



Finance and Capital Committee

Information Item III-A

November 17, 2022

FY2023 First Quarter Operating Budget Results

Washington Metropolitan Area Transit Authority

Board Action/Information Summary

☐ Action ☒ Information

MEAD Number:
203408

Resolution:
☐ Yes ☒ No

TITLE:

FY2023 First Quarter Operating Budget Results

PRESENTATION SUMMARY:

Staff will provide the Board with an update on first quarter ridership, revenue, and expense results.

PURPOSE:

Staff will review the FY2023 first quarter financial results, including ridership, revenue and operating expenses.

DESCRIPTION:

Key Highlights:

- Metro's net operating position is favorable to budget by \$48.2 million
- Operating expenses were \$515.4 million or \$56.3 million below budget
- Operating revenues were \$86.1 million (excluding federal relief), below budget by \$8.1 million and funding 17 percent of operating expenses
- Combined ridership on Metrorail, Metrobus, and MetroAccess totaled 45.6 million trips
- Total ridership was 36 percent above the prior year, and Metrobus ridership continued to exceed Metrorail ridership

Background and History:

Fiscal Year 2023 began on July 1, 2022, and the first quarter ended on September 30, 2022. This presentation discusses ridership and financial performance in the first quarter.

Discussion:

Operating Results

Metro's net operating position is favorable to budget by \$48.2 million in the first quarter of the fiscal year, primarily due to lower operating expenses versus budget, partially offset by lower-than-budgeted revenue. Consequentially,

Metro used less federal relief than anticipated in the quarter. During the remaining quarters, Metro expects that net operating position will trend to budget.

Operating expenses were \$515.4 million or \$56.3 million below budget. Operating revenues were \$86.1 million (excluding federal relief), below budget by \$8.1 million and funding 17 percent of operating expenses. Total revenue was \$229.7 million, including federal relief used as revenue replacement and jurisdictional allocations. Passenger revenue was below budget by \$6.5 million while federal relief funding and savings from personnel vacancies, services, paratransit and materials offset losses. Metro received federal relief funding totaling \$143.6 million, of which \$131.4 million was used to offset decreased revenue, and \$12.2 million for jurisdictional ARPA credit allocations.

Ridership and Revenue

Ridership for Metrorail, Metrobus, and MetroAccess totaled 45.6 million trips. Total ridership was 36 percent above the prior year, with Metrobus ridership continuing to exceed Metrorail.

Metrorail ridership totaled 20.1 million trips, an increase of 6.1 million or 43 percent from prior year. The rail variance to budget was unfavorable by 1.4 million trips or six percent. Bus ridership, using automated passenger counts (APC), totaled 25.1 million trips, 5.7 million or 29 percent above budget and 6.0 million or 32 percent above prior year. Ridership on MetroAccess was 0.3 million trips, 10 percent below budget but four percent above prior year.

Passenger revenue totaled \$68.7 million, which was \$6.5 million or nine percent below budget and \$18.5 million or 37 percent above prior year.

- Metrorail passenger revenue of \$53.2 million was \$6.1 million or 10 percent below budget
- Metrobus passenger revenue of \$14.3 million was \$0.2 million or one percent below budget
- MetroAccess passenger revenue of \$1.2 million was \$0.2 million or 17 percent below budget

Non-passenger revenue totaled \$17.4 million, \$1.6 million or eight percent below budget.

- Parking revenue of \$3.7 million was \$1.2 million or 24 percent below budget
- Advertising revenue of \$4.8 million was \$1.3 million or 37 percent above budget
- Infrastructure (fiber optic) revenue of \$4.1 million was \$0.6 million or 17 percent above budget

- Joint Development revenue of \$1.6 million was \$0.2 million or 12 percent below budget
- Miscellaneous Other revenue of \$3.3 million was \$2.1 million or 39 percent below budget

Operating Expenses

FY2023 operating expenses were \$515.4 million, favorable by \$56.3 million to budget due to savings in Personnel, Services, Paratransit and Materials.

