

Washington Metropolitan Area Transit Authority

Board Action/Information Summary

☒ Action ☐ Information

MEAD Number:
202343

Resolution:
☒ Yes ☐ No

TITLE:

Adopt FY2023 Budget and FY2023-2028 CIP

PRESENTATION SUMMARY:

Recommended FY2023 Budget and FY2023-2028 Capital Improvement Program (CIP)

PURPOSE:

Seek Board acceptance and approval of the Public Outreach and Input Report, Title VI equity analysis, the FY2023 Budget and FY2023-2028 CIP

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)
- 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:

- Metro received more than 3,000 public comments on the proposed budget. A detailed public input summary can be found in the Public Outreach and Input Report
- The recommended FY2023 Operating Budget totals \$2.2 billion and is funded by \$374.6 million in revenue, \$1,191.9 million in jurisdictional contributions, and \$680.8 million in federal relief to fill the budget gap
- New proposed fare changes would take effect in FY2023 and temporary fare changes implemented in September FY2022 are recommended for permanent adoption; Silver Line Phase 2 and Potomac Yard-VT operations will be funded
- Metro's CIP continues Metro and the region's focus on investing in safety, state of good repair and reliability programs and projects
- Over the past 10 years, Metro's capital program has increased from investing approximately \$700 million per year to investing over \$1.8 billion in FY2022
- The Proposed FY2023-2028 Six-Year CIP planned investment totals \$12.4 billion and the FY2023 Capital Budget investment forecast is \$2.3 billion
- Metro made progress in addressing previously unmet capital needs and projects over the past two years
- If executed as planned, the Six-Year CIP will continue to reduce the backlog of unmet capital programs and projects

Background and History:

On November 4, 2021, the GM/CEO presented the Proposed FY2023 Budget and FY2023-2028 Capital Improvement Program (CIP) to the Board. The Proposed FY2023 Operating Budget included investments in all-day service seven days a week and prioritized safe, reliable, and affordable transit service in support of a gradual recovery from the pandemic. