



Finance and Budget Committee

Information Item III-A

December 14, 2017

**FY2019 Proposed Budget
Public Hearing**

Washington Metropolitan Area Transit Authority

Board Action/Information Summary

☒ Action ☐ Information

MEAD Number:
201937

Resolution:
☒ Yes ☐ No

TITLE:

Authorization of Public Hearing for FY2019 Budget

PRESENTATION SUMMARY:

Seeking Board approval to hold a public hearing on the proposed FY2019 Operating and Capital Budget.

PURPOSE:

Staff requests Board approval to hold a public hearing on the proposed FY2019 Operating and Capital Budget.

DESCRIPTION:

Key Highlights:

- The General Manager / Chief Executive Officer (GM/CEO) proposed a FY2019 Operating budget and FY2019-2024 six-year Capital Improvement Plan (CIP) for Board consideration.
- The proposed CIP includes FTA grant funding which requires a public hearing.
- Information on the proposed Operating budget will be included in the public hearing although it is not required.
- Staff will develop and implement an outreach program to conduct a public hearing on the proposed Operating and Capital budget.
- Staff will report back to the Board on the findings of the public hearing and outreach as part of the Board's deliberations on the proposed FY2019 Operating budget and FY2019-2024 CIP.

Background and History:

In November 2017 the GM/CEO proposed an FY2019 Operating budget and the FY2019-2024 CIP to the Board of Directors for review and consideration. The proposed FY2019-2024 CIP includes funding from various FTA programs including the Urbanized Area Formula Program (49 U.S.C. 5307, or "Section 5307"). FTA requires that recipients of Section 5307 grant funding annually conduct a public hearing of the

funded projects, therefore a public hearing on the proposed FY2019 capital program is required.

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

Discussion:

Metro's \$1.28 billion proposed FY2019 capital program is focused on safety improvements, the rebuilding of the Metro system, and improving the effectiveness of the current rail and bus network. A large majority of the planned investment advances the safety, rehabilitation, and replacement of Metro's infrastructure, facilities, equipment, systems, railcars, buses, and paratransit vehicles.

The proposed FY2019 capital program will be funded through investments from the federal government, state and local governments, and other sources. The proposed program assumes federal funding of \$459 million. The remaining portion of the program is funded with \$787 million of state and local investment (including match to federal funds, and direct local contributions), \$27 million from the Metropolitan Washington Airports Authority (MWAA), and \$5 million for jurisdictional projects.

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

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

- Business Support, which includes information technology (IT), Metro Transit Police (MTPD) investments, and other support and equipment services.

The proposed FY2019 capital program is the only part of the proposed FY2019 budget that requires a public hearing. Although the proposed FY2019 Operating budget does not require a public hearing, as it does not contain any service changes or fare increases, WMATA will accept comments on the operating budget through this outreach program.

FUNDING IMPACT:

No immediate impact on funding. Board action is to authorize public hearing.

TIMELINE:

Previous Actions	November 2017 – Presentation of GM/CEO's Proposed FY2019 Operating Budget and Six-Year CIP
Anticipated actions after presentation	<p>December 2017 – Staff to develop and implement an outreach program to conduct a public hearing on the FY2019 Operating and Capital budget and FTA grants</p> <p>January-February 2018 - GM/CEO to report on findings of the public hearing for the Board to consider these findings in its deliberations on the proposed FY2019 Operating Budget and the FY2019-2024 CIP</p> <p>March 2018 - Adoption of FY2019 Operating and Capital Budgets</p>

RECOMMENDATION:

Authorize staff to develop and implement an outreach program to conduct a Public Hearing on the Proposed FY2019 Operating and Capital budget and FTA Grants.

Recommend that the Board direct the GM/CEO to report on the findings of the public hearing for the Board to consider these findings in its deliberations on the proposed FY2019 Operating Budget and the FY2019-2024 CIP.



Washington Metropolitan Area Transit Authority

FY2019 Proposed Budget Public Hearing

Finance and Budget Committee
December 14, 2017



Background & Purpose

- GM/CEO has proposed FY2019 operating budget and FY2019-2024 capital program for Board consideration
- Proposed capital budget includes Federal Transit Administration (FTA) grant funding which requires a public hearing
- Information on the proposed operating budget will be included in the public hearing although is not required
- Management seeks Board's authorization for public hearing on the proposed budget and FTA grants



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 Capital Program by Category

Investment Category (\$M)	FY2019 Proposed
Railcars	\$436
Rail Systems	\$184
Track & Structures	\$134
Stations & Passenger Facilities	\$248
Bus & Paratransit Vehicles	\$192
Business Support	\$84
TOTAL	\$1,279



FY2019 Proposed Capital Program - Top Projects

Projects (\$M)	FY2019 Proposed
Railcar Procurement	\$284
Radio and Wireless Infrastructure	\$84
Track Rehabilitation	\$79
Bus Acquisition	\$78
Railcar Preventive Maintenance	\$60
Railcar Rehabilitation Program	\$54
Bus Rehabilitation Program	\$53
Escalator Replacement	\$31
Station Lighting Improvements	\$30
Andrews Federal Center Bus Garage	\$28

