



**Finance & Budget Committee**

**Information Item III-A**

**March 8, 2018**

**Acceptance of Public Communication &  
Outreach Report and Adoption of FY2019  
Budget & FY2019-2024 CIP**

Washington Metropolitan Area Transit Authority

## Board Action/Information Summary

☒ Action ☐ Information

MEAD Number:  
201965

Resolution:  
☒ Yes ☐ No

### TITLE:

Approval of FY2019 Operating Budget & FY19-24 CIP

### PRESENTATION SUMMARY:

Management will present the GM/CEO's FY2019 operating budget and FY2019-2024 Capital Improvement Program (CIP) for Board approval

### PURPOSE:

Management seeks Board approval of the FY2019 operating budget and FY2019-2024 CIP.

### DESCRIPTION:

#### Key Highlights:

- The GM/CEO's FY2019 budget totals \$3.2 billion and is grounded in Metro's three priorities: Safety, Service Reliability, and Financial Responsibility.
- Metro will continue to deliver capital investments to improve safety and reliability and renew and preserve the system. FY2019 planned investment totals \$1.28 billion.
- The budget does not increase fares or reduce service and Metro will encourage customers to ride through fare pass products.
- Management actions to improve efficiency and control costs will limit operating budget expense growth to less than one percent (\$12 million), despite cost growth for legacy commitments, mandates and inflation.
- Jurisdictional funding support increases by \$165 million: \$136 million (21 percent) for capital investments and \$29 million (3 percent) for operating budget support.
- GM/CEO proposing to adhere to three percent subsidy increase cap in FY2019 called for in the plan to Keep Metro Safe, Reliable and Affordable, even though revenue is projected to decline from the FY2018 budget level.

#### Background and History:

#### Metro's Structural Challenges

Metro continues to face structural challenges associated with chronic underinvestment

in the maintenance, rehabilitation and replacement of the system's infrastructure and an unsustainable operating model. Metro is reliant on unpredictable year-to-year local, state and federal contributions and is the only major transit system without a dedicated revenue source. Metro also has a substantial deferred capital needs backlog associated with an aging transit system and has limited maintenance and rehabilitation opportunity due to its "2-track" design and constrained work hours. Metro is a labor-intensive operation with over 70 percent of the operating budget going to pay for wages and benefits and has substantial legacy commitments on wages, pension and health benefits. MetroAccess demand and subsidy have grown rapidly as Metro has limited ability to control the costs of the mandated service. Metro has no "Rainy Day" fund or contingency for unpredictable financial shocks.

### **Keeping Metro Safe, Reliable and Affordable**

In April 2017, GM/CEO Paul Wiedefeld announced the plan to Keep Metro Safe, Reliable and Affordable. The plan calls for ten actions to restore the system to a state of good repair and establish long-term financial sustainability:

- Invest \$15.5 billion over next 10 years for critical capital projects, increasing average annual investment to \$1.5 billion
- Establish a multi-year, inflation-adjusted stable revenue source generating \$500 million per year to a Capital Trust Fund
- Dedicate the Capital Trust Fund exclusively to capital investment, not day-to-day operations
- Secure Congressional reauthorization for federal capital investment (PRIIA) at least at current level of \$1.5 billion over 10 years
- Cap annual jurisdictional capital contribution growth at 3 percent
- Cap annual jurisdictional operating contribution growth at 3 percent
- Support flexibility to reduce cost through innovation and competitive contracting, where effective
- Amend the National Capital Area Interest Arbitration Standards Act (Wolf Act) to require consideration of WMATA's financial condition
- Initiate new retirement program for new hires
- Create a Rainy Day Fund to mitigate unforeseen obligations

### **Back2Good**

Over the last two years Metro has pushed ahead on key priorities to improve Safety, Service Reliability and Financial Responsibility. Metro increased the rate of capital investment, spending nearly \$1.2 billion in FY2017 to advance safety, reliability and system preservation projects. Safety and reliability have improved through track

inspection and preventive maintenance program and new 7000 series railcars. Metro erased a \$116 million FY2017 revenue shortfall through management actions including reducing the size of the Metro workforce by 800 positions, other cost savings, and prior year budget surpluses. Metro balanced the FY2018 budget through management actions, service reductions, fare increases, and increased jurisdictional contributions.

## **Discussion:**

### **FY2019 Budget Priorities**

The GM/CEO's FY2019 budget totals \$3.2 billion (including \$55.9 million for debt service), and is grounded in Metro's three priorities: Safety, Service Reliability, and Financial Responsibility. The GM/CEO's Budget priorities:

- Fund safety, compliance and reliability improvements to drive ridership
- Deliver capital program investment to renew and preserve the system
- Encourage customers to ride through fare pass products
- No service reductions and no fare increases
- Fund legacy commitments, mandates and cost inflation while limiting operating subsidy growth to 3 percent (\$29 million)
- Implement Management Actions to improve efficiency and reduce cost, including outsourcing where effective

### **Capital Budget and Six-Year Capital Program**

The GM/CEO's \$8.5 billion FY2019-2024 capital program is focused on projects that improve the safety, reliability and state of good repair of Metro's infrastructure, equipment and other assets. The six-year investment plan is based on ongoing projects and prioritized system preservation and renewal needs from the Capital Needs Inventory. Metro and the region must invest an average of \$1.5 billion annually over the next ten years. Metro's annual capital investment will ramp up from current investment levels (approximately \$1.2 billion) to over \$1.5 billion annually by FY2022.

After several years of capital delivery falling short of expectations, Metro successfully invested \$1.16 billion in FY2017, 122 percent of the original FY2017 capital budget and 99 percent of the amended budget. Metro's FY2018 capital budget totals \$1.25 billion, and after the second quarter Metro is forecasting that at least \$1.1 billion will be invested again this year. Metro's planned FY2019 capital investment totals \$1.28 billion. Over 85 percent of the investment planned for FY2019 is to fund projects, programs and contracts that are already underway.

