



Finance and Capital Committee

Information Item IV-A

November 20, 2025

FY2026 Q1 Financial Results



Board Document

OVERVIEW			
PRESENTATION NAME	FY2026 Q1 Financial Results	DOCUMENT NO.	300075
ACTION OR INFORMATION	Information		
STP GOAL	Financial Stewardship and Resource Management		
RESOLUTION	No		
EXECUTIVE OWNER			
EXECUTIVE TEAM OWNER	Webster, Thomas J.		
DEPARTMENT	Finance		
DOCUMENT INITIATOR	Bridges, Cheryl L.		
OTHER INFORMATION			
COMMITTEE	FCC	COMMITTEE DATE	11/20/2025
PURPOSE/KEY HIGHLIGHTS	Provide the Board of Directors with an overview of Metro’s financial results for the first quarter of FY2026.		
DISCUSSION	The presentation of Metro’s FY2026 Quarter 1 (Q1) financial results shows stronger-than-expected revenue growth, with revenue from rail ridership offsetting increases in operating expenses, keeping Metro \$2 million favorable to budget. Operating highlights for Q1 include the extension of Metrorail’s weekend hours and the implementation of the Better Bus Network and additional updates to nine Metrobus routes primarily serving Prince George’s County. Capital program highlights include an investment of \$425 million in delivery of new MetroAccess vehicles, rehabilitation of Metrobuses, and completion of payment upgrades to support Tap. Ride. Go. Metro’s ridership growth, customer satisfaction, safety improvements and service expansion earned it the APTA (American		



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Public Transportation Association) “Outstanding Public Transportation System of the Year” award.

Passenger and parking revenue is up \$25 million (22 percent) compared to Q1 of last year. Metrorail's passenger revenue increase of \$21.8 million was driven by an additional 5.2 million passenger trips compared to the previous year. The federal government's return-to-office policy generated an additional 2.4 million trips, a 67 percent increase due, in part, to longer trips. Metrobus passenger revenue increased by more than three percent compared to Q1 of last year thanks to growth in paid ridership. Parking revenue grew \$2.8 million compared to Q1 of last year thanks to a parking utilization increase of 710,000 vehicles (59 percent).

Passenger and parking revenue totaled \$138 million which was \$18 million above budget. Metro's new Tap. Ride. Go payment option generated \$10.3 million through 3.2 million trips. Advertising, joint development and other revenues totaled \$24 million and were favorable to budget by \$3 million.

Metro is navigating operating expense pressures. Personnel costs are unfavorable to budget by \$9 million due to higher mandatory pension contributions and healthcare expenses. Paratransit is unfavorable to budget by \$7 million due to higher unit costs and ridership volume. Propulsion costs are unfavorable to budget by \$2 million due to market pressures and higher usage. Materials and supplies are unfavorable to budget by \$2 million due to increased volume and price of parts for maintenance. However, casualty and liability insurance costs are favorable to budget by \$3 million, and fuel costs are favorable to budget by \$3 million. Additionally, preventive maintenance transfers were \$2 million below budget, reflecting reduced reliance on capital funding.

Higher revenue compared to budget covered expense growth and reduced the need for budgeted preventive maintenance costs transfers. Total revenue was \$21 million favorable to budget, offsetting a \$19 million increase in total gross expenses. Ridership growth remains strong during Q1, with weekday rail ridership up 12 percent, federal SmartBenefits trips up 59 percent, and parking transactions up 59 percent. As a result of the federal government shutdown, weekday rail ridership in October was down seven



