



Finance and Capital Committee

Information Item III-A

November 21, 2024

FY2025 Q1 Financial Results

Washington Metropolitan Area Transit Authority

Board Action/Information Summary

<input type="radio"/> Action <input checked="" type="radio"/> Information	Document Number: 210863	Resolution: <input type="radio"/> Yes <input checked="" type="radio"/> No
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Presentation Name:

FY2025 Quarter 1 Financial Results

Project Manager:

Yetunde Olumide

Project Department:

Finance

Purpose/Key Highlights:

Metro's FY2025 financial review advances our Strategic Transformation Plan goal of **financial sustainability**. In this presentation, staff will provide the Board of Directors with an overview of the first quarter (Q1) financial and ridership results for FY2025.

Interested Parties:

No interested parties identified.

Background:

Metro plays a pivotal role in the economic vitality of the National Capital Region, supporting revitalization and connecting customers to new activity centers. As the region grows, public transportation will be critical to local businesses, residents and visitors as indicated by recent ridership growth and increased customer satisfaction.

Following the FY2024 year-end accounting close, staff presented the FY2024 unaudited, financial results to the Board in September 2024.

Discussion:

FY2025 Q1 demonstrated both revenue and expense favorability relative to budget, ending the first quarter \$46.4 million favorable to budget. Total revenue for Q1 was \$16.6 million higher than budget, while total expense was favorable to budget by \$29.7 million. Driven primarily by higher than anticipated paid ridership for Metrorail,

passenger revenue was favorable to budget by 9.5 percent and 28 percent higher than the prior year. This increase in Metrorail ridership also positively impacted parking revenue in Q1. Non-passenger revenue was favorable to budget by 30.4 percent due to increased parking revenue and higher than anticipated investment income. Personnel expense in Q1 was favorable to budget by \$12.0 million, or 2.7 percent. While overtime expense was unfavorable to budget, these expenses were offset by favorability in continued operator vacancies and related fringes. Non-personnel expense, in Q1, was favorable to budget by 9.8 percent due to lower-than-expected costs in materials and supplies, fuel, and professional and technical services.

As ridership patterns continue to evolve, Metro continues to see strong year-over-year gains for ridership during Q1. Total ridership was nine percent above the prior year and nine percent favorable to budget, with Metrorail ridership slightly exceeding Metrobus ridership. Rail ridership (including tapped and non-tapped ridership) totaled 32.2 million trips, favorable to budget by 11 percent and seven percent above prior year. Bus ridership, using automated passenger counts (APC), totaled 31.9 million trips in Q1, seven percent above budget and 12 percent above prior year. Ridership on MetroAccess was 0.3 million trips, 18 percent below budget and 14 percent below the prior year.

Fare evasion continues to improve in Metro stations, with non-tapped Metrorail ridership decreasing relative to FY2024 Q1. As anticipated, the installation of new higher, stronger station faregates as part of a systemwide rollout has reduced the trajectory of revenue loss in FY2024. The design improves upon the original prototype door following months of testing and modifications with new 55-inch doors that are twice as strong and more resilient than previous versions.

Metro will continue to closely manage expense and revenue opportunities to maintain this positive momentum.

Funding Impact:

No funding impact from this presentation.

Previous Actions:

Staff has previously presented service and fare scenarios for the FY2026 Budget to the Board.

Next Steps:

Staff will prepare and present the GM/CEO's FY2026 Proposed Budget in December 2024. Stakeholder and community engagement actions will follow.

Recommendation:

Information Only

FY2025 Q1 Financial Results

Finance and Capital Committee



Your Metro, the Way Forward

FY2025 Q1 Financial Results



Service excellence

Deliver safe, reliable, convenient, equitable, accessible, and enjoyable service for customers.



Talented teams

Attract, develop, and retain top talent where individuals feel valued, supported, and proud of their contribution.



Regional opportunity & partnership

Design transit service to move more people and equitably connect a growing region.



Sustainability

Manage resources responsibly to achieve a sustainable operating, capital, and environmental model.

Focus
today

Objectives of Sustainability Goal

Financial Sustainability | Ensure efficient and responsible management of expenses to steward public investment and advance our Strategic Transformation Plan (STP) financial sustainability goal.