Key FY2019 capital budget deliverables include, but are not limited to: 164 new 7000 series railcars (completing delivery of the 748 new railcars); completion of the new bus garage and overhaul facility at Andrews Federal Center; continued delivery of the radio

and wireless communication project; rail power system reliability and capacity improvements; track and structures rehabilitation; rehabilitation and replacement of station platforms, escalators, elevators, lighting, parking garages, and cooling systems; replacement of buses and paratransit vehicles; and modernization of information technology systems and infrastructure.

### **Capital Program Funding**

\$8.5 billion of federal and regional capital investment is required over the next six years to ensure a safe and reliable Metro system. Funding from current sources will not meet this need. The Passenger Rail Investment and Improvement Act (PRIIA), which provided \$1.5 billion of federal funding for Metro's capital program for ten years expires after Metro's FY2020 (federal fiscal year 2019). Metro's proposed FY2019-2024 capital program assumes that PRIIA ends after FY2020 and that federal formula funding programs remain at current levels. Without federal PRIIA reauthorization and a dedicated revenue source, annual jurisdictional contributions will total \$6.3 billion over the next six years, \$4+ billion more than the \$2 billion contributed through the FY2011-2016 Capital Funding Agreement.

The FY2019 capital budget assumes federal formula, PRIIA, and other federal grants totaling \$459 million, MWAA and other funding of \$33 million, and \$787 million of funding from the jurisdictions (including funding to match federal grants). The \$787 million of jurisdictional funding is \$136 million (21 percent) more than the jurisdictional share of the FY2018 budget.

### **Capital Project Development and Evaluation**

The FY2019 capital program will continue to advance the development and evaluation of new major projects and system preservation programs. Development, evaluation and design initiatives include, but are not limited to: a new railcar acquisition program primarily for the replacement of the 2000 and 3000 series railcars, the replacement or rehabilitation of Bladensburg and Northern bus garages, a new railcar overhaul facility, tunnel water mitigation and ventilation systems, and core station passenger circulation improvements.

### **FY2019 Operating Budget**

The FY2019 operating budget totals \$1.837 billion. The budget assumes no fare increases, no service reductions, \$38.5 million of management actions to reduce expenses and increase business revenues, and a \$29 million increase in jurisdictional subsidy (three percent).

### **FY2019 Operating Revenue**

Metrorail and Metrobus ridership continues to perform below expectations due to changes in trip-making, telework, competition from other transportation options, low gas prices, and the impacts of the fare increases and service reductions implemented earlier this year. Bus and rail ridership and revenue are below budget through the second quarter of FY2018. Rail ridership has stabilized as compared to the same period in FY2017, but is below budget. Consistent with regional and national trends, bus ridership

is below both last year's actual performance and FY2018 budget expectations. While Metro expects that ridership will increase as new and returning customers experience reliability improvements, the FY2019 proposed budget includes ridership and revenue assumptions based on the current ridership realities. FY2019 bus and rail revenues are projected to be about \$25 million (3.6 percent) below the FY2018 budget.

### **Legacy Commitments, Mandates and Inflation**

Some of Metro's fundamental operating cost drivers are not controllable. In FY2019 Metro's costs will increase for legacy commitments, mandates, inflation and market realities. The proposed FY2019 operating budget assumes expense growth of \$42 million of cost growth for: paratransit (\$11 million), legacy labor commitments including contractually obligated wage steps and health care and pension contributions (\$16 million), energy including propulsion power for rail and fuel for bus (\$7 million), and inflation on materials, supplies and services contracts (\$8 million). The operations budget has been updated to include an additional \$0.5 million for the Office of the Inspector General. This increase has been offset by \$0.5 million of management cost reductions.

### **Management Actions and Initiatives to Reduce Operating Cost and Generate Revenue**

Over the last two years, Metro has acted to improve efficiency and reduce operating expense through the reduction of 800 positions and contributions to non-represented employee healthcare, implementation of controls on absenteeism and workers' compensation, and the launch of the Abilities-Ride program as an alternative to high cost MetroAccess service. Metro is also increasing revenue through enhanced advertising and improved fare enforcement through the Fair Share initiative. To balance the budget and meet the three percent subsidy cap commitment, management is advancing additional actions to reduce cost and generate more revenue including \$25.5 million of further cost efficiencies and reductions, \$5 million of additional controls on overtime expense, \$6 million in parking revenue initiatives, and \$2 million from expanded advertising opportunities.

While aggressive management actions closed the FY2018 and FY2019 budget gaps, the scale of the reductions is unsustainable. Major structural reforms consistent with the actions called for in the GM/CEO's plan are required in order to constrain future operating subsidy growth and ensure financial sustainability. Metro will move ahead with efforts to advance structural changes including outsourcing where effective, a reexamination of the bus network, and a review of opportunities to save money by consolidating pension and health care programs.

### **FY2019 Jurisdictional Operating Subsidy**

The proposed budget constrains jurisdictional operating subsidy growth to \$29 million, three percent more than the \$980 million FY2018 approved operating subsidy. Jurisdictional subsidy increased by \$135 million (16 percent) from FY2017 to FY2018 after no increase the previous year (operating subsidy was \$845 million in both FY2016 and FY2017). Without sustainable, structural changes to control costs, Metro forecasts that jurisdictional operating subsidy will grow by an average of 7.5 percent per year from

FY2020-2024.

### **Not included in the FY2019 Budget**

The GM/CEO's commitment to cap annual operating subsidy growth at three percent requires structural reforms and does not include funding to increase service or address unsustainable mandates or initiatives. These potential additions would force increased contributions from the jurisdictions above the three percent cap. The FY2019 budget does not include funding for:

- Silver Line Phase 2 – costs to ramp up to revenue service operations are assumed to begin in FY2020.
- Increases in rail and bus service requiring additional subsidy (e.g. bus service proposals, additional rail service).
- Wage increases for FY2019 or prior years.
- Reduction in FTA grant funding of vehicle preventive maintenance (remains at \$60 million).
- Rainy day contingency fund to insulate Metro's jurisdictional funding partners from unexpected financial shocks.

