

Washington Metropolitan Area Transit Authority
Board Action/Information Summary

☒ Action ☐ Information

MEAD Number:
202048

Resolution:
☒ Yes ☐ No

TITLE:

Authorization of Public Hearing for FY2020 Budget

PRESENTATION SUMMARY:

Provide information on the FY2020 Operating Budget and FY2020-2025 Capital Improvement Program, as well as service and fare proposals, and request authorization to conduct a public hearing.

PURPOSE:

Staff requests Board approval to hold a public hearing on the proposed FY2020 Operating Budget and FY2020-2025 Capital Improvement Program as well as service and fare proposals.

DESCRIPTION:

Budget Priorities: Keeping Metro Safe, Reliable and Affordable

The budget is built upon the General Manager/CEO's plan to Keep Metro Safe, Reliable and Affordable (KMSRA). Metro is making major progress to achieve the goals of this plan, by: ramping up to average capital investment of \$1.5 billion annually, establishing a dedicated capital trust fund, exclusive to capital investment, and limiting jurisdictional annual capital subsidy growth to three percent. Metro continues to encourage the U.S. Congress to reauthorize the Passenger Rail Investment and Improvement Act (PRIIA) beyond FY2020, which provides \$150 million in annual federal funds match by \$150 million provided by the District of Columbia, State of Maryland, and Commonwealth of Virginia. In order to establish a sustainable operating model, Metro is limiting jurisdictional operating subsidy growth to three percent and deploying innovative competitive contracting. The items on the KMSRA agenda that remain to be completed are amending the National Capital Area Interest Arbitration Standards Act, restructuring retirement benefits, and creating a Rainy Day Fund.

Key Highlights:

- The GM/CEO proposed an FY2020 Operating Budget and FY2020-2025 six-year Capital Improvement Program (CIP) for Board consideration.

- The proposed CIP includes FTA grant funding which requires a public hearing.
- Information on the proposed operating budget will be included in the public hearing, though not required.
- The base operating budget meets the 3 percent legal subsidy growth cap.
- Staff will develop and implement an outreach program to conduct a public hearing on the proposed operating and capital budgets.
- Staff will report back to the Board on the findings of the public hearing and outreach as part of the Board's deliberations on the proposed FY2020 Operating Budget and FY2020-2025 CIP.

Background and History:

In November 2018 the GM/CEO proposed an FY2020 Operating budget and the FY2020-2025 CIP to the Board of Directors for review and consideration. The proposed FY2020-2025 CIP includes funding from various FTA programs including the Urbanized Area Formula Program (49 U.S.C. 5307, or "Section 5307"). FTA requires that recipients of Section 5307 grant funding annually conduct a public hearing of the funded projects, therefore a public hearing on the proposed FY2020 capital program is required.

Additional public involvement in the planning and programming of capital funds occurs through the Transportation Planning Board (TPB), the designated Metropolitan Planning Organization (MPO) for the Washington region. The TPB holds forums for public review and comment on the Transportation Improvement Program (TIP). These forums cover not only funding, but also critical regional issues regarding air quality conformity, land use coordination, and investments to address future population and employment growth.

Virginia Dedicated Funding legislation (HB 1319/SB 856) requires a public hearing on the Capital Improvement Program in one of the jurisdictions of the Northern Virginia Transportation Commission (NVTC). Specifically, beginning in FY2020, the legislation directs the Commonwealth Transportation Board to withhold 20 percent of the funds available for Metro each year unless Metro has adopted a detailed capital improvement program covering the current fiscal year and, at a minimum, the next five fiscal years, and at least one public hearing on such capital improvement program has been held in a locality embraced by the NVTC.

