



**Finance and Capital Committee**

**Action Item III-A**

**September 9, 2021**

**FY2022 Operating Budget Amendment**

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

Action  Information

MEAD Number:  
202292

Resolution:  
 Yes  No

**TITLE:**

FY2022 Budget Amendment for CBA and CPI

**PRESENTATION SUMMARY:**

Review financial effects from CPI-W affecting the compensation of Local 689 and 922 employees, the recognition of the Juneteenth Federal Holiday, and the Potomac Yard Station delay.

**PURPOSE:**

Seek Board approval of FY2022 operating budget amendment that increases federal relief utilization to offset the financial effects of Metro's collective bargaining agreement cost of living adjustments, the Juneteenth Federal Holiday, and the Potomac Yard Station delay.

**DESCRIPTION:**

Identification of Parties with an interest in Metro's budget:

The following list includes Metro's top non-personnel multi-year contractors through FY2021 and to date (\$500 million) as well as the Metropolitan Washington Airports Authority. Some vendors have contracts spanning through FY2022 as well.

- Kiewit Infrastructure Company
- Kawasaki Rail Car Inc.
- PNC Bank National Association
- SunTrust Bank
- C3M Power Systems, LLC
- Transdev Services, Inc.
- Gannett Fleming-Parsons Joint Venture II
- Mott MacDonald I&E, LLC
- New Flyer of America, Inc.
- Bank of America NA
- Wells Fargo Commercial Services
- Clerk, U.S. Court
- Motorola Solutions Inc.
- M.C. Dean, Inc.
- Mythics, Inc.
- Potomac Yard Constructors
- First Transit, Inc.
- Diamond Transportation Service, Inc.

- Dell Marketing LP
- HNTB Corporation
- Metropolitan Washington Airports Authority (MWA)

A full list of Procurement Awards is available at:

<https://www.wmata.com/business/procurement/solicitations/index.cfm#main-content>

Furthermore, Metro has labor agreements with the following collective bargaining units:

- Fraternal Order of Police/Metro Transit Police Labor Committee, Inc. (FOP)
- The Office and Professional Employees International Union Local No.2, AFL- CIO (Local 2)
- Local 639, International Brotherhood of Teamsters Law Enforcement Division (Local 639)
- Local Union 689 of the Amalgamated Transit Union, AFL-CIO (Local 689)
- Local 922, International Brotherhood of Teamsters (Local 922)

### **Key Highlights:**

- The FY2022 Operating Budget totals \$2.08 billion, including the use of \$737.2 million in federal relief funding
- Three unplanned items have emerged with financial effects to the current fiscal year—higher than anticipated inflation resulting in required collective bargaining agreement cost of living adjustments, the recognition of the new Juneteenth federal holiday, and the Potomac Yard Station delay, which are expected to total \$25.4 million in FY2022
- Staff seek to amend the FY2022 operating budget to increase the utilization of federal relief to offset the unplanned items with no changes to jurisdictional contributions

### **Background and History:**

In April 2021, the Board approved the FY2022 budget, including the \$2.07 billion operating budget. In June, consistent with Metro’s pandemic recovery plan, the Board approved fare and service changes, restoring service to approximately pre-pandemic levels. These enhancements were offset by additional federal relief funding utilization in the FY2022 budget, which was increased from \$722.9 million to \$737.2 million, resulting in a total operating budget of \$2.08 billion.

### **Discussion:**

Since the Board last acted on the FY2022 budget, three unplanned items with financial effects to the operating budget emerged including higher than anticipated inflation with higher than anticipated CPI-W affecting the CBA increases of Local 689 and 922, the

recognition of a new federal holiday for Juneteenth, and the delay in opening the Potomac Yard Station.

**CBA Cost of Living Adjustment for CPI-W**

Most of Metro’s employees are represented by the Amalgamated Transit Union Local 689 (Local 689) or Teamsters Local 922 (Local 922). In FY2022, Metro budgeted a general wage increase of 2.5 percent for both Local 689 and Local 922 members. The collective bargaining agreements for the two unions require Metro to increase wage and salaries by the percentage amount of the Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W) if it exceeds the agreed-upon 2.5 percent. The Bureau of Labor Statistics’ CPI-W report for the period specified by the CBAs was 5.6 percent, resulting in an unplanned increase of \$20.9 million for Metro’s unionized workforce and an additional \$2.5 million for managers who supervise ununionized employees as a result of compression in FY2022. The total unplanned effects on Metro’s personnel expenses is \$23.4 million.