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	<p>percent from September, SmartBenefits trips were down 35 percent, and parking transactions were down 20 percent.</p> <p>Completing FY2026 with a balanced budget will require expense management. Increases in overtime, propulsion, and fringe benefits are anticipated for the remainder of the year. Total revenue forecast through year-end is \$68 million above budget while gross expenses are forecast at \$43 million above budget.</p> <p>Capital budget investments continue to enhance Metro's critical assets, including MetroAccess, which received 70 of 231 vehicles as of Q1 2026. Metrobus completed 24 bus rehabilitations, put two new buses into service (with an additional three buses delivered in Q2) and saw the opening of Phase One of the new Bladensburg Bus Garage. Metrorail completed seven switch machine, seven cable, and six bond replacements, strengthening system performance and reliability. Metro also identified cost savings and schedule adjustments that have led to lower expenditures in both FY2025 and FY2026.</p> <p>Metro is revising its FY2026 Capital Budget year-end forecast from \$2.1 billion to \$1.9 billion based on revised estimates and updated execution activity. Metro will direct any potential savings to reinvestment in its capital program and will update schedules and budgets to reflect current expenditure timelines and market conditions.</p> <p>Metro is providing key capital investment updates to inform the Board of its ability to deliver on the approved annual budget and updates will be provided in a separate presentation.</p>
INTERESTED PARTIES	No interested parties identified
RECOMMENDATION/NEXT STEPS	Staff will present the FY2027 Proposed Budget in December and continue to provide quarterly financial results to the Board.
FUNDING IMPACT	This item is informational only. Quarterly financial reporting allows the Board, Executives, and staff to monitor Metro's financial condition and take actions as necessary to achieve desired year-end results.

FY2026 Q1 Financial Results

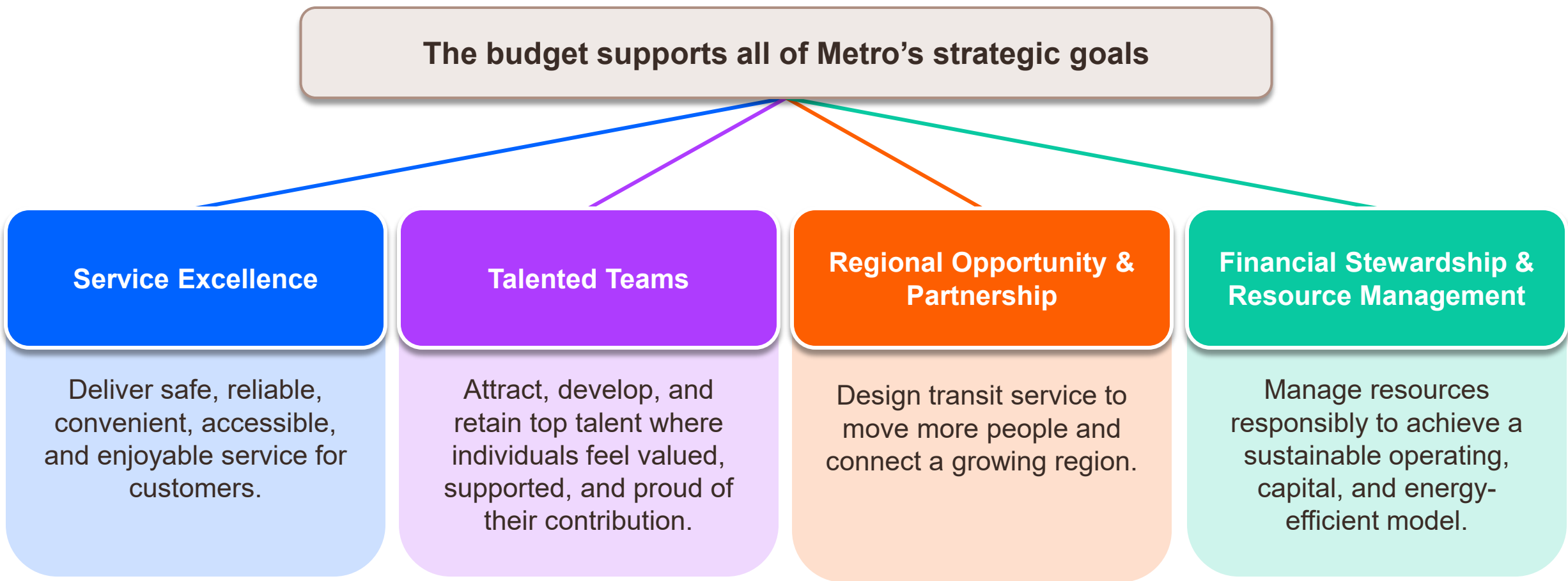


Finance and Capital Committee

Washington Metropolitan Area Transit Authority
November 20, 2025

Supporting Your Metro, the Way Forward

Your Metro, the Way Forward provides a long-term strategy and guides day-to-day decision making