Top 20 projects represent more than 75% of the Proposed Capital Budget



FY2019 Proposed Capital Program - Top Projects (Cont'd)

Projects (\$M)	FY2019 Proposed
Rail Power System Upgrades	\$28
Traction Power State of Good Repair	\$27
Silver Line Phase II - Construction Support	\$23
Automatic Train Control State of Good Repair	\$21
Passenger Facilities State of Good Repair	\$21
Metro Access Fleet Acquisition	\$16
Escalator Rehabilitation	\$14
Fare Collection Modernization	\$14
Station/Tunnel Leak Mitigation	\$14
Financial Systems Upgrade	\$13
Total Top 20 Projects	\$972

Top 20 projects represent more than 75% of the Proposed Capital Budget



FY2019 Proposed Fund Sources

Fund Source (\$M)	FY2018 Budget	FY2019 Proposed	Change
Federal Grants	\$461	\$459	(\$1)
State & Local Investments			
District of Columbia	\$230	\$280	\$49
Maryland	\$223	\$271	\$47
Virginia	\$197	\$237	\$40
Sub-Total State & Local Investments	\$651	\$787	\$136
Metropolitan Washington Airports Authority	\$136	\$27	(\$109)
Jurisdictional Projects	\$3	\$5	\$3
Total	\$1,250	\$1,279	\$29



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	0.7%
SUBSIDY	\$980	\$1,009	\$29	3.0%



Actions not included in the FY2019 Proposed Operating Budget

- Silver Line Phase 2
- Increases in rail and bus service -
 - State of Good Operations or other bus service proposals requiring additional subsidy
 - Requests for increased rail service frequency
- Increased funding request from Office of the Inspector General
- Wage increases for FY2019 or prior years
- Reduction in FTA grant funding of vehicle preventive maintenance (remains at \$60 million)
- Additional funding for contributions to OPEB trust
- Rainy day fund



FY2019 Proposed Budget - Public Input

- January 2018: Communications and outreach process will follow Board-approved Public Participation Plan
- Late January / Early February 2018: Compact Public Hearing
- March 2018: Outreach results will be provided to Board as part of decision-making process



Recommendation

- Authorize staff to develop and implement an outreach program to conduct a Public Hearing on the Proposed FY2019 Budget and FTA Grants
- Direct the GM/CEO to report on the findings of the public hearing to the Board

SUBJECT: PUBLIC HEARING ON PROPOSED FY2019 CAPITAL BUDGET AND
OPERATING BUDGET

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

WHEREAS, The Federal Transit Administration (FTA) requires that all recipients of Section 5307 grant funding annually develop, publish, afford an opportunity for public hearing on, and submit for approval, a Program of Projects; and

WHEREAS, The Washington Metropolitan Area Transit Authority (WMATA) intends to apply for Federal Fiscal Year (FY) 2018 grants under the Fixing America's Surface Transportation (FAST) Act and the Passenger Rail Investment and Improvement Act of 2008 (PRIIA), to support WMATA's ongoing capital investments; and

WHEREAS, The proposed \$1.3 billion capital program for FY2019, which constitutes WMATA's Program of Projects, funds critical safety investments for customers and employees as well as necessary state of good repair investments to improve the reliable and effective performance of the Metro transit system; and

WHEREAS, The proposed FY2019-2024 Capital Improvement Plan (CIP) submitted by the General Manager/Chief Executive Officer (GM/CEO) to the Board of Directors for the Board's review and consideration includes federal funding from FTA annual formula grant programs, including funding received through the Urbanized Area Formula Program (49 U.S.C. 5307 or "Section 5307"); and

WHEREAS, The Board of Directors desires to obtain public comment on the proposed operating budget at the same time that the public hearing on the capital budget is held; and

WHEREAS, In order to meet Board-established deadlines for adopting the FY2019 operating budget and FY2019-2024 CIP, and to complete the required public hearing and public participation plan activities prior to budget adoption, staff must begin work immediately following adoption of this Resolution; NOW, THEREFORE, be it

RESOLVED, That in accordance with Section 62 of the WMATA Compact, the Board of Directors will conduct a public hearing to solicit public comment on WMATA's proposed

FY2019 operating budget and capital budget, as described in Attachments A and B to this Resolution; and be it further

RESOLVED, That staff is directed to develop and implement a communications and outreach program consistent with the Board-adopted Public Participation Plan that will invite additional public input on the proposed FY2019 operating budget and capital budget through means which may include website submissions, a survey, social media, outreach to riders, and outreach to community groups; and be it further

RESOLVED, That the Board of Directors directs the GM/CEO to report on the findings of the public hearing and other outreach efforts, and that the Board shall consider these findings in its deliberations on the proposed FY2019 operating budget and FY2019-2024 CIP; and be it finally

RESOLVED, That in order to ensure timely incorporation of public hearing and public participation results into the Board of Directors deliberations on the FY2019 proposed budget, this Resolution shall be effective immediately.