FY2025 Q1 Results Favorable to Budget for Revenue and Expenses

FY2025 Q1 Financial Results — Operations

(\$ in millions)	Budget	Actual	Var \$*	Var %
Passenger Revenue	\$98.3	\$107.7	\$9.3	9.5%
Non-Passenger Revenue	\$24.0	\$31.3	\$7.3	30.4%
Total Revenue	\$122.3	\$139.0	\$16.6	13.6%
Personnel	\$450.5	\$438.5	\$12.0	2.7%
Non-Personnel	\$180.0	\$162.3	\$17.7	9.8%
Total Expenses	\$630.5	\$600.8	\$29.7	4.7%
Gross Subsidy	\$508.1	\$461.8	\$46.4	9.1%

Favorable / (Unfavorable)

All figures exclude reimbursables

* Positive numbers denote favorable variance to budget; negative numbers denote unfavorable variance to budget

Note: Amounts may not sum due to independent rounding

Passenger Revenue

Passenger Revenue was favorable to budget due to higher paid ridership on Rail

Non-Passenger Revenue

Parking and other revenue were favorable to budget due to higher rail ridership and investment income

Personnel Expenses

Salaries, wages, and related fringe benefits were favorable to budget but partially offset by higher overtime due to recurring vacancies

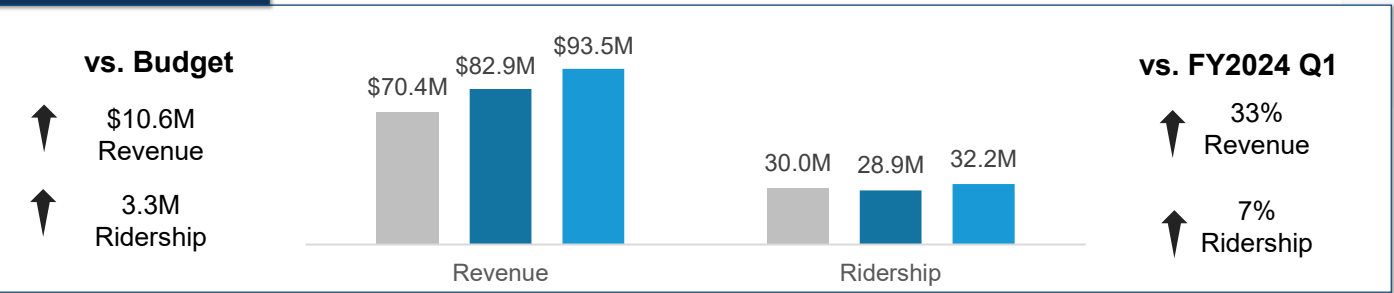
Non-Personnel Expenses

Favorability related to materials & supplies, fuel, and lower professional & technical services

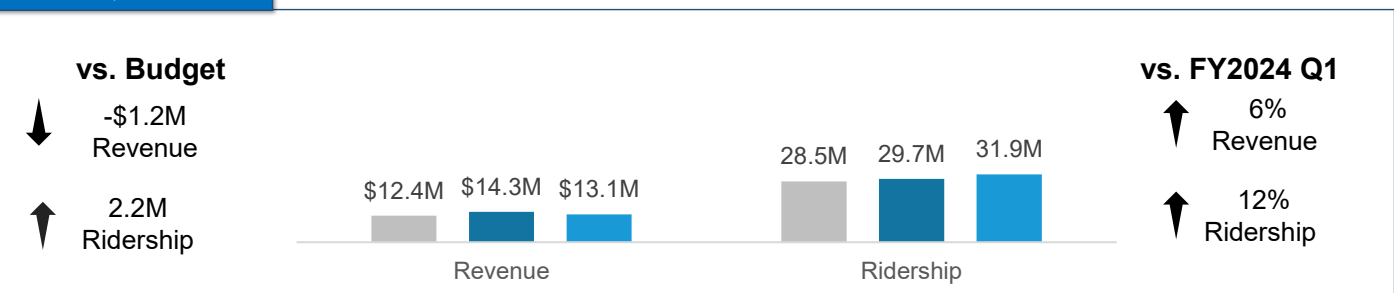
FY2025 Q1 Results – Ridership and Revenue Favorable to Budget and Prior Year

