

Washington Metropolitan Area Transit Authority
Board Action/Information Summary

☒ Action ☐ Information

MEAD Number:
202292

Resolution:
☒ Yes ☐ No

TITLE:

FY2022 Budget Amendment for CBA and CPI

PRESENTATION SUMMARY:

Review financial effects from CPI-W affecting the compensation of Local 689 and 922 employees, the recognition of the Juneteenth Federal Holiday, and the Potomac Yard Station delay.

PURPOSE:

Seek Board approval of FY2022 operating budget amendment that increases federal relief utilization to offset the financial effects of Metro's collective bargaining agreement cost of living adjustments, the Juneteenth Federal Holiday, and the Potomac Yard Station delay.

DESCRIPTION:

Identification of Parties with an interest in Metro's budget:

The following list includes Metro's top non-personnel multi-year contractors through FY2021 and to date (\$500 million) as well as the Metropolitan Washington Airports Authority. Some vendors have contracts spanning through FY2022 as well.

- Kiewit Infrastructure Company
- Kawasaki Rail Car Inc.
- PNC Bank National Association
- SunTrust Bank
- C3M Power Systems, LLC
- Transdev Services, Inc.
- Gannett Fleming-Parsons Joint Venture II
- Mott MacDonald I&E, LLC
- New Flyer of America, Inc.
- Bank of America NA
- Wells Fargo Commercial Services
- Clerk, U.S. Court
- Motorola Solutions Inc.
- M.C. Dean, Inc.
- Mythics, Inc.
- Potomac Yard Constructors
- First Transit, Inc.
- Diamond Transportation Service, Inc.

- Dell Marketing LP
- HNTB Corporation
- Metropolitan Washington Airports Authority (MWAA)

A full list of Procurement Awards is available at:

<https://www.wmata.com/business/procurement/solicitations/index.cfm#main-content>

Furthermore, Metro has labor agreements with the following collective bargaining units:

- Fraternal Order of Police/Metro Transit Police Labor Committee, Inc. (FOP)
- The Office and Professional Employees International Union Local No.2, AFL- CIO (Local 2)
- Local 639, International Brotherhood of Teamsters Law Enforcement Division (Local 639)
- Local Union 689 of the Amalgamated Transit Union, AFL-CIO (Local 689)
- Local 922, International Brotherhood of Teamsters (Local 922)

Key Highlights:

- The FY2022 Operating Budget totals \$2.08 billion, including the use of \$737.2 million in federal relief funding
- Three unplanned items have emerged with financial effects to the current fiscal year—higher than anticipated inflation resulting in required collective bargaining agreement cost of living adjustments, the recognition of the new Juneteenth federal holiday, and the Potomac Yard Station delay, which are expected to total \$25.4 million in FY2022
- Staff seek to amend the FY2022 operating budget to increase the utilization of federal relief to offset the unplanned items with no changes to jurisdictional contributions

Background and History:

In April 2021, the Board approved the FY2022 budget, including the \$2.07 billion operating budget. In June, consistent with Metro's pandemic recovery plan, the Board approved fare and service changes, restoring service to approximately pre-pandemic levels. These enhancements were offset by additional federal relief funding utilization in the FY2022 budget, which was increased from \$722.9 million to \$737.2 million, resulting in a total operating budget of \$2.08 billion.

Discussion:

Since the Board last acted on the FY2022 budget, three unplanned items with financial effects to the operating budget emerged including higher than anticipated inflation with higher than anticipated CPI-W affecting the CBA increases of Local 689 and 922, the

recognition of a new federal holiday for Juneteenth, and the delay in opening the Potomac Yard Station.

CBA Cost of Living Adjustment for CPI-W

Most of Metro's employees are represented by the Amalgamated Transit Union Local 689 (Local 689) or Teamsters Local 922 (Local 922). In FY2022, Metro budgeted a general wage increase of 2.5 percent for both Local 689 and Local 922 members. The collective bargaining agreements for the two unions require Metro to increase wage and salaries by the percentage amount of the Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W) if it exceeds the agreed-upon 2.5 percent. The Bureau of Labor Statistics' CPI-W report for the period specified by the CBAs was 5.6 percent, resulting in an unplanned increase of \$20.9 million for Metro's unionized workforce and an additional \$2.5 million for managers who supervise ununionized employees as a result of compression in FY2022. The total unplanned effects on Metro's personnel expenses is \$23.4 million.