Reviewed as to form and legal sufficiency,



Patricia Y. Lee
General Counsel

WMATA File Structure No.:
18.8 Public Hearings and Meetings

Attachment A

Proposed FY2019 Capital Improvement Program and Federal FY2018 Grant Applications

WMATA intends to apply for Federal Fiscal Year 2018 grants under the *Fixing America's Surface Transportation (FAST) Act* and the *Passenger Rail Investment and Improvement Act of 2008 (PRIIA)* to support ongoing capital investments. These applications will be filed under the provisions of FAST (P.L. 114-94) and PRIIA (P.L. 110-432).

Based on preliminary information provided by the Federal Transit Administration (FTA), the Washington DC Metropolitan Region expects to receive approximately \$360 million in FTA formula funding under the FAST Act in Federal FY2018. This regional funding is distributed between WMATA, the Potomac and Rappahannock Transportation Commission (PRTC), and the Maryland Transit Administration (MTA) subject to a pre-existing agreement. Under this agreement, in Federal FY2017, WMATA received approximately 86 percent of the total FTA formula funding for the region. If WMATA's funding share remains consistent with the prior year, WMATA will receive approximately \$310 million in federal funding.

Additionally, WMATA estimates \$148.5 million will be available to the agency through the PRIIA program in Federal FY2018. This funding partnership between the federal government and the District of Columbia, Maryland, and Virginia, which has been in effect since 2009 and is authorized for ten years, provides critical resources to WMATA for safety improvements, railcar purchases, and other important state of good repair investments.

In accordance with Board policy, WMATA intends to apply for these grant funds within four weeks of the Board's adoption of the capital budget, which is currently scheduled for March 2018. WMATA also intends to submit the final Program of Projects to the National Capital Region Transportation Planning Board (TPB) as input to the updated Transportation Improvement Program (TIP) for the Washington Metropolitan area.

FY2019 CAPITAL IMPROVEMENT PROGRAM

WMATA's proposed FY2019 Capital Investment Plan is \$1.28 billion which is focused on safety improvements, the rebuilding of the Metro system, and improving the effectiveness of the current rail and bus network. The vast majority of the planned investment advances the safety, rehabilitation, and replacement of Metro's infrastructure, facilities, equipment, systems, railcars, buses, and paratransit vehicles.

Attachment A

The proposed FY2019 program will be funded through investments from the federal government, state and local governments, and other sources. The proposed program assumes federal sources make up \$459 million of the \$1.3 billion funding plan. The remaining portion of the program is funded with \$787 million of state and local investment (including match to federal funds, and direct local contributions), \$27 million from the Metropolitan Washington Airports Authority (MWAA), and \$5 million for jurisdictional projects.

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

- **Railcars**, which includes acquisition of new vehicles, maintenance and overhaul activities on existing vehicles to ensure safe and reliable operation, and construction and rehabilitation on railcar maintenance facilities;
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- **Business Support**, which includes information technology (IT), Metro Transit Police (MTPD) investments, and other support and equipment services.

Attachment A

Proposed FY2019 Capital Investment By Program Area

<i>(Dollars in Millions)</i>	FY2019 Proposed
Railcar Acquisition	289.0
Railcar Maintenance/Overhaul	116.5
Railcar Maintenance Facilities	30.5
Railcar Investments	\$436.0
Propulsion	65.9
Signals & Communications	118.6
Rail Systems Investments	\$184.5
Fixed Rail	97.7
Structures	36.3
Track and Structures Rehabilitation Investments	\$134.0
Platforms & Structures	110.0
Vertical Transportation	60.4
Station Systems	77.7
Stations and Passenger Facilities Investments	\$248.2
Bus & Paratransit Acquisition	94.6
Bus Maintenance/Overhaul	60.9
Bus Maintenance Facilities	31.9
Bus Passenger Facilities/Systems	4.6
Bus and Paratransit Investments	\$192.0
IT	55.3
MTPD	1.0
Support Equipment/Services	28.1
Business Support Investments	\$84.4
Total Capital Program	\$1,279.1

Attachment A

FY2019 Proposed Capital Funding Sources

Source	Amount (Millions)
Federal Grants	\$459.3
State & Local Investments	
District of Columbia	\$279.7
Maryland	\$270.7
Virginia	\$236.6
Metropolitan Washington Airports Authority (MWAA)	\$27.5
Jurisdictional Reimbursable Projects	\$5.3
Grand Total	\$1,279.1

Attachment B

Proposed FY2019 Operating Budget

WMATA's proposed FY2019 operating budget totals \$1.837 billion. The proposed budget assumes no fare increases, no service reductions, \$38 million of management actions to reduce expenses and increase business revenues, and a \$29 million increase in jurisdictional subsidy (three percent) compared to FY2018.

The FY2019 operating budget is summarized below:

	FY2018	FY2019	Growth	
			\$	%
REVENUE				
Passenger Revenue	\$756	\$736	(\$20)	-2.6%
Other Revenue	\$90	\$92	\$3	2.8%
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