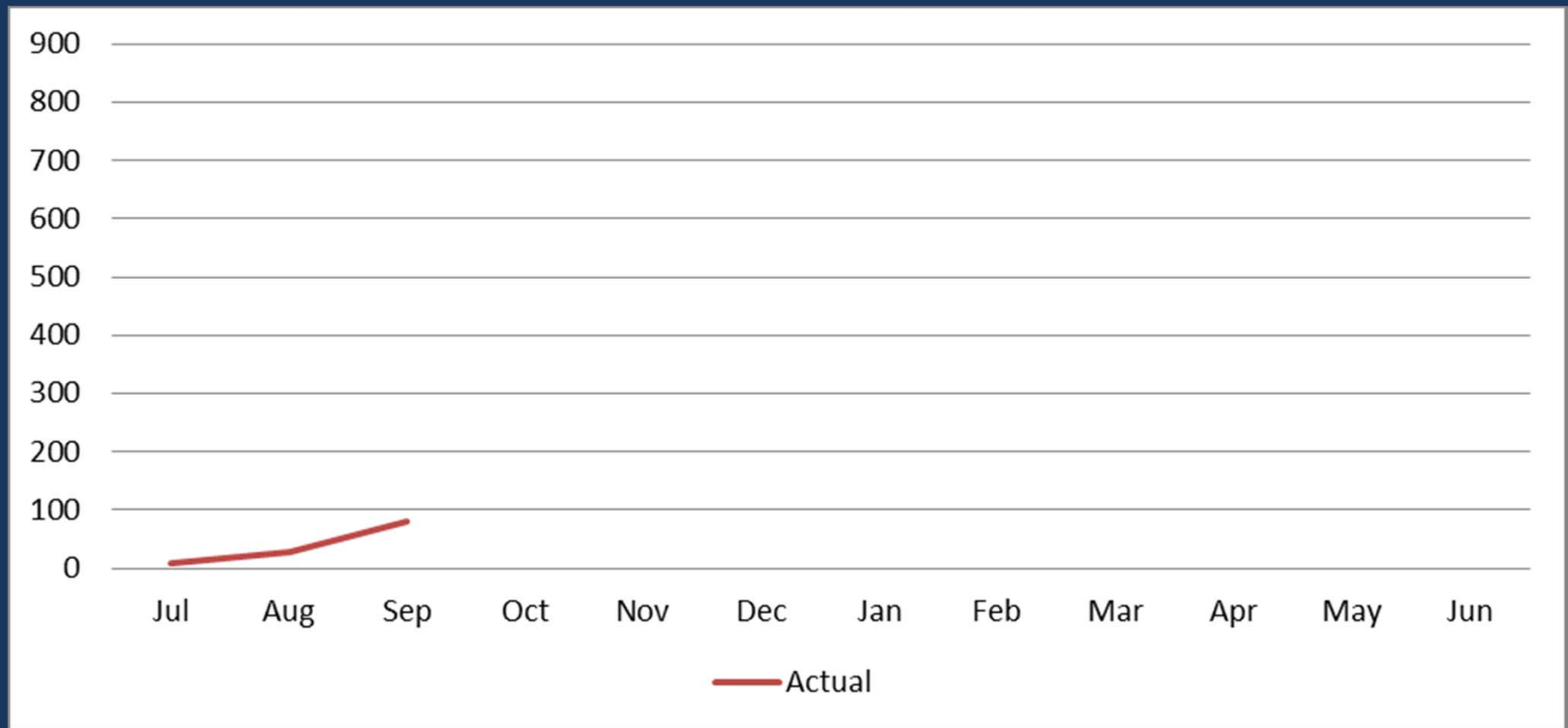
FY2015 First Quarter Operating Expenses

FY2015 Q1 Operating Expenses

Expense Category		Budget	Actual	Variance
Labor	Salaries and Wages	\$218 million	\$216 million	↓
	Fringe Benefits	\$104 million	\$105 million	↑
Non-Labor	Fuel, Propulsion and Utilities	\$37 million	\$36 million	↓
	Services	\$53 million	\$46 million	↓
	Materials and Supplies	\$22 million	\$25 million	↑
	Insurance and Other	\$10 million	\$10 million	↔
Total Operating Expenses		\$443 million	\$438 million	↓



