



**Finance and Capital Committee**

**Information Item IV-A**

**June 26, 2025**

**FY2025 Q3 Results and End-of-Year Forecast**



## Board Document

OVERVIEW			
PRESENTATION NAME	FY2025 Q3 Results and End-of-Year Forecast	DOCUMENT NO.	300039
ACTION OR INFORMATION	Information		
STP GOAL	Financial Stewardship and Resource Management		
RESOLUTION	No		
EXECUTIVE OWNER			
EXECUTIVE TEAM OWNER	Olumide, Yetunde		
DEPARTMENT	Finance		
DOCUMENT INITIATOR	Bridges, Cheryl L.		
OTHER INFORMATION			
COMMITTEE	FCC	COMMITTEE DATE	6/26/2025
PURPOSE/KEY HIGHLIGHTS	Provide the Board of Directors with an overview of Metro’s financial and operational performance through the third quarter of FY2025, along with the updated operating and capital end-of-year forecast.		
DISCUSSION	<p>Metro’s financial and operational performance through the third quarter of FY2025 demonstrated strong revenue growth. Total operating revenue was <b>\$420.7 million</b>, or <b>\$61.0 million</b> favorable to budget. Passenger revenue was <b>\$328.9 million</b>, exceeding budget by <b>\$43.6 million</b>, largely due to increased paid ridership on Metrorail and Metrobus. Non-passenger revenue was also favorable to budget by <b>\$17.3 million</b>, driven by higher parking revenue and investment income.</p> <p>Ridership across all modes for the third quarter reached <b>191.3 million</b>, which is <b>23.2 million trips</b> above budget and <b>eight percent</b> higher than the same period in FY2024. Metrorail and Metrobus saw year-over-year ridership increases of <b>nine percent</b></p>		

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and **eight percent**, respectively, while MetroAccess ridership declined by **26 percent**. Revenue on MetroAccess decreased by **16 percent** compared to the previous fiscal year and was **\$0.7 million** below budget.

Operating expenses totaled **\$1,830.5 million, or \$61.4 million** (3.5 percent) unfavorable to budget. Personnel costs were **\$1,302.5 million**, or 5.6 percent above budget, due to the timing of preventive maintenance transfers from the operating to the capital budget, partially offset by vacancy savings. Non-personnel expenses were **\$527.9 million**, or 1.5 percent favorable to budget, primarily due to lower fuel and miscellaneous expenses, though partially offset by higher costs for paratransit services, propulsion power, and materials. Metro's net operating subsidy for the third quarter of FY2025 was **\$1,409.8 million**.

Capital program milestones in **FY2025 Q3** include progress on the 8000-series railcar project, with the successful completion of the preliminary design review. Metro also completed the design and installation of nearly 8,000 temporary bus flags and updated system and bay maps in preparation for the launch of the Better Bus Network Redesign. In addition, Metro began Enterprise Video System Phase 1 and 6000-series video installations on **182 railcars**, with completion expected by **summer 2025**. The Train Operator Platform Monitor pilot was also completed at six sites.

In addition to advancing its capital program, Metro continued to manage operating costs and enhance revenue generation in FY2025 through a combination of strategic management, service improvements, and development initiatives. Metro **implemented \$88 million in operating budget efficiencies**, negotiated new cost-effective collective bargaining agreements, and streamlined procurement processes to improve service delivery and transparency. **Passenger revenue** increased by **30 percent**, supported by a **9.5 percent rise in ridership**. Programs such as **MetroLift** exceeded enrollment goals with **12,000 activations**, and participation in the Kids Ride Free Apple Wallet program surpassed the target by over 50 percent. On the non-passenger revenue side, Metro advanced key agreements, including a joint development project at Twinbrook, a **\$37 million commitment** from Montgomery County for North Bethesda Station, and the launch of retail operations and ATM installations at L'Enfant Plaza and other stations.

Metro's FY2025 end-of-year forecast projects continued strength in ridership and revenue performance. The FY2025 forecast for total



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revenue is **\$462 million**, which is **\$75 million** above the adopted budget. Passenger revenue improvements are closely aligned with increases in systemwide ridership, which is forecasted to reach **265 million trips—38 million** above budget.

Revenue gains during the third quarter were supported by increased Metrorail and Metrobus use during seasonal special events, such as the Cherry Blossom festival, and higher federal employee ridership resulting from the implementation of return-to-office policies in 2025.

Metro's FY2025 year-end forecast projects a **\$28 million surplus**, driven by strong passenger revenue recovery. Total revenue is expected to reach **\$580 million**, or **\$92 million above budget**, due to higher ridership and fare revenue. **Gross expenses** are projected at **\$2,464 million**, which is **\$7 million** over budget.