Personnel expenses totaled \$377.9 million:

- Salaries and Wages totaled \$247.8 million, which was \$11.8 million or five percent below budget, due largely to the 11 percent Authority-wide vacancy rate
- Overtime expenses of \$38.5 million were \$14.4 million or 60 percent above budget, due largely to CPI increases, vacation coverage and absenteeism
- Benefits expenses of \$91.6 million were \$21.1 million or 19 percent below budget

Non-Personnel expenses of \$137.5 million in first quarter included:

- Services costs of \$38.8 million, which were \$15.5 million or 29 percent below budget
- Paratransit expenses of \$33.8 million, which were \$8.5 million or 20 percent below budget
- Materials expenses of \$19.4 million, which were \$11.0 million or 36 percent below budget
- Fuel, Propulsion and Utilities costs totaling \$30.9 million, which were \$1.8 million or six percent below budget
- Insurance and Other expenses of \$14.6 million, which were \$0.9 million or six percent below budget

Customer Experience

As the year progresses, Metro expects to continue to restore and improve Metrobus and Metrorail service as well as to deploy and refine customer initiatives that respond to a dynamic environment.

FUNDING IMPACT:

Information item only - no impact on funding.	
Project Manager:	Yetunde Olumide
Project Department/Office:	Acting EVP/CFO

TIMELINE:

Previous Actions	September 2022 – delivery of FY2022 Fourth Quarter Financial Progress Report
Anticipated actions after presentation	February 2023 – Publish FY2023 Second Quarter Operating Results

RECOMMENDATION:

No recommendation: information item only.

FY2023 First Quarter Operating Budget Results

Finance and Capital Committee

November 17, 2022



Purpose

Review FY2023 First Quarter Operating Financial Results

Review Ridership and Revenue

Review Operating Expense

Operating Financials



First Quarter Operating Financials Favorable by \$48M

Revenue excluding federal relief was unfavorable by \$8.1 million, primarily due to lower-than-expected Metrorail ridership.

Operating Expenses were favorable by \$56.3 million, primarily due to lower-than-expected Paratransit trips, Services, and Materials & Supplies expenses.

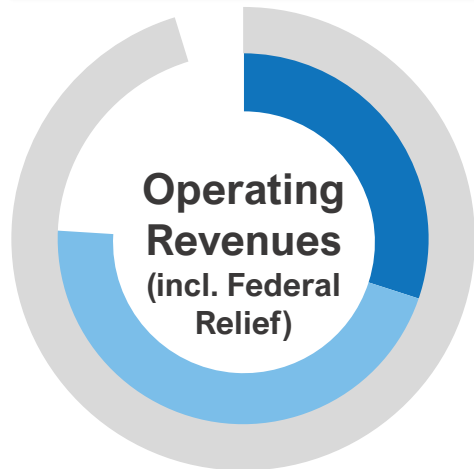
YTD favorability will be reduced by additional expenses from Q2-Q4

- CPI wage adjustments
- MetroAccess vendor equitable adjustments
- Customer facing initiatives
- Increased health benefits expenses

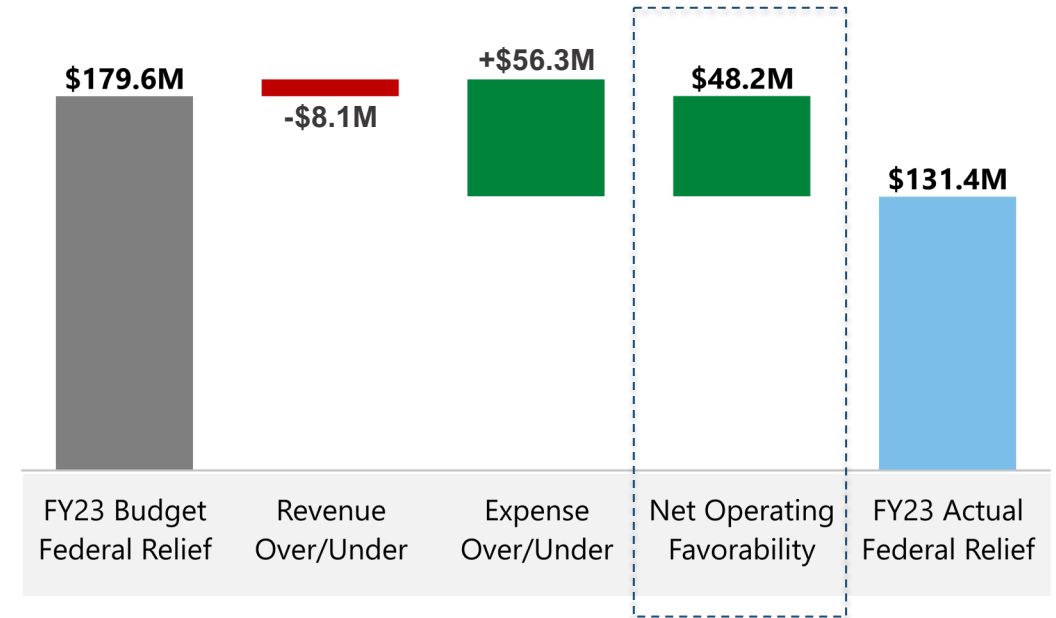
First Quarter Operating Financials Favorable by \$48M