Capital Program Monthly Investment Performance



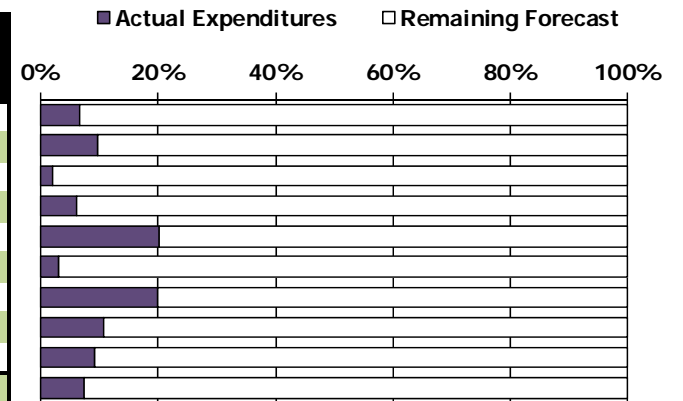


Capital Program Investments to Date

(as of September 30, 2014)

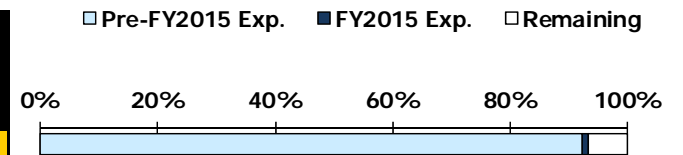
FY2015 Performance: CIP Projects

Capital Program Group	FY2015 Approved Budget	FY2015 Expend.		FY2015 Remaining	
		Dollars	% of Bud.	Dollars	% of Bud.
A. Vehicles/Vehicle Parts	\$ 376.0	\$ 24.7	7%	\$ 351.3	93%
B. Rail System Infrastructure Rehab	\$ 69.1	\$ 6.8	10%	\$ 62.4	90%
C. Maintenance Facilities	\$ 186.7	\$ 3.9	2%	\$ 182.8	98%
D. Systems and Technology	\$ 170.4	\$ 10.6	6%	\$ 159.8	94%
E. Track and Structures	\$ 65.2	\$ 13.2	20%	\$ 52.0	80%
F. Passenger Facilities	\$ 130.9	\$ 4.1	3%	\$ 126.8	97%
G. Maintenance Equipment	\$ 69.8	\$ 14.0	20%	\$ 55.9	80%
H. Other Facilities	\$ 30.1	\$ 3.2	11%	\$ 26.9	89%
I. Program Mgmt. / Credit Facility	\$ 3.8	\$ 0.3	9%	\$ 3.4	91%
CIP Total:	\$ 1,102.0	\$ 80.8	7%	\$ 1,021.2	93%



To Date Performance: Safety & Security Projects

Safety & Security Projects*	Total Budget	Pre-FY15 Exp.	FY15 Budget	FY2015 Exp.		FY2015 Remaining	
		Dollars	Dollars	Dollars	% of Bud.	Dollars	% of Bud.
Safety & Security Total:	\$ 68.5	\$ 63.3	\$ 5.2	\$ 0.7	13%	\$ 4.5	87%