Juneteenth Federal Holiday

On June 17, 2021, President Biden signed legislation making Juneteenth a federal holiday. The recognition of a new federal holiday affects both Metro's revenue and expenses. Revenue decreases from reduced ridership and the charging of off-peak fares on June 19, 2021 are approximately \$734,000, which is expected to be roughly \$1.5 million in future years, assuming a return to pre-pandemic ridership levels. Metro's expenses increased by approximately \$1.7 million due to increased compensation for employees who worked the holiday as required by Metro's collective bargaining agreements. The unplanned net effect to FY2022 is approximately \$2.5 million.

Potomac Yard Opening Delay

In July, Metro announced a delay of at least five months to the opening of the Potomac Yard Station. The FY2022 operating budget previously assumed \$102,000 in operating revenue and \$576,000 in expense associated with the station opening, which should now be removed from the FY2022 budget and planned for FY2023 revenue service. The financial effect of the delay is a net savings of \$474,000.

Budget Amendment and Federal Relief

These unplanned financial effects total \$25.4 million, which increases the operating budget from \$2.08 billion to \$2.10 billion and is recommended to be offset with additional federal relief utilization with no change to jurisdictional funding.

Risks and Issues

Further adjustments to the FY2022 operating budget may be needed due to the CBA for the Metro Transit Police, which requires a wage adjustment based on the average of the three highest increases of the jurisdictional police departments. Other budget adjustments may also be needed to address inflationary pressures on non-personnel expenses. In addition, in future years, paratransit and pension costs are also likely to grow significantly due to the increases that Metro is observing in other expense areas.

FUNDING IMPACT:

Budget:	Operating Budget, Fiscal 2022

Project Manager:	Dennis Anosike/Yetunde Olumide
Project Department/Office:	CFO/OMBS

TIMELINE:

Previous Actions	April 2021 – Board adopts FY2022 budget
	June 2021 – Board adopts service and fare changes
Anticipated actions after presentation	Implement budget changes

RECOMMENDATION:

Approval of the FY2022 operating budget amendment to include the financial effects of collective bargaining agreement cost of living adjustments, the Juneteenth Federal Holiday, and the Potomac Yard Station delay.

PRESENTED AND ADOPTED: September 23, 2021

SUBJECT: AMENDMENT OF FISCAL YEAR 2022 OPERATING BUDGET

2021-30

RESOLUTION
OF THE
BOARD OF DIRECTORS
OF THE
WASHINGTON METROPOLITAN AREA TRANSIT AUTHORITY

WHEREAS, Pursuant to Resolution 2021-11 the Board of Directors adopted the Fiscal Year (FY) 2022 Operating Budget; and

WHEREAS, The Cost of Living Index increase required by the terms of WMATA's collective bargaining agreements with Local 689 and Local 922, respectively, will increase operating expenses in FY 2022; and

WHEREAS, The addition of the Juneteenth holiday will increase operating costs and reduce revenues for FY 2022; and

WHEREAS, The delayed opening of the Potomac Yard Station will result in decreased revenue and operating costs in FY 2022; and

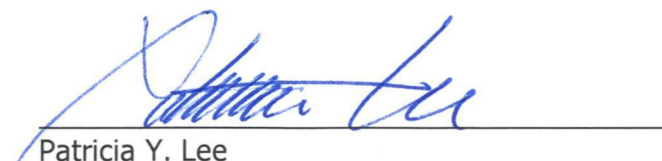
WHEREAS, All of these changes require an amendment to the FY 2022 Operating Budget;

NOW, THEREFORE, be it

RESOLVED, That the Fiscal Year 2022 Operating Budget is increased by \$24.5 million, that is composed of a revenue decrease of \$0.8 million and an expense increase of \$24.5 million, and will be funded by the use of \$25.4 million from federal Covid relief funding; and be it finally

RESOLVED, That this Resolution shall be effective 30 days after adoption in accordance with Compact Section 8(b).

Reviewed as to form and legal sufficiency,



Patricia Y. Lee
Executive Vice President and General Counsel

WMATA File Structure No.:
4.2.2 Fiscal Year Budgets

Motioned by Mr. Letourneau, seconded by Ms. Babers

Ayes: 8- Mr. Smedberg, Ms. Babers, Mr. Slater, Ms. Kline, Mr. Letourneau, Mr. Bulger, Mr. Drummer and Dr. Helfer