



**Finance & Administration Committee**

**Action Item III-C**

**December 5, 2013**

**FY2015 Proposed Budget and Approval to  
Initiate Public Hearings**

Washington Metropolitan Area Transit Authority  
**Board Action/Information Summary**

Action  Information

MEAD Number:  
200527

Resolution:  
 Yes  No

**TITLE:**

FY15 Proposed Budget & Public Hearings Initiation

**PRESENTATION SUMMARY:**

This presentation provides the Chief Executive Officer and General Manager's (GM/CEO) Proposed FY2015 Budget, multiyear operating budget financial plan, and six-year Capital Improvement Program (CIP).

**PURPOSE:**

To present the Board with the GM/CEO's Proposed FY2015 Budget with an emphasis on the linkage between 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.

**DESCRIPTION:**

**Key Highlights:**

- The GM/CEO's Proposed FY2015 Budget advances the Momentum strategic plan and key actions established in the GM/CEO's CY2014-2016 Business Plan.
- The FY2015 proposed operating budget totals \$1.757 billion and includes funding to provide safer, better, and more service. The GM/CEO's Proposed FY2015-2020 CIP is an \$8.0 billion capital investment plan focused on safety improvements, the rebuilding of the Metro system, increasing system capacity, and improving the effectiveness of the current rail and bus networks.
- 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 the 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
  - Implementation of the fatigue management program.
- The proposed CIP includes substantial new Metro 2025 investments in the 8 Car Train Program, Station Capacity Improvements at key stations, the Metrobus Priority Corridor Network, Metrobus Fleet Expansion, and Next Generation Communications.

## **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 multiyear financial plan projected modest passenger fare increases to be implemented in July 2014 as well as additional jurisdictional investment to support the FY2015 budget.

In June 2013 the Board adopted the Momentum strategic plan, charting a new course to ensure the transit system meets the needs of the region now, in 2025, and beyond. Momentum provides a road map to achieve the goals and guides Metro's annual business plan over the next ten years. The seven Metro 2025 capital initiatives identified in Momentum will serve to keep pace with demand and to continue the support of the region's economic competitiveness and quality of life. Metro 2025 capital initiatives include: Eight-car Trains, Station Improvements, Metrobus Priority Corridor Network, Metrobus Fleet Expansion, Next Generation Customer Communications, and special track infrastructure to provide operational flexibility, and a New Blue Line Connection.

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 Proposed FY2015 Budget incorporates the fiscal impact of each of these new agreements.

During the summer of 2013, Metro conducted an intensive review of the efficiency and effectiveness of business support and administrative functions with outside expert assistance.

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.

### Capital Program

Metro's Capital Improvement Program (CIP) is a six-year capital investment plan that is updated annually and is primarily supported by federal formula and Passenger Rail Investment and Improvement Act (PRIIA) grants, state and local funding, long-term debt, and other miscellaneous sources. The current FY2014-2019 CIP is a \$5.5 billion program primarily focused on safety improvements and the rebuilding of the Metro system and is informed by a prioritization of Metro's FY2011-2020 Capital Needs Inventory. The existing CIP also includes initial investments to advance Metro 2025 capital initiatives highlighted in the Momentum strategic plan.

Metro has invested \$2.2 billion through the CIP since the beginning of the major rebuilding effort that started in FY2011. Capital investment in FY2013 was more than double the investment delivered in FY2010; delivery has progressively increased from \$382 million in FY2010, to \$611 million in FY2011, to \$770 million in FY2012, to \$846 million in FY2013. The updated FY2014 CIP forecast totals \$919 million.

## **Discussion:**

### **GM/CEO's Proposed FY2015 Budget**

The GM/CEO's Proposed FY2015 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, 20 have been closed. The FY2015 budget includes the required investments to continue progress on the remaining 9 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 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 budget also includes capital investment in new buses and operating

support for the implementation of additional Priority Corridor Network improvements to better connect communities.

### Delivering Quality Service

- The FY2015 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 replace the 1000 series and 4000 series railcars with the new 7000 series railcars, beginning in FY2015.
- 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.

### Investing in Employees

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

### Investing in Our Assets

- In FY2015 and over the next six years, Metro will continue to aggressively pursue the largest capital program since the construction of the system. Planned investments are focused safety improvements and the rebuilding and replacement of Metro's assets. Key planned rebuilding investments include:
- Replacement, rehabilitation and repair of railcars
  - Replacement of 1000 Series Railcars (300 railcars)
  - Replacement of 4000 Series Railcars (100 railcars)
  - Initiate replacement of 2000/3000 series railcars (beginning in FY2018)
  - Initiate rehabilitation of 5000 series railcars (beginning in FY2017)
- Replacement, rehabilitation and repair of buses
  - Replacement of approximately 100 buses per year
  - Rehabilitation of approximately 100 buses per year
- Replacement of approximately 150 MetroAccess vehicles per year
- Replacement of Southern Avenue and Royal Street bus facilities
- Rehabilitation of rail yards (Alexandria, Brentwood, and New Carrollton) and bus facilities (Western, Northern, Landover)
- Rehabilitation of rail line segment infrastructure
  - Red Line Rehabilitation: Stages 1 & 2
  - Orange/Blue Line Rehabilitation: Stage 1

### 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:

- Inventory parts demand and procurement improvement
- 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

## **Ridership and Revenue**

Metro's operating revenue forecast in the proposed FY2015 budget is \$953 million, an increase of \$61 million or 7 percent over the approved FY2014 budget. This revenue increase is the result of a full year of revenue service on the Silver Line Phase 1; a modest amount of organic growth on Metrobus and Metrorail; targeted incremental fare changes designed to raise revenue without discouraging ridership; and small changes in non-transit revenues. With that amount of operating revenue, the total required local subsidy (including debt service, preventive maintenance, and the application of prior year surplus funds) is \$779 million, an increase of \$44 million or 6 percent over the approved FY2014 subsidy.

### **Ridership**

Total projected transit ridership in FY2015 on all modes is 361 million trips, an increase of just under 2 percent from FY2014 budget forecasts.

- *Metrobus*: Bus is projected to carry 139.1 million trips, an increase of 6.6 million over FY2014. The majority of this increase is the result of the 'Ride Free on Bus' program for District of Columbia students, which has proven to be very successful through October 2013, carrying approximately 23,000 student rides on an average weekday. That program accounts for 5.0 million of the 6.6 million total increase. The remaining organic (non-student) growth on bus in FY2015 is higher than rail at 2 percent and is driven by continued service improvements in addition to employment and population growth. This follows on the stronger performance of bus at the end of FY2013 and through the first four months of FY2014, but it is projected to be partially offset by the impact of the proposed bus fare change (see below).
- *Metrorail*: Rail is projected to carry 224.6 million trips, an increase of 5.3 million over FY2014. The majority of this increase (4.5 million) is the result of having a full twelve months of revenue service on the Silver Line Phase 1 to Wiehle-Reston East. The remaining net increase of 0.8 million is the result of a small amount of projected organic growth (approximately 1 percent) offset by a small decline in ridership as a result of the proposed rail fare change (see below).
- *MetroAccess*: Access ridership is projected to continue to grow modestly (1 percent) from its current level of 2.0 million trips per year as growth in the overall

pool of Access registrants is balanced by new efforts to shift certain trips to local taxicabs. The net impact on Access ridership from the fare change is projected to be minimal.

### Operating Revenues

Total operating revenues in the FY2015 budget are \$953 million. Of that total, \$904 million is projected to come from passenger and parking fares and \$49 million from other non-transit sources. Aside from the proposed fare change, the key elements of the operating revenue forecast include:

- *Silver Line Phase 1*: Twelve months of service provides an additional \$17 million in passenger fare revenue above FY2014.
- *Ridership growth*: Organic ridership growth on the existing system accounts for an additional \$9 million in passenger fare revenue (\$2.8 million on bus and \$6.2 million on rail), before accounting for the impact of the proposed fare changes.
- *DC 'Ride Free on Bus' program*: This program was initiated subsequent to the adoption of the FY2014 budget, and thus the incremental revenues associated with it do not appear in the FY2014 budget. Based on the initial two months' experience, this program should bring an additional \$7 million in revenue to WMATA over the full twelve months of FY2015.
- *Non-transit sources*: Total non-transit sources are projected to be essentially flat from FY2014 to FY2015, increasing by only \$0.4 million. Advertising and fiber optics revenues are projected to grow, while the joint development lease revenue forecast has been slightly reduced from the FY2014 budget level, which was too high.

### Proposed Fare Changes

The complete set of FY2015 fare changes proposed by the GM/CEO is presented in the docket that accompanies the Board resolution authorizing the public hearings that must precede any potential fare increase. The major elements of the proposed fare changes are as follows:

- *Metrobus*: The goal for Metrobus is to simplify the bus fare structure and bring the fare closer to the rates charged by Metro's peer agencies. (Current base bus fares are \$2.00 in San Francisco and Chicago, \$2.25 in Philadelphia, and \$2.50 in New York City and Atlanta, among others.) The GM/CEO's proposal would eliminate the cash surcharge on bus (currently \$0.20) and charge a base fare of \$1.75 for all trips whether paying with SmarTrip or cash. This would represent a fare increase of approximately 9 percent for SmarTrip customers over the current base fare of \$1.60. For a customer who rides the bus twice a day, this would be an increase of \$9 per month. Bus passes would also increase proportionally (e.g., the 7-day bus pass would increase from \$16.00 to \$17.50). Express bus trips would increase to \$4.00 (currently at \$3.65 for SmarTrip and \$4.00 for cash), while Airport trips would increase to \$7.00. Bus-to-bus transfers would remain free, and bus-rail transfers would remain at \$0.50.
- *Metrorail*: The July 2012 fare increase for rail was 5 to 7 percent for peak trips and

up to 27 percent for off-peak trips. This increase, along with other factors, caused a reduction in rail ridership in FY2013. Ridership has stabilized in FY2014, but there is still concern regarding the impact of another large fare increase. Thus, the proposed fare increase for Metrorail is 3 percent, which applies to both peak and off-peak and to the boarding fee, the composite mileage charges, and the maximum fare. On an average trip costing \$3.00, this equates to an increase of \$0.10 per trip. For a customer who rides Metrorail twice a day, this would be an increase of \$6 per month. However, as in FY2013, a “cap” will be imposed on the off-peak fare changes for certain station pairs to prevent substantial fare increases. Pass prices would also increase by approximately 3 percent (subject to rounding), so that the 7-day short-trip pass, for example, would increase from \$35.00 to \$36.00.

- *MetroAccess*: The methodology for determining MetroAccess fares remains unchanged in the proposed FY2015 budget. MetroAccess patrons will be charged twice the equivalent fixed-route SmarTrip fare based on the fastest trip (with the assistance of the new fare calculator, which selects the lowest fare within a thirty minute window around the requested time). The proposed increase in the Metrobus base fare to \$1.75 will increase the base MetroAccess fare to \$3.50 (from \$3.20), but the budget proposes that the maximum fare of \$7.00 remain unchanged.
- *Parking*: Parking fares are proposed to increase by \$0.25 (the minimum increment) at all stations. The price for event parking at Morgan Boulevard and Largo Town Center is also proposed to be reduced to \$15 in order to be more competitive with lots which are closer to FedExField.

Metro is also pursuing other revenue opportunities related to passenger fares, including a pilot program for the use of SmartBenefits to make pass purchases. This pilot is rolling out in November for transit benefits in the month of December. Based on the technical and financial results of the pilot, Metro will then decide whether to roll the program out to all SmartBenefits participants.

The Board adopted fare policy principles in November 2010 that are intended to guide the decision-making process regarding fare changes. As noted during the Finance Committee preview presentation in October, there is a certain amount of “tension” between the various principles, and it can be difficult to adhere to all principles equally within a single fare proposal. In general, the fare change proposals in the FY2015 budget are relatively incremental and do not represent a fundamental change in Metro’s overall policy. However, the mix of changes that is proposed attempts to strike a reasonable balance across the different principles, as outlined below (with the caveat, of course, that any fare increase is likely to be viewed as unsatisfactory by many customers):

1. *Ensure and enhance customer satisfaction*: The pilot program changes to SmartBenefits should improve customer satisfaction for important segments of both the commuter market.
2. *Establish a mechanism to allow customers to determine their fares easily*: Overall rail and MetroAccess fare structures are essentially unchanged in this proposal, but Metro’s separate initiative to eliminate paper fare media and the

accompanying paper fare surcharge (which is expected to take effect as part of the FY2016 budget) will greatly simplify the rail fare structure. Bus fares are simplified in the current proposal by eliminating the cash surcharge and moving to a single base fare.