Discussion:

FY2020-2025 Capital Improvement Program

- Fully fund system safety and compliance
- Improve customer experience
- Continue focus on system preservation and State of Good Repair
- Meet program budget and schedule

- Ramp up to \$1.5 billion average annual program
- Develop capital investment pipeline (D&E)

FY2020 Operating Budget

- Increase ridership
- Improve customer experience
- Maximize operating efficiency
- Increase non-fare revenues
- Enhance employee engagement and development
- Comply with Dedicated Revenue restrictions

Base Operating Subsidy

- Maintains current Hours of Service
- Meets 3% legal operating subsidy growth cap

Allowable Above Base Subsidy

- Silver Line Phase 2 ramp up
- Litigation costs
- Mandated ADA paratransit services
- Occupational health and safety requirements

Service Proposals

Expand rush hour service periods. Trains would run at more-frequent rush hour service levels for an additional 30 minutes each morning (until 10 a.m.) and an additional 90 minutes each evening (until 8:30 p.m.). The move would reduce the time customers wait for trains and make Metro a more attractive option for customers who commute later in the morning, as well as those using Metro for evening activities

Extend Yellow Line service to Greenbelt. Today, Yellow Line trains turn back at Mt. Vernon Square during rush hours and at Fort Totten at all other times. The GM's budget recommendation would extend every Yellow Line train to Greenbelt, which would double service during rush hours and address current crowding conditions at the nine stations north of Mt Vernon Square (Shaw-Howard, U Street, Columbia Heights, Georgia Ave-Petworth, Fort Totten, West Hyattsville, Prince George's Plaza, College Park, and Greenbelt). During off-peak times, the four stations north of Fort Totten would see an increase in service. Many current Green Line customers traveling to Yellow Line stations in Virginia (e.g. Reagan National Airport) would be able to make the trip without changing trains.

Run Red Line trains to Glenmont. Currently, some Red Line trains "turn back" at Silver Spring, while others operate to the end of the line at Glenmont.

In a move intended to simplify Metro's service pattern for customers while increasing service at another three Red Line stations, the FY2020 budget recommends running Red Line trains to Glenmont during weekday peak and weekend service periods. No change is proposed for weekday off-peak periods.

Expand All Trains to the Maximum Length of 8 Cars

The FY2020 budget recommends that all trains be increased to their maximum length of eight cars to increase capacity and reduce crowding. The move would also allow Metro to simplify its yard and maintenance operations by standardizing trainsets (i.e. reducing the need to continually add and remove cars to trains).

Maintain Current Hours of Service. Metrorail currently operates on the schedule below:

- Monday - Thursday: 5:00 a.m. to 11:30 p.m.
- Friday 5:00 a.m. to 1:00 a.m.
- Saturday: 7:00 a.m. to 1:00 a.m.
- Sunday: 8:00 a.m. to 11:00 p.m.

WMATA Board Resolution 2016-52 states that on July 1, 2019, the Metrorail operating hours shall revert to:

- Monday - Thursday: 5:00 a.m. to 12:00 a.m.;
- Friday: 5:00 a.m. to 3:00 a.m.
- Saturday: 7:00 a.m. to 3:00 a.m.
- Sunday: 7:00 a.m. to 12:00 a.m.

In order to continue safety, preventive maintenance, and system rehabilitation efforts, the FY2020 budget recommends continuing current hours of service.

Fare Policy

Fare and Pass adjustments to encourage ridership included in the recommended FY2020 Budget include:

- \$2 Weekend Flat Fare
- Pass Enhancements
 - Reduce 7-Day Bus Pass (\$17.50 to \$15)
 - Reduce 1-Day Visitor Pass Price (\$14.75 to \$13)
 - Reduce 7-Day Visitor Pass Price (\$38.50 to \$38 on short trip, \$60 to \$58 on full system pass)
 - Add a 3-Day Weekday Pass (\$28)
 - Add unlimited bus in all Visitor and SelectPasses

FUNDING IMPACT:

This item is for authorization to hold public hearings only. This item does not directly authorize any spending authority. Therefore this item has no direct impact on funding.

TIMELINE:

Previous Actions	November 2018 – Presentation of the GM/CEO's proposed FY2020 budget
Anticipated actions after presentation	January 2019 - Board work session on the capital program January/February 2019 – Conduct public hearings on the FY2020 budget March 2019 – Acceptance of public hearing staff report and approval of the FY2020 Operating Budget and FY2020-2025 CIP

RECOMMENDATION:

Board authorization to conduct Compact Public Hearings and related public participation activities on the FY2020 Operating Budget and FY2020-2025 Capital Improvement Program as well as service and fare proposals.