### **Operating and Capital Budget Risks**

There are substantial and ongoing risks inherent in the proposed FY2019 budget including:

- Ridership uncertainty due to changes in trip-making and transportation market (telework, alternate modes, gas prices, etc.)
- Outcome of collective bargaining
- Significant paratransit ridership growth
- Pension and OPEB liabilities
- Safety needs and additional system inspection and maintenance efforts
- Federal uncertainty – PRIIA reauthorization, formula program funding, transit benefit, federal employment and contracting levels

Metro does not have a rainy day or contingency fund. The GM/CEO's plan to Keep Metro Safe, Reliable and Affordable calls for the establishment of a rainy day fund for emergencies, compliance mandates and unexpected market shifts. A rainy day fund would insulate the jurisdictions from unbudgeted events such as federal government shut downs, major unscheduled regional events, safety mandates, energy price volatility, and snow and other operational disruptions.

**FUNDING IMPACT:**

Board action will approve the FY2019 operating and capital budgets.

**TIMELINE:**

<b>Previous Actions</b>	<b>November 2017</b> - GM/CEO FY2019 budget proposal <b>December 2017</b> - Board authorization for budget public hearing <b>January-February 2018</b> - Board budget work sessions <b>January-February 2018</b> - Public comment period, including public hearing (January 31, 2018)
<b>Anticipated actions after presentation</b>	<b>April 2018</b> - Transmit FTA grant applications for review and approval <b>July 1, 2018</b> - FY2019 Begins

**RECOMMENDATION:**

Management recommends Finance Committee and Board approval of a resolution adopting the FY2019 budget and FY2019-2024 CIP.

Budget adoption in March 2018 will (1) allow for the timely application and award of FTA grants, and (2) ensure critical safety, reliability, and state of good repair capital projects are not interrupted.





Washington Metropolitan Area Transit Authority

# Approval of the FY2019 Budget and FY2019-2024 Capital Improvement Program

Finance and Budget Committee  
March 8, 2018



# Purpose and Agenda

- FY2019 Proposed Budget Recap
- Review of public participation results
- Recommend
  - ✓ Acceptance of the public communication and outreach report; and
  - ✓ Approval of the FY2019 budget and FY2019-2024 CIP

Note: Due to rounding, numbers and percentages presented throughout this document may not sum to the totals



# FY2019 Proposed Budget Priorities

- Fund safety, compliance and reliability improvements to drive ridership
- Deliver capital program investment to renew and preserve the system
- Encourage customers to ride through fare pass products
- No service reductions and no fare increases
- Fund legacy commitments, mandates and cost inflation while limiting operating subsidy growth to 3 percent (\$29 million)
- Implement management actions to improve efficiency and reduce cost, including outsourcing where effective



# FY2019 Proposed Operating Budget

(\$ in millions)	FY2018	FY2019	Growth	
			\$	%
REVENUE				
Passenger Revenue	756	736	(20)	-2.6%
Other Revenue	90	92	3	2.8%
Total Revenue	\$ 845	\$ 828	\$ (17)	-2.0%
EXPENSES				
Labor and Benefits	1,308	1,306	(2)	-0.2%
Non-Labor	518	532	14	2.7%
Total Expenses	\$ 1,825	\$ 1,837	\$ 12	0.6%
Subsidy	\$ 980	\$ 1,009	\$ 29	3.0%



# Revenue & Ridership

(\$ in millions)	FY2016 Actual	FY2017 Actual	FY2018 Budget	FY2018 Forecast as of Q2	FY2019 Projection
REVENUE					
Rail	\$585	\$531	\$543	\$544	\$542
Bus	\$150	\$137	\$161	\$139	\$137
MetroAccess	\$9	\$10	\$10	\$9	\$10
Parking	\$45	\$41	\$42	\$42	\$47
Other Revenue	\$82	\$64	\$59	\$56	\$60
Reimbursables	\$29	\$28	\$31	\$31	\$32
Total Revenue	\$900	\$811	\$845	\$820	\$828
RIDERSHIP					
Rail	191	177	179	176	173
Bus	127	122	117	113	111
MetroAccess	2	2	2	2	2
Total Ridership	320	301	298	291	287



# FY2019 Subsidy Growth Constrained to 3 percent

(\$ in millions)		Subsidy Impact
FY2018 Approved Subsidy		\$980
Ridership Decline	Metrorail and Metrobus	\$25
	Subtotal	\$25
Legacy Commitments, Mandates, Inflation and Oversight	Contractually obligated wage steps	\$7
	Health Care and Pension	\$9
	Paratransit	\$11
	Energy Costs	\$7
	Inflation: Materials, Supplies & Services	\$8
	Increase Inspector General (OIG) Budget	\$0.5
	Subtotal	\$43
Management Actions to Reduce Cost and Generate More Revenue	Control Overtime Costs	(\$5)
	Baseline Reductions and Efficiencies	(\$25)
	Additional Management Reductions	(\$0.5)
	Increase parking revenue	(\$6)
	Increase advertising revenue	(\$2)
	Subtotal	(\$39)
FY2019 Jurisdictional Subsidy	FY2019 Proposed Subsidy	\$1,009
	Subsidy Increase (3%)	\$29



# Capital Budget and Six-Year Plan

## FY2019 Capital Budget:

- ✓ Planned investment of \$1.28 billion
- ✓ Over 85 percent of planned investment already underway

## Six Year Plan:

- ✓ \$8.5 billion six-year investment based on ongoing projects and prioritized system preservation and renewal needs from Capital Needs Inventory
- ✓ Federal funding assumptions: PRIIA funding ends after FY2020; federal formula funding continues for next six-years at current levels
- ✓ Includes funding for development, evaluation and design of projects including: Bladensburg and Northern bus garages rehab/replacement, new railcar overhaul facility, tunnel water mitigation and ventilation systems, and core station passenger circulation improvements