3. *Optimize the use of existing capacity:* Metro has, in conjunction with jurisdictional staff, explored a number of options to encourage off-peak and non-core trips and also to encourage transfers from bus to rail. In general, however, these fare changes would either make the fare structure significantly more complicated or would cost a significant amount of fare revenue.
4. *Establish equitable fares and ensure compliance with federal regulations:* A preliminary assessment of the GM/CEO's proposed fare changes indicates that it complies with the Title VI requirements of the Federal Transit Administration and does not violate WMATA's newly adopted guidelines for disparate impact and disproportionate burden under Title VI.
5. *Facilitate movement between modes and operators throughout the region:* As with fare policy #3 above, various proposals were considered to encourage inter-modal and inter-operator transfers, but they were generally judged to be either too complicated or too costly.
6. *Encourage the use of cost-effective media:* As noted above, Metro's parallel effort to eliminate paper fare media on Metrorail is directly in line with this principle and will move all rail customers to SmarTrip. Some concern has been raised that the proposal to eliminate the cash surcharge on bus is counter to this principle, because it will encourage some riders to leave SmarTrip and return to cash. On balance, however, the GM/CEO believes this principle is still being adhered to, for the following reasons:
  - a. SmarTrip penetration is high on bus (over 90 percent) because of the availability of the bus-bus and bus-rail transfer and the availability of the 7-day bus pass (a popular product), not just the price discount, and these advantages will remain.
  - b. Bus dwell times are currently increased due to some customers adding small amounts of money (equivalent to one or two trips) to their SmarTrip cards at the bus farebox. These are the customers most likely to shift back to cash if the surcharge is eliminated, so the overall impact on bus dwell time should be minimal.
  - c. Metro is encouraging the use of SmarTrip on bus through a separate initiative to provide off-board SmarTrip loading machines along key bus routes. Contract award on this project is expected in January and a 'proof-of-concept' installation of 14 SmarTrip Recharge Stations (SRS) along 16<sup>th</sup> Street NW (from M Street north to Silver Spring Metro station) is expected by mid-summer. If this pilot is successful, up to 186 more SRS will be installed throughout the Metrobus service area.
7. *Generate adequate revenue while maximizing ridership:* The overall goal of the proposed fare changes is to fairly allocate the burden of supporting Metro's operating expenses between the riders and the local jurisdictions, and the GM/CEO believes that this fare proposal raises an appropriate amount of additional fare revenue without an undue negative impact on ridership.

#### Jurisdictional Subsidy

Total jurisdictional subsidy in the proposed FY2015 budget increases by 6 percent over

FY2014, from \$735 million to \$779 million. The factors used to allocate the subsidy costs to the jurisdictions by mode are largely unchanged from FY2014:

- *Metrobus*: Of the four factors in the regional bus allocation, two – population density and ridership by residence – did not change since last year. The population density factor will not change for nearly a decade, until after the completion of the 2020 Census, but a new Metrobus survey will kick off in the spring of 2014. The allocation of revenue miles and revenue hours does change from year to year as service is modified, but overall service levels are very similar to last year.
- *Metro rail*: As with bus, the population density and ridership by residence factors have not changed since last year, nor has the allocation of rail stations. The ridership factor will be updated following the next rail survey, which is planned for the spring of 2015, just over a year after the opening of the Silver Line Phase 1, while the allocation of stations will not change until new stations (such as Silver Line Phase 2 or the proposed Potomac Yard station in Alexandria) are added to the system.
- *MetroAccess*: Ridership by jurisdiction from FY2013 is used to allocate Access subsidy for FY2015. The split in ridership between jurisdictions has stayed largely constant, with the District of Columbia accounting for 26 percent of trips, Maryland 59 percent, and Virginia 15 percent.

Bus and rail will see similar percentage increases in overall operating costs, while Access operating costs are projected to be flat. However, variances in revenue growth have an impact on overall subsidy growth by mode. In particular:

- While regional bus ridership has been growing recently (as outlined for the Finance Committee in previous presentations), non-regional bus ridership has been declining. This causes an increase in subsidy for those jurisdictions which have heavier investment in non-regional bus.
- Bus overall has a proportionally larger fare increase in the proposed budget, which helps to offset subsidy growth for that mode. The increased funding from the DC 'Ride Free on Bus' program also helps to offset bus expenses and reduce subsidy.

Based on the forecasts and allocations described above, the net subsidy for Metro rail, Metrobus, and MetroAccess in FY2015 is \$773 million. Debt service, preventive maintenance, and prior year surplus funds are then added to reach the total jurisdiction subsidy:

- *Debt service*: Total debt service for FY2015 is \$21.2 million. The Series 2003 gross revenue transit refunding bonds will have been retired at the end of FY2014, leaving only the Series 2009A and 2009B "Metro Matters" debt service.
- *Preventive maintenance (PM)*: PM remains the same in FY2015 as in FY2014 at \$10.4 million for bus and \$20.3 million for rail.

- *Prior year surplus:* The total operating surplus from FY2013 is \$30 million. Previously, staff planned to recommend the application of \$20 million of that surplus to FY2014 labor cost increases resulting from the recent collective bargaining agreement settlements, leaving \$10 million available to offset jurisdictional subsidy requirements in FY2015. However, it appears that the full \$20 million might not be required in FY2014 due to budget favorability through the first four months of the year. The proposed FY2015 budget now assumes that \$15 million will be available to offset jurisdictional subsidy requirements in FY2015. Of the remaining \$15 million, any portion not needed to support the FY2014 budget could be placed into an operating budget reserve, consistent with Board policy, and would serve as a contingency against the risks and uncertainties outlined below.

### Budget Risks and Uncertainty

In FY2014, WMATA received additional federal formula funding as a result of the increased levels in the Moving Ahead for Progress in the 21 Century, MAP-21. MAP-21 is the two year reauthorization of the Surface Transportation programs passed by Congress in April 2012. In FY2014, Metro used the increase in federal formula funds to program additional capital investments into the six-year CIP. The legislation will need to be reauthorized by October 1, 2014. It is critical to Metro that the federal formula funding levels continue as authorized in MAP-21. The FY2015 proposed budget assumes that increased level of funding.

There continues to be substantial risk to Metro due to the heavy reliance upon annual appropriations of both federal formula funding and Passenger Rail Improvement and Investment Act (PRIIA) funding. PRIIA funds were sequestered last year and at this point it appears that will continue in federal fiscal year 2015. In addition, the overall federal funding levels are expected to result in a lower annual PRIIA amount. If capital funding is reduced, safety projects will be given priority and all other capital projects will be vulnerable to reduction or deferral. Metro's customers could experience more frequent delays, worsening reliability, deteriorating station conditions, longer lines and less customer information.

The federal transit benefit, which currently provides transit riders with a \$245 per month subsidy or tax benefit, expires on December 31, 2013. Without an extension, the amount of the benefit will be reduced to \$125 per month. As was demonstrated in 2012, when the benefit is reduced it has a direct effect on Metro ridership. It is critical that Congress extend the benefit to provide transit riders and agencies with more certainty on the cost of riding and operating transit.

Metro also faces risk from weather and other unforeseen impacts to ridership and revenue. Metro's ridership forecasts assume a "normal" amount of bad weather, particularly in the winter months, but an event such as Hurricane Sandy in October 2012, which shut the entire Metro system for two days and reduced fare revenues by approximately \$6 million, is not accounted for in the forecast. However, funding remaining from the FY2013 operating budget surplus could serve as a contingency against negative events, consistent with Board policy.

### Public Outreach

Metro will undertake significant outreach efforts regarding the proposed fare changes prior to the FY2015 budget adoption. The outreach will occur in three key areas:

- Public hearings: Metro will hold six public hearings (two in each of the three jurisdictions) to review proposed fare changes and receive comments and feedback from residents from across the region.
- Public participation: Metro is finalizing a Public Participation Plan that will guide substantial additional outreach efforts beyond the public hearings, including open houses, station pop-ups, and community events. This outreach will provide specific and convenient opportunities for riders and local organizations to provide input and discuss their views and will ensure full and fair participation for all potentially affected communities, including minority, low-income, and limited English proficient populations.
- Rider survey: Metro will also conduct an online survey to solicit rider input on key questions regarding the budget and fare policy.

Policy Considerations

In addition to the Board’s review of multiyear operating and capital investment levels and fare policies, key considerations for the Board include:

- Metrorail, Metrobus, and MetroAccess Service Levels
- Title VI Requirements
- Station Capacity and Access Improvements Funding Policy
- Other Post Employment Benefit (OPEB) Funding Policy

**FUNDING IMPACT:**

The GM/CEO’s Proposed FY2015 Budget totals \$3.02 billion, including a \$1.76 billion proposed operating budget, a \$42 million operating reimbursable budget, a \$1.13 billion Capital Improvement Program budget, and an \$88 million capital reimbursable program budget.

**TIMELINE:**

<p><b>Previous Actions</b></p>	<p>Capital Progress Update presented to the Committee (September 2013)</p> <p>CY2014-2016 Business Plan present to the Committee (September 2013)</p> <p>FY2014 First Quarter Financial Report (November 2013)</p> <p>Preview of the GM/CEO’s Proposed FY2015 Budget (October</p>
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	2013)
<b>Anticipated actions after presentation</b>	FY2015 Budget Discussion (January 2014) Public Outreach and Public Hearings (January and February 2014) FY2015 Budget Discussion (February 2014) Adoption of the FY2015 Budget and Six Year Capital Improvement Program and Approval of Fare Changes (March 2014)

**RECOMMENDATION:**

Authorization of public hearings on proposed FY2015 fare changes and FY2015 Capital Improvement Program and federal grant applications.



# WASHINGTON METROPOLITAN AREA TRANSIT AUTHORITY

## FY2015 Proposed Budget “Gaining Momentum”

Finance & Administration Committee  
December 5, 2013



# Purpose

To present the Proposed FY2015 Budget in support of Momentum and the GM/CEO's business plan

- Safer, Better, More: Delivering for Riders in FY2015
- Momentum: Making a Down Payment
- Programmatic Strategies: Advancing Strategic Goals
- Efficiency and Effectiveness
- Jurisdictional Investment and Revenue



# Safer, Better, More: Closing NTSB Recommendations

- 20 of 29 recommendations closed
- Continued progress on remaining nine NTSB recommendations



Improving exterior door handles



Replacing track circuits



# Safer, Better, More: 7000 Series Rail Cars





# Safer, Better, More: Silver Line Service

- 5 new stations
- Connecting Wiehle-Reston East to Largo Town Center, making all downtown stops