SUBJECT: PUBLIC HEARING ON PROPOSED FY2020 CAPITAL BUDGET, OPERATING BUDGET, AND METRORAIL FARE AND SERVICE CHANGES

2018-52

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

WHEREAS, The Federal Transit Administration (FTA) requires that all recipients of Urbanized Area Formula Program ("Section 5307") grant funding annually develop, publish, hold a public hearing on, and submit for approval a Program of Projects that is part of the capital budget; and

WHEREAS, Enactment clause 8 of the 2018 Virginia dedicated funding statute requires WMATA to hold a public hearing on (1) a capital improvement plan (part of the capital budget) and (2) a strategic plan within the geographic limits of the Northern Virginia Transportation Commission (NVTC); and

WHEREAS, The proposed \$1.4 billion capital program for Fiscal Year (FY) 2020, which constitutes the WMATA's Program of Projects, as shown on Attachment A, funds critical safety investments for customers and employees as well as necessary state of good repair investments to improve the reliable and effective performance of the Metro transit system; and

WHEREAS, The proposed FY2020-2025 Capital Improvement Plan (CIP) submitted by the General Manager/Chief Executive Officer (GM/CEO) to the Board of Directors includes federal funding from FTA annual formula grant programs, including funding received through Section 5307; and

WHEREAS, The Board of Directors desires to obtain public comment on the proposed operating budget that includes the Metrorail fare and service proposals as shown on Attachments B and C, NOW, THEREFORE, be it

RESOLVED, That in accordance with Section 62 of the WMATA Compact, the Board of Directors will conduct at least two public hearings, one of which shall be held within the geographic limits of the NVTC, to solicit public comment on WMATA's proposed FY2020 capital budget, FY2020 operating budget, Metrorail fare and service changes as described in Attachments A, B, and C to this Resolution, and the strategic plan; and be it further

RESOLVED, That the Board of Directors directs the GM/CEO to report on the findings of the public hearings and other outreach efforts; and be it finally

RESOLVED, That in order to ensure timely incorporation of public hearing and public participation results into the Board of Directors deliberations on the FY2020 proposed budgets, this Resolution shall be effective immediately.

Reviewed as to form and legal sufficiency,



Patricia Y. Lee
General Counsel

WMATA File Structure No.:
18.8 Public Hearings and Meetings

Proposed FY2020 Capital Improvement Program and Federal FY2019 Grant Applications

WMATA intends to apply for Federal Fiscal Year (FY) 2019 grants under the *Fixing America's Surface Transportation (FAST) Act* and the *Passenger Rail Investment and Improvement Act of 2008 (PRIIA)* to support ongoing capital investments. These applications will be filed under the provisions of FAST (P.L. 114-94) and PRIIA (P.L. 110-432).

Based on preliminary information provided by the Federal Transit Administration (FTA), the Washington DC Metropolitan Region expects to receive approximately \$405 million in FTA formula funding under the FAST Act in Federal FY2019. This regional funding is distributed between the Washington Metropolitan Area Transit Authority (WMATA), the Potomac and Rappahannock Transportation Commission (PRTC), and the Maryland Transit Administration (MTA) subject to a pre-existing agreement. Under this agreement, in Federal FY2018, WMATA received approximately 86 percent of the total FTA formula funding for the region. If WMATA's funding share remains consistent with the prior year, WMATA will receive approximately \$348 million in federal formula funding.

Additionally, WMATA estimates \$148.5 million will be available to the agency through the PRIIA program in Federal FY2019. This funding partnership between the federal government and the District of Columbia, Maryland, and the Commonwealth of Virginia, which has been in effect since 2009 and is authorized for 10 years, provides critical resources to WMATA for safety improvements, railcar purchases, and other important state of good repair investments.

In accordance with Board of Directors' policy, WMATA intends to apply for these grant funds within four weeks of the Board's adoption of the capital budget, which is currently scheduled for March 2019. WMATA also intends to submit the final Program of Projects to the National Capital Region Transportation Planning Board (TPB) as input to the updated Transportation Improvement Program (TIP) for the Washington Metropolitan area.