**Juneteenth Federal Holiday**

On June 17, 2021, President Biden signed legislation making Juneteenth a federal holiday. The recognition of a new federal holiday affects both Metro’s revenue and expenses. Revenue decreases from reduced ridership and the charging of off-peak fares on June 19, 2021 are approximately \$734,000, which is expected to be roughly \$1.5 million in future years, assuming a return to pre-pandemic ridership levels. Metro’s expenses increased by approximately \$1.7 million due to increased compensation for employees who worked the holiday as required by Metro’s collective bargaining agreements. The unplanned net effect to FY2022 is approximately \$2.5 million.

**Potomac Yard Opening Delay**

In July, Metro announced a delay of at least five months to the opening of the Potomac Yard Station. The FY2022 operating budget previously assumed \$102,000 in operating revenue and \$576,000 in expense associated with the station opening, which should now be removed from the FY2022 budget and planned for FY2023 revenue service. The financial effect of the delay is a net savings of \$474,000.

**Budget Amendment and Federal Relief**

These unplanned financial effects total \$25.4 million, which increases the operating budget from \$2.08 billion to \$2.10 billion and is recommended to be offset with additional federal relief utilization with no change to jurisdictional funding.

**Risks and Issues**

Further adjustments to the FY2022 operating budget may be needed due to the CBA for the Metro Transit Police, which requires a wage adjustment based on the average of the three highest increases of the jurisdictional police departments. Other budget adjustments may also be needed to address inflationary pressures on non-personnel expenses. In addition, in future years, paratransit and pension costs are also likely to grow significantly due to the increases that Metro is observing in other expense areas.

**FUNDING IMPACT:**

Budget:	Operating Budget, Fiscal 2022

Project Manager:	Dennis Anosike/Yetunde Olumide
Project Department/Office:	CFO/OMBS

**TIMELINE:**

<b>Previous Actions</b>	April 2021 – Board adopts FY2022 budget
	June 2021 – Board adopts service and fare changes
<b>Anticipated actions after presentation</b>	Implement budget changes

**RECOMMENDATION:**

Approval of the FY2022 operating budget amendment to include the financial effects of collective bargaining agreement cost of living adjustments, the Juneteenth Federal Holiday, and the Potomac Yard Station delay.

# FY2022 Operating Budget Amendment

Finance and Capital Committee  
September 9, 2021



# Purpose

- Update Board of Directors on unplanned financial effects of Consumer Price Index (CPI), Juneteenth Federal Holiday, and Potomac Yard Delay
- Recommend amending the FY2022 Operating Budget

# CBA Cost Adjustment

- Local 689 and 922 CBAs are linked to year-over-year May CPI-W growth rate
- If CPI-W is greater than 2.5 percent, the wage increase must increase by the CPI-W amount above 2.5 percent
- FY2022 Budget included base general wage increase of 2.5 percent for Local 689 and 922 employee members
- Bureau of Labor Statistics published May CPI-W/CPI at 5.6 percent on June 10, 2021 ([https://www.bls.gov/news.release/archives/cpi\\_06102021.htm](https://www.bls.gov/news.release/archives/cpi_06102021.htm))
- Impacted non-represented manager salaries also adjusted
- Additional CBA for FOP (MTPD) based on jurisdictional salary increases due in October



# CBA Cost of Living Growth Increases Cost by \$23M

<i>\$ in 000s</i>	Budgeted Increase	YoY CPI Increase	Unplanned Impact	Fringe	FY2022 Total
Local 689 <sup>1</sup>	\$15,264	\$32,887	\$17,623	\$2,516	\$20,139
Local 922 <sup>1,2</sup>	\$488	\$1,118	\$630	\$86	\$716
<b>CBA Total</b>	<b>\$15,752</b>	<b>\$34,005</b>	<b>\$18,253</b>	<b>\$2,602</b>	<b>\$20,855</b>
NRP Compression	\$0	\$2,358	\$2,358	\$180	\$2,539
<b>Grand Total</b>	<b>\$15,752</b>	<b>\$36,363</b>	<b>\$20,611</b>	<b>\$2,782</b>	<b>\$23,394</b>