# Safer, Better, More: Improved Station Lighting

- Brighter lights in underground stations



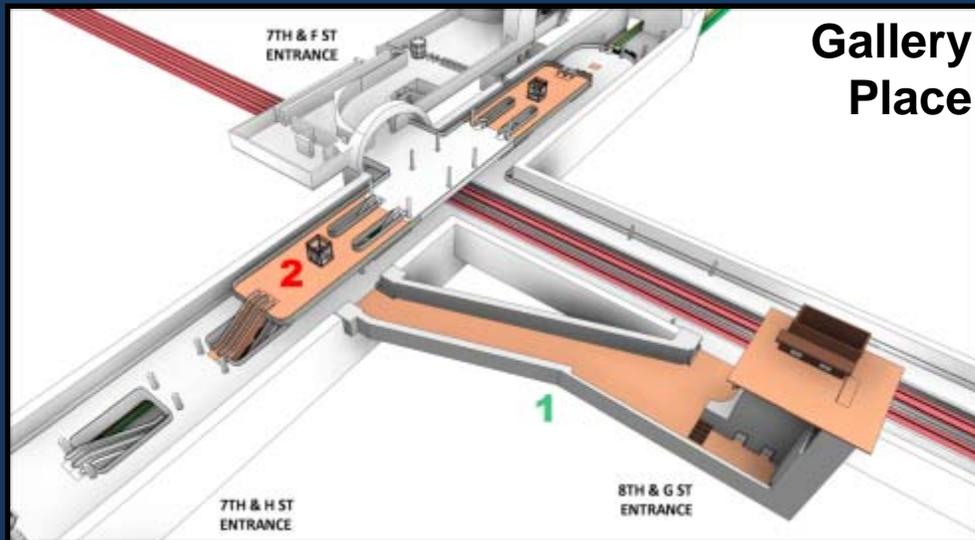


# Making the Down Payment: 8 Car Trains

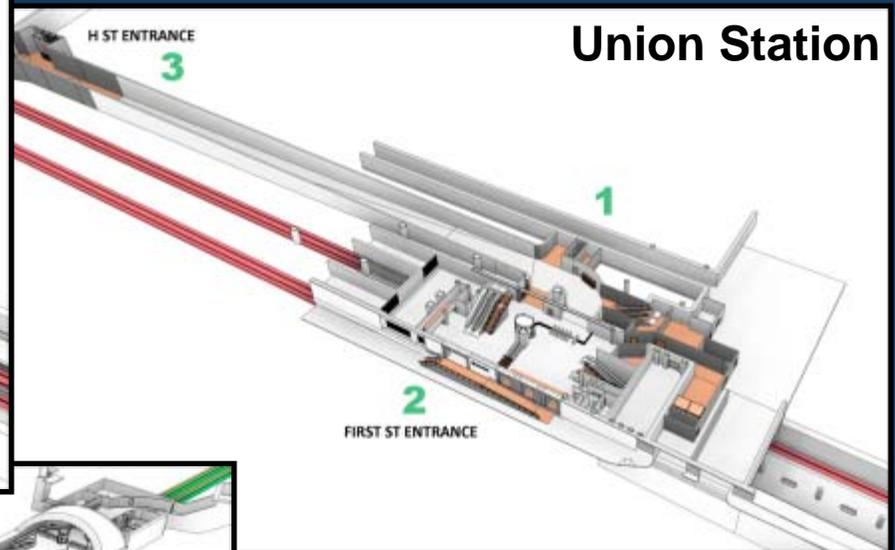




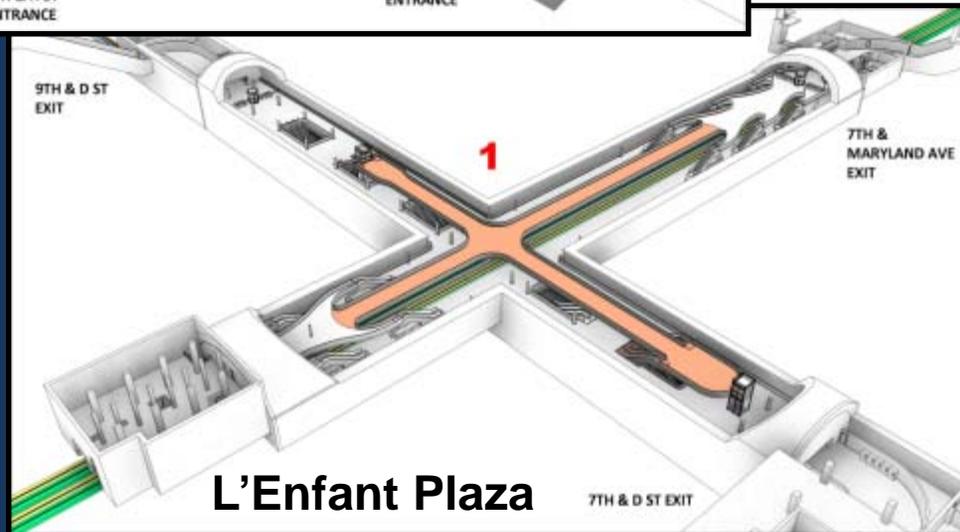
# Making the Down Payment: Station Upgrades



**Gallery  
Place**



**Union Station**



**L'Enfant Plaza**

Station  
improvements  
planned for 11  
stations





# Improving Safety for Customers and Employees



NTSB  
recommendations  
closed



Respect your Ride  
youth safety  
campaign



- Implement Fatigue Risk Management System
- Begin to retire 1000 series railcars



# Caring for Our Customers



Customer satisfaction survey



Improved communications tools



Training for front line employees



- Complete Customer Service Action plan items
- Establish first-ever, system-wide Customer Care Program



# Delivering Quality Service



Buses exceed on-time target



Reliable fleet = better service



Highest availability in ~5 yrs



- More on-time buses
- Better rail on-time performance
- Escalator availability will rise
- Higher customer satisfaction



# Connecting Communities with New Rail and Bus Service



Hired and trained staff for Silver Line



Additional buses and rail cars



Acceptance facility for new rail cars constructed



- Operate Silver Line Phase I
- Add buses to implement Priority Corridor Network



# Investing in Employees



Improved HR recruitment strategies



Completed employee engagement survey



- Improve employee engagement
- Succession planning
- Realign job functions and modernize job descriptions to meet current resource needs



# Investing in Our Assets



Largest capital program – rebuilding and replacing vehicles, infrastructure, facilities, and equipment



Replace buses, railcars and paratransit vehicles



Asset Replacement

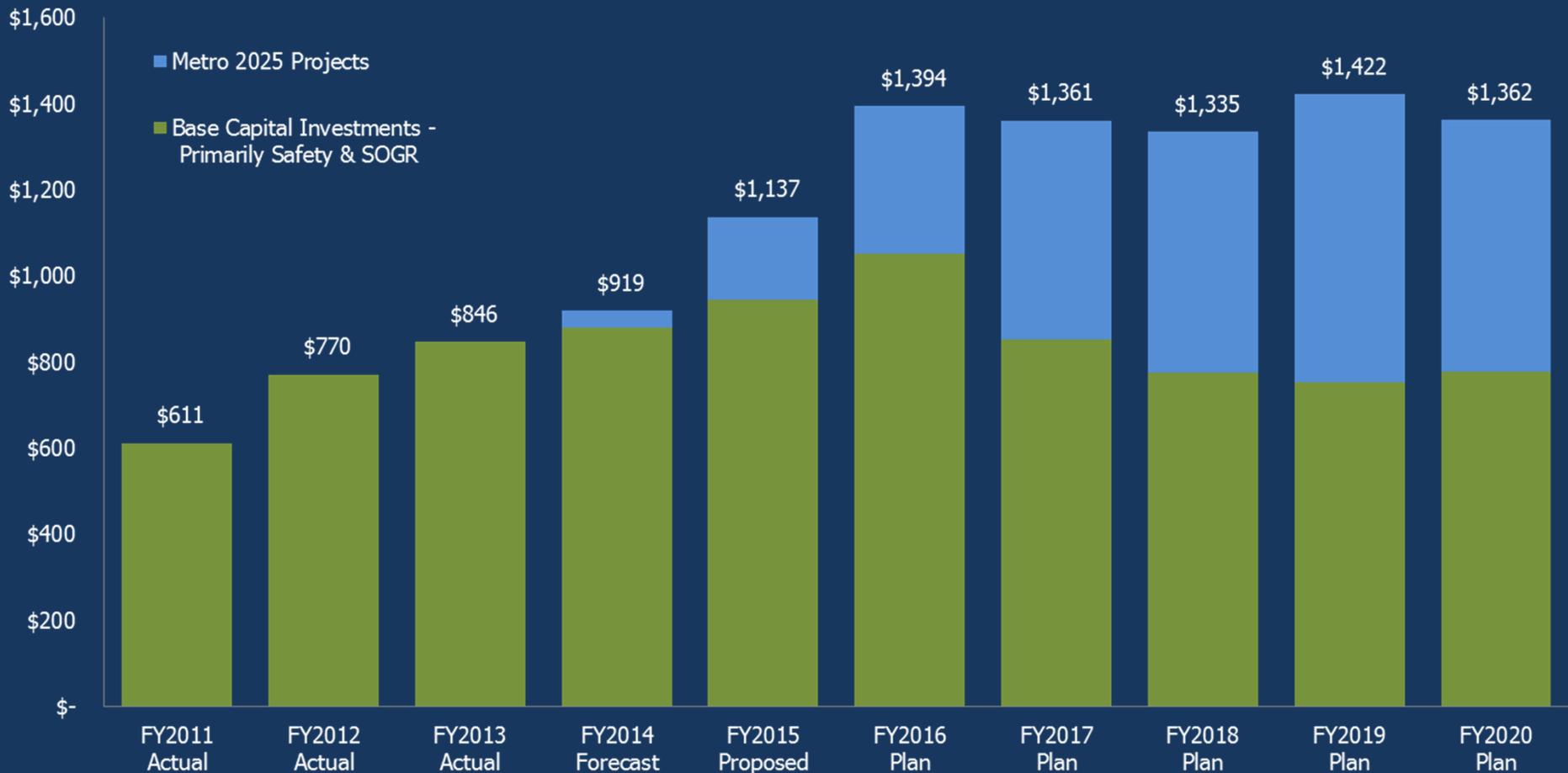


Maintenance facilities replaced



# Capital Investments: FY2015-2020 Proposed CIP

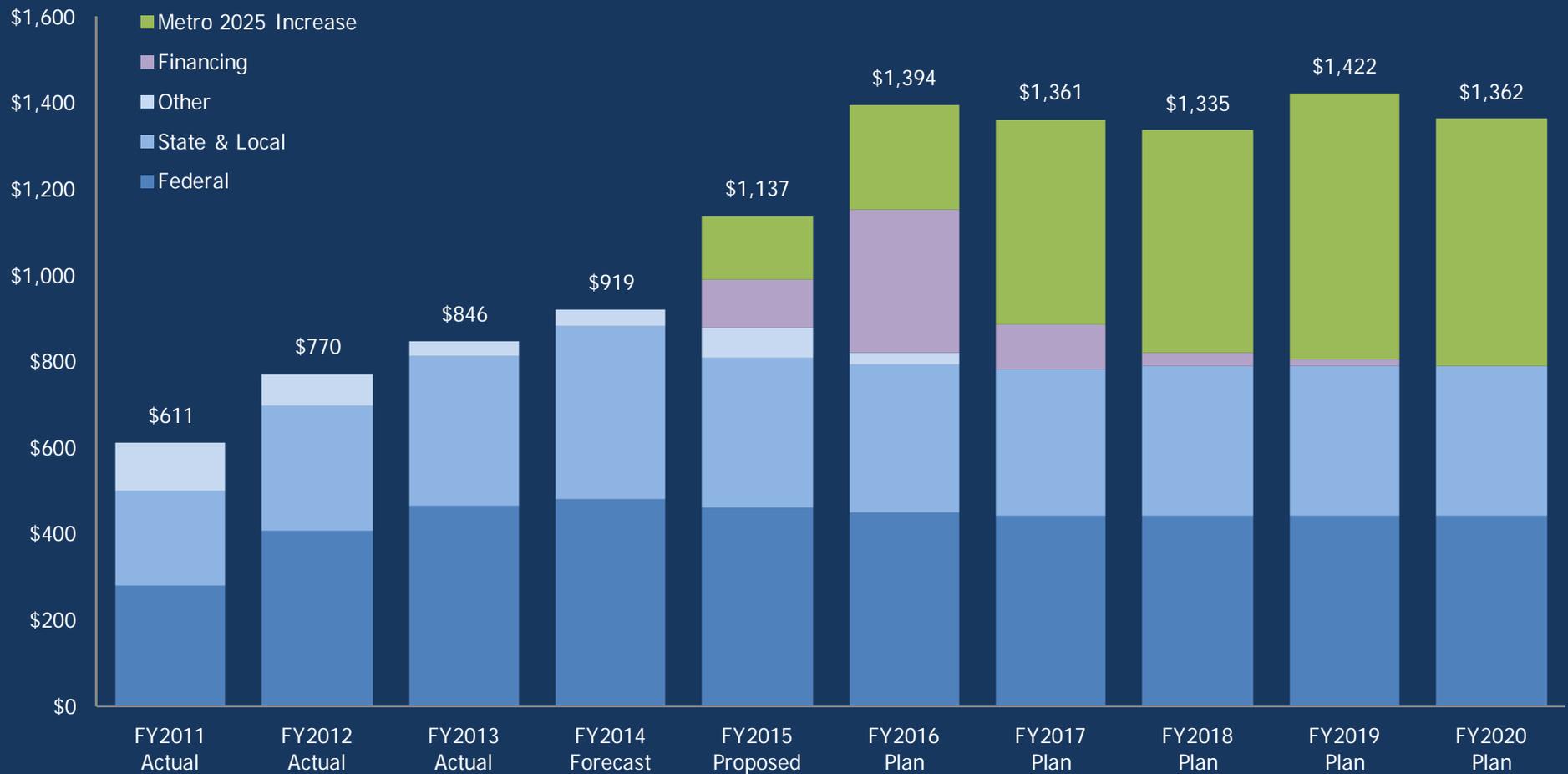
**FY2015-2020 Proposed Capital Improvement Program**  
(dollars in millions)