● Budget:	\$571.7M
● Actual:	\$515.4M



● Budget:	\$273.7M
● Actual:	\$86.1M
● Federal Relief:	\$131.4M



Net operating favorability of \$48 million is primarily driven by lower expenses of \$56 million, partially offset by lower revenue of \$8 million

Operating Summary

(\$ in millions)	FY2019 Q1 (Pre-Pandemic) Actual	FY2023 Q1			
		Budget	Actual	Variance (\$)	Variance (%)
Passenger Revenue	\$168.6	\$75.1	\$68.7	(\$6.5)	-8.6%
Non-Passenger Revenue	\$25.0	\$19.0	\$17.4	(\$1.6)	-8.3%
Total Revenue	\$193.6	\$94.2	\$86.1	(\$8.1)	-8.6%
Personnel	\$312.9	\$396.4	\$377.9	\$18.5	4.7%
Non-Personnel	\$139.9	\$175.2	\$137.5	\$37.8	21.6%
Total Expenses	\$452.9	\$571.7	\$515.4	\$56.3	9.8%
Gross Subsidy	\$259.3	\$477.5	\$429.3	\$48.2	10.1%
Federal Relief	\$0.0	\$179.6	\$131.4	\$48.2	26.8%
Total Net Subsidy	\$259.3	\$298.0	\$298.0	-	-
Cost Recovery Ratio *	43%	16%	17%		
Farebox Recovery Ratio	37%	13%	13%		




* Excludes federal relief funding

Chart and table totals may not sum due to independent rounding.

Ridership and Revenue

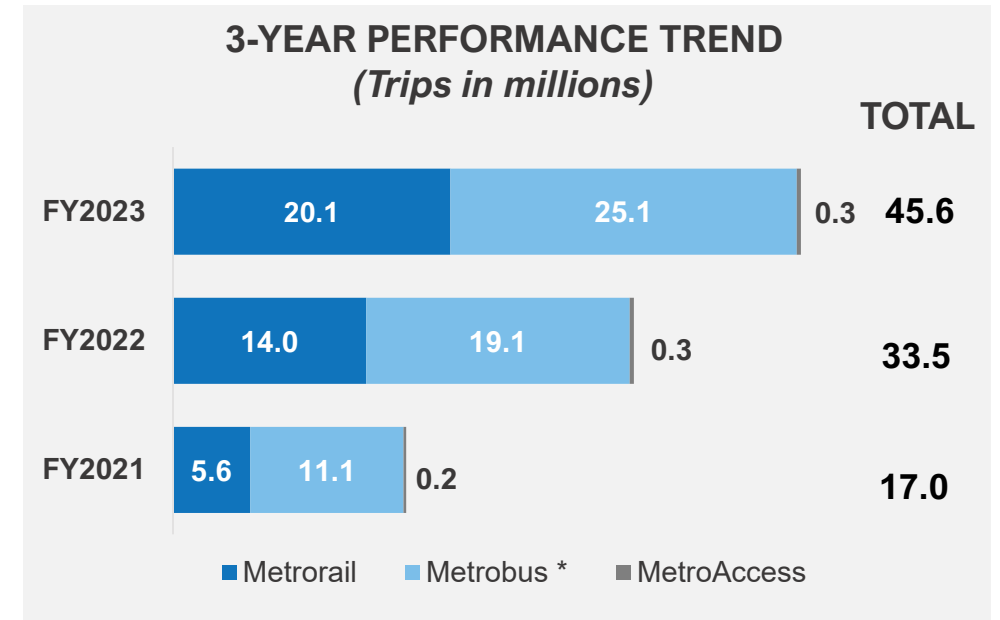


Total Ridership Exceeded Budget Driven by Bus

(Trips in millions)	FY2022 Actual	FY2023 Budget	FY2023 Actual	Variance	
				Prior Yr.	Budget
 Metrorail	14.0	21.5	20.1	43.2%	-6.4%
 Metrobus*	19.1	19.4	25.1	31.6%	29.4%
 MetroAccess	0.3	0.4	0.3	3.9%	-9.6%
All Modes	33.5	41.3	45.6	36.1%	10.4%