**Gross subsidy** is forecasted at **\$1,884 million**, or **\$84 million** below budget, due to the increase in revenue. ARPA funds were fully expended in FY2025.

**Preventive Maintenance (PM) transfers** up to an estimated **\$97 million**, significantly below the **\$181 million** originally budgeted, reflecting reduced reliance on capital support. **Net subsidy** remains on target at **\$1,753 million**, and the projected **\$28 million** in one-time savings is incorporated into the FY2026 Budget.

Metro continues to advance the delivery of high-impact capital investments across key categories, including customer facilities, transit operations, and infrastructure improvements. These efforts support the Metro's long-term goals to enhance safety, reliability, and the overall customer experience.

In FY2025, Metro made significant progress in improving customer facilities, including the opening of a new parking garage at New Carrollton, replacement of 33 escalators, and elevator renovations at Archives and Benning Road stations. The launch of the **"Tap. Ride. Go."** contactless fare payment option further enhanced convenience and modernized fare collection for riders.

To improve operations of bus, rail, and paratransit, Metro reintroduced Automatic Train Operations, rehabilitated 80 buses, and advanced the Better Bus Network program. The Authority also began systemwide replacement of aging bus shelters, further supporting accessibility and the customer experience.

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Metro's infrastructure improvements included major track work on the Red Line and within the system core during the December service shutdown. Additional achievements included completion of the Branch Avenue aerial structure rehabilitation and substantial completion of Grosvenor aerial work, along with the installation of three traction power substations and one tie breaker station.

Despite a challenging fiscal environment and ongoing market pressures, Metro continues to prioritize capital investments that address its most critical asset needs. Active programs include the modernization and rehabilitation of the Bladensburg, Northern, and Cinder Bed bus garages, as well as continued investment in track rehabilitation, traction power systems, and train control room infrastructure.

Metro also focused on improving capital program efficiency. Strategies included refining fare collection plans to reduce costs, such as delaying fare vending machine replacements and reducing the total number of machines deployed. Metro also made permanent the use of safety barriers to improve execution efficiency for trackside work, helping reduce resource needs and minimize access conflicts.

Factors impacting delivery of FY2025 Capital Budget Include:

- Market conditions impacting capital delivery
  - Materials are taking longer to acquire
  - Limited manufacturers and supply
- Cost Savings
  - Finding better ways to execute the capital program, which includes revisiting strategies to see if there is a more cost-effective approach
  - Revisiting how Metro executes the work, instituting more efficient practices and ways to advance investments with less resources
- Decreased use of Preventative Maintenance Transfer due to favorable operating budget
- Acceleration of reimbursable investments, such as the Purple Line

The FY2025 capital program is forecasted to close the year at approximately \$1.9 billion in expenditures, below the \$2.3 billion approved budget. This variance reflects a combination of accelerated



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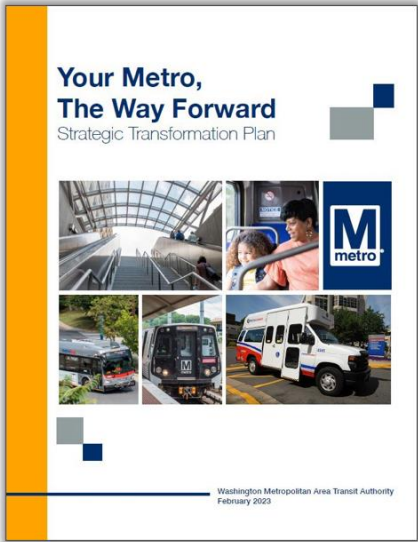
	<p>reimbursable projects, reduced preventive maintenance transfers, cost savings efforts, and elongated investment delivery schedules.</p> <p>Metro is forecasted to close FY2025 with <b>\$28 million</b> in operating savings and reduced reliance on Preventive Maintenance (PM) transfers. Of the <b>\$181 million</b> originally budgeted in PM support, <b>up to \$97 million</b> is now projected to be needed, resulting in approximately <b>\$84 million</b> in PM savings. Together, these savings total an estimated <b>\$112 million</b>, highlighting continued operational efficiency and the impact of stronger ridership and revenue performance.</p>
<b>INTERESTED PARTIES</b>	No interested parties identified
<b>RECOMMENDATION/NEXT STEPS</b>	End-of-Year actual (unaudited) revenue and expenses will be reported to the Board in October
<b>FUNDING IMPACT</b>	No funding impact from this presentation

# FY2025 Q3 Results and End-of-Year Forecast

Finance and Capital Committee



# Strategic Transformation Plan: Guides long term strategy and day-to-day decision making of Metro over the next five + years