# Planned Investment Sources: FY2015-2020 Proposed CIP

FY2015-2020 Capital Improvement Program - Planned Sources  
(dollars in millions)





# FY2014-2020 Capital Investment Metro 2025 Capital Initiatives

Metro 2025 Initiative <small>(dollars in millions)</small>	FY2014-2020 Planned Investment	Future Investment	Total 2025 Initiative
Eight-Car Trains	\$1,707	\$913	\$2,620
Core Station Improvements	\$340	\$350	\$690
Metrobus Priority Corridor Network Bus Fleet Expansion	\$543	\$257	\$800
Next Generation Communications	\$205	\$195	\$400
New Blue Line Connections	\$56	\$1,274	\$1,330
Pocket Tracks and Crossovers	\$51	\$609	\$660
<b>Total All Metro 2025 Projects</b>	<b>\$2,902</b>	<b>\$3,599</b>	<b>\$6,500</b>



# Efficiency, Effectiveness and Sustainability

- Long-term cost containment efforts: pension and healthcare costs
- Service Vehicle Fleet Initiatives
- Procurement/Inventory Control Improvements
- Garage Lighting Project
- Finance Workforce Planning and Process Improvements



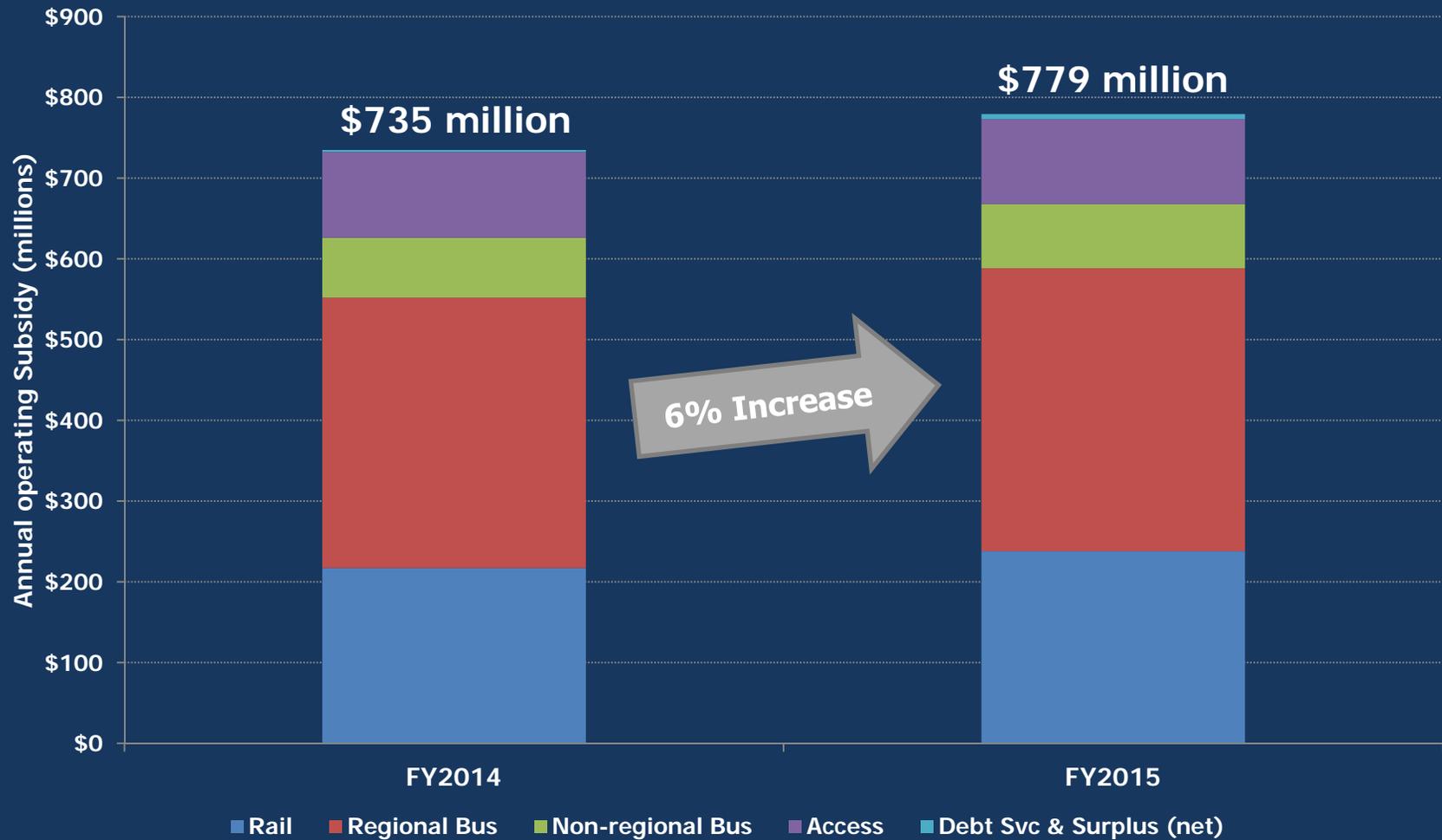


# Proposed FY2015 Operating Budget

Dollars in millions	Approved Budget FY2014	Proposed Budget FY2015	Change	
			\$	%
Passenger & Parking Fares	\$843	\$904	\$61	7%
Other Revenue	49	49	0	1%
<b>TOTAL REVENUE</b>	<b>892</b>	<b>953</b>	<b>61</b>	<b>7%</b>
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%
<b>TOTAL EXPENSES</b>	<b>1,656</b>	<b>1,757</b>	<b>101</b>	<b>6%</b>
Preventive Maintenance	(31)	(31)		
Prior Year Surplus	(30)	(15)		
<b>OPERATING BUDGET</b>	<b>1,595</b>	<b>1,712</b>	<b>117</b>	<b>7%</b>
<b>GROSS SUBSIDY</b>	<b>703</b>	<b>758</b>	<b>56</b>	<b>8%</b>
Debt Service	33	21		
<b>NET SUBSIDY</b>	<b>735</b>	<b>779</b>	<b>\$44</b>	<b>6%</b>



# Jurisdictional Investment: Operating Subsidy





# Revenue Opportunities

- Pilot program for pass purchase with SmartBenefits started in November, rolls out fully in Spring 2014
- New digital advertising contract





## Proposed FY2015 Fare Changes

- **Access:** Maintain existing 2x fare structure
  - Retain \$7.00 maximum fare
  - Continue free fare on bus/rail
- **Bus:** Simplify structure and bring rates closer to big city peers
  - Eliminate cash surcharge on all routes
  - Charge \$1.75 for regular base service
    - \$4.00 Express fare
    - \$7.00 Airport fare (5A & B30)



## Proposed FY2015 Fare Changes (cont.)

- **Rail:** Overall increase of 3% (peak/off-peak)
  - Increase base and max fares proportionally
  - Average trip would increase \$0.10
  - Cap increase for mid-distance trips in the off-peak (as in FY2013)
- **Parking:** Raise along with bus/rail
  - System-wide increase of \$0.25 (approx. 5%)
  - Reduce FedExField event pricing to \$15



# Net Impact of Fare Changes

- Generates revenue increase of \$30 million
  - Compared to keeping fares at FY14 levels, and without any organic growth/decline in ridership
- Anticipate relatively low impacts on ridership
- Passes initial Title VI screening





# Budget Risks and Uncertainty

- Sequestration and federal budget uncertainty
- Potential Federal Transit Benefit reduction
- Federal formula program and PRIIA funding uncertainty
- Weather / unknown



# Outreach Plan

- Public participation plan
- Public hearings
- Rider survey





# Recommendation

Authorization of public hearings on proposed FY2015 fare changes and FY2015 Capital Improvement Program and federal grant applications



# Next Steps

## January 2014

- FY2015 Budget Discussion and FY2015-FY2020 Multi-Year Plan
- Begin Public Outreach and Public Hearing Processes

## February 2014

- FY2015 Budget Discussion and FY2015-FY2020 Multi-Year Plan

## March 2014

- FY2014 Second Quarter Financial Report and Capital Progress Update
- Adoption of the FY2015 Budget and Six Year Capital Improvement Program



# Appendix



# Jurisdictional Investment: FY2015 Operating Budget

(\$ millions)	FY 2014	Proposed	Metrorail	Metrobus	Regional	Non-Regional	Metro Access	Debt Service	Operating Surplus
	Subsidy	FY 2015 Subsidy							
District of Columbia	\$275.5	\$296.8	\$79.2	\$185.5	\$149.5	\$36.0	\$27.1	\$10.7	(\$5.7)
Montgomery County	\$123.7	\$130.3	\$45.8	\$61.1	\$50.8	\$10.3	\$20.9	\$5.0	(\$2.5)
Prince George's County	\$159.0	\$166.8	\$39.1	\$83.9	\$60.6	\$23.2	\$41.5	\$5.5	(\$3.2)
<b>Maryland Subtotal</b>	<b>\$282.7</b>	<b>\$297.1</b>	<b>\$84.9</b>	<b>\$144.9</b>	<b>\$111.4</b>	<b>\$33.5</b>	<b>\$62.4</b>	<b>\$10.5</b>	<b>(\$5.7)</b>
City of Alexandria	\$27.7	\$28.4	\$11.2	\$16.9	\$15.3	\$1.6	\$1.0	\$0.0	(\$0.6)
Arlington County	\$47.9	\$50.0	\$22.7	\$27.4	\$26.5	\$0.9	\$0.9	\$0.0	(\$1.0)
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	\$103.1	\$38.3	\$53.6	\$45.9	\$7.7	\$13.3	\$0.0	(\$2.0)
City of Falls Church	\$2.0	\$2.1	\$0.7	\$1.3	\$1.3	\$0.0	\$0.1	\$0.1	(\$0.0)
<b>Virginia Subtotal</b>	<b>\$176.7</b>	<b>\$185.4</b>	<b>\$73.8</b>	<b>\$99.7</b>	<b>\$89.5</b>	<b>\$10.2</b>	<b>\$15.5</b>	<b>\$0.1</b>	<b>(\$3.7)</b>
<b>Total Subsidy</b>	<b>\$734.9</b>	<b>\$779.3</b>	<b>\$237.9</b>	<b>\$430.1</b>	<b>\$350.4</b>	<b>\$79.7</b>	<b>\$105.1</b>	<b>\$21.2</b>	<b>(\$15.0)</b>

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



# Jurisdictional Investment: FY2015 Capital Program

## Proposed Capital Improvement Program FY2015 Jurisdictional Contributions

	FY2015 Proposed
<b>Formula Match and System Performance</b>	
District of Columbia	\$75
Montgomery County	\$34
Prince George's County	\$36
Maryland Subtotal	\$70
City of Alexandria	\$9
Arlington County	\$17
City of Fairfax	\$1
Fairfax County	\$30
City of Falls Church	\$1
Virginia Subtotal	\$57
<b>Subtotal: Formula Match &amp; System Performance</b>	<b>\$202</b>
<b>PRIIA Match</b>	
District of Columbia	\$56
Maryland	\$56
Virginia	\$56
<b>Subtotal: PRIIA Match</b>	<b>\$168</b>
<b>Metro 2025 Funding</b>	
District of Columbia	\$50
Maryland	\$50
Virginia	\$50
<b>Subtotal: Metro 2025 Funding</b>	<b>\$150</b>
<b>Total Proposed Jurisdictional Funding - FY2015</b>	<b>\$520</b>