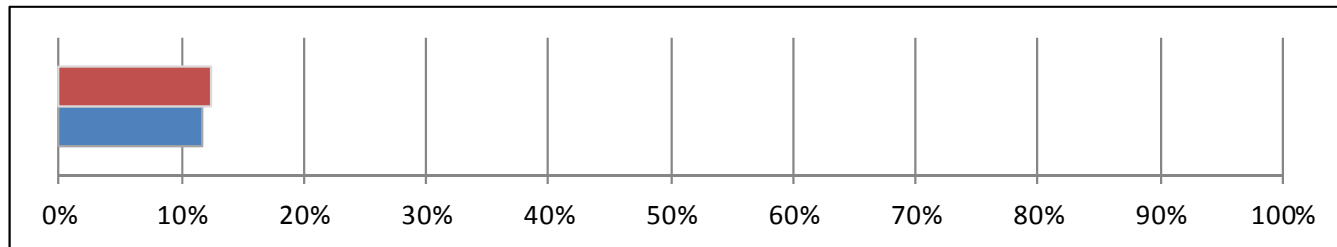
*Expenditure data is recorded from the inception of Safety & Security program



Vehicles and Vehicles Parts

Bus and MetroAccess

Expenses
Deliverables



FY2015 Major Deliverables

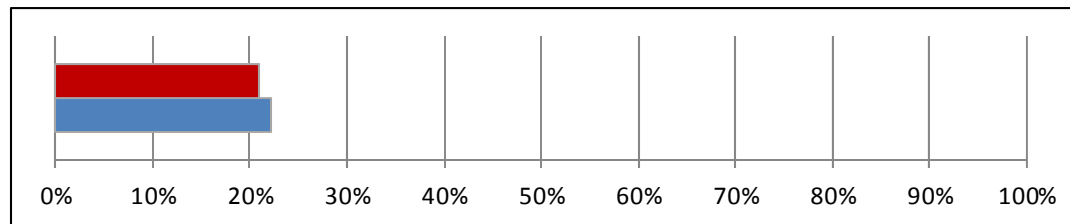
Program		FY2015 Planned	FY2015Q1 Actual	Status
Bus Rehabilitation	CIP0005 # Buses rehabilitated	100	8	
Bus Replacement	CIP0006 # Buses delivered	101	33	
MetroAccess Fleet	CIP0015 # Vehicles delivered	150	-	



Track and Structures

Track and Structures

Expenses
Deliverables



FY2015 Major Deliverables

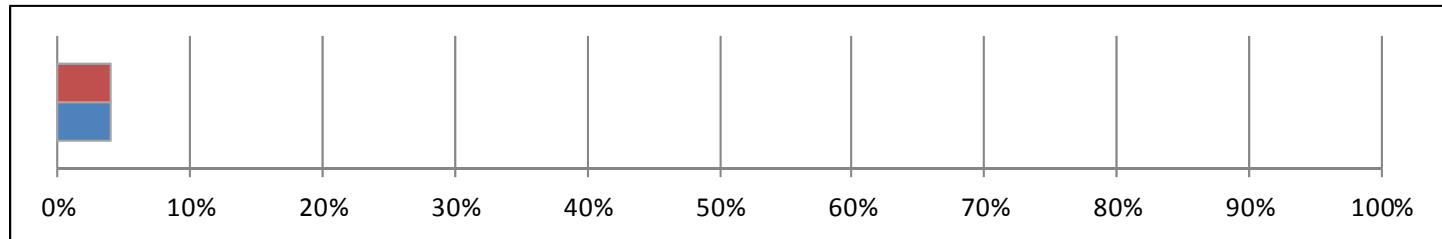
Program		FY2015 Planned	FY2015Q1 Actual	Status
Welding Program	CIP0018 # joints welded	1,200	305	
Floating Slab Rehab	CIP0019 linear ft.	750	-	
Rail Signage Replacement	CIP0020 # signs replaced	1,500	44	
Pad/Shock Absorber Rehab	CIP0021 linear ft.	8,000	1,540	
Track Rehab	CIP0024 # miles of track tamped	33	19.96	
	miles of running rail	10	4.04	
	# direct fixation fasteners	20,000	3,632	
	# cross ties	15,000	4,842	
	# switches	8	4	
Leak Mitigation	CIP0026 # leaks fixed	2,150	354	