FY2026 Q1 Highlights

Operating Budget Highlights

- **Continued strong ridership and revenue growth**, more than offset operating expense pressures, keeping Metro \$2 million favorable to budget
- **Better Bus** – Implemented network redesign and rolled out additional updates to nine routes in Prince George’s County in mid-September to improve performance
- **Extending Metrorail Weekend Hours** – Extended Friday-Saturday late night service by one hour (closing at 2 a.m.) and extended Saturday-Sunday early morning service by one hour (opening at 6 a.m.)

Capital Program Highlights

- **Metrobus** – Completed 24 bus rehabilitations and put 2 new buses into service (with an additional 3 buses delivered in Q2), leading to increased bus service reliability
- **Metrorail** – Completed 7 switch machine, 7 cable, and 6 bond replacements, strengthening system performance and reliability
- **MetroAccess** – Received 70 of 231 vehicles out of fleet of 661, improving fleet reliability and accessibility
- **Escalators & Elevators** – Replaced 3 escalator units and rehabilitated 2 elevators units, improving accessibility to stations, availability, and reliability
- **Fare Modernization** – Preparing for launch of Tap. Ride. Go. on Metrobus

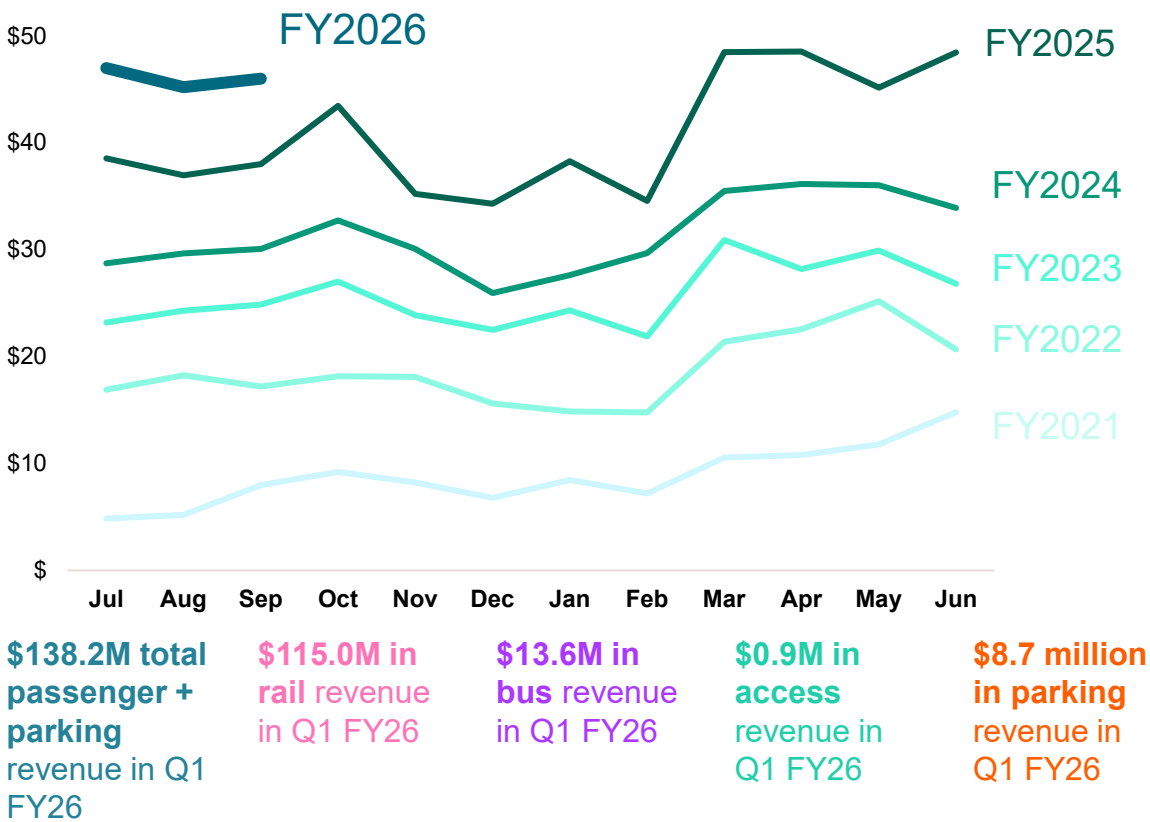
APTA Award – Metro was named the Outstanding Public Transportation System of the Year by the American Public Transportation Association, recognizing record ridership growth, customer satisfaction, safety improvements, and service expansion across the region