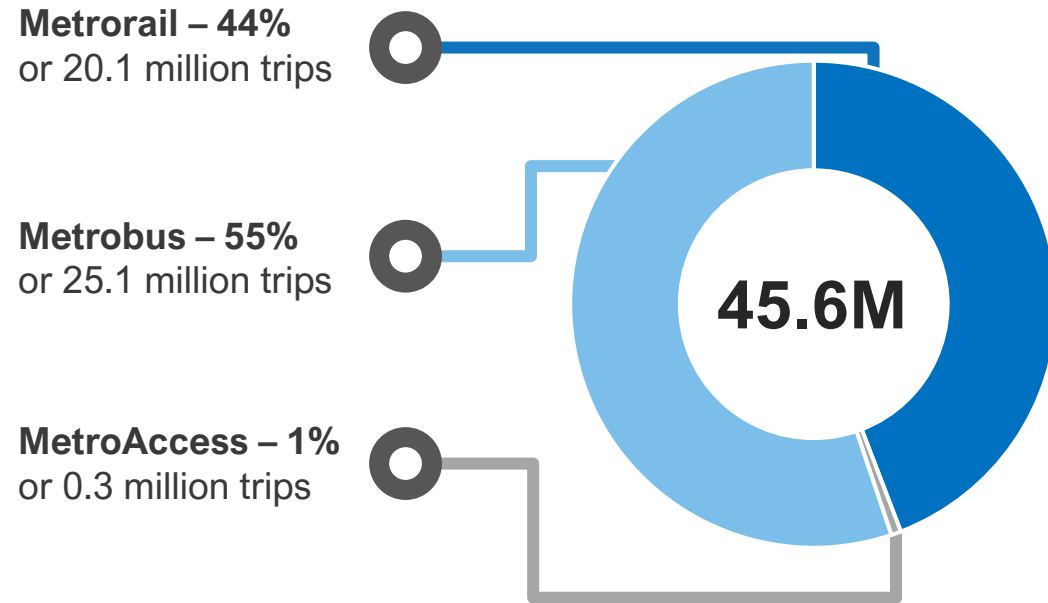
*Bus totals include shuttles to accommodate rail station shutdowns and other track work. Ridership is preliminary and subject to change.

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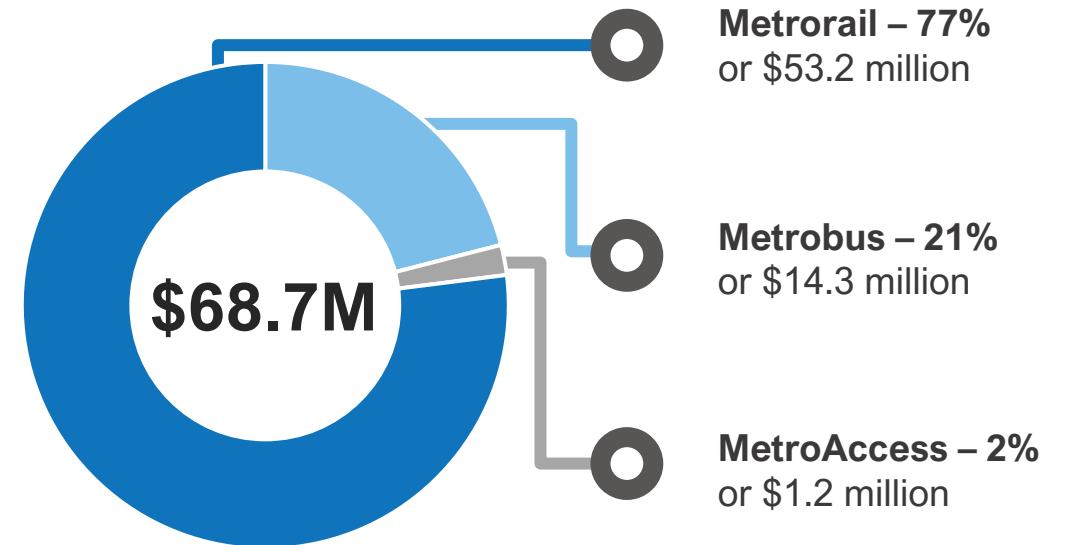


Although Bus Carried More Riders, Passenger Revenue Recovery Remains Dependent on Rail

Ridership



Passenger Revenue



Note: Chart and table totals may not sum due to independent rounding.