FY2025 Q1 Financial Results — Operations

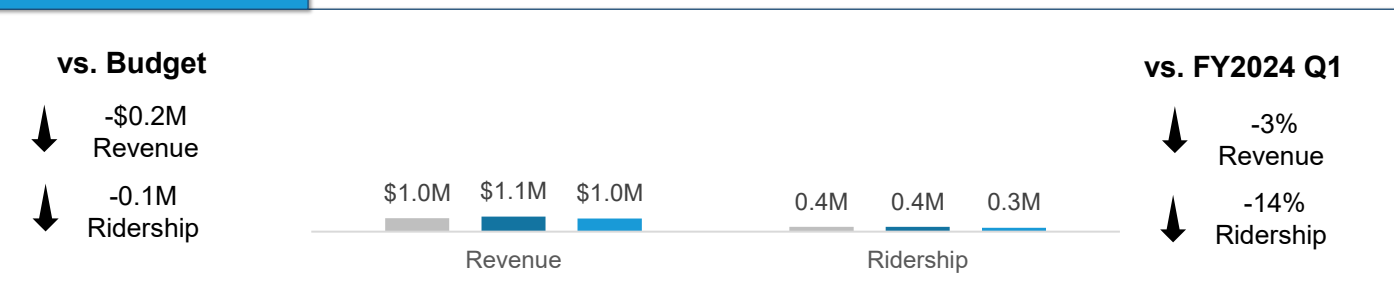
FY2025 Q1 Metrorail



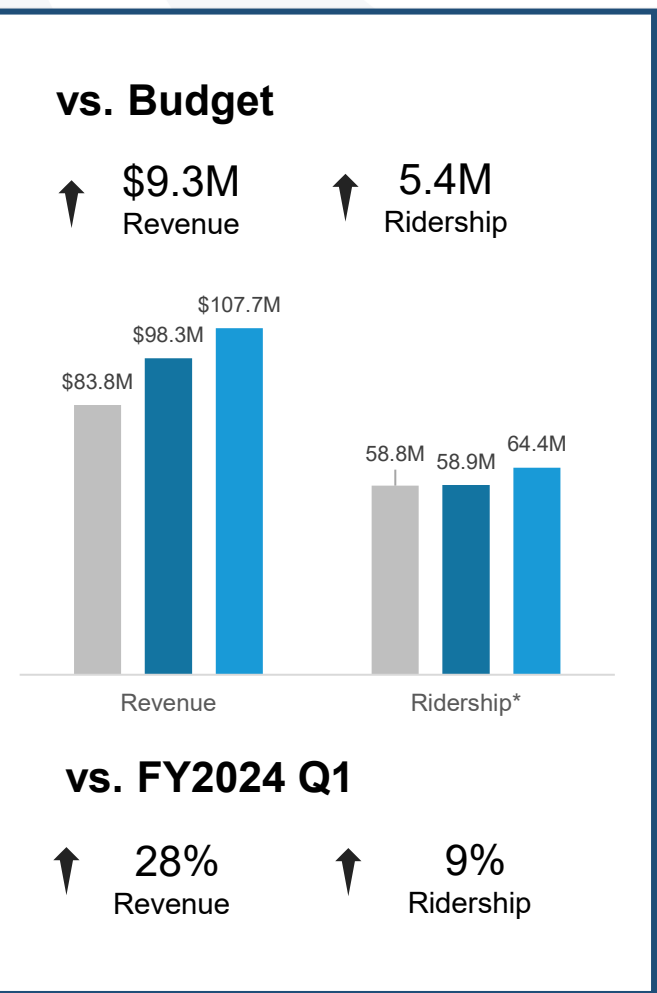
FY2025 Q1 Metrobus



FY2025 Q1 MetroAccess



FY2025 Q1 Total



■ FY2024 Q1 Actuals ■ FY2025 Q1 Budget ■ FY2025 Q1 Actuals

Amounts may not sum due to independent rounding

FY2025 Q1 Operating Revenue Favorable to Budget

FY2025 Q1 Financial Results — Operations

Operating revenue favorable to budget by \$16.6M or 13.6 percent



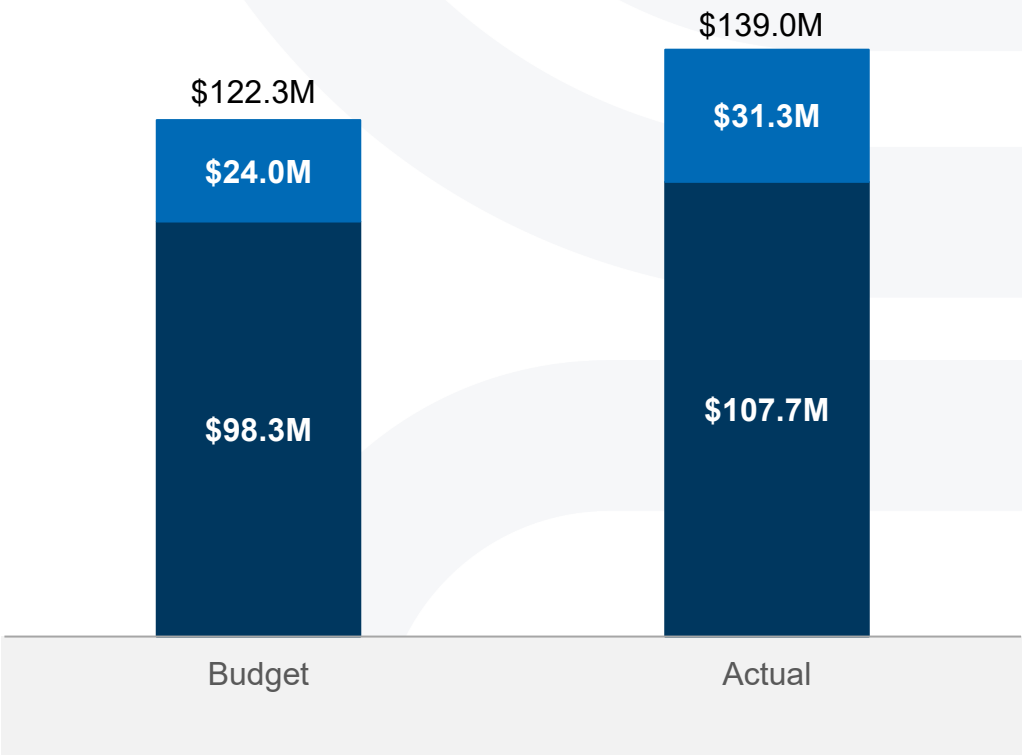
Passenger revenue favorable to budget due to higher paid ridership on Rail



Non-Passenger revenue favorable to budget due to higher parking revenue, interest on investment income, and favorability from fiber/optic contract

FY2025 Q1 Operating Revenue

■ Passenger ■ Non-Passenger