Guiding



## Day-to-day decisions

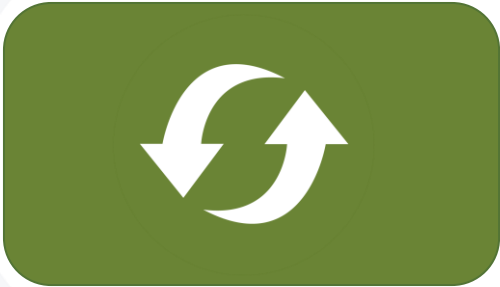
- Customer interactions
- Service schedules
- Communications



## Long-term strategy

- Budget allocation
- Capital improvements
- Priority projects

## Goals — Our priorities to achieve the vision





# FY2025 Q3 Financials

# FY2025 Q3 Year-to-Date Results – Ridership and Revenue Favorable to Budget and Prior Year

FY2025 Q3 Financials

## FY2025 Q3 YTD Metrorail

### vs. Budget

↑ \$42.4M  
Revenue

↑ 14.3M  
Ridership



### vs. FY2024 Q3

↑ 32%  
Revenue

↑ 9%  
Ridership

## FY2025 Q3 YTD Metrobus

### vs. Budget

↑ \$2.1M  
Revenue

↑ 9.3M  
Ridership



### vs. FY2024 Q3

↑ 14%  
Revenue

↑ 8%  
Ridership

## FY2025 Q3 YTD MetroAccess

### vs. Budget

↓ -\$0.7M  
Revenue

↓ -0.3M  
Ridership



### vs. FY2024 Q3

↓ -16%  
Revenue

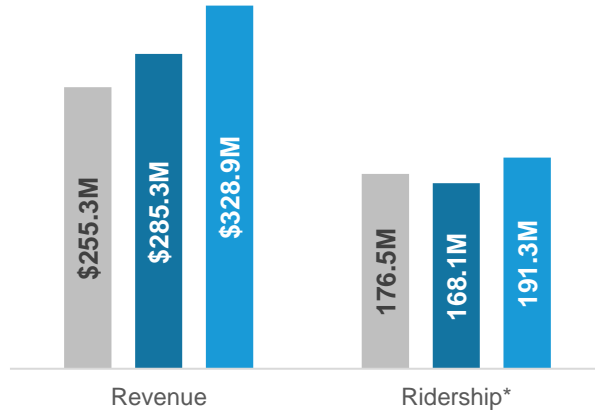
↓ -26%  
Ridership

## FY2025 Q3 YTD Total

### vs. Budget

↑ \$43.6M  
Revenue

↑ 23.2M  
Ridership



### vs. FY2024 Q3

↑ 29%  
Revenue

↑ 8%  
Ridership

■ FY2024 Q3 Actuals ■ FY2025 Q3 Budget ■ FY2025 Q3 Actuals

Amounts may not sum due to independent rounding

# FY2025 Q3 Year-to-Date Operating Financial Update

FY2025 Q3 Financials

(\$ in millions)	Budget	Actual	Var \$*	Var %
Passenger Revenue	\$285.3	\$328.9	\$43.6	15.3%
Non-Passenger Revenue	\$74.4	\$91.7	\$17.3	23.3%
<b>Total Revenue</b>	<b>\$359.7</b>	<b>\$420.7</b>	<b>\$61.0</b>	<b>17.0%</b>
Personnel	\$1,233.0	\$1,302.5	-\$69.5	-5.6%
Non-Personnel	\$536.1	\$527.9	\$8.1	1.5%
<b>Total Expenses</b>	<b>\$1,769.1</b>	<b>\$1,830.5</b>	<b>-\$61.4</b>	<b>-3.5%</b>
<b>Net Subsidy</b>	<b>\$1,409.4</b>	<b>\$1,409.8</b>	<b>\$0.4</b>	<b>0.0%</b>

\* All figures are unaudited and exclude reimbursables

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

\*\*\* Subsidy refers to operating expense less operating revenues and does not reflect/equal actual jurisdictional subsidy payments and federal relief

Note: Amounts may not sum due to independent rounding

## Passenger Revenue

- Passenger Revenue was favorable to budget due to higher paid ridership on Rail (up 32%) and Bus (up 14%) but offset by lower revenue on MetroAccess (-16%).

## Non-Passenger Revenue

- Non-Passenger revenue was favorable to budget due mainly to higher-than-expected parking revenue and investment income.