Passenger & Parking Revenue Up \$25M, 22% in FY2026 Q1 Compared to Prior Year

- **Metrorail passenger revenue** increase of **\$21.8M** driven by 18% growth in ridership, an increase of 5.7M trips
 - Federal employee ridership generated 6M trips - a 59% increase in Q1 FY2026
- **Metrobus passenger revenue** increased by more than **3%** thanks to growing paid ridership
- **Parking revenue** grew **\$2.8M** year over year due to parking utilization rate of 44%, a 54% increase.
- **Revenue totaled \$162M**, \$21M above budget
 - Passenger and parking revenue was \$138M, \$18M above budget
 - Advertising, Joint Development, Infrastructure and Other revenue generated \$24M, \$3M above budget

Passenger Revenue (+Parking) by Month
 (\$ in M)



Fare Modernization and Fare Policy Programs Driving Ridership Growth

DC Kids Ride Free

- Tap rates have increased, especially on bus
- 13 outreach events in September reached more than 1,200 students
- Compared to September 2025:
 - Metrobus taps up **76 percent**
 - Metrorail taps up **14 percent**
 - 24 percent of taps come from mobile wallets, **up 6 percent**

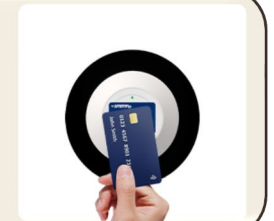


Tap. Ride. Go.

- Launched on Metrorail in May 2025
- In Q1 FY2026:
 - **3.2 million** trips
 - **8.4 percent** of all Metrorail trips
 - **\$10 million** in fare revenue
 - Nearly **775,000 unique users**
- Bus launch November 2025
- Parking launch to follow

tap. ride. go. SM

Just tap your preferred card to ride.



FY2026 Q1 Ridership Growth Remains Strong; Federal Shutdown Impacted Q2 Revenue

- Revenue growth remains strong through Q1, supported in part by higher federal ridership
- October 1 Federal shutdown presents a short-term impact to ridership and revenue in Q2
- Revenue loss from shutdown estimated at ~\$5M through November 12, 2025

Q1 FY2025 to Q1 FY2026 Growth	Shutdown Impacts September vs. October
Weekday rail ridership up 12 percent	Weekday rail ridership down 7 percent
Federal SmartBenefits trips up 59 percent	SmartBenefits trips down 32 percent
Parking transactions up 59 percent	Parking transactions down 20 percent

Metro Is Navigating Operating Expense Pressures From Higher Demand and Inflation

Personnel ↗ Unfavorable to budget by \$9M due to healthcare expenses and other fringe benefit costs	Paratransit ↗ Unfavorable to budget by \$7M due to higher unit costs and ridership volume	Casualty and Liability ↘ Favorable to budget by \$2M	Fuel ↘ Favorable to budget by \$3M due to lower than projected rates
Rail Propulsion Power ↗ Unfavorable by \$2M due to market pressures and higher usage	Materials and Supplies ↗ Unfavorable to budget by \$2M driven by increased volume and price of parts for maintenance	Preventive Maintenance Transfer ↘ Transferred \$2M less operating expenses than planned (\$2M budget savings)	

↗ Unfavorable to budget ↘ Favorable to budget



Higher FY2026 Q1 Revenue Covered Increased Expenses and Reduced the Planned Preventive Maintenance Transfer by \$2 Million