# Improving Safety for Customers and Employees

**Strategic Goal:** Build and Maintain a Premier Safety Culture and System

## Business Plan: Safety Results

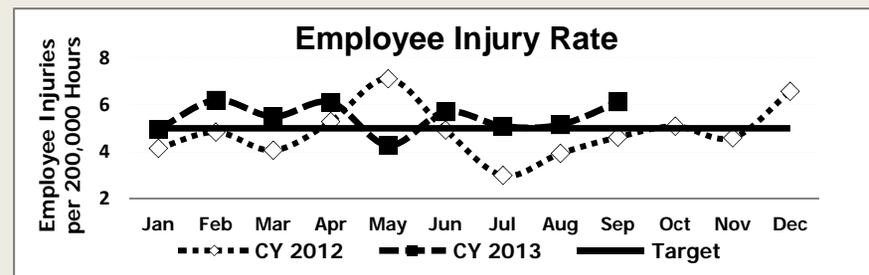
- ✓ Customer and Employee Injury Rates declined for three consecutive years (CY10-CY12)
- ✓ Of 29 NTSB recommendations, closed 20, 1 pending closure and 8 in progress
- ✓ Closed all Federal Transportation Administration State Safety Oversight Corrective Actions
- ✓ Close Call reporting program
- ✓ Respect Your Ride Campaign for Youth
- ✓ Safety Culture change

## Business Plan: Safety Continuous Improvement

- ✓ Resolve average of 10 corrective action plans per month to prevent injury, illness, and loss of life
- ✓ Develop Fatigue Risk Management System
- ✓ Conduct monthly inspections to identify and eliminate safety hazards
- ✓ Improve training curriculum to address employees' injuries, records, and compliance
- ✓ Continue safety awareness campaigns for customers and employees

## Expected Safety Outcomes

- ✓ Prevent customer and employee injuries through root cause analysis
- ✓ Closure of additional NTSB recommendations
- ✓ Safety culture strengthened



Investments (Millions)	FY2011 Actual	FY2012 Actual	FY2013 Actual	FY2014 Budget	FY2015 Prop.	FY2016 Est.	FY2017 Est.
Operating	\$18	\$16	\$17	\$16	\$16	\$17	\$17
Capital	\$21	\$69	\$84	\$99	\$102	\$125	\$114



# Keeping the Metro System Secure

**Strategic Goal:** Build and Maintain a Premier Safety Culture and System

**Business Plan: Security Results**

- ✓ Increased patrols in parking facilities to reduce property thefts
- ✓ Joint Supervisory training to improve incident response
- ✓ Sexual Harassment awareness, prevention and tracking
- ✓ Respect Your Ride youth campaign
- ✓ Bicycle security outreach improved customer awareness in reducing bicycle thefts
- ✓ Mytext messages to MTPD
- ✓ Installation of CCTV cameras on all buses

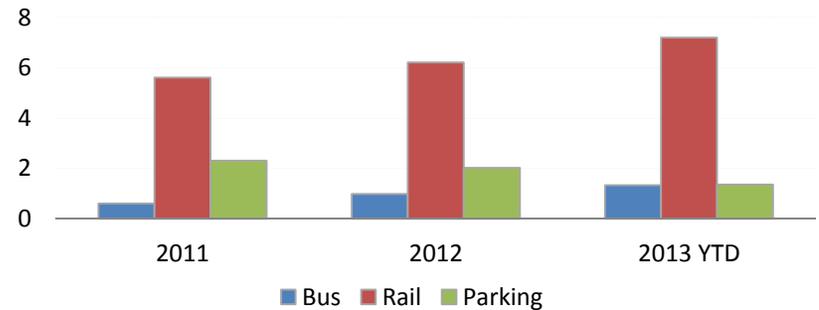
**Business Plan: Security Continuous Improvement**

- ✓ Metrostat tactics to identify and target specific areas for crime prevention
- ✓ Hire and train 58 police officers to add bus patrols and prepare for Silver Line
- ✓ Reorganize department to better match resources to current challenges
- ✓ Improve management efficiency and policing resources, including new District II Substation and Range, and new Security Operations Control Center

**Expected Security Outcomes**

- ✓ Prevent crime through tactical deployments
- ✓ Maintain a high level of security awareness – see something say something
- ✓ Improve response times to calls for service

**Crime Rate Per Million Trips**



Investments (Millions)	FY2011 Actual	FY2012 Actual	FY2013 Actual	FY2014 Budget	FY2015 Prop.	FY2016 Est.	FY2017 Est.
Operating	\$67	\$66	\$72	\$78	\$80	\$82	\$85
Capital	\$5	\$13	\$9	\$41	\$13	\$4	\$3



# Caring for Customers

**Strategic Goal:** Meet or exceed customer expectations by consistently delivering quality Service

## Business Plan: Customer Service Results

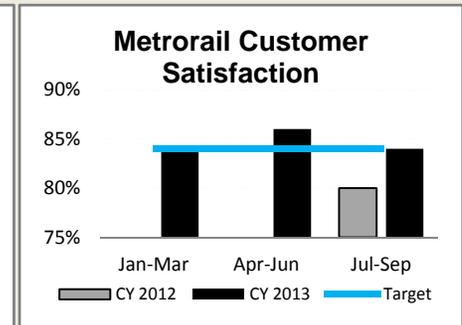
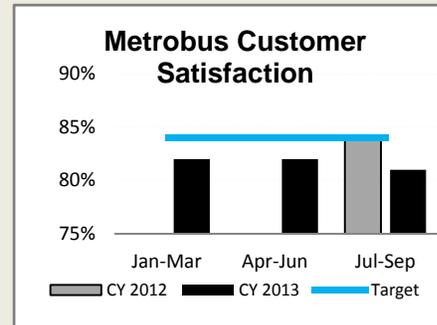
- ✓ Launched "Voice of the Customer" quarterly survey to gauge customer satisfaction
- ✓ Implemented "We CARE" training program for 75% of all bus operators
- ✓ Customer service training for all station managers, rail supervisors and bus operators
- ✓ Station managers now positioned outside kiosks during rush hour
- ✓ Completed 105 Customer Service action plan initiatives, including introducing flat screens at station kiosks, launching a new mobile web site and bus Alert system and completing platform, lighting and other upgrades in the rail stations.
- ✓ Launched customer satisfaction survey for MetroAccess customers
- ✓ Added various station announcements in Spanish

## Business Plan: Customer Service Continuous Improvement

- ✓ Establish first ever system-wide customer care program
- ✓ Develop common definitions, standards, policies and compliance for all employees
- ✓ Provide training, tools, and accountabilities that result in higher customer satisfaction

## Expected Customer Service Outcomes

- ✓ Meet new KPI targets for customer satisfaction
- ✓ Consistently focus on the customer all across the agency



Investments (Millions)	FY2011 Actual	FY2012 Actual	FY2013 Actual	FY2014 Budget	FY2015 Prop.	FY2016 Est.	FY2017 Est.
Operating	\$14	\$14	\$16	\$19	\$20	\$20	\$21
Capital	\$9	\$18	\$17	\$20	\$27	\$25	\$45



# Delivering On-time, Reliable Metrobus Service

**Strategic Goal:** Meet or exceed customer expectations by consistently delivering quality service

**Business Plan: Bus Quality Service Results**

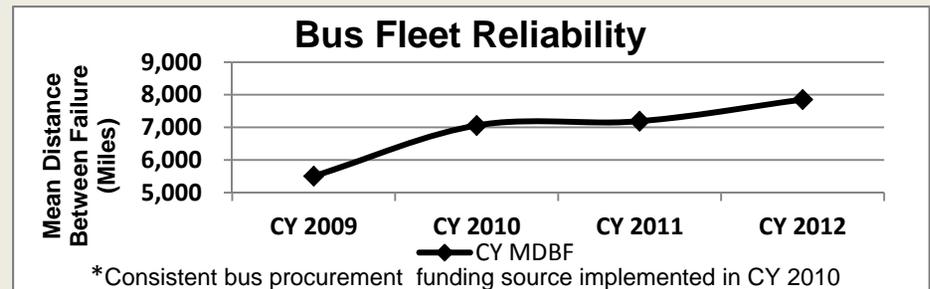
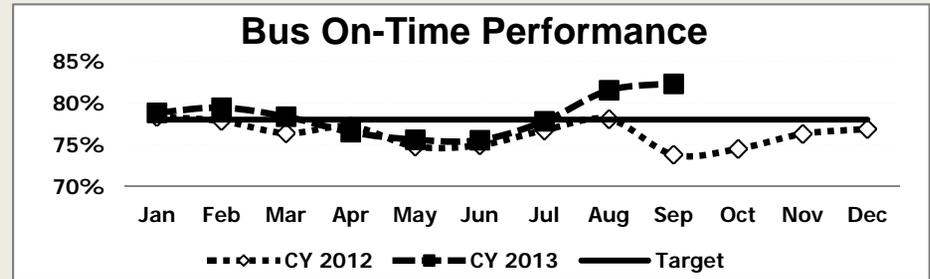
- ✓ On-time performance improved for three consecutive years
- ✓ Launched Better Bus program to improve on-time performance and reliability while reducing crowding; includes addition of MetroExtra service (Metro's limited stop bus service), routes and new buses
- ✓ Added new buses with low floors (better access) and hybrid technology
- ✓ Proactively managed OTP through twice-daily service checks and use of the On Time Performance Center to address real time issues

**Business Plan: Bus Continuous Quality Service Improvement**

- ✓ Implement Four new Priority Corridor Networks
- ✓ Continue to Implement State of Good Operations (SOGO) to better connect communities through enhanced bus service
- ✓ Complete studies for 10 (PCN) and Service Evaluation Study (SES) lines in the District, Maryland, and Virginia
- ✓ Complete Traffic Signal Priority (TSP) criteria selection and TSP procurement implementation (ex. Leesburg Pike)
- ✓ Replace 100 buses a year to maintain fleet
- ✓ Continue bus stop improvements
- ✓ Continued quality maintenance practices for existing fleet and worked with manufacturers to resolve mechanical issues
- ✓ Implement Fatigue Risk Management System

**Expected Bus Quality Service Outcomes**

- ✓ Expand service to reduce crowding
- ✓ Improve reliability on 24 major corridors



Investments (Millions)	FY2011 Actuals	FY2012 Actuals	FY2013 Actuals	FY2014 Budget	FY2015 Prop.	FY2016 Est.	FY2017 Est.
Operating	\$404	\$420	\$424	\$447	\$482	\$496	\$511
Capital	\$151	\$219	\$182	\$217	\$223	\$157	\$160



# Delivering On-time, Reliable Metrorail Service

**Strategic Goal:** Meet or exceed customer expectations by consistently delivering quality service

**Business Plan: Rail Quality Service Results**

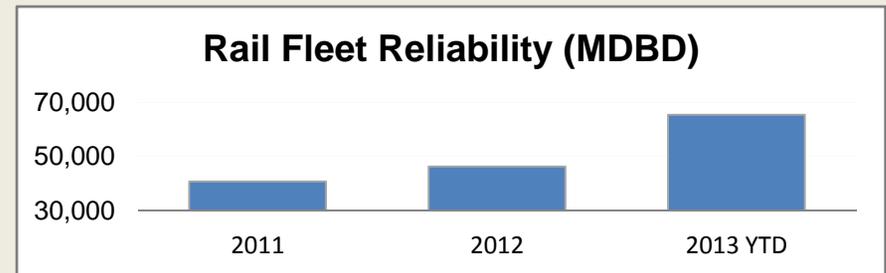
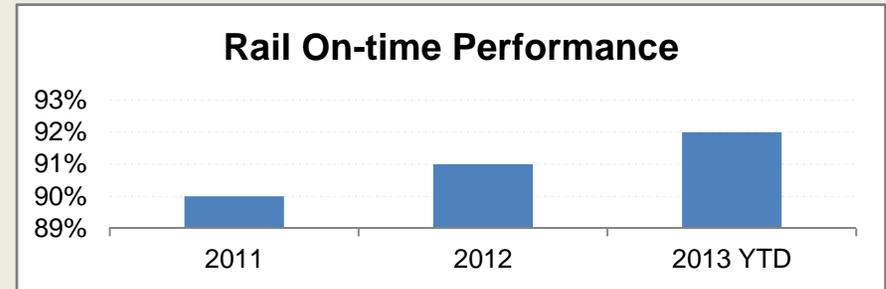
- ✓ Since January 2012, the level of train service has increased 3%.
- ✓ Railcar availability increased by 5%
- ✓ Railcar reliability increased 71% as persistent door issues were resolved
- ✓ Planned weekday single tracking events now rare
- ✓ Red Line stage I infrastructure work substantially complete
- ✓ Used new tools/tactics to better position railcars, manage spacing and improved operator training