## Personnel Expenses

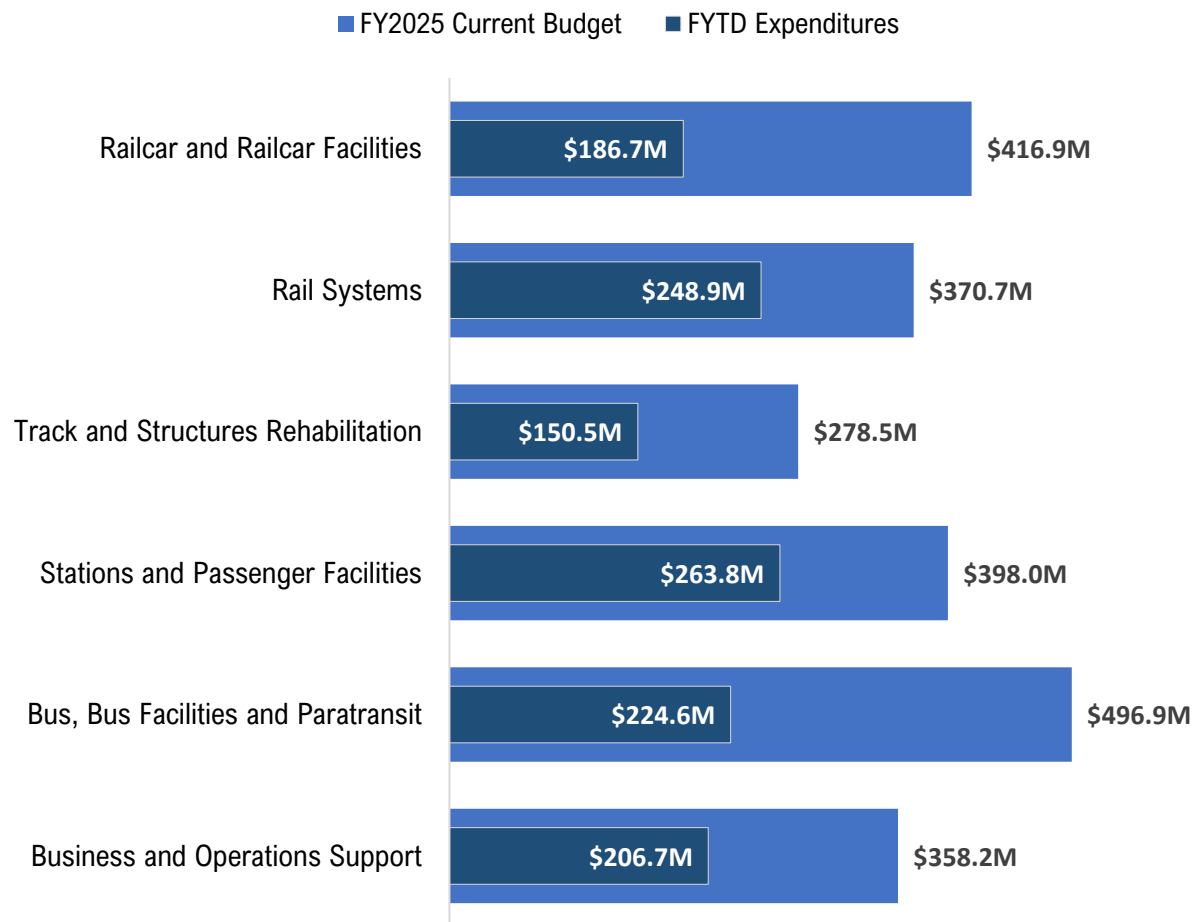
- Personnel labor and related fringe benefits were unfavorable due to the timing of the preventive maintenance (PM) transfer to capital.

## Non-Personnel Expenses

- Non-personnel expenses were primarily favorable due to lower fuel and miscellaneous expenses, but offset by slightly higher paratransit services, materials and supplies, and propulsion power expenses.

# FY2025 Q3 Year-to-Date Capital Expense Update

FY2025 Q3 Financials



- Preliminary design review for the 8000-series railcar project was successfully completed in Q3
- Metro completed design and installation of almost 8,000 temporary bus flags, as well as updated and installed bus system maps and bus bay maps as part of the launch of the Better Bus Redesign. We are continuing quality checks and fixing errors as they are identified.
- Metro began Enterprise Video System Phase 1 and 6000-series Video installs on 182 railcars (completion by summer 2025), completed Train Operator Platform Monitor pilot at 6 sites

# FY2025 End-of-Year Forecast

# Managing Operating Costs and Growing Revenue

## Strategic Management and Efficiencies

- ✓ Negotiated new cost-effective Collective Bargaining Agreements with Local 689, Local 922, and transit police (FOP)
- ✓ Implemented Operating Budget efficiencies totaling \$88 million
- ✓ Streamlined procurement processes to provide better service and transparency