<i>\$ in millions</i>	Budget	Actual	Var \$	Var %
Total Revenue	\$141	\$162	\$21	15.0%
Total Gross Expenses	\$654	\$673	(\$19)	-2.9%
Expense Less Revenue (Before Transfers)	(\$513)	(\$511)	\$2	0.4%
Preventive Maintenance	\$22	\$20	\$2	9.6%
Prior-Year Savings	\$5	\$5	\$0	0.0%

Note: Amounts may not sum due to independent rounding



Continued Revenue Growth and Expense Management are Necessary to Keep FY2026 Budget Balanced

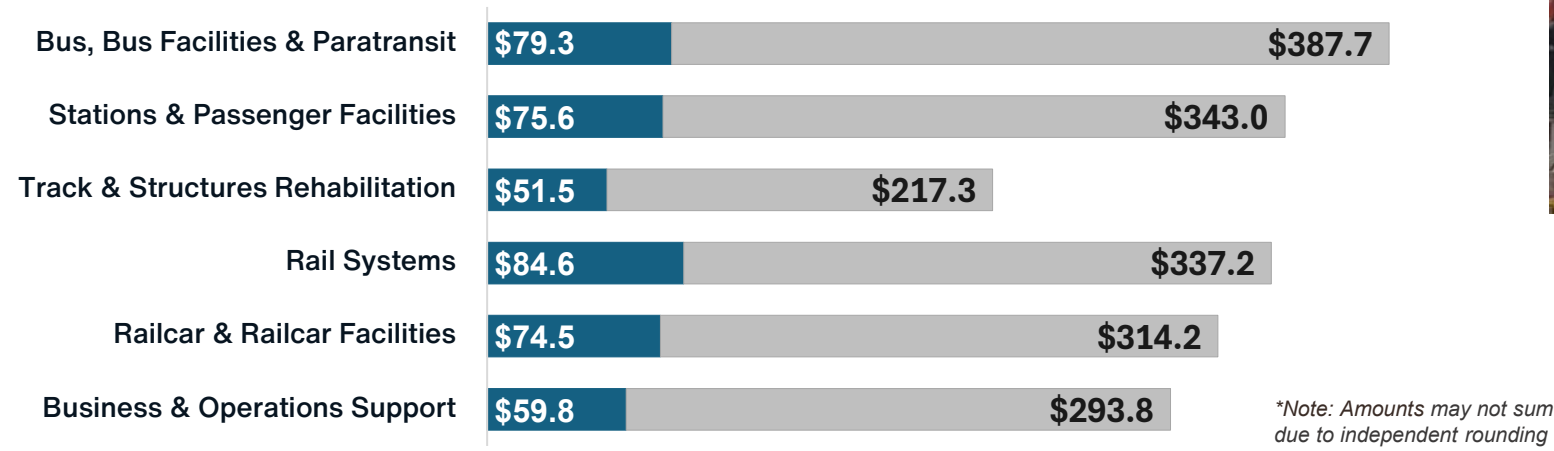
(\$ in millions)	FY2025 Actual	FY2026 Budget	FY2026 Forecast
Total Revenue	\$594	\$564	\$632
Gross Expenses	\$2,531	\$2,607	\$2,650
Preventive Maintenance Transfer	(\$89)	(\$109)	(\$84)
Net Expenses	\$2,442	\$2,498	\$2,566
Gross Subsidy	(\$1,848)	(\$1,934)	(\$1,934)
Prior Year Savings		\$28	\$28
Federal Relief	\$123	\$0	\$0
Jurisdictional Contribution	\$1,753	\$1,906	\$1,906
Operating Result	\$28	\$0	\$0

FY2026 Q1 Capital Program Investments

- \$425 million invested through the Capital Program in FY2026 Q1 in ongoing reinvestments for safety and reliability
- Revising FY2026 Capital Program year-end forecast from \$2.1B to \$1.9B to reflect impacts of cost reductions, schedule changes, and market conditions
- Potential capital cost savings in FY2026 will be reinvested into the Capital Program, including any reductions in preventive maintenance transfers

Q1 FY2026 Expenditures (\$M)*

■ FY2026 Budget (Reforecast) ■ Q1 Expenditures



Capital Funding – FY2026 CIP Financial Plan Update

Major capital fund sources for FY2026:

