

UPDATE ON COG'S COMMITMENT TO METRO

Report to the WMATA Board of Directors

Chuck Bean
COG Executive Director
June 22, 2017



Metropolitan Washington
Council of Governments

COG and WMATA Partnership

- WMATA Underground Communications Systems
 - COG Fire Chiefs and Chief Administrative Officers
- Metro Safety Commission
- Transit Oriented Development Around Metro Forum
- Funding for Metro
 - COG Chief Administrative Officers Technical Panel on Metro
 - COG Metro Strategy Group

Chief Administrative Officers (CAOs) Technical Panel

- COG Board identified restoring Metro as its #1 priority in 2016
- Created CAO Technical Panel in June 2016 to assess WMATA's funding needs, explore revenue options, determine economic value of Metro, and identify performance metrics for safety, reliability and financial management
- On April 26, 2017, the Technical Panel issued its Final Report on Metro to the COG Board focused on funding needs and sources of dedicated revenue options

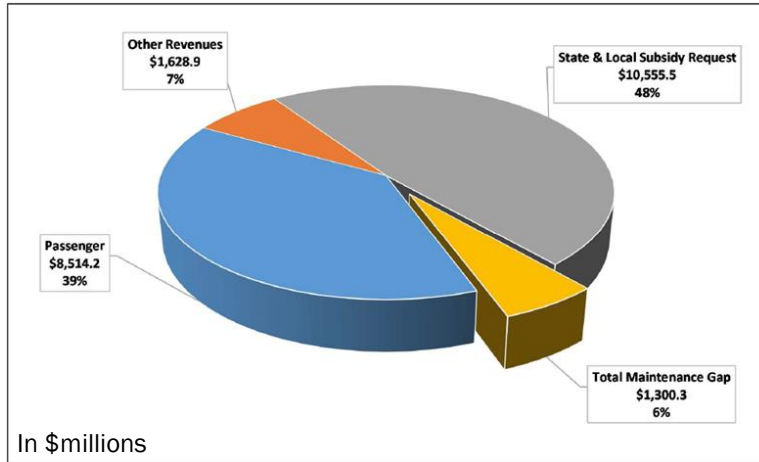
WMATA 10 Year Funding Needs Analysis

- Prepared by DC CFO in consultation with WMATA; validated by jurisdiction CAOs and senior financial staff
 - Analyzed Metro's 10-year capital and maintenance needs.
 - Key assumptions:
 - Federal PRIIA and FTA grants continue at current levels
 - FY 2017 capital funding base; FY 2018 operating funding base for jurisdictional subsidies; escalated 3% annually
 - Personnel costs escalated at 3% annually; other costs 2%
 - Ridership flat until 2020, then passenger revenues increase 3% annually due to increased ridership/fare increases
 - Achieve State of Good Repair plus begin to address additional critical capital needs (Rosslyn connection, major station capacity increases, heavy overhaul rail facility, relining Red Line tunnels)

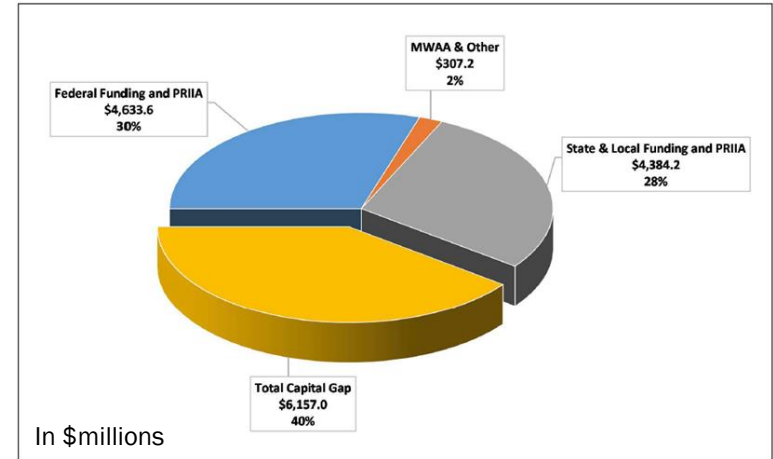


Maintenance and Capital Funding Gap

Operating Revenue and Maintenance Funding Gap



Capital Budget Revenue and Funding Gap



Total 10-Year Funding Gap Summary

Funding Category	Estimated Revenues	Estimated Cost	Gap
Capital Improvements – State of Good Repair	\$9,474,952,000	\$15,632,000,000	(\$6,157,048,000)
Operating & Maintenance	\$20,097,755,000	\$21,398,042,000	(\$1,300,287,000)
Total	\$29,572,707,000	\$37,030,042,000	(\$7,457,336,000)
Annual Average (10 years – FY 2017-FY 2026)			(\$745,733,600)



