

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 16th 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:

Previous Actions	<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)
Anticipated actions after presentation	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.

PRESENTED AND ADOPTED: December 19, 2013

SUBJECT: PUBLIC HEARINGS ON PROPOSED FY2015 FARE CHANGES AND CAPITAL IMPROVEMENT PROGRAM

2013-34

**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 (GM/CEO) 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 GM/CEO recommends that the Board of Directors conduct public hearings 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

Motioned by Mr. Acosta, seconded by Mrs. Hudgins

Ayes: 8 – Mr. Downs, Mr. Downey, Mr. Nichols, Mrs. Hudgins, Mr. Dyke, Ms. Bowser, Mr. Acosta and Mr. Goldman

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 public hearings, online surveys, and written e-mail or web site submissions, all of which shall become part of the public record of the hearing and community outreach meetings; and be it further

RESOLVED, That the Board of Directors directs the GM/CEO 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 GM/CEO to report on the findings of the public hearings and that the Board 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 shall be effective immediately.

Reviewed as to form and legal sufficiency,



Kathryn H.S. Pett
General Counsel

WMATA File Structure 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
Metrorail Fares		
Peak Fares¹		
1 · Boarding charge (up to 3 miles)	\$2.10	\$2.20
2 · Composite miles between 3 and 6 miles	\$0.316	\$0.329
3 · Composite miles over 6 miles	\$0.280	\$0.291
4 · Maximum peak fare	\$5.75	\$6.00
5 · Charge for senior/disabled is one-half peak fare	\$1.05 - \$2.85	\$1.10 - \$3.00
Off-Peak Fares²		
6 · Boarding charge (up to 3 miles)	\$1.70	\$1.75
7 · Composite miles between 3 and 6 miles	\$0.237	\$0.247
8 · Composite miles over 6 miles	\$0.210	\$0.218
9 · Maximum off-peak fare	\$3.50	\$3.65
10 · Charge for senior/disabled is one-half peak fare during off-peak	\$1.05 - \$2.85	\$1.10 - \$3.00
Magnetic Paper Fare Cards		
11 · Non-SmarTrip [®] fare surcharge ³	\$1.00	no change
12 · Senior/disabled non-SmarTrip [®] surcharge	\$0.50	no change
Rail Passes		
13 · One-day unlimited pass	\$14.00	\$14.50
14 · One-day "convention" pass (bulk sales only) ⁴	NA	\$10.00
15 · 7-day short-trip pass for rail	\$35.00	\$36.50
16 · 7-day fast pass for rail	\$57.50	\$59.75
17 · 28-day fast pass for rail	\$230.00	\$239.00
Other Rail Fares		
18 · Bus-to-rail transfer utilizing SmarTrip [®] card	\$0.50 discount	no change
19 · 30-day DC SmartStudent pass & DC One card, within DC	\$32.00	\$33.00
20 · DC Student farecards & DC One card - 10 rail trips within DC	\$10.00	\$10.40
21 · TransitLink Card on MARC and VRE ⁵	\$108.00	\$112.00
22 · TransitLink Card on MTA ⁵	\$166.00	\$173.00
Metrobus Fares		
Regular Fares		
23 · SmarTrip [®] boarding charge for local/limited-stop bus	\$1.60	\$1.85
24 · SmarTrip [®] boarding charge for express bus	\$3.65	\$4.00
25 · Cash boarding charge for local/limited-stop bus	\$1.80	\$2.00
26 · Cash boarding charge for express bus	\$4.00	\$4.50
27 · Cash/SmarTrip [®] boarding charge for airport designated routes	\$6.00	\$7.00
Senior/Disabled: One-Half Regular Fares		
28 · SmarTrip [®] boarding charge for local/limited-stop bus	\$0.80	\$0.90
29 · SmarTrip [®] boarding charge for express bus	\$1.80	\$2.00
30 · Cash boarding charge for local/limited-stop bus	\$0.90	\$1.00
31 · Cash boarding charge for express bus	\$2.00	no change
32 · Cash/SmarTrip [®] boarding charge for airport designated routes	\$3.00	\$3.50

Metrobus Fares (cont.)	CURRENT Fares/Fees	FY2015 Proposed Fare Options
Bus Transfers		
33 · Bus-to-bus transfers utilizing SmarTrip® card	varies	no change
34 · Rail-to-bus transfer utilizing SmarTrip® card	\$0.50 discount	no change
35 · Transfer from MARC, VRE, & MTA with weekly/monthly pass	\$0.00	no change
36 · Transfer from regional bus partners	varies	no change
Bus Passes		
37 · 7-Day Regional Bus Pass	\$16.00	\$18.50
38 · 7-Day Regional Senior/Disabled Pass	\$8.00	\$9.25
Other Fare Media		
39 · Package of 10 tokens, available to organizations	\$18.00	\$20.00
40 · DC student tokens - 10 trips per pack	\$8.00	\$9.25
41 · DC student pass on DC One Card - 10 trips	\$8.00	\$9.25
MetroAccess Fares⁶		
42 · MetroAccess fare (within ADA 3/4 mile service corridor)	varies	varies
43 · Maximum fare	\$7.00	no change
Parking Fees⁷		
44 · District of Columbia	\$3.50 - \$4.50	\$3.75 - \$4.75
45 · Montgomery County	\$4.25 - \$5.00	\$4.50 - \$5.25
46 · Prince George's County ⁸	\$4.50	\$5.25
47 · Virginia	\$4.75	\$5.00
48 · Monthly reserved parking fee	\$45.00 - \$65.00	no change
49 · Parking meters \$1.00/60 minutes	\$1.00	no change
50 · Prince George's parking garage at New Carrollton	\$85.00	no change
51 · Non-Metro rider parking fees	\$8.25 - \$25.00	\$8.25 - \$15.00
Other Fees		
52 · Bicycle locker rental	\$120.00 (annual)	no change
53 · Surcharge on Entry/Exit for station improvements, two stations per Compact jurisdiction ⁹	\$0.05	no change

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

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

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

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

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

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

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

⁸ \$0.25 increase in base parking fee plus additional \$0.50 surcharge at facilities in Prince George's County.

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