**Business Plan: Rail Quality Service Continuous Improvement**

- ✓ Safety analysis completed for return to Automatic Train Operation (ATO)
- ✓ Begin delivery of 7000 series rail car fleet
- ✓ Operate Silver Line Service
- ✓ Improve training of operators, including increased supervised 'road time'
- ✓ Begin phase II Red line station rehabilitations; also begin Orange line railroad rebuilding
- ✓ Begin power improvements for 8-car trains
- ✓ Implement Fatigue Risk Management System

**Expected Rail Quality Service Outcomes**

- ✓ Increase reliability of the railcar fleet
- ✓ Reduce delays due to track and signal conditions



Investments (Millions)	FY2011 Actual	FY2012 Actual	FY2013 Actual	FY2014 Budget	FY2015 Prop.	FY2016 Est.	FY2017 Est.
Operating	\$602	\$613	\$651	\$699	\$743	\$766	\$789
Capital	\$346	\$329	\$423	\$369	\$411	\$567	\$386



# Improving Escalator and Elevator Availability

**Strategic Goal:** Meet or exceed customer expectations by delivering quality service

**Business Plan: Improving Escalator and Elevator Availability**

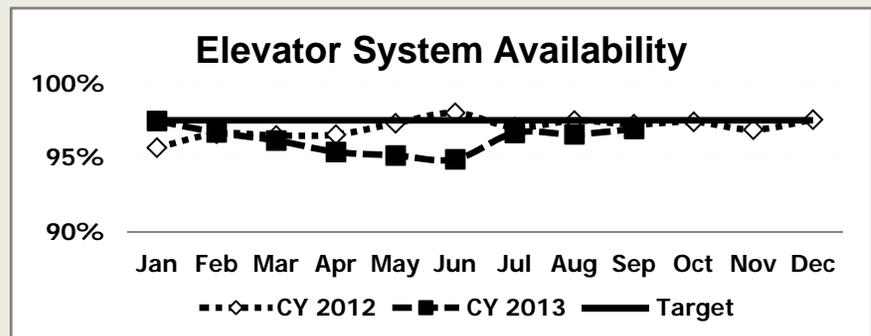
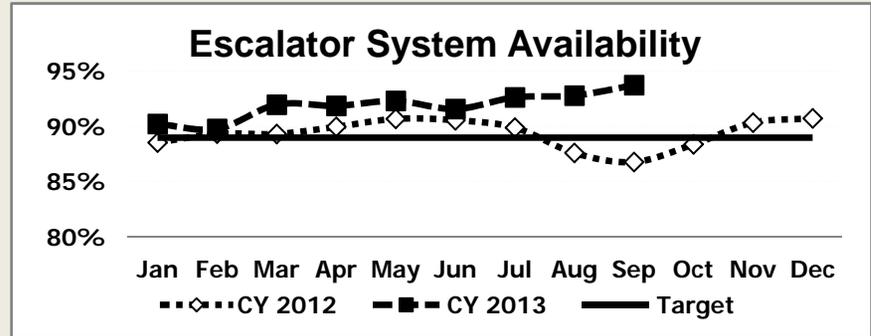
- ✓ Highest monthly escalator availability in five years
- ✓ Doubled escalator preventive maintenance compliance from 45% (2010) to 97% today
- ✓ Replaced 6 and Rehabilitated 103 Escalators between FY2011-2013
- ✓ Increased elevator rehabs from 4 in FY2012 to 11 in FY2013
- ✓ Better elevator maintenance drove down the number of unscheduled outages by 5 and duration (17% shorter than 2Q/2012)

**Business Plan: Escalator and Elevator Continuous Improvement**

- ✓ Improve outage response time and increase accountability by dividing mechanics into four geographic regions
- ✓ Rebuild vertical transportation system through replacement/modernization
- ✓ Engineer long-term solutions to vexing problems
- ✓ Awarded \$151M contract for replacement or rehabilitation of 128 escalators by 2020

**Expected Outcomes**

- ✓ Continued reduction of unscheduled outages
- ✓ Improve reliability
- ✓ Move towards standardization of fleet



Investments (Millions)	FY2011 Actual	FY2012 Actual	FY2013 Actual	FY2014 Budget	FY2015 Prop.	FY2016 Est.	FY2017 Est.
Operating	\$26	\$33	\$37	\$44	\$46	\$47	\$48
Capital	\$9	\$24	\$32	\$37	\$53	\$59	\$58



# Providing Quality, Sustainable MetroAccess Service

**Strategic Goal:** Ensure financial stability by investing in our people and assets

**Business Plan: MetroAccess Results**

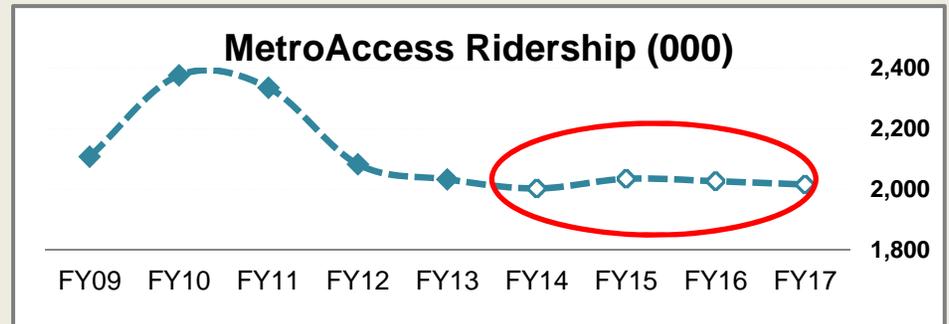
- ✓ Seamless transition of the fourth largest paratransit service in the nation to a new performance-based business model
- ✓ Migrated ridership demand from MetroAccess to accessible bus and rail
- ✓ Introduced fare calculator
- ✓ Purchased new MetroAccess vehicles
- ✓ Installed MetroAccess stop signs at major rail stations

**Business Plan: MetroAccess Continuous Improvement**

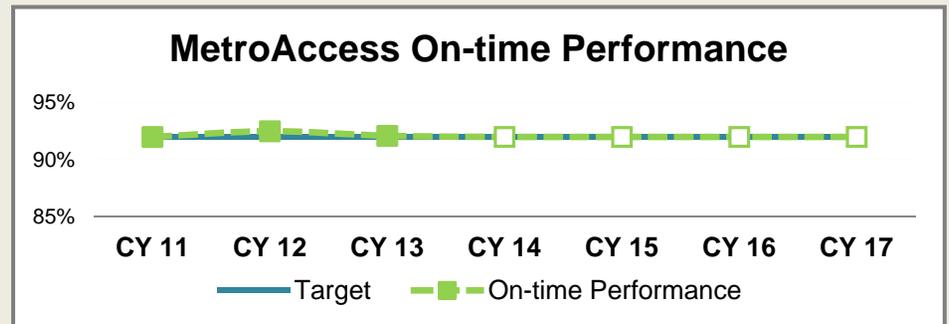
- ✓ Initiate pilot leveraging human service agencies to provide less costly and more effective service for customers
- ✓ Leverage taxi resources (primarily in DC) to provide less costly and more effective service for customers
- ✓ Augment regional travel training resources for Metro customers with disabilities to maximize travel options and independence

**Expected Outcomes**

- ✓ Sustainably manage the service while maintaining high quality
- ✓ Increase the array of regional resources and agencies to handle demand



Investments (Millions)	FY2011 Actual	FY2012 Actual	FY2013 Actual	FY2014 Budget	FY2015 Prop.	FY2016 Est.	FY2017 Est.
Operating	\$103	\$101	\$104	\$108	\$109	\$112	\$116
Capital	\$12	\$11	\$8	\$12	\$11	\$14	\$14



# Investing in and Developing Employees to Get the Job Done

**Strategic Goal:** Ensure financial stability and invest in our people and assets

## Business Plan: Human Capital Plan Results

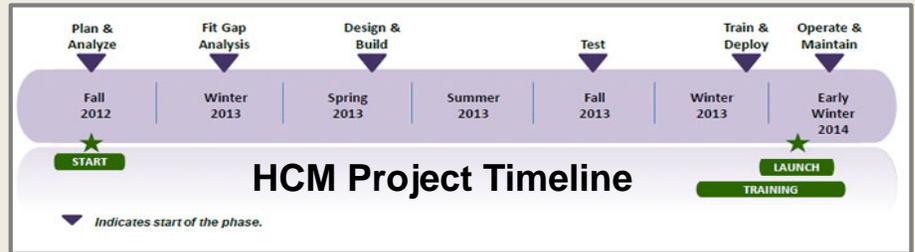
- ✓ Reorganized department into five functional areas to address changing human capital needs
- ✓ Implemented improved recruitment and sourcing strategies to fill positions and address diversity
- ✓ Completed compensation review to address salary ranges, compression and performance/equity issues
- ✓ Completed comprehensive employee engagement survey and developed action plans
- ✓ Awarded contract and developed project plans and support teams for the MetroConnect Human Capital Management system upgrade
- ✓ Developed succession planning strategy

## Business Plan: Human Capital Continuous Improvement

- ✓ Implement succession plan program and pilot
- ✓ Modernize job descriptions; realign job functions and job categories to reflect current resource needs
- ✓ Continue proactive sourcing strategies to broaden employee talent pool
- ✓ Rebuild WMATA bench strength at supervisory, mid-level management and executive levels through leadership development training, coaching and mentoring program
- ✓ Begin to implement MetroConnect

## Expected Human Capital Outcomes

- ✓ Increase employee engagement
- ✓ Increase efficiency through process improvements
- ✓ Comply with all policies, laws and regulations



Investments (Millions)	FY2011 Actual	FY2012 Actual	FY2013 Actual	FY2014 Budget	FY2015 Prop.	FY2016 Est.	FY2017 Est.
Operating	\$14	\$17	\$19	\$19	\$19	\$19	\$20
Capital	\$0	\$0	\$5	\$11	\$2	-	-



# Modernizing the Fare Collection System

**Strategic Goal:** Meet or exceed customer expectations by consistently delivering quality service

## Business Plan: Fare Collection Results

- ✓ SmarTrip® card dispensers installed on all Metrorail mezzanines
- ✓ All Metrorail pass products migrated to SmarTrip®
- ✓ Auto-load and Auto-Reload functionality deployed to self-service website
- ✓ Metrorail SmarTrip® usage increased from 78% in FY2011 to 86% in FY2013

## Business Plan: Fare Collection Continuous Improvement

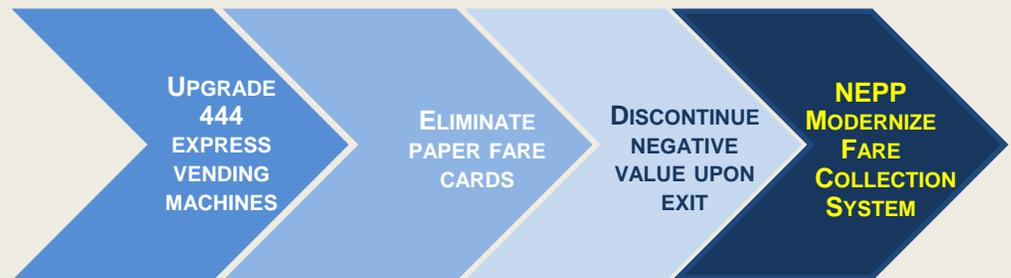
- ✓ Upgrade the existing 444 Express Vending Machines to dispense SmarTrip® cards instead of paper fare cards
- ✓ Discontinue the sale of paper fare cards
- ✓ Eliminate negative value upon exit
- ✓ Launch pilot for new fare payment system (NEPP)