<sup>1</sup> Effective rate for L689 and L922 is 5.73 percent

<sup>2</sup> Local 922 wage improvement effective November 1, 2021

# Recognition of Juneteenth Federal Holiday: FY2022 and Future Years

<i>\$ in 000's</i>	FY2022 Adjustment	Future Adjustment*
Revenue	(\$734)	(\$1,467)
Expense	\$1,724	\$1,724
<b>Net Adjustment</b>	<b>\$2,457</b>	<b>\$3,191</b>

*\*Assumes full pre-pandemic ridership level and excludes future CBA cost adjustments*

- Revenue loss scaled to current and projected fare structure and ridership
- Ridership/revenue is historically lower on holidays
- Cost increase tied primarily to CBA holiday pay compensation rules

# Potomac Yard Station Delay to Fall 2022

	<b>FY2022 Adjustment</b>
<i>\$ in 000's</i>	
Revenue	(\$102)
Expense	(\$576)
<b>Net Adjustment</b>	<b>(\$474)</b>

- Projected delay of at least 5 months, pushes station opening to FY2023
- FY2022 revenue and expense associated with revenue service is reduced by a net \$474 thousand

*\*Assumes full pre-pandemic ridership level and excludes future CBA cost adjustments*

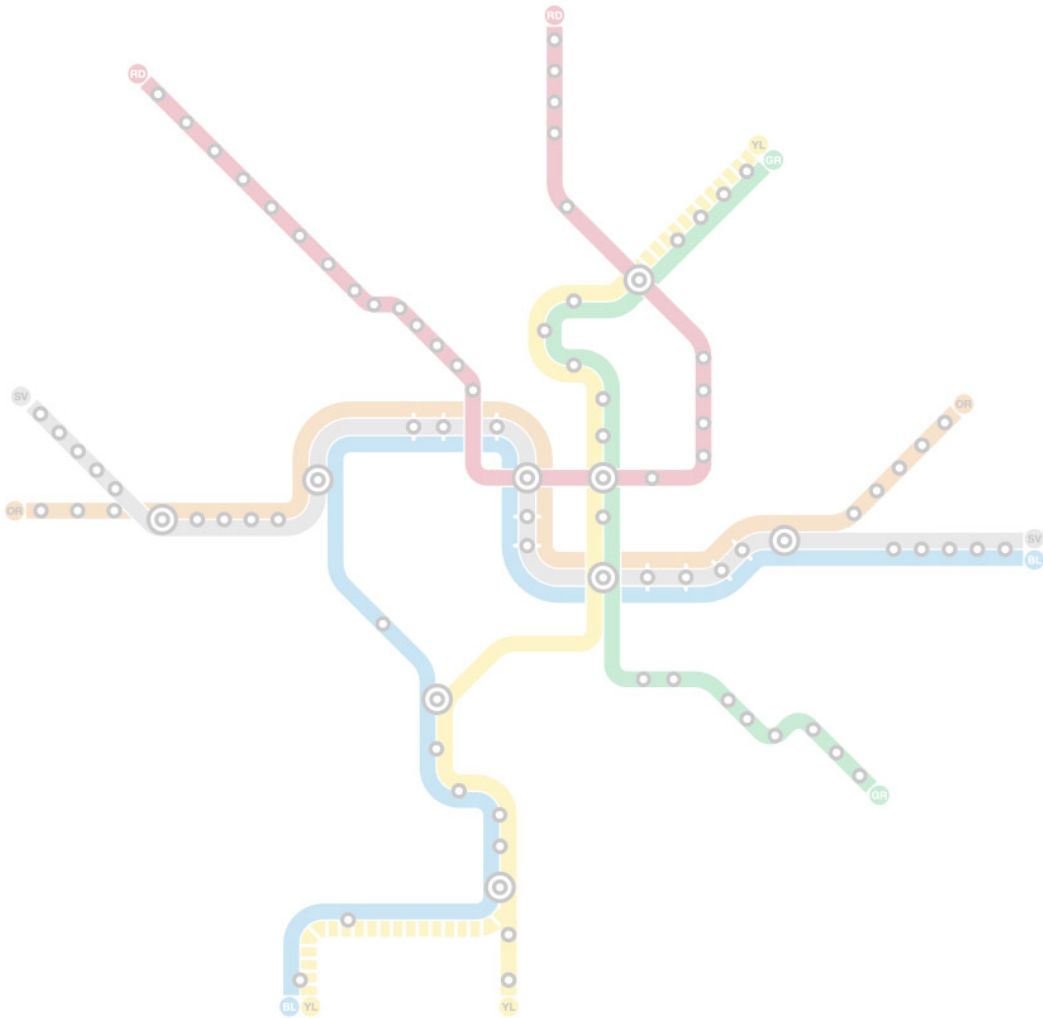
# Utilization of Federal Relief Grows by \$25.4M to \$762.6M While Jurisdictional Subsidy Remains Unchanged