## Passenger Revenue Modernization and Growth

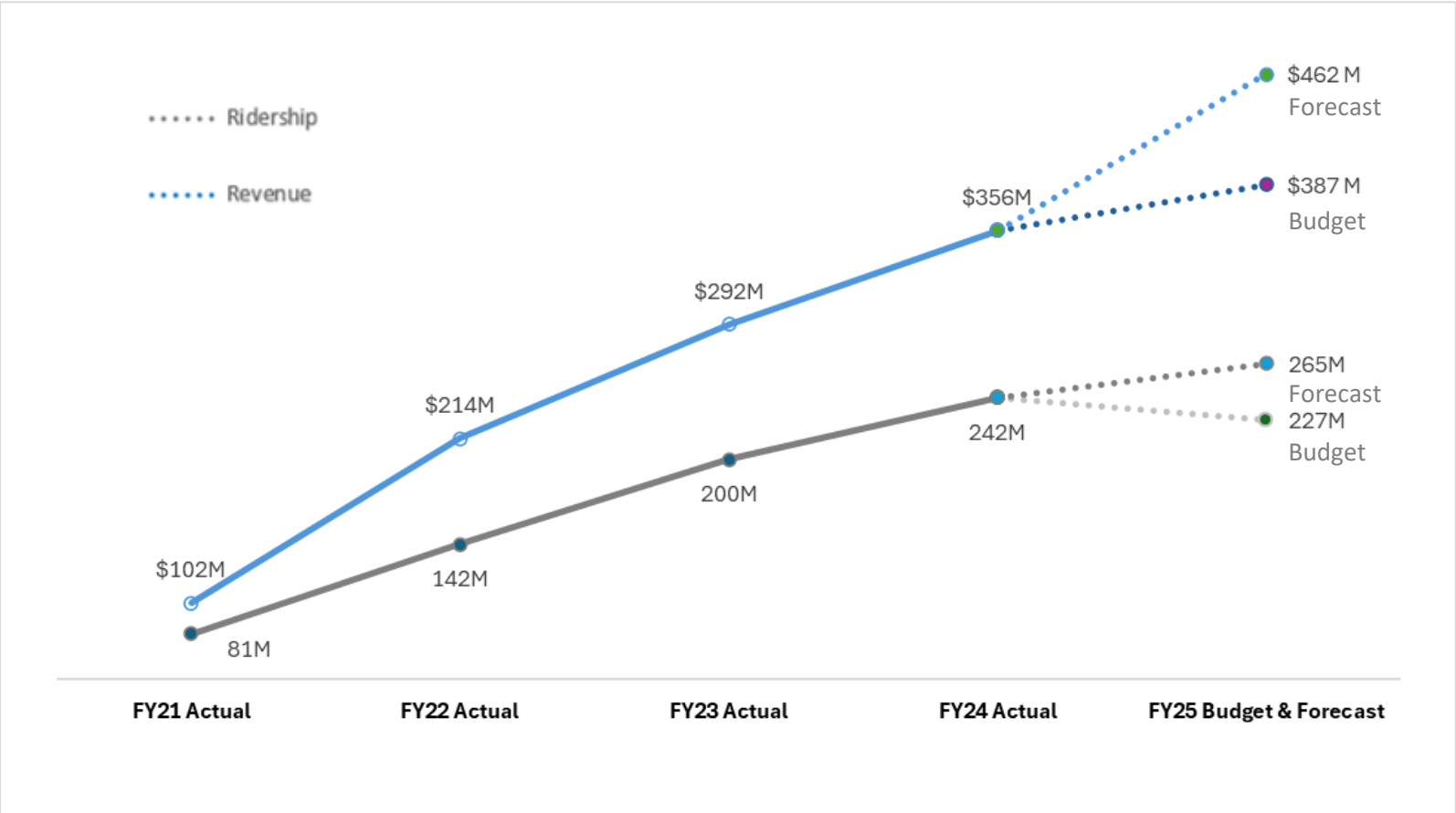
- ✓ Optimized fares and service to grow ridership and revenue
- ✓ Ridership grew by 9.5% and Passenger Revenue grew by 30%
- ✓ Exceeded MetroLift enrollment goal: 12,000 activated vs. 11,200 target
- ✓ Surpassed Kids Ride Free Apple Wallet goal by more than 50%

## Non-Passenger Revenue Growth

- ✓ Approved Joint Development Agreement with Hines for 437 residential units at Twinbrook
- ✓ Executed MOU with Montgomery County outlining \$37M in support for North Bethesda station
- ✓ Opened retail at L'Enfant HQ and began installing ATMs at stations to generate non-passenger revenue