## Expected Fare Collection Outcomes

- ✓ Reduced customer dissatisfaction, costs and fraud
- ✓ Increase throughput at the fare gates, reduce crowding
- ✓ Eliminate customer confusion and negative employee interaction over the \$1 paper fare card surcharge



Investments (Millions)	FY2011 Actual	FY2012 Actual	FY2013 Actual	FY2014 Budget	FY2015 Prop.	FY2016 Est.	FY2017 Est.
Operating	\$6	\$6	\$6	\$6	\$6	\$0	\$0
Capital	\$11	\$15	\$16	\$23	\$24	\$52	\$48



# Connecting Communities with New Rail and Bus Service

**Strategic Goal:** Improve regional mobility and connect communities

**Business Plan: Preparation and Planning Results**

- ✓ Hired and trained staff for opening of Silver Line
- ✓ Construction of acceptance facility for new railcars

**Business Plan: Continuous Improvement**

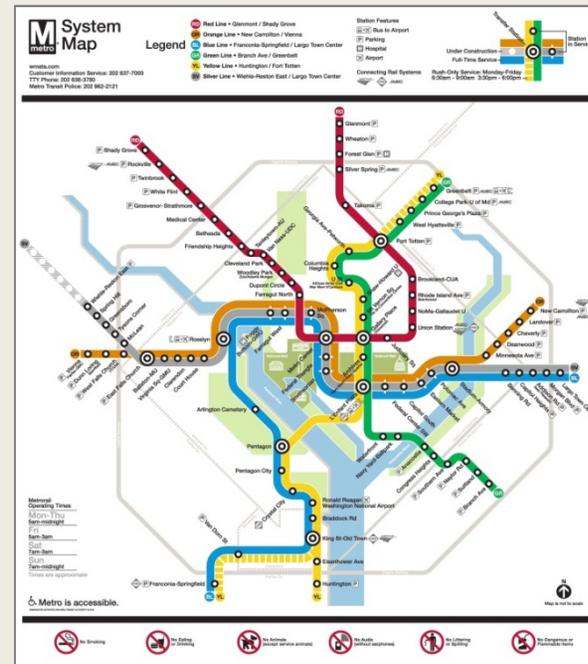
- ✓ Accept 64 of the 7000 series rail cars
- ✓ Approve designs and plans for Phase II of the Silver Line to Dulles Airport (through 2018)
- ✓ Lead development of the Regional Transit System Plan (RTSP)
- ✓ Purchase 20 expansion buses per year to implement Priority Corridor Network (PCN) service
- ✓ Advance Momentum improvements to core stations, add more buses to implement PCN service, and begin adding infrastructure (pocket tracks and connections) to improve performance.

**Expected Outcomes**

- ✓ Open Silver Line Phase I safely and reliably, continue planning for Phase II
- ✓ Begin implementing additional PCN service improvements on four corridors
- ✓ Deliver the RTSP



Investments (Millions)	FY2011 Actual	FY2012 Actual	FY2013 Actual	FY2014 Budget	FY2015 Prop.	FY2016 Est.	FY2017 Est.
<b>Operating</b>			\$20	\$43	\$44	\$46	\$47
<b>Capital</b>	\$9	\$10	\$14	\$29	\$194	\$331	\$480



# Management, Business Support & Technology

**Strategic Goal:** Ensure financial stability and invest in our people and assets

## Accomplishments

- ✓ Implemented Business Planning Process linking strategic goals to performance measurements and resource requirements
- ✓ Completed Business Efficiency & Effectiveness review, advanced improvement recommendations and began implementation
- ✓ Outsourced Garnishment and Payroll Tax processing; offsetting costs with related fees; and utilizing related staff time to support HCM upgrade

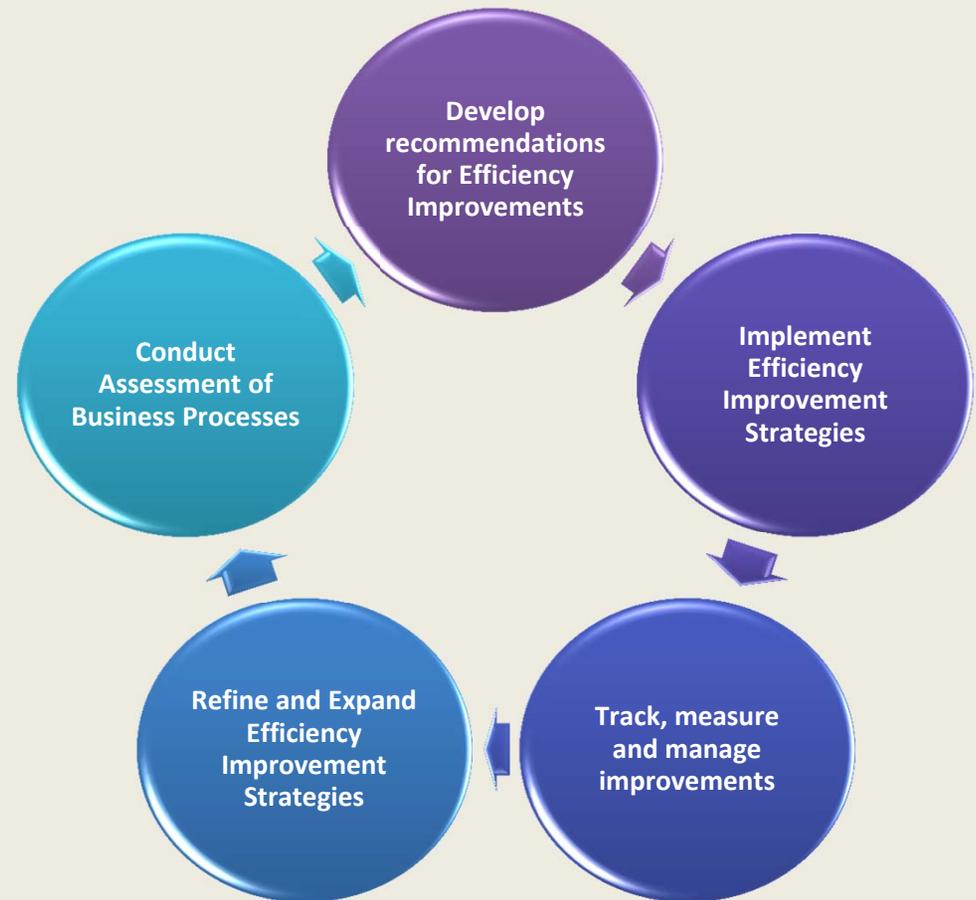
## Business Plan Actions

- ✓ Finance process improvements including Procure-to-Pay, Invoice-to-Pay, and Automated Time Collection
- ✓ Implement improvement initiatives to Capital Budgeting and Grants Application Processes
- ✓ Enhance inventory parts demand planning
- ✓ Use "Total Cost of Ownership" approach to implement non-revenue fleet management improvements
- ✓ Develop parking strategy
- ✓ Expand and maintain Wireless Communications Infrastructure

## Expected Outcomes

- ✓ Maintain operating expense on budget and increase percentage of capital funds invested
- ✓ Streamline finance, grants and budgeting processes by applying lean concepts to reduce duplicate steps, wasted time and inefficiencies
- ✓ Reduce average lead times and inventory levels
- ✓ Reduce capital and fleet maintenance costs associated with non-revenue vehicle fleet

Investments (Millions)	FY2011 Actual	FY2012 Actual	FY2013 Actual	FY2014 Budget	FY2015 Prop.	FY2016 Est.	FY2017 Est.
Operating	\$155	\$150	\$166	\$177	\$193	\$199	\$205
Capital	\$38	\$62	\$58	\$63	\$79	\$60	\$55



SUBJECT: PUBLIC HEARINGS ON PROPOSED FY 2015 FARE CHANGES AND CAPITAL IMPROVEMENT PROGRAM

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

WHEREAS, The Washington Metropolitan Area Transit Authority (WMATA) provides Metrobus, Metrorail, and MetroAccess services to the residents of the region; and

WHEREAS, These systems combine to provide about 345 million passenger trips annually; and

WHEREAS, The Washington metropolitan region has come to rely on the services of the Metrorail, Metrobus, and MetroAccess systems to provide safe and reliable service to respond to the mobility and accessibility travel needs of the region for work and discretionary activities; and

WHEREAS, The cost of Metrobus, Metrorail and MetroAccess services is funded in part by passenger revenues and in part by subsidies provided by the District of Columbia, the State of Maryland, local jurisdictions in Virginia, and the Commonwealth of Virginia; and

WHEREAS, The General Manager/Chief Executive Officer's proposed FY2015 budget calls for balancing the budget with increased subsidies from the supporting jurisdictions and additional fare revenue from fare adjustments; and

WHEREAS, The General Manager/Chief Executive Officer recommends that the Board of Directors conduct a public hearing on the proposed FY2015 Capital Improvement Program in conjunction with the hearings on the proposed fare agreements; and

WHEREAS, Any increase in fares requires a public hearing pursuant to the WMATA Compact; now, therefore be it

RESOLVED, That, in accordance with Section 62 of the WMATA Compact, the Board of Directors will conduct a series of public hearings to solicit public comment on a proposed fare increase and other revenue increases as shown on Attachment A to this resolution; and be it further

RESOLVED, That the Board of Directors expressly reserves judgment on whether any of the proposed fare increases or other revenue increases are appropriate or justified; and be it further

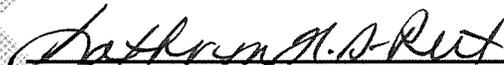
RESOLVED, That Staff is directed to develop and implement an outreach program that will invite public input through means including town hall meetings, public hearings, online surveys, written or e-mail submissions, and web site postings, all of which shall become part of the public record of the hearing; and be it further

RESOLVED, That the Board of Directors directs the General Manager/Chief Executive Officer to include the proposed FY2015 Capital Improvement Program and federal grant applications for federal fiscal year 2014 in the public hearings being held in connection with the proposed fare increase; and be it further

RESOLVED, That the Board of Directors authorizes the General Manager to report on the findings of the public hearings and that the Board of Directors shall consider these findings and public comments in its deliberations on a proposed fare increase or other revenue increases as well as in its decision on the FY2015 Capital Improvement Program; and be it finally

RESOLVED, That this resolution will be effective immediately.