<i>\$ in Millions</i>	Revenue	Expense	Subsidy	Federal Relief
<b>FY2022 Budget</b>	<b>\$228.8</b>	<b>\$2,075.6</b>	<b>\$1,109.7</b>	<b>\$737.2</b>
<b>Adjustments</b>				
CBA CPI-W/NRP Compression	\$0.0	\$23.4	\$0.0	\$23.4
Juneteenth Federal Holiday	(\$0.7)	\$1.7	\$0.0	\$2.5
Potomac Yard Delay	(\$0.1)	(\$0.6)	\$0.0	(\$0.5)
<b>Subtotal of Adjustments</b>	<b>(\$0.8)</b>	<b>\$24.5</b>	<b>\$0.0</b>	<b>\$25.4</b>
<b>FY2022 Proposed Amendment</b>	<b>\$228.0</b>	<b>\$2,100.2</b>	<b>\$1,109.7</b>	<b>\$762.6</b>

# Recommendation

Amend FY2022 Operating Budget using federal relief funds; with no changes to jurisdictional contributions

# Appendix



## L689 & L922 CBAs have equivalent COLA provisions

- Whenever CPI-W measured from May to May **exceeds 2.5%**, wages are improved (compounded) by the **CPI-W** in excess of 2.5%

### L689 Collective Bargaining Agreement

#### Sec. 125 - Wages

- (a) The rates of pay in effect on June 30, 2020, shall be increased for all classifications, as follows:
- 2.0% at the beginning of the payroll period nearest July 1, 2020
  - 2.5% at the beginning of the payroll period nearest July 1, 2021
  - 2.5% at the beginning of the payroll period nearest July 1, 2022
  - 2.5% at the beginning of the payroll period nearest July 1, 2023
- (b) The increases reflected in a and b above shall be compounded and wage rates shall be rounded to the fourth decimal place. The Authority may round the wage rate to the nearest full cent to accommodate the Authority's payroll system, as in effect from time to time.
- (c) In the event the Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W), U.S. City Average, All Items (1982-84=100), as published and revised by the Bureau of Labor Statistics, U.S. Department of Labor, increases by more than 2.5% from May to May of any year, then such percentage increase over 2.5% will be applied to the base rates of all classifications covered by the Agreement (rounded to the fourth decimal place) effective the pay period beginning nearest June 30 of each contract year. Such increase, if any, shall be incorporated into the base rate and be paid thereafter.

### L922 Collective Bargaining Agreement

*Per Board Resolution 2020-37 to approve MOU October 2020*

Cost of Living Increase:

If the consumer price index (CPI) exceeds 2.5% measured from May to May annually, the General Wage Increase (GWI) effective the following

Attachment A

November 1 shall be improved by the CPI's percentage increase above 2.5%.

SUBJECT: AMENDMENT OF FISCAL YEAR 2022 OPERATING BUDGET

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

WHEREAS, Pursuant to Resolution 2021-11 the Board of Directors adopted the Fiscal Year (FY) 2022 Operating Budget; and

WHEREAS, The Cost of Living Index increase required by the terms of WMATA's collective bargaining agreements with Local 689 and Local 922, respectively, will increase operating expenses in FY 2022; and

WHEREAS, The addition of the Juneteenth holiday will increase operating costs and reduce revenues for FY 2022; and

WHEREAS, The delayed opening of the Potomac Yard Station will result in decreased revenue and operating costs in FY 2022; and

WHEREAS, All of these changes require an amendment to the FY 2022 Operating Budget;

NOW, THEREFORE, be it

*RESOLVED*, That the Fiscal Year 2022 Operating Budget is increased by \$24.5 million, that is composed of a revenue decrease of \$0.8 million and an expense increase of \$24.5 million, and will be funded by the use of \$25.4 million from federal Covid relief funding; and be it finally

*RESOLVED*, That this Resolution shall be effective 30 days after adoption in accordance with Compact Section 8(b).

Reviewed as to form and legal sufficiency,

/s/ Patricia Y. Lee

Patricia Y. Lee

Executive Vice President and General Counsel

WMATA File Structure No.:  
4.2.2 Fiscal Year Budgets