- FY2026 Federal PRIIA – \$149 million
- FY2026 Federal Formula grants updated apportionment and allocation – \$476M
- Regional funding as planned: Dedicated funding – \$500M; regional PRIIA funding – \$149M; Capital Funding Agreement – \$311M
- Dedicated Revenue Debt Bonds to support FY2026 budget issued in July 2025 – \$667M

Federal shutdown impact:

- No impact to drawing down current Federal Transit Administration (FTA) grants
- Department of Homeland Security Transit Security grants were temporarily paused, and funds were unable to be drawn down during the shutdown

Key Capital Investment Updates – FY2026 Q1

Project and program updates are included in the appendix for the following investments:

- 8000-Series Railcars
- Bladensburg Bus Garage
- Bus Vehicles

Future reports will include updates on:

- Fare Systems
- Northern Bus Garage
- Enterprise Resource Planning System
- Metro Training Facility
- Radio System
- Railcar Fleet Maintenance Facility
- Signaling System



Bladensburg Bus Garage

Rebuild & modernize outdated facility built in 1962 that has reached its useful life to continue to provide reliable, efficient service

Description & Context

- Metro is rebuilding the existing 60+ year old bus garage while providing service to customers
- Facility runs the most bus service
- Provides transportation services to customers on routes throughout the District of Columbia and parts of Maryland
- Facility includes operations and maintenance, fueling, and bus parking
- Improves work environment and condition for employees

KEY FEATURES

- Facility**
 - Supports multiple fueling types
 - Parking for ~300 buses
 - Includes Metro Transit Police substation
- Efficiency**
 - Consolidates multiple buildings into single modern bus operations and maintenance facility

Total Project Cost: \$541.0M
Lifetime Spend to Date: \$297.6M (55%)

Washington Metropolitan Area Transit Authority

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8000-Series Railcars

Acquire new railcars to replace legacy fleet and support safety and reliability

Description
& Context

- Metro is procuring 8000-series railcars to replace legacy railcars that have been in service for nearly 40-45 years
- Procurement initiated in 2018 for railcars, spare parts and special tools, training and training aids, and cab simulators
- Contract awarded in 2020 for base order (256 railcars)
- Metro has been working with the supplier to finalize a design incorporating customer feedback throughout the process



KEY FEATURES

Railcars

- Fully ADA compliant
- Additional handholds and multi-purpose area for gear
- Enhanced passenger comfort features such as heated floors
- Gangways to connect railcars
- Aluminum exteriors
- Enhanced inter-car barriers
- Undercar lighting

Safety & Security

- Improved video surveillance
- Integrated digital displays with real time information
- Developed to latest cyber security standards

8000-Series Railcars (cont.)



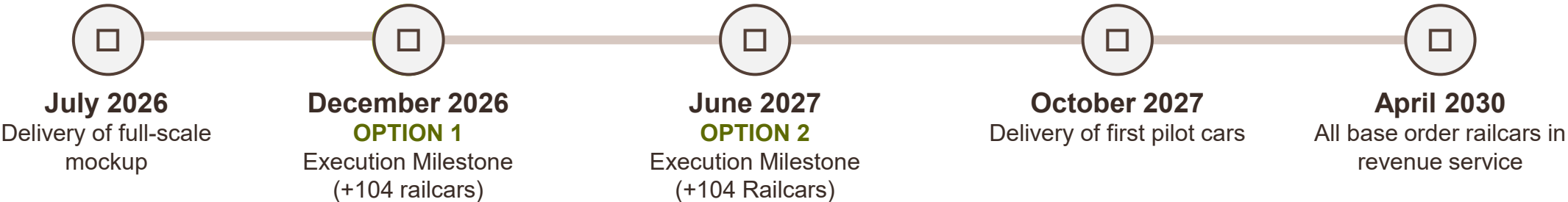
CURRENT SCHEDULE STATUS

Previously announced schedule delays due to design finalization for various components of the railcars, including car body, brakes, door system, HVAC and lighting

Identified Risks & Mitigations

Risk	Mitigation
Additional delivery delays	<ul style="list-style-type: none">Focused and in-person meetings between Metro and the vendor to resolve critical issues
Updating railcar design based on public input	<ul style="list-style-type: none">Streamline review of materials submitted by vendorPlanning for timely stakeholder participation