# FY2019-2024 Capital Program Investment by Category

(\$ in millions)	FY2019 Proposed	FY2020	FY2021	FY2022	FY2023	FY2024	6 Year Proposed
Railcars	\$445	\$254	\$331	\$305	\$340	\$543	\$2,218
Rail Systems	\$173	\$175	\$163	\$129	\$117	\$103	\$860
Track & Structures	\$105	\$144	\$167	\$201	\$317	\$240	\$1,175
Stations & Passenger Facilities	\$252	\$300	\$307	\$321	\$246	\$240	\$1,666
Bus & Paratransit Vehicles	\$204	\$314	\$293	\$308	\$316	\$288	\$1,723
Business Support	\$100	\$112	\$115	\$235	\$188	\$136	\$887
TOTAL	\$1,279	\$1,300	\$1,375	\$1,500	\$1,525	\$1,550	\$8,530





# Updated FY2019 Capital Improvement Program

Investment Category (\$ in millions)	FY2019 Proposal (November)	FY2019 Updated (March)	Variance	Comments
Railcars	\$436	\$445	\$9	Adjusted for timing of warranty payments and spare parts deliveries
Rail Systems	\$184	\$173	(\$11)	Radio and Wireless project ahead of previous schedule; more work to be completed in FY2018
Track & Structures	\$134	\$105	(\$29)	Timing adjustment due to acceleration of Water Mitigation pilot project into FY2018; Aligned Track Rehab program with updated track project plan
Stations & Passenger Facilities	\$248	\$252	\$4	Added Platform and Parking Garage Rehabilitation
Bus & Paratransit Vehicles	\$192	\$204	\$12	Adjustment due to delay in FY2018 bus delivery
Business Support	\$84	\$100	\$16	Acceleration of IT hardware replacement purchases
TOTAL	\$1,279	\$1,279	\$0	



# Projected Capital Program Funding Sources

(\$ in millions)	FY2019	FY2020	FY2021	FY2022	FY2023	FY2024	Total
Federal Grants	\$459	\$473	\$317	\$317	\$317	\$317	\$2,200
State & Local	\$787	\$781	\$991	\$1,148	\$1,192	\$1,227	\$6,126
Jurisdictional Reimbursable Projects	\$5	\$5	\$3	\$3	\$3	\$3	\$22
MWAA	\$27	\$41	\$64	\$32	\$14	\$3	\$181
Grand Total	\$1,279	\$1,300	\$1,375	\$1,500	\$1,525	\$1,550	\$8,530



# Public Communication and Outreach

- Metro solicited and collected public input on the FY2019 budget proposals through an open house and public hearing held on January 31 as well as written comments
- Metro received 320 comments and nineteen people provided oral testimony at the public hearing. Topics included:
  - ✓ Safety and reliability
  - ✓ Passenger facility accessibility
  - ✓ Increased bus and rail service, including Red Line service north of Grosvenor
  - ✓ New railcars on lines that run a higher frequency of older cars
  - ✓ Structured fare assistance for low income riders



# FY2019 Proposed Budget Does Not Include:

- Silver Line Phase 2
- Increases in rail and bus service:
  - ✓ Bus service proposals requiring additional subsidy
  - ✓ Requests for additional rail service
- Wage increases for FY2019 or prior years
- Reduction in FTA grant funding of vehicle preventive maintenance (remains at \$60 million)
- Rainy day fund



# Budget Risks

- Ridership uncertainty due to changes in trip-making (telework, alternate modes, gas prices, etc.)
- Outcome of collective bargaining
- Significant paratransit ridership growth
- Pension and OPEB liabilities
- Safety needs and additional system inspection and maintenance efforts
- Federal uncertainty – PRIIA reauthorization, formula program funding, transit benefit, federal employment and contracting levels



# Recommendations

Staff recommends Committee approval of:

- Staff Report on public communication and outreach
- FY2019 operating and capital budget and FY2019-2024 CIP



# Next Steps

- March: Board adoption of FY2019 budget and approval of one-year extension of the capital funding agreement
- April: Staff transmits Federal Fiscal Year 2018 grant applications to FTA
- July 1, 2018: FY2019 Begins
- September 2018: FY2018 Year End Financial Update
- November 2018: FY2019 First Quarter Financial Update



# Appendix: FY2019 Operating and Capital Contributions by Jurisdiction

(\$ in millions)	Operating Subsidy	Contributions for Debt Service	Capital Program Assistance	Total
District of Columbia	369.4	23.8	276.4	669.6
State of Maryland	379.8	24.4	269.3	673.5
Commonwealth of Virginia	259.8	7.7	241.3	508.7
Total	\$1,008.9	\$55.9	\$787.0	\$1,851.8

- Does not include jurisdictional/reimbursable projects
- Detailed allocations are included as attachments to the draft resolution



SUBJECT: APPROVAL OF FISCAL YEAR 2019 OPERATING AND CAPITAL BUDGETS  
AND PUBLIC PARTICIPATION REPORT

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

WHEREAS, The Washington Metropolitan Area Transit Authority (WMATA) Compact Sections 23 and 24 require the Board of Directors to adopt a capital budget and an operating budget each year; and

WHEREAS, The Board of Directors received and considered the General Manager/Chief Executive Officer's (GM/CEO) proposed Fiscal Year (FY) 2019 Operating Budget and FY2019-2024 Capital Improvement Program (CIP); and

WHEREAS, The Board of Directors conducted (1) a public hearing on January 31, 2018, preceded by an open forum on the proposed Operating Budget and CIP and Federal FY2018 Grant Applications; and (2) notified the public and collected public comments at certain locations in the Metro system, online, and from community-based organizations all pursuant to the Board-approved Public Participation Plan, the results of which are summarized in the Public Participation Report (Attachment A); and

WHEREAS, WMATA's Grants Policy Section 201(a) requires Board of Directors' approval for certain grant opportunities; however, there are grant opportunities which require a prompt turnaround and for which the Board's approval cannot be scheduled in advance; and

WHEREAS, It is in WMATA's and the region's interests to support innovative ways to reduce the cost of paratransit while providing eligible MetroAccess customers with additional service options; and

WHEREAS, WMATA received a premium on the sale of the Series 2017B bonds and wishes to use these bond premium funds to credit the capital contributions for the jurisdictions who have committed to the payment of the debt service on these bonds; NOW, THEREFORE, be it