# Strong Year-Over-Year Ridership and Passenger Revenue Performance

FY2025 End of Year Forecast



## FY2025 End of Year Forecast

- FY2025 year-end revenue forecast is \$75M above budget
- FY2025 year-end ridership forecast is 38M above budget
- Higher federal employee ridership during Q3 due to return-to-office policy in 2025
- Seasonal special events (e.g., Cherry Blossom festival) further increased ridership and revenue during Q3

# FY2025 Year-End Operating Forecast

FY2025 End of Year Forecast

(\$ in millions)	FY2025 Budget	FY2025 Forecast	Variance
Total Revenue	\$488	\$580	\$92
Gross Expenses	\$2,457	\$2,464	-\$7
Gross Subsidy	\$1,969	\$1,884	\$84
Federal Relief	-\$95	-\$123	\$28
PM needed above Base \$60M	-\$121	-\$37	-\$84
Net Subsidy*	\$1,753	\$1,753	\$0
Surplus/(Deficit)	\$0	\$28	\$28

Note: Amounts may not sum due to independent rounding

## Revenue

- Strong passenger revenue recovery driven by Metrorail expected to be \$92M favorable

## Expense

- Total expense near original budgeted amount

## Federal Relief

- ARPA funds fully expended in FY2025

## Preventive Maintenance (PM)

- FY2025 forecast includes an additional \$37 million in transfers from Operating to Capital, totaling an estimated \$97 million in PM support to the Operating budget

## End-of-Year Savings Forecast

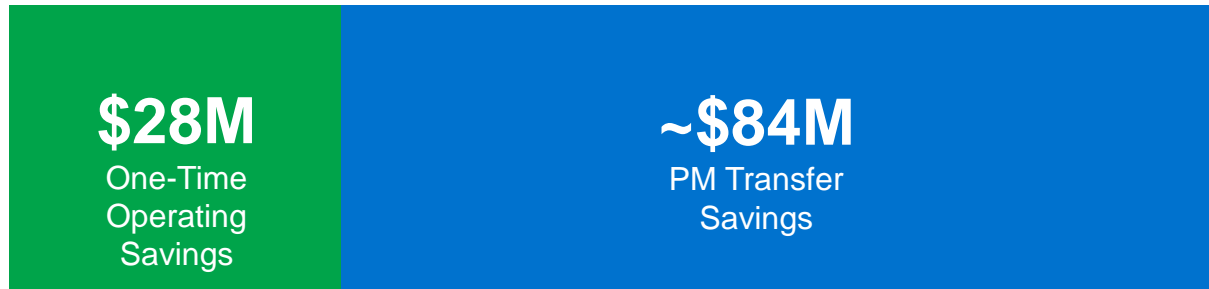
- FY2025 year-end forecast of \$112 million including \$84 million in preventive maintenance savings and \$28 million in one-time operating savings



# FY2025 Year-End Forecasted Savings: Efficiency in Action

FY2025 End of Year Forecast

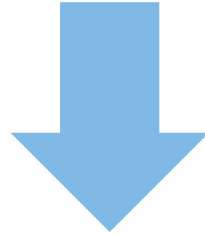
## FY2025 Forecasted Savings (~\$112M\*)



\*Estimated savings



Savings carried into  
FY2026 **Operating  
Budget**



Reinvestment in the  
**Capital Program**

- FY2025 Year-End Forecast estimates \$112 million in budget savings made up of:
  - \$28 million in one-time operating savings
  - Up to \$97 million in Preventive Maintenance (PM) transfers will be needed representing an \$84 million savings
- Savings highlight Metro's continued operational efficiency and strengthening ridership and revenue trends

# Metro Continues Delivery of High-Impact Capital Investments

## Improving Customer Facilities

- ✓ Opened new parking garage at New Carrollton
- ✓ Tap. Ride. Go. – Fare payment options launched
- ✓ 33 escalators replaced
- ✓ Two elevators renovated at Archives and Benning Road

## Improving Operations of Bus, Rail & Paratransit

- ✓ Return to Automatic Train Operations
- ✓ 80 buses rehabilitated
- ✓ Roll out of Better Bus 2025 Network
- ✓ Installation of new bus shelters to replace aging bus shelters throughout the system

## Improving Infrastructure

- ✓ Major track work completed on Red Line summer 2024
- ✓ Major track work in system core during December shutdown
- ✓ Completed Branch Ave Aerial rehab; substantial completion of Grosvenor aerial work
- ✓ Completed 3 traction power substations and 1 tie breaker station

# Significant Work Continues to Address Critical Assets

- Capital investments support critical system operations, safety, and customer experience
- Despite the challenging fiscal environment and current market conditions, Metro continues to move forward in addressing our most critical needs through ongoing programs and activities, including:
  - Bladensburg Bus Garage
  - Northern Bus Garage
  - Cinder Bed Bus Garage
  - Track Rehabilitation
  - Traction Power
  - Train Control Rooms