Analysis of How to Fund Gap

- Finally, the panel identified several dedicated funding options including sales, property, and gas taxes.
- Need dedicated revenue source to support debt financing for capital needs and fund maintenance gap
- Each of the options would be designed to provide a \$650 million annual amount and be available by January 2019

Type of Tax	Tax Increase	Annual Tax Revenue Collected in WMATA Compact Region
Sales Tax	1.0%	\$650 million
Property Tax (all property)	8 cents per \$100	\$650 million
Property Tax (½ mile from Metro)	43 cents per \$100	\$650 million
Gas Tax	16.3% increase	\$650 million

COG Metro Strategy Group

COG Board established the COG Metro Strategy Group to move forward with determining the best way to establish a dedicated funding source for Metro.

District of Columbia

- Kenyan McDuffie
- Phil Mendelson

Maryland

- Derrick Davis, Prince George's County
- Roger Berliner, Montgomery County
- Bridget Newton, City of Rockville
- Brian Feldman, State of Maryland

Virginia

- Sharon Bulova, Fairfax County (Chair)
- Matthew Letourneau, Loudoun County
- Martin Nohe, Prince William County
- Jay Fisette, Arlington County
- George Barker, Commonwealth of Virginia

COG Board Supports “Keeping Metro Safe, Reliable, and Affordable” Plan

- On June 14 the COG Board unanimously adopted Resolution R36-2017 supporting General Manager Wiedefeld’s plan to keep Metro Safe, Reliable, and Affordable.



COG Statement of Principles on Metro

- On June 14 the COG Board unanimously adopted Resolution R37-2017 adopting the Metro Strategy Group's "Statement of Principles on Metro" to guide work to develop a regional strategy to secure funding to meet Metrorail's needs.

(ep_jhu/Flickr)



COG Statement of Principles on Metro

- 1) The region adopts the goal of a fully restored, world class Metro system that is safe, efficiently managed in a fiscally responsible manner, and maintained in a state of good repair.
- 2) Bridging the gap in WMATA's long-term capital needs is the funding priority.
- 3) The optimal way to address WMATA's capital funding gap for state of good repair and critical capital needs is through a dedicated funding source or sources that are earmarked to WMATA, fully bondable at the highest possible financial rating, and enhances WMATA's overall financial standing.
- 4) WMATA's operating and maintenance funding needs should be addressed through application of management best practices and reforms, as well as funds derived from increased ridership, before determining if there is a need for additional funding to fill any remaining gap in operating and maintenance funding needs.

COG Statement of Principles on Metro

- 5) Local and state contributions for capital subsidies, as well as operating and maintenance subsidies, should be predictable with an annual growth rate of not more than three percent.
- 6) The local jurisdictions, the states, the business community and additional stakeholders will collaborate to accomplish these goals by the start of WMATA's Fiscal Year 2019.
- 7) Enhancement and reform of WMATA's governance and operations may be accomplished through agreements, policies, and legislative actions that optimally would be accomplished without reopening the WMATA compact at this time.
- 8) We call on the federal government to recognize its fiscal responsibility to America's transit system and the federal workforce utilizing the Metrorail system.

Next Steps

- These principles will guide the work of the Metro Strategy Group and the COG Board and help move forward on securing funding to meet Metro's needs.
- The Metro Strategy Group is coordinating with the business community, the District of Columbia, Maryland, Virginia, DOTs, congressional delegation, WMATA, NVTC, NVTa, representatives from state legislatures and other stakeholders on path forward for dedicated funding.
- Overall goal is to support introduction of funding legislation in January 2018 legislative sessions.

Chuck Bean

COG Executive Director

(202) 962-3260

cbean@mwkog.org

mwkog.org

777 North Capitol Street NE, Suite 300
Washington, DC 20002



Metropolitan Washington
Council of Governments