Non-Passenger Revenue Still Below Pre-Pandemic Revenues, Primarily Due To Lower Parking Revenues

FY2019 First Quarter (Pre-Pandemic)

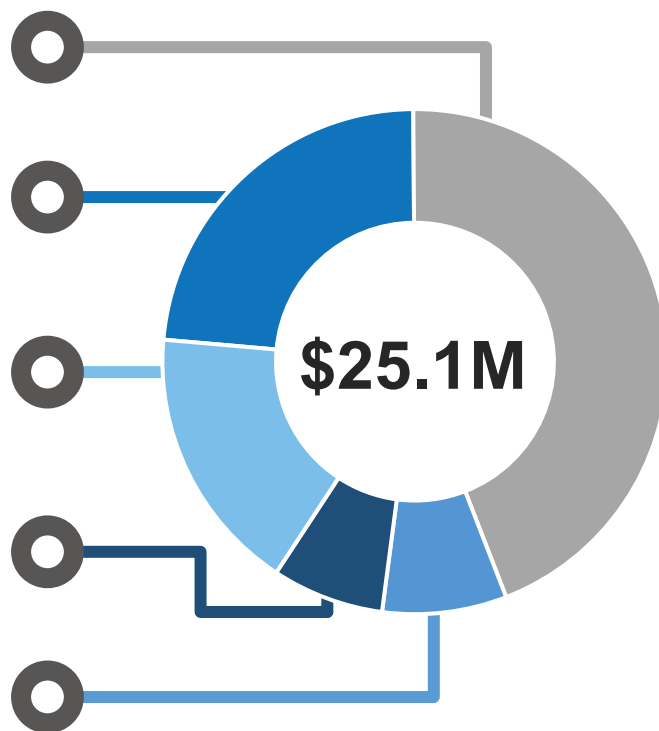
Parking – 44%
or \$11.1 million

Advertising – 24%
or \$5.9 million

**Fiber Optic /
Infrastructure – 17%**
or \$4.3 million

Joint Development – 7%
or \$1.8 million

Other – 8%
or \$2.0 million



Note: Chart and table totals may not sum due to independent rounding.