## EXAMPLE: FARE COLLECTION

Significant investments in Metro's fare program have improved and modernized the customer experience

- Installation of new faregates and fareboxes
- Tap. Ride. Go. allows customers to pay for Metrorail by directly tapping contactless credit or debit cards

# FY2025 Capital Program Status

*Metro continues to focus on identifying efficiencies and reducing costs despite external market conditions that impact delivery of capital investments*

## REVISED STRATEGIES TO IDENTIFY EFFICIENCIES



### Fare Collection

- Revised **fare collection strategy** to meet new customer demand, increase efficiency, and reduce costs
- Slowed start of fare vending machine replacement; led to reduced number of vending machines and **significant cost savings**



### Safety Barriers on the Right of Way

- Permanently adopted the use of safety barriers to perform work adjacent to the track to **increase execution efficiency**
- Achieved savings through efficient resource utilization, **reducing track access dependencies**

## MARKET CONDITIONS IMPACTING DELIVERY



### Bus Replacement

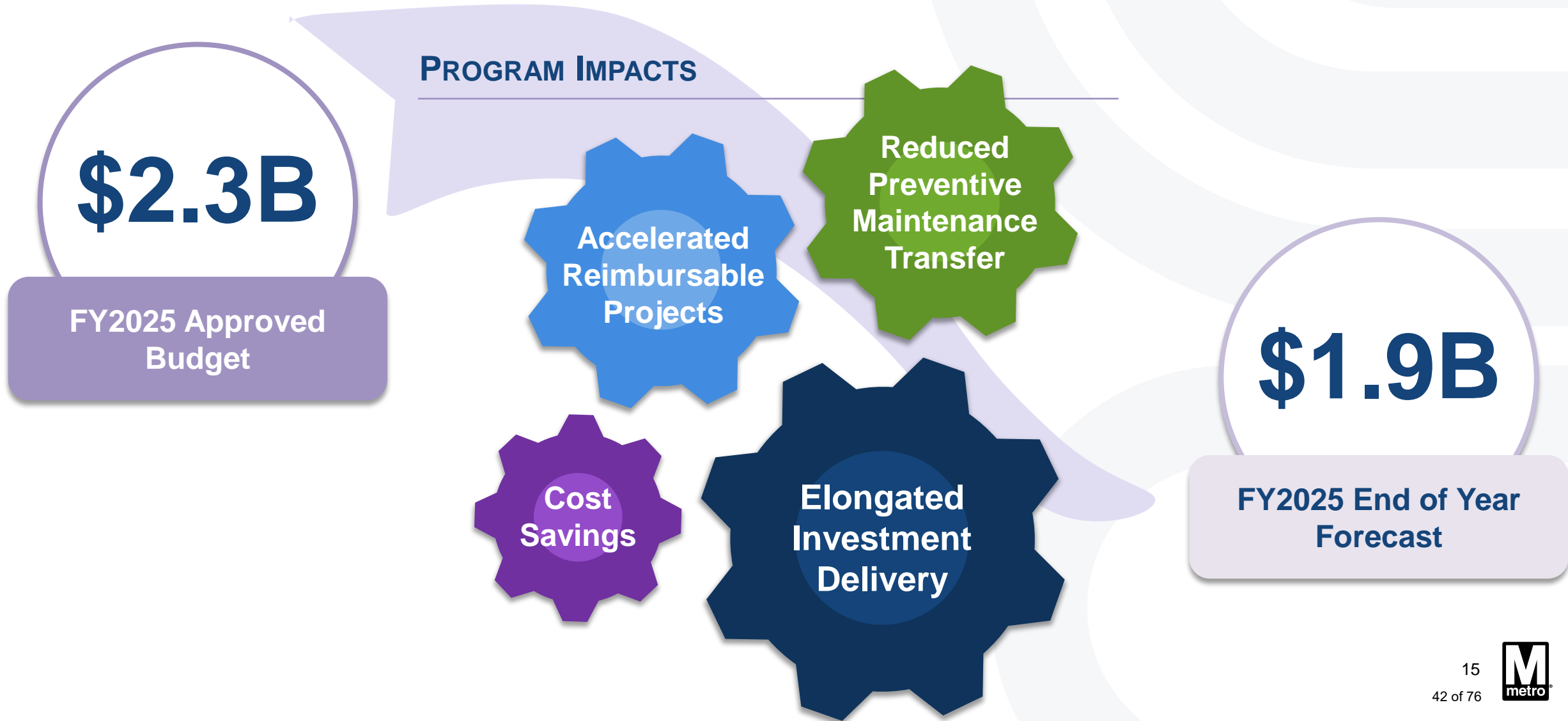
- External **market conditions contributed** to delays, impacting ability to receive buses
- Contract awarded November 2024 with delivery of **new buses in FY2026**