Key Milestones



Bladensburg Bus Garage

Rebuild & modernize outdated facility built in 1962 that has reached its end of useful life to continue to provide reliable, efficient service

Description
& Context

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- Facility runs the most bus service in the region
- Provides transportation services to customers on routes throughout the District of Columbia and parts of Maryland
- Facility includes operations and maintenance, fueling, and bus parking
- Improves work environment and condition for employees



KEY FEATURES

Facility

- Supports multiple fueling types
- Parking for ~300 buses
- Includes Metro Transit Police substation

Efficiency

- Consolidates multiple buildings into single modern bus operations and maintenance facility

Bladensburg Bus Garage (cont.)



CURRENT STATUS

- Operations and maintenance building open; parking facility construction underway
- Potential cost increase of ~\$150M was mitigated through scope reduction of battery electric bus components and value engineering efforts resulting in a revised total project cost increase of \$48M for higher equipment costs and project delays

Identified Risk & Mitigation

Risk: Complexity of installing new charging technology

Mitigation: Work with bus equipment supplier and project delivery team to minimize delays



Bus Vehicles

Purchase new buses to deliver reliable and efficient service for the region

Description
& Context

- Metro replaces buses to maintain a ~15-year lifecycle to support bus reliability
- Metrobus fleet size is ~1,400 buses
- Procurement for new buses awarded in November 2024 to replace up to 500 buses
 - ~100 buses per year
 - Mix of fueling types
- Only two domestic bus manufacturers facing high demand



KEY FEATURES

Safety

- Bus operator protective shields included in new bus contract and are being retrofitted into existing vehicles
- New cameras on buses
- Collision avoidance technology

Modern Elements

- Real-time tracking
- Durable vinyl seats
- New layout for more standing room and expanded multi-purpose area

Bus Vehicles (cont.)

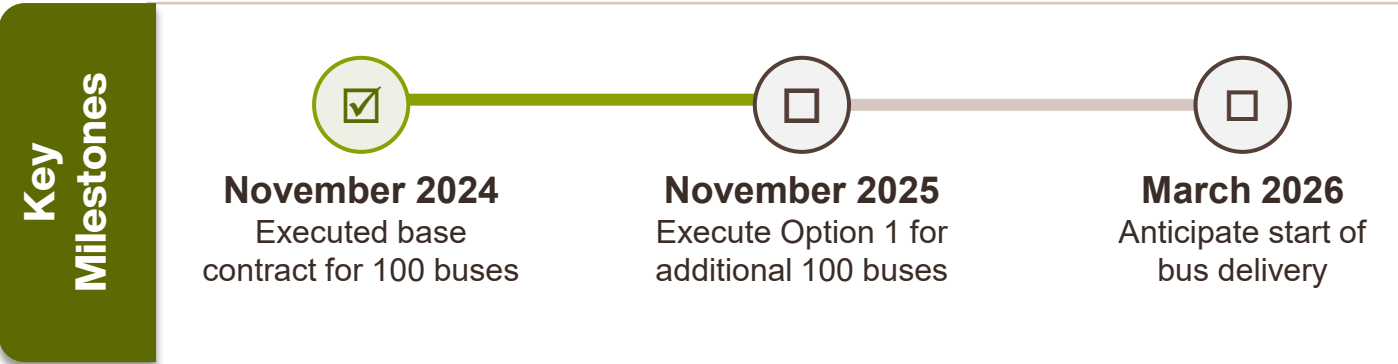


CURRENT STATUS:

- Schedule updated to reflect changes in approach and manufacturer delays
- Current estimate is for 22 total buses delivered in FY2026

Upcoming Strategic Decision

- Pending articulated bus procurement strategy; identify requirements and milestones
- Work with region and industry to standardize bus requirements



Identified Risks & Mitigations

Risk	Mitigation
Supply chain constraints affect manufacturers' ability to build buses	Close coordination with vendor
Customization of transit buses	Participate in industry effort to reduce customization
Base contract is subject to production delays	Execute option years in a timely manner to maintain spot in production line and speed up delivery of buses in FY2026