FY2023 First Quarter

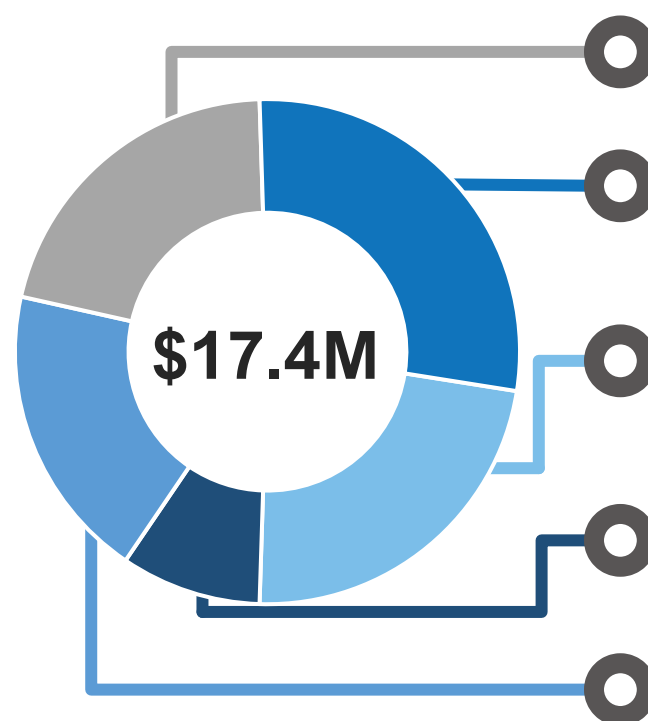
Parking – 21%
or \$3.7 million

Advertising – 28%
or \$4.8 million

**Fiber Optic /
Infrastructure – 23%**
or \$4.1 million

Joint Development – 9%
or \$1.6 million

Other – 19%
or \$3.3 million



Operating Expenses



Expense Favorability Driven by Vacancies and Paratransit Services

Personnel Expense

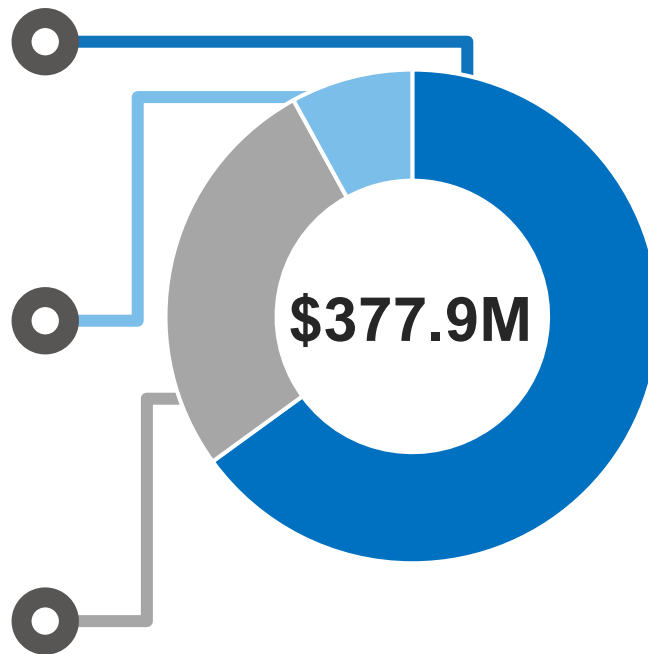
Salaries and Wages – 66%
or \$247.8 million

- 11% Authority-wide vacancy rate

Overtime – 10%
or \$38.5 million

- Vacancy coverage and absenteeism

Benefits & Capital Cost Allocation – 24%
or \$91.6 million



Non-Personnel Expense

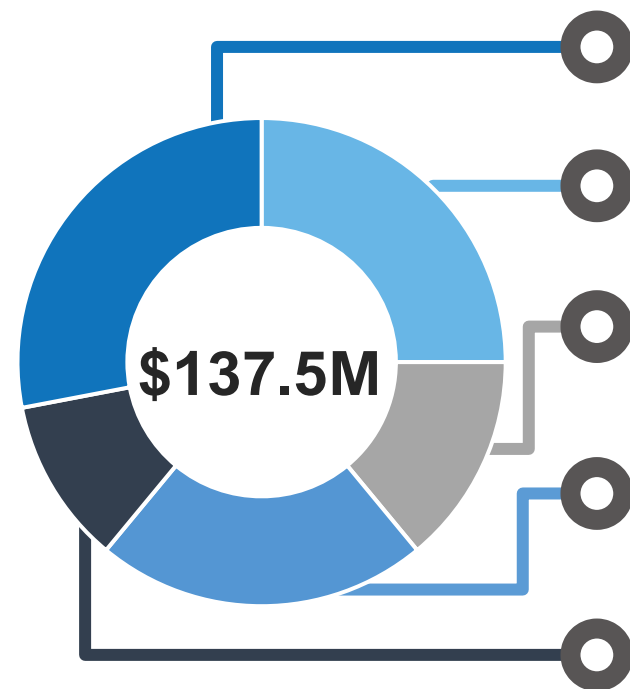
Services – 28%
or \$38.8 million

Paratransit Services – 25%
or \$33.8 million

Materials – 14%
or \$19.4 million

Fuel, Propulsion, & Utilities – 22%
or \$30.9 million

Insurance & Other – 11%
or \$14.6 million



Note: Chart and table totals may not sum due to independent rounding.

Customer Experience



Your Metro, The Way Ahead

Service Excellence Initiatives Underway Include

- Bus frequency improvements
- Rail frequency improvements
- Maintenance Center of Excellence
- Metro Integrated Comms Center (MICC)
- Bus Operator Hiring/Retention
- Customer Service Liaisons / Mental Health Outreach Officers
- Fully staff Metro Transit Police
- New Paratransit Vehicles