### Power

- Long **lead times** for sophisticated electronic switch gears

# Metro's Expected End of Year FY2025 Capital Outlook

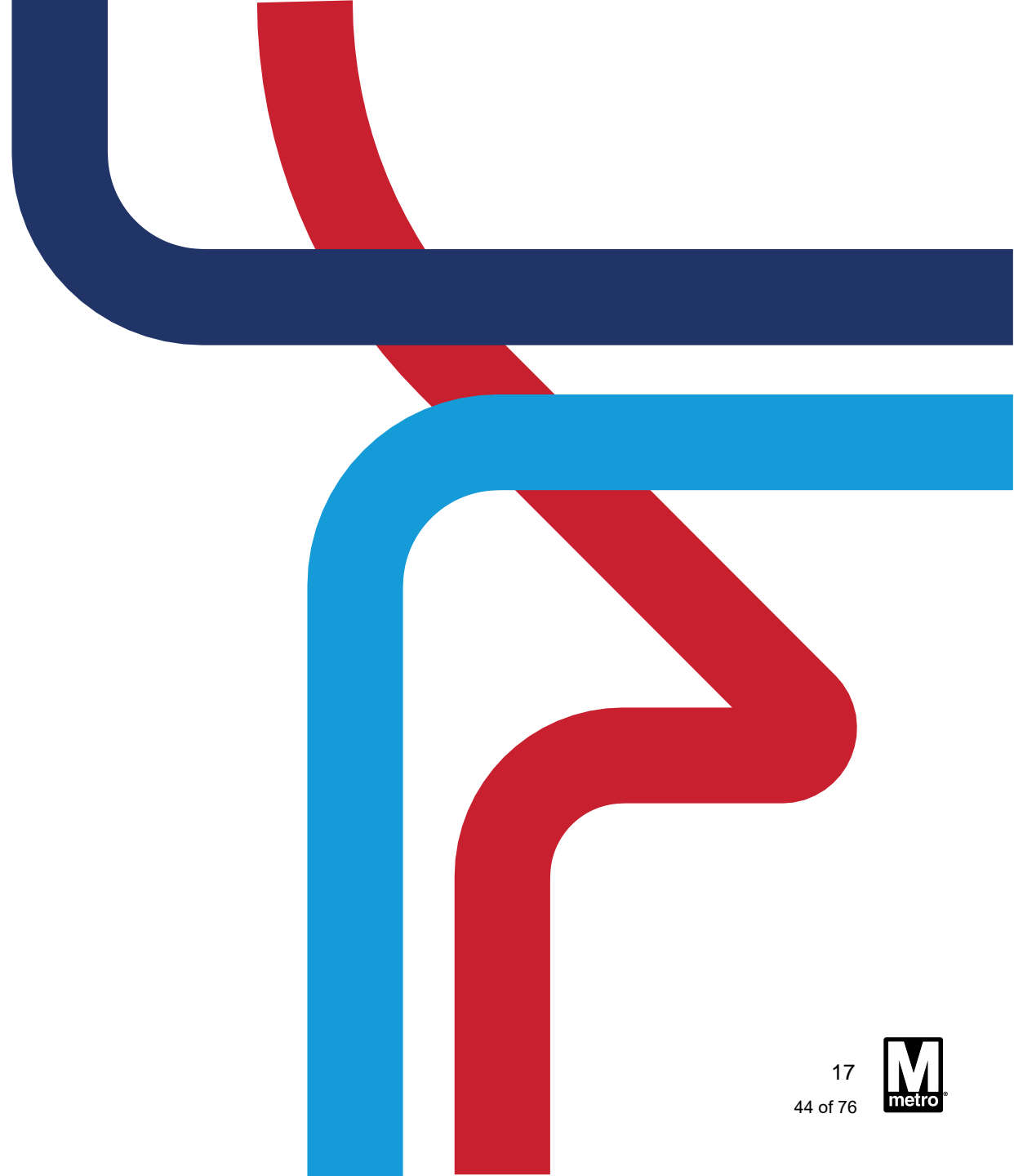


# Next Steps

Q3 FY2025 Results and  
End of Year Forecast

- End-of-Year actual (unaudited) revenue and expenses will be reported to the Board in October

# Appendix



# Excluding Preventive Maintenance, Capital Budget Variance Narrows from \$414M to \$330M

FY2025 End of Year Forecast