*RESOLVED*, That the Board of Directors approves the Public Participation Report concerning the proposed FY2019 Operating Budget and FY2019-2024 CIP; and be it further

*RESOLVED*, That the Board of Directors approves and adopts the FY2019 Operating Budget (inclusive of all Operating Reimbursable and Operating Reimbursable Safety and Security projects) of \$1.837 billion, with revenues, expenses, and subsidies detailed in Attachments B and C; and be it further

*RESOLVED*, That \$55.9 million of debt service expenditures resulting from the issuance of Series 2009B, 2017A, and 2017B bonds are due from and allocated to the participating jurisdictions as detailed in Attachment C; and be it further

*RESOLVED*, That the Board of Directors approves and adopts the FY2019 Capital Budget of \$1.28 billion (inclusive of all Capital Reimbursable projects) and the six-year CIP for FY2019-2024 of \$8.53 billion as summarized by investment category and funding source in Attachments D, E, and F; and be it further

*RESOLVED*, That the Board of Directors approves the use of Federal Transit Administration (FTA) grant and local matching funds in the amount of \$60 million for eligible preventive maintenance expenditures through the FY2019 Capital Budget; and be it further

*RESOLVED*, That, subject to any requesting jurisdiction's paratransit expenses being favorable to such jurisdiction's budgeted paratransit amount and WMATA's net expenses on Metrorail, Metrobus, and MetroAccess being favorable to WMATA's FY2019 Operating Budget, the GM/CEO and Chief Financial Officer (CFO) are authorized to provide credits to any jurisdiction sponsoring innovative paratransit programs not to exceed the actual savings from such jurisdiction's budgeted paratransit amount in the succeeding quarter where credits are based on the per trip rate used by the innovative paratransit program; and be it further

*RESOLVED*, That, subject to a net favorable FY2019 Operating Budget position, the Board of Directors authorizes the GM/CEO to fund the OPEB trust in an amount not to exceed \$10 million during FY2019; and be it further

*RESOLVED*, That the Board of Directors authorizes the GM/CEO to accept grant funding, above the amounts listed in the FY2019 Operating Budget and FY2019-2024 CIP, without further Board action so long as there is no increase in the total annual expense budget authorization; and be it further

*RESOLVED*, That the GM/CEO shall report to the Board of Directors all unbudgeted grant funds received on a quarterly basis; and be it further

*RESOLVED*, That the CFO is authorized to credit the capital assistance billing in FY2019 and prior years for all jurisdictions entitled to a share of the bond premium in the amounts of their respective shares of the bond premium; and be it further

*RESOLVED*, That, in order to implement the elements of the FY2019 Capital Budget or the FY2019 Operating Budget, the GM/CEO, the CFO, or their designees are authorized to: (1) file and execute grant applications and accept grants on behalf of WMATA for funds from the federal government and any other public or private entity regardless of whether a local match is required without further Board of Directors' action, so long as that the acceptance of such grant does not result in the increase in expenditures above the approved FY2019-2024 CIP or the approved FY2019 Operating Budget; (2) conduct public hearings at any time during FY2019 in furtherance of the implementation of the FY2019-2024 CIP; and (3) execute and file the annual FTA Certifications and Assurances as a prerequisite to the submission of federal grant applications; and be it further

*RESOLVED*, That the Board of Directors acknowledges that, in accordance with the terms of the Capital Funding Agreement (CFA), if any projects are started during the term of the CFA or any bonds or other financial instruments are issued pursuant to the CFA, the Contributing Jurisdictions have agreed to continue to make their Allocated Contributions for those projects or debt service until the conclusion of the projects or the final maturity of the bonds or other financial instruments; and be it finally

*RESOLVED*, That, to allow staff to timely apply for the coming FY's grants, this Resolution shall be effective immediately.

Reviewed as to form and legal sufficiency,



Patricia Y. Lee  
General Counsel

WMATA File Structure Nos.:  
2.7 Delegation of Authority  
4.2.2 Fiscal Year Budgets

## **ATTACHMENT A:**



**Washington Metropolitan Area Transit Authority**  
***Public Communication & Outreach Report***

**Docket B18-01: Proposed FY2019 Operating Budget and**  
**Docket B18-02: Proposed FY2019 Capital Improvement Program and**  
**Federal FY2018 Grant Applications**

## Introduction

To balance Metro's budget for the coming fiscal year, Metro is seeking additional funding from District of Columbia, Maryland and Virginia governments while continuing to take actions to cut costs and increase business revenues. As part of the budget, Metro's Capital Improvement Program invests \$1.3 billion in funding safety improvements, rebuilding the Metro system and improving reliability of the current rail and bus networks. It also funds the deployment of new trains and buses, station upgrades and other important improvements.

As required by WMATA's Compact, the public was provided with the opportunity to comment on the proposal. Following the guidelines established by WMATA's Board-approved Public Participation Plan, the following report is a summary of the public communications and outreach, and the resulting comments on the budget proposal.

## Communications & Outreach to the Public

In order to encourage customers to provide feedback on the project, as well as to fulfill Metro's Public Participation Plan, Metro designed a communications and outreach plan that focused on customers and local stakeholders.

Below is an overview of all the communications and outreach efforts that were conducted during the comment period from Saturday, January 13 through 5:00 p.m. Monday, February 5, 2018.

- Targeted marketing & media
- Stakeholder communication
- Open house & Public Hearing

Feedback was collected through the following sources:

- Online comment form in English and Spanish
- Paper comment form in English and Spanish from the Open House/Public Hearing
- Verbal public testimony at the Public Hearing





## Targeted Marketing & Media

Metro used targeted marketing and media strategies to increase awareness and encourage feedback on the proposals.