FY2020 CAPITAL IMPROVEMENT PROGRAM

WMATA's proposed FY2020 Capital Investment Plan is \$1.4 billion which is focused on safety improvements, the rebuilding of the Metro system, and improving the effectiveness of the current rail and bus network. The vast majority of the planned investment advances the safety, rehabilitation, and replacement of Metro's infrastructure, facilities, equipment, systems, railcars, buses, and paratransit vehicles.

The proposed FY2020 program will be funded through investments from the federal government, state and local governments, and other sources. The proposed program assumes federal sources, including competitive grant funding, make up \$501 million of the \$1.4 billion funding plan. The remaining portion of the program is funded with \$794 million of state and local investment (including match to federal funds, and direct local contributions), \$45 million for jurisdiction projects, and \$36 million from the Metropolitan Washington Airports Authority (MWAA).

The Capital Improvement Program (CIP) consists of the following six major investment categories:

- **Railcars**, which includes acquisition of new vehicles, maintenance and overhaul activities on existing vehicles to ensure safe and reliable operation, and construction and rehabilitation on railcar maintenance facilities;
- **Rail Systems**, which includes investment in propulsion (including tie-breaker stations, traction power substations, power cables, and transformers) and signals and communications systems (including radio systems and underground wireless infrastructure);
- **Track & Structures**, which includes fixed rail (e.g., running rail, switches, fasteners, crossties, etc.), structures (e.g., tunnels and bridges), and track maintenance equipment;
- **Stations & Passenger Facilities**, which includes platforms and other structures, vertical transportation (elevators and escalators), fare collection systems, station systems, and parking facilities;
- **Bus & Paratransit**, which includes bus acquisition, bus overhaul and maintenance activities to ensure safe and reliable operation, bus maintenance facilities, bus passenger facilities, and replacement of paratransit vehicles; and
- **Business Support**, which includes information technology (IT), Metro Transit Police (MTPD) investments, and other support and equipment services.

Capital Investment by Category

Investment Category (\$ in Millions)	FY2020 Proposed Budget	FY2020-2025 Plan
Railcar	\$255.2	\$1,782.7
Rail Systems	\$187.1	\$1,225.0
Track and Structures Rehabilitation	\$171.0	\$1,491.5
Stations and Passenger Facilities	\$359.7	\$2,065.9
Bus and Paratransit	\$205.1	\$1,374.1
Business Support	\$173.6	\$1,302.1
Total Capital Programs	\$1,351.8	\$9,241.4

Note: Total excludes \$23.4 million in funding for service disruptions associated with major capital projects.

Capital Investment Program Funding Sources

Funding Sources (\$ in Millions)	FY2020 Proposed Budget	FY2020-2025 Plan
Federal Grants	\$500.6	\$2,921.8
State and Local Contribution		
District of Columbia	\$321.3	\$1,956.2
State of Maryland	\$307.7	\$1,871.2
Commonwealth of Virginia	\$281.0	\$1,754.3
Subtotal, State & Local	\$910.0	\$5,581.7
Under/Over Funding	(\$116.2)	\$325.7
Total, State and Local	\$793.8	\$5,907.4
Jurisdiction Reimbursable Projects	\$44.5	\$333.8
Metropolitan Washington Airports Authority	\$36.3	\$101.8
Grand Total	\$1,375.2	\$9,264.8

Attachment B

Proposed Fares and Fees Changes

The FY2020 Budget proposes changes to Metrorail weekend fares and enhancements to pass products as follows:

Metrorail Fares	CURRENT Fares/Fees	FY2020 Proposed Fare Options
Off-Peak Fares		
✓ Composite miles between 3 and 6 miles	\$0.244	Weekend - \$0.00
✓ Composite miles over 6 miles	\$0.216	Weekend - \$0.00
✓ Maximum off-peak fare	\$3.85	Weekend - \$2.00
✓ Charge for senior/disabled is one-half peak fare during off-peak	\$1.00 - \$3.00	Weekend - \$1.00
Rail Passes		
✓ 1- day Unlimited Combo Rail & Bus	\$14.75	\$13.00
✓ 3-day Unlimited Combo Rail & Bus	N/A	\$28.00
✓ 7-day Short-Trip Rail	\$38.50	Eliminate
✓ 7-day Short-Trip Combo Rail & Bus	N/A	\$38.00
✓ 7-day Fast Pass Rail	\$60.00	Eliminate
✓ 7-day Fast Pass Combo Rail & Bus	N/A	\$58.00
✓ Monthly SelectPass	varies	Add unlimited bus
Metrobus Fares		
Bus Passes		
✓ 7-day Regional Bis Pass	\$17.50	\$15.00
✓ 7-day Regional Senior/Disables Pass	\$8.75	\$7.50

Attachment B

Proposed Rail Service Changes that require Public Participation

1	Extend Yellow Line Service to Greenbelt
	Today, Yellow Line trains turn back at Mt. Vernon Square during rush hours and at Fort Totten at all other times. The GM's budget recommendation would extend every Yellow Line train to Greenbelt, which would double service during rush hours and address current crowding conditions at the nine stations north of Mt Vernon Square (Shaw-Howard, U Street, Columbia Heights, Georgia Ave-Petworth, Fort Totten, West Hyattsville, Prince George's Plaza, College Park, and Greenbelt). During off-peak times, the four stations north of Fort Totten would see an increase in service. Many current Green Line customers traveling to Yellow Line stations in Virginia (e.g. Reagan National Airport) would be able to make the trip without changing trains.
2	Run Red Line Trains to Glenmont
	Currently, some Red Line trains "turn back" at Silver Spring, while others operate to the end of the line at Glenmont. In a move intended to simplify Metro's service pattern for customers while increasing service at another three Red Line stations, the FY2020 budget recommends running all Red Line trains to Glenmont during weekday peak and weekend service periods. No change is proposed for weekday off-peak periods.

Operating Budget Item for Public Hearing

1	Expand Rush Hour Service and Peak Fare Periods
	Expand rush hour service and Peak fare periods. Trains would run at more frequent rush hour service levels for an additional 30 minutes each morning (until 10 a.m.) and an additional 90 minutes each evening (until 8:30 p.m.). During the additional rush hour service periods being proposed, the existing peak fares would be charged. The move would reduce the time customer wait for trains and make metro a more attractive options for customers who commute later in the morning, as well as those using Metro for evening activities.

Proposed FY2020 Operating Budget

WMATA's proposed FY2020 operating budget totals \$1,996 million. The proposed budget assumes no fare increases, no service reductions, \$46 million of management actions to reduce expenses and increase business revenues, and a \$32 million increase in base jurisdictional subsidy (three percent) compared to FY2019. The total subsidy increase in the proposed base budget is \$32 million or 3 percent.

In addition to the base budget, there are expenses that are legislatively excluded from the 3 percent cap, for federal mandates such as ADA Paratransit and implementation of capital projects such as Silver Line Phase 2. When these are added to the base budget, the subsidy increases by \$51 million. In order to grow ridership and improve the customer experience, the budget also offers a series of New Initiatives and with these, the total subsidy increase is \$102 million.

The FY2020 operating budget is summarized below:

(\$ in Millions)	FY2019 Budget	FY2020				Growth	
		Base	Exclusions	New Initiatives	Total	\$	%
REVENUE							
Passenger Revenue	\$737	\$713	\$0	\$10	\$723	(\$14)	-2%
Other Revenue	\$60	\$91	\$0	\$0	\$91	\$31	52%
Total Revenue	\$798	\$804	\$0	\$10	\$815	\$17	2%
EXPENSES							
Labor and Benefits	\$1,333	\$1,350	\$8	\$19	\$1,377	\$44	3%
Non-Labor	\$545	\$565	\$43	\$11	\$619	\$74	14%
Total Expenses	\$1,877	\$1,916	\$51	\$30	\$1,996	\$119	6%
SUBSIDY	\$1,080	\$1,111	\$51	\$20	\$1,182	\$102	9%