Maintenance and Other Facilities

Bus Garages and Other Facility

Expenses
Deliverables



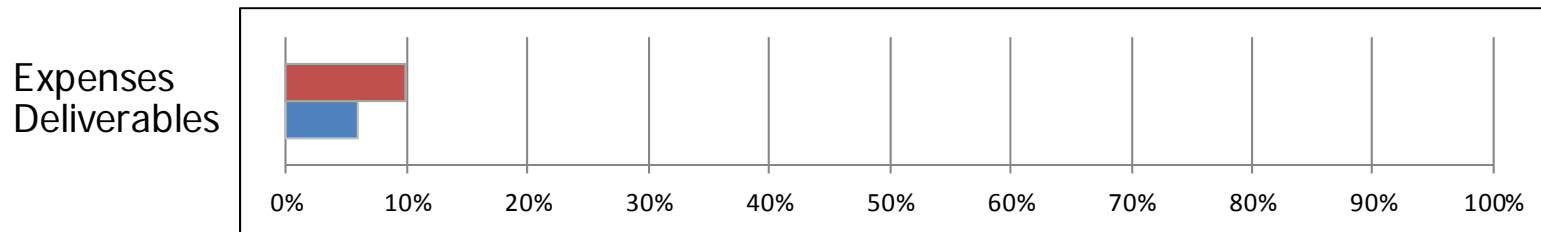
FY2015 Major Deliverables

Program		FY2015Q1 % Complete	Status
Royal Street Bus Garage	CIP0085	0%	
Southern Avenue Bus Garage Replacement	CIP0084	1%	
Test Track & Commissioning Facility	CIP0071	4%	
District 2 Police Station	CIP0101	22%	
Special Operations Facility	CIP0106	10%	



Maintenance Equipment

NTSB Requirements



FY2015 Major Deliverables

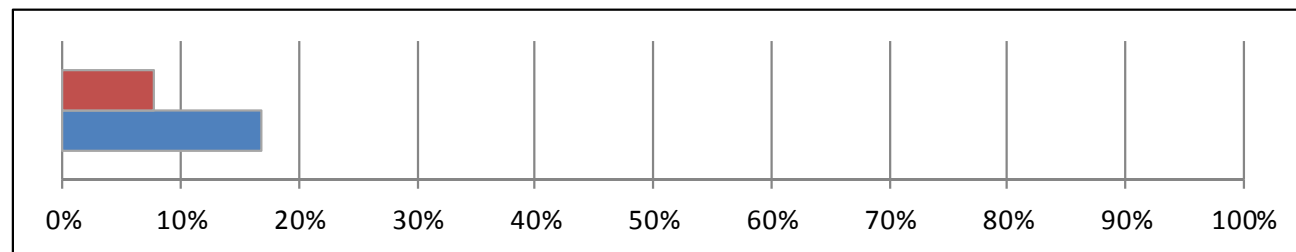
Program			FY2015 Planned	FY2015Q1 Actual	Status
Replace Power Cables	CIP0139-P6	linear ft.	20,000	3,560	On Track
Replace GRS Track Circuits	CIP0139-06	# of Modules	144	-	On Track
		# of Bonds	225	-	On Track



Passenger Facilities

Elevators and Escalators

Expenses
Deliverables



FY2015 Major Deliverables

Program		FY2015 Planned	FY2015Q1 Actual	Status
Elevator Rehabilitation	CIP0072 # Elevator rehabilitated	15	2	
Escalator Rehabilitation	CIP0073 # Escalator rehabilitated	29	6	
Escalator Replacement	CIP0185 # Escalator Replaced	12	2	



Outlook for FY2015

- Forecast
- Risks
- Mitigation



Next Steps

December 2014

- Presentation of GM/CEO's Proposed FY2016 Budget

January/February 2015

- FY2016 Budget Discussions

March 2015

- FY2015 Second Quarter Financial Report and Capital Progress Update
- Adoption of the FY2016 Budget and Six-Year Capital Improvement Program