- Legal notices were placed in the *Washington Post* on Saturday, January 13, 2018 and Saturday, January 20, 2018 notifying the public of the opportunity to provide public comment.
- Advertisements were placed in newspapers throughout the region, including media in multiple languages:
  - *The Express* (English)
  - *The Afro* (English)
  - *El Tiempo Latino* (Spanish)
  - *Washington Hispanic* (Spanish)
  - *Korean Times* (Korean)
  - *Epoch Times* (Chinese)
  - *Atref* (Amharic)
  - *Doi Nay* (Vietnamese)
- The creation of the webpages *wmata.com/budget* and *wmata.com/budget\_espanol* informed customers about the budget proposal, included the comment form link and public hearing information and contained pdf fliers in Amharic, Chinese, French, Korean, and Vietnamese. The page *wmata.com/budget\_espanol* was professionally translated into Spanish and included a link to the docket in Spanish. The webpage in English generated over 1,475 unique page views, and the webpage in Spanish generated over 20 unique page views between January 13 and February 1, 2018.
- English and Spanish signs posted in Metrorail stations, Bus Information Centers on Metrobus, and MetroAccess vehicles.
- Copies of the English/Spanish flier and dockets were sent to all jurisdictional libraries.
- A press release was published on Friday, January 19, 2018, and there was media coverage on radio and television.
- Social media (Facebook, Twitter) was used to post information about the budget proposal.
  - Total Facebook views: over 1,650 people reached across two posts
  - Total Twitter impressions: over 65,200 reached across 3 @wmata tweets
  - Total Twitter engagements: over 330 across 3 @wmata tweets



## Stakeholder Communication

Local stakeholders helped spread the word and encouraged feedback from their constituents about the proposals.

- The Office of Government Relations provided information about the FY19 budget proposals to local, state jurisdictional and Congressional staff. Staff addressed follow up questions to the plan to ensure elected officials and their staff had a thorough understanding.
- The Office of External Relations notified its 2,900+ stakeholders, which includes places of worship, event venues, business improvement districts, residences and apartments, schools, shopping areas and more around WMATA Metrorail stations. The list also includes more than 300 Community Based Organizations (CBOs).
- The Office of Equal Employment Opportunity (OEEO) sent email messages to all Community Based Organizations (CBOs). The communication included a link to the online comment form, information in languages other than English, and an invitation to register to attend the open house and public hearing. OEEO also followed up with 24 CBOs via phone, and visited nine CBOs in person, dropping off posters about the budget proposal:
  - Bread for the City
  - Catholic Charities
  - D.C. Center for the LGBT Community
  - D.C. Office on Latino Affairs
  - D.C. Office on African Affairs
  - D.C. Office on Asian Pacific Islander Affairs
  - Entre Amigas Women's Comprehensive Health
  - La Clínica del Pueblo
  - Many Languages One Voice (Language Access Coalition)
- Employees were notified of the proposals through the General Manager's weekly email message and encouraged to provide comments online and attend the open house and public hearing.
- Members of Metro's Accessibility Advisory Committee (AAC) received a briefing on Federal funding from the Managing Director of Government Relations. Members also held online discussions to identify budgetary priorities of the AAC.

## Open House & Public Hearing

Metro hosted an open house and public hearing on Wednesday, January 31, 2018 at WMATA Headquarters, 600 5<sup>th</sup> St NW, Washington DC. The open house began at 5:30 p.m. and the public hearing began at 6:00 p.m.

The open house provided the opportunity for attendees to speak one-on-one with staff members about the budget proposal, and comprised of “topic” tables: Operating Budget, Capital Improvement Program & Grants, and Customer Service. There was also a table for attendees to complete the survey. Sixteen people attended the open house.



The public hearing followed WMATA’s standard public hearing procedures. At the beginning of the hearing, Board Chair Jack Evans read a prepared statement outlining the public hearing process and Dennis Anosike, Chief Financial Officer, presented an overview of the budget. Copies of the presentation were available in English and Spanish. An option to record oral testimony separate than the formal public hearing was also provided.

WMATA headquarters is ADA accessible and conveniently located next to Gallery Place and Judiciary Sq Metrorail stations and multiple bus lines.

Signage throughout the open house and public hearing was in English and Spanish, and Spanish-speaking staff was available throughout both events.

Nineteen people provided oral testimony at the public hearing, accounting for 5% of all feedback collected during the public comment period.





## Public Input Results

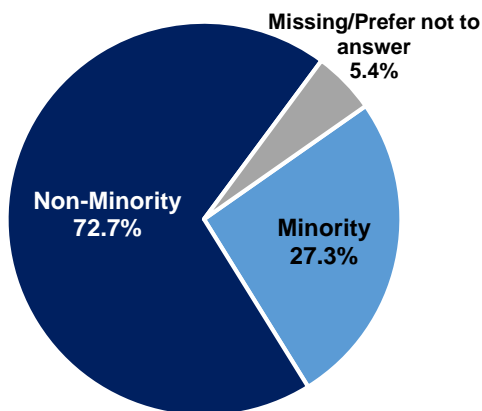
Metro collected public input through written comments online or letters sent to the Board Secretary's Office, and oral testimony at the public hearing. Metro received 320 responses about the FY19 budget proposals during the public comment period.

Of the written comments collected online respondents were able to self-select from topics that best described to what their comments referred. The table below lists the different categories that the comments focused on.

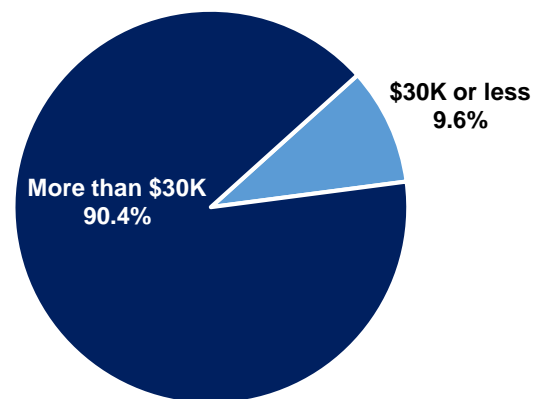
Comment Category	# received in Category	% of Comments Received
Operating Budget	210	70.7%
Capital Budget	86	29.0%
Other	61	20.5%

Online respondents were also asked to provide additional demographic information. The charts below lists these results:

**Minority vs Non-Minority**



**Low Income vs Non-Low Income**



All written comments, including the comments collected online and the letters received can be read in Public Input Report Appendix A. All oral testimony from the public hearing can be read in Public Input Report Appendix B. Since comments could be received in multiple ways, some may be duplicative.