Q1 Management Actions Reduce Ongoing Expenses

FY2025 Q1 Financial Results — Operations

Operating expenses favorable to budget by \$29.7M or 4.7 percent



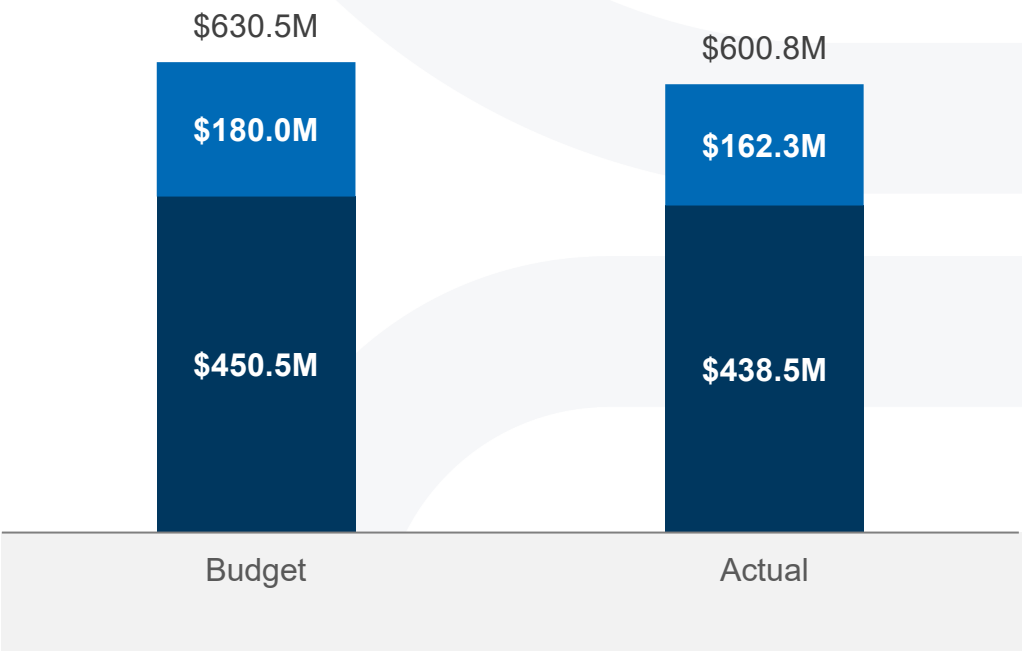
Personnel costs lower than expected due to vacancies and lower fringe related costs partially offset by higher overtime costs



Non-Personnel costs trending lower due to lower professional, technical and building maintenance costs, lower lease costs, and miscellaneous expenses

FY2025 Q1 Operating Expense

■ Personnel ■ Non-Personnel



Next Steps

FY2025 Q1 Financial Results — Operations

- Continue tracking and oversight of ridership, revenue, and expenses
- Incorporate Q1 financial results and ridership assumptions in FY2026 budget development
- Submit proposed GM/CEO FY2026 budget to the Board in December