Reviewed as to form and legal sufficiency,



Kathryn H.S. Pett  
General Counsel

WMATA File Nos. 9.12.9 Tariff (WMATA Fare Structure)  
18.8 Public Hearings and Meetings

## Attachment A: Fares and Fees

	CURRENT Fares/Fees	FY2015 Proposed Fare Options
<b>Metrorail Fares</b>		
<b>Peak Fares<sup>1</sup></b>		
1 · Boarding charge (up to 3 miles)	\$2.10	<b>\$2.15</b>
2 · Composite miles between 3 and 6 miles	\$0.316	<b>\$0.326</b>
3 · Composite miles over 6 miles	\$0.280	<b>\$0.288</b>
4 · Maximum peak fare	\$5.75	<b>\$5.90</b>
5 · Charge for senior/disabled is one-half peak fare	\$1.05 - \$2.85	<b>\$1.05 - \$2.95</b>
<b>Off-Peak Fares<sup>2</sup></b>		
6 · Boarding charge (up to 3 miles)	\$1.70	<b>\$1.75</b>
7 · Composite miles between 3 and 6 miles	\$0.237	<b>\$0.244</b>
8 · Composite miles over 6 miles	\$0.210	<b>\$0.216</b>
9 · Maximum off-peak fare	\$3.50	<b>\$3.60</b>
10 · Charge for senior/disabled is one-half peak fare during off-peak	\$1.05 - \$2.85	<b>\$1.05 - \$2.95</b>
<b>Magnetic Paper Fare Cards</b>		
11 · Non-SmarTrip® fare surcharge <sup>3</sup>	\$1.00	<b>no change</b>
12 · Senior/disabled non-SmarTrip® surcharge	\$0.50	<b>no change</b>
<b>Rail Passes</b>		
13 · One-day pass	\$14.00	<b>\$14.50</b>
14 · 7-day Short Trip pass for rail	\$35.00	<b>\$36.00</b>
15 · 7-day Fast Pass for rail	\$57.50	<b>\$59.25</b>
16 · 28-day Fast Pass for rail	\$230.00	<b>\$237.00</b>
<b>Other Rail Fares</b>		
17 · Bus-to-rail transfer utilizing SmarTrip® card	\$0.50 discount	<b>no change</b>
18 · 30-day DC SmartStudent pass & DC One card, within DC	\$32.00	<b>\$33.00</b>
19 · DC Student farecards & DC One card - 10 rail trips within DC	\$10.00	<b>\$10.30</b>
20 · TransitLink Card on MARC and VRE <sup>4</sup>	\$108.00	<b>\$111.00</b>
21 · TransitLink Card on MTA <sup>4</sup>	\$166.00	<b>\$171.00</b>
<b>Metrobus Fares</b>		
<b>Regular Fares</b>		
22 · SmarTrip® boarding charge for local/limited-stop bus	\$1.60	<b>\$1.75</b>
23 · SmarTrip® boarding charge for express bus	\$3.65	<b>\$4.00</b>
24 · Cash boarding charge for local/limited-stop bus	\$1.80	<b>\$1.75</b>
25 · Cash boarding charge for express bus	\$4.00	<b>no change</b>
26 · Cash/SmarTrip® boarding charge for airport designated routes	\$6.00	<b>\$7.00</b>
<b>Senior/Disabled: One-Half Regular Fares</b>		
27 · SmarTrip® boarding charge for local/limited-stop bus	\$0.80	<b>\$0.85</b>
28 · SmarTrip® boarding charge for express bus	\$1.80	<b>\$2.00</b>
29 · Cash boarding charge for local/limited-stop bus	\$0.90	<b>\$0.85</b>
30 · Cash boarding charge for express bus	\$2.00	<b>no change</b>
31 · Cash/SmarTrip® boarding charge for airport designated routes	\$3.00	<b>\$3.50</b>
<b>Bus Transfers</b>		
32 · Bus-to-bus transfers utilizing SmarTrip® card	\$0.00	<b>no change</b>
33 · Rail-to-bus transfer utilizing SmarTrip® card	\$0.50 discount	<b>no change</b>
34 · Transfer from MARC, VRE, and MTA	\$0.00	<b>no change</b>
35 · Transfer from regional bus partners	varies	<b>no change</b>

<b>Metrobus Fares (cont.)</b>	<b>CURRENT Fares/Fees</b>	<b>FY2015 Proposed Fare Options</b>
<b>Bus Passes</b>		
36 · 7-Day Regional Bus Pass	\$16.00	<b>\$17.50</b>
37 · 7-Day Regional Senior/Disabled Pass	\$8.00	<b>\$8.75</b>
<b>Other Fare Media</b>		
38 · Package of 10 tokens, available to organizations	\$18.00	<b>\$19.75</b>
39 · DC student tokens - 10 trips per pack	\$8.00	<b>\$8.75</b>
40 · DC student pass on DC One Card - 10 trips	\$8.00	<b>\$8.75</b>
<b>MetroAccess Fares<sup>5</sup></b>		
41 · MetroAccess fare (within ADA 3/4 mile service corridor)	varies	<b>varies</b>
42 · Maximum fare	\$7.00	<b>no change</b>
<b>Parking Fees<sup>6</sup></b>		
43 · District of Columbia	\$3.50 - \$4.50	<b>\$3.75 - \$4.75</b>
44 · Montgomery County	\$4.25 - \$5.00	<b>\$4.50 - \$5.25</b>
45 · Prince George's County	\$4.50	<b>\$4.75</b>
46 · Virginia	\$4.75	<b>\$5.00</b>
47 · Monthly reserved parking fee	\$45.00 - \$65.00	<b>no change</b>
48 · Parking meters \$1.00/60 minues	\$1.00	<b>no change</b>
49 · Prince George's parking garage at New Carrollton	\$85.00	<b>no change</b>
50 · Non-Metro rider parking fees	\$8.25 - \$25.00	<b>\$8.25 - \$15.00</b>
<b>Other Fees</b>		
51 · Bicycle locker rental	\$120.00 (annual)	<b>no change</b>
52 · Surcharge on Entry/Exit for station improvements, two stations per Compact jurisdiction <sup>7</sup>	\$0.05	<b>no change</b>

<sup>1</sup> 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.

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

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

<sup>4</sup> Metro's portion of the TransitLink Cards on MARC, VRE, and MTA.

<sup>5</sup> MetroAccess fare is twice the equivalent fixed route SmarTrip® fare based on fastest trip.

<sup>6</sup> Parking fees consist of Metro's base fee plus jurisdiction surcharge. Fee for Prince George's parking is \$70 base fee plus \$15 surcharge

<sup>7</sup> Rail stations with surcharge are designated per jurisdiction discretion pending Board approval.

## **Alternate Fare and Fee Proposals**

## Alternate Fare and Fee Proposals

### Option 1: 4 percent increase on Metrorail

*Would replace proposed 3 percent increase (lines 1-21)*

<b>Metrorail Fares</b>	<b>CURRENT Fares/Fees</b>	<b>FY2015 Proposed Fare Options</b>
<b>Peak Fares</b>		
· Boarding charge	\$2.10	<b>\$2.20</b>
· Composite miles between 3 and 6 miles	\$0.316	<b>\$0.329</b>
· Composite miles over 6 miles	\$0.280	<b>\$0.291</b>
· Maximum peak fare	\$5.75	<b>\$6.00</b>
· Charge for senior/disabled is one-half peak fare	\$1.05 - \$2.85	<b>\$1.10 - \$3.00</b>
<b>Off-Peak Fares</b>		
· Boarding charge	\$1.70	<b>\$1.75</b>
· Composite miles between 3 and 6 miles	\$0.237	<b>\$0.247</b>
· Composite miles over 6 miles	\$0.210	<b>\$0.218</b>
· Maximum off-peak fare	\$3.50	<b>\$3.65</b>
· Charge for senior/disabled is one-half peak fare during off-peak	\$1.05 - \$2.85	<b>\$1.10 - \$3.00</b>
<b>Magnetic Paper Fare Cards</b>		
· Non-SmarTrip® fare surcharge	\$1.00	<b>no change</b>
· Senior/disabled non-SmarTrip® surcharge	\$0.50	<b>no change</b>
<b>Rail Passes</b>		
· One-day pass	\$14.00	<b>\$14.50</b>
· 7-day short-trip pass for rail	\$35.00	<b>\$36.50</b>
· 7-day fast pass for rail	\$57.50	<b>\$59.75</b>
· 28-day fast pass for rail	\$230.00	<b>\$239.00</b>
<b>Other Rail Fares</b>		
· Bus-to-rail transfer utilizing SmarTrip® card	\$0.50 discount	<b>no change</b>
· 30-day DC SmartStudent pass & DC One card, within DC	\$32.00	<b>\$33.00</b>
· DC Student farecards & DC One card - 10 rail trips within DC	\$10.00	<b>\$10.40</b>
· TransitLink Card on MARC and VRE	\$108.00	<b>\$112.00</b>
· TransitLink Card on MTA	\$166.00	<b>\$173.00</b>

## Alternate Fare and Fee Proposals

### Option 2: Increase cash surcharge on Metrobus *Would replace bus fare proposal (lines 22-31)*

<b>Metrobus Fares and Fees</b>	<b>CURRENT Fares/Fees</b>	<b>FY2015 Proposed Fare Options</b>
<b>Regular Fares</b>		
· SmarTrip® boarding charge for local/limited-stop bus	\$1.60	<b>\$1.75</b>
· SmarTrip® boarding charge for express bus	\$3.65	<b>\$4.00</b>
· Cash boarding charge for local/limited-stop bus	\$1.80	<b>\$2.00</b>
· Cash boarding charge for express bus	\$4.00	<b>\$4.50</b>
· SmarTrip® boarding charge for airport designated routes	\$6.00	<b>no change</b>
· Cash boarding charge for airport designated routes	\$6.00	<b>\$7.00</b>
<b>Senior/Disabled: One-Half Regular Fares</b>		
· SmarTrip® boarding charge for local/limited-stop bus	\$0.80	<b>\$0.85</b>
· SmarTrip® boarding charge for express bus	\$1.80	<b>\$2.00</b>
· Cash boarding charge for local/limited-stop bus	\$0.90	<b>\$0.85</b>
· Cash boarding charge for express bus	\$2.00	<b>\$2.00</b>
· SmarTrip® boarding charge for airport designated routes	\$3.00	<b>no change</b>
· Cash boarding charge for airport designated routes	\$3.00	<b>\$3.50</b>

## Alternate Fare and Fee Proposals

### Option 3: Increase base Metrobus fare to \$1.85 and cash surcharge to \$0.25 *Would replace bus fare proposal (lines 22-40)*

<b>Metrobus Fares</b>	CURRENT Fares/Fees	FY2015 Proposed Fare Options
<b>Regular Fares</b>		
· SmarTrip® boarding charge for local/limited-stop bus	\$1.60	<b>\$1.85</b>
· SmarTrip® boarding charge for express bus	\$3.65	<b>\$4.00</b>
· Cash boarding charge for local/limited-stop bus	\$1.80	<b>\$2.10</b>
· Cash boarding charge for express bus	\$4.00	<b>no change</b>
· Cash/SmarTrip® boarding charge for airport designated routes	\$6.00	<b>\$7.00</b>
<b>Senior/Disabled: One-Half Regular Fares</b>		
· SmarTrip® boarding charge for local/limited-stop bus	\$0.80	<b>\$0.90</b>
· SmarTrip® boarding charge for express bus	\$1.80	<b>\$2.00</b>
· Cash boarding charge for local/limited-stop bus	\$0.90	<b>\$1.05</b>
· Cash boarding charge for express bus	\$2.00	<b>no change</b>
· Cash/SmarTrip® boarding charge for airport designated routes	\$3.00	<b>\$3.50</b>
<b>Bus Transfers</b>		
· Bus-to-bus transfers utilizing SmarTrip® card	\$0.00	<b>no change</b>
· Rail-to-bus transfer utilizing SmarTrip® card	\$0.50 discount	<b>no change</b>
· Transfer from MARC, VRE, and MTA	\$0.00	<b>no change</b>
· Transfer from regional bus partners	varies	<b>no change</b>
<b>Bus Passes</b>		
· 7-Day Regional Bus Pass	\$16.00	<b>\$18.50</b>
· 7-Day Regional Senior/Disabled Pass	\$8.00	<b>\$9.25</b>
<b>Other Fare Media</b>		
· Package of 10 tokens, available to organizations	\$18.00	<b>\$21.00</b>
· DC student tokens - 10 trips per pack	\$8.00	<b>\$9.25</b>
· DC student pass on DC One Card - 10 trips	\$8.00	<b>\$9.25</b>

## Alternate Fare and Fee Proposals

**Option 4: Additional \$0.50 surcharge at parking facilities in Prince George's County**  
*Would replace line 45*

<b>Parking Fees</b>	<b>CURRENT Fares/Fees</b>	<b>FY2015 Proposed Fare Options</b>
· Prince George's County*	\$4.50	<b>\$5.25</b>

*\* \$0.25 increase in base parking fee plus additional \$0.50 surcharge at parking facilities in Prince George's County*

## Alternate Fare and Fee Proposals

### Option 5: Convention pass

*Would be added to docket (new line)*

<b>Metrorail Fares</b>	<b>CURRENT Fares/Fees</b>	<b>FY2015 Proposed Fare Options</b>
<b>Rail Passes</b>		
· One-day "convention" pass (bulk sales only)*	NA	<b>\$10.00</b>

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