# **ATTACHMENT B:** **WASHINGTON METROPOLITAN AREA TRANSIT AUTHORITY** **FY2019 BUDGET**

(Dollars in Thousands)

	<u>Total</u>	<u>Subsidized</u>	<u>BUS</u>	<u>RAIL</u>	<u>ACCESS</u>	<u>REIMB</u>
<b>REVENUES</b>						
Passenger	\$672,229	\$669,361	\$125,241	\$534,180	\$9,940	\$2,868
Other Passenger	\$19,685	\$19,685	\$11,825	\$7,860	\$0	\$0
Parking	\$47,238	\$47,238	\$0	\$47,238	\$0	\$0
Advertising	\$26,000	\$26,000	\$8,160	\$17,840	\$0	\$0
Joint Development	\$9,750	\$9,750	\$0	\$9,750	\$0	\$0
Fiber Optics	\$15,468	\$15,468	\$0	\$15,468	\$0	\$0
Other	\$37,941	\$9,241	\$6,149	\$3,093	\$0	\$28,700
<b>Total Revenues</b>	<b>\$828,311</b>	<b>\$796,743</b>	<b>\$151,375</b>	<b>\$635,429</b>	<b>\$9,940</b>	<b>\$31,568</b>
<b>EXPENSES</b>						
Personnel	\$1,306,479	\$1,299,386	\$522,524	\$767,350	\$9,512	\$7,093
Services	\$304,858	\$282,550	\$51,739	\$116,248	\$114,563	\$22,308
Materials & Supplies	\$104,727	\$104,565	\$41,704	\$62,331	\$530	\$162
Fuel (Gas/Diesel/CNG)	\$32,651	\$30,646	\$23,936	\$1,435	\$5,275	\$2,005
Utilities & Propulsion	\$93,505	\$93,505	\$14,835	\$78,120	\$550	\$0
Casualty & Liability	\$29,338	\$29,338	\$8,755	\$20,061	\$522	\$0
Leases & Rentals	\$8,363	\$8,363	\$1,591	\$5,882	\$890	\$0
Miscellaneous	\$4,431	\$4,431	\$640	\$3,688	\$103	\$0
Capital Allocation	(\$47,111)	(\$47,111)	(\$14,058)	(\$32,215)	(\$839)	\$0
<b>Total Expenses</b>	<b>\$1,837,243</b>	<b>\$1,805,675</b>	<b>\$651,666</b>	<b>\$1,022,902</b>	<b>\$131,107</b>	<b>\$31,568</b>
<b>NetSubsidy</b>	<b>\$1,008,931</b>	<b>\$1,008,931</b>	<b>\$500,291</b>	<b>\$387,473</b>	<b>\$121,167</b>	<b>\$0</b>
	\$0	\$0	\$0	\$0	\$0	
Cost Recovery Ratio	45.1%	44.1%	23.6%	61.6%	7.6%	

ATTACHMENT C:  
FISCAL YEAR 2019 BUDGET  
SUMMARY OF STATE/LOCAL OPERATING REQUIREMENTS

	Total	District of Columbia	Montgomery County	Prince George's County	City of Alexandria	Arlington County	City of Fairfax	Fairfax County	City of Falls Church
Metrobus Operating Subsidy									
Regional Bus Subsidy	\$427,246,773	\$178,347,247	\$63,545,593	\$72,921,501	\$20,469,316	\$32,690,746	\$757,922	\$56,846,934	\$1,667,514
Non-Regional Bus Subsidy	\$73,044,310	\$32,349,686	\$8,339,228	\$22,175,546	\$2,860,512	\$1,483,205	\$0	\$5,836,133	\$0
Subtotal	\$500,291,083	\$210,696,932	\$71,884,821	\$95,097,047	\$23,329,828	\$34,173,951	\$757,922	\$62,683,068	\$1,667,514
Percent of Total	100%	42.1%	14.4%	19.0%	4.7%	6.8%	0.2%	12.5%	0.3%
Metrorail Operating Subsidy									
Base Allocation	\$379,496,565	\$130,532,975	\$69,168,538	\$62,275,766	\$18,313,788	\$36,787,465	\$1,191,180	\$60,249,929	\$976,924
Max Fare Subsidy	\$7,976,432	\$852,701	\$3,114,556	\$1,435,083	\$325,160	\$223,441	\$64,435	\$1,930,610	\$30,445
Subtotal	\$387,472,997	\$131,385,676	\$72,283,094	\$63,710,850	\$18,638,948	\$37,010,906	\$1,255,615	\$62,180,540	\$1,007,370
Percent of Total	100%	33.9%	18.7%	16.4%	4.8%	9.6%	0.3%	16.0%	0.3%
MetroAccess Subsidy									
	\$121,167,265	\$27,304,607	\$24,979,079	\$51,806,156	\$982,841	\$794,373	\$299,883	\$14,883,801	\$116,525
Percent of Total	100%	22.5%	20.6%	42.8%	0.8%	0.7%	0.2%	12.3%	0.1%
Net Operating Subsidy									
	\$1,008,931,346	\$369,387,215	\$169,146,994	\$210,614,053	\$42,951,617	\$71,979,230	\$2,313,420	\$139,747,408	\$2,791,409
	100%	36.6%	16.8%	20.9%	4.3%	7.1%	0.2%	13.9%	0.3%
Debt Service									
Metro Matters Debt Service	\$20,080,228	\$10,117,021	\$4,699,175	\$5,211,823	\$0	\$0	\$0	\$0	\$52,209
Series 2017B Debt Service	\$35,795,000	\$13,676,661	\$7,213,337	\$7,285,285	\$1,773,356	\$0	\$111,358	\$5,608,396	\$126,607
Subtotal	\$55,875,228	\$23,793,682	\$11,912,512	\$12,497,108	\$1,773,356	\$0	\$111,358	\$5,608,396	\$178,816
FY2019 Jurisdictional Operating Funding	\$1,064,806,574	\$393,180,897	\$181,059,506	\$223,111,161	\$44,724,973	\$71,979,230	\$2,424,778	\$145,355,805	\$2,970,224

ATTACHMENT D:  
FY2019-2024 Capital Improvement Program by Category

Investment Category (\$ in millions)	FY2019 Budget	FY2020 Plan	FY2021 Plan	FY2022 Plan	FY2023 Plan	FY2024 Plan	6 Year Plan
Railcars	\$445	\$254	\$331	\$305	\$340	\$543	\$2,218
Rail Systems	\$173	\$175	\$163	\$129	\$117	\$103	\$860
Track & Structures	\$105	\$144	\$167	\$201	\$317	\$240	\$1,175
Stations & Passenger Facilities	\$252	\$300	\$307	\$321	\$246	\$240	\$1,666
Bus & Paratransit Vehicles	\$204	\$314	\$293	\$308	\$316	\$288	\$1,723
Business Support	\$100	\$112	\$115	\$235	\$188	\$136	\$887
TOTAL	\$1,279	\$1,300	\$1,375	\$1,500	\$1,525	\$1,550	\$8,530

**ATTACHMENT E:**  
**FY2019-2024 Capital Improvement Program Funding Sources**

Funding Sources (\$ in Millions)	FY2019 Budget	FY2020 Plan	FY2021 Plan	FY2022 Plan	FY2023 Plan	FY2024 Plan	Total
<b><i>Federal</i></b>							
Federal Formula Programs	305	321	313	313	313	313	1,877
Federal PRIIA	149	149	-	-	-	-	297
Other Federal Grants	6	4	4	4	4	4	26
<b>Subtotal, Federal Grants</b>	<b>459</b>	<b>473</b>	<b>317</b>	<b>317</b>	<b>317</b>	<b>317</b>	<b>2,200</b>
Match to Federal Formula	76	80	78	78	78	78	469
System Performance	561	552	912	1,069	1,113	1,149	5,355
State and Local PRIIA	149	149	-	-	-	-	297
Other State and Local	1	1	1	1	1	-	5
Long Term Debt	-	-	-	-	-	-	-
<b>Subtotal, State &amp; Local</b>	<b>787</b>	<b>781</b>	<b>991</b>	<b>1,148</b>	<b>1,192</b>	<b>1,227</b>	<b>6,126</b>
Jurisdictional Reimbursable Projects	5	5	3	3	3	3	22
<b>Subtotal, State and Local, including Reimbursable Jurisdictional Projects</b>	<b>792</b>	<b>786</b>	<b>994</b>	<b>1,151</b>	<b>1,195</b>	<b>1,230</b>	<b>6,148</b>
MWAA	27	41	64	32	14	3	181
<b>Grand Total</b>	<b>1,279</b>	<b>1,300</b>	<b>1,375</b>	<b>1,500</b>	<b>1,525</b>	<b>1,550</b>	<b>8,530</b>

ATTACHMENT F:  
CIP Financial Plan - Allocation of State & Local Contributions

(Dollars in Millions)	FY2019 Budget	FY2020 Plan	FY2021 Plan	FY2022 Plan	FY2023 Plan	FY2024 Plan	Total
Federal Formula Match & System Performance							
District of Columbia	226.9	219.5	343.8	398.4	413.7	426.4	2,028.8
Montgomery County	112.3	108.5	169.9	196.8	204.4	210.6	1,002.5
Prince George's County	107.5	104.0	162.9	188.8	196.0	202.0	961.4
Maryland Subtotal	219.8	212.5	332.8	385.6	400.4	412.7	1,963.9
City of Alexandria	30.4	29.3	46.0	53.2	55.3	57.0	271.2
Arlington County	58.5	56.5	88.5	102.6	106.5	109.8	522.5
City of Fairfax	1.8	1.8	2.8	3.2	3.3	3.4	16.3
Fairfax County	97.8	94.4	147.9	171.4	177.9	183.4	872.7
City of Falls Church	1.8	1.7	2.7	3.1	3.3	3.4	16.0
Loudoun County	-	16.2	25.3	29.3	30.4	31.4	132.6
Virginia Subtotal	190.3	199.9	313.1	362.8	376.8	388.3	1,831.2
Subtotal Federal Formula Match & System Performance	637.0	632.0	989.7	1,146.9	1,190.9	1,227.3	5,823.9
State and Local PRI I A							
District of Columbia	49.5	49.5	-	-	-	-	99.0
State of Maryland	49.5	49.5	-	-	-	-	99.0
Commonwealth of Virginia	49.5	49.5	-	-	-	-	99.0
Subtotal State and Local PRI I A	148.5	148.5	-	-	-	-	297.0
Other State and Local							
District of Columbia	-	-	-	-	-	-	-
State of Maryland	-	-	-	-	-	-	-
Maryland Subtotal	-	-	-	-	-	-	-
DRPT (CMAQ Match)	1.5	0.9	1.0	1.1	0.7	-	5.2
Virginia Subtotal	1.5	0.9	1.0	1.1	0.7	-	5.2
Total Other State and Local	1.5	0.9	1.0	1.1	0.7	-	5.2
Subtotal Before Jurisdictional Reimbursable Projects	787.0	781.4	990.8	1,148.0	1,191.6	1,227.3	6,126.2
Union Station							
District of Columbia	1.9	1.7	-	-	-	-	3.6
State of Maryland	0.4	0.3	-	-	-	-	0.7
Subtotal Union Station	2.3	2.0	-	-	-	-	4.3
Project Planning							
District of Columbia	1.0	1.0	1.0	1.0	1.0	1.0	6.0
State of Maryland	1.0	1.0	1.0	1.0	1.0	1.0	6.0
Commonwealth of Virginia	1.0	1.0	1.0	1.0	1.0	1.0	6.0
Subtotal Project Planning	3.0	3.0	3.0	3.0	3.0	3.0	3.0
Subtotal Jurisdictional Reimbursable Projects	5.3	5.0	3.0	3.0	3.0	3.0	22.3
Grand Total	\$792.3	\$786.4	\$993.8	\$1,151.0	\$1,194.6	\$1,230.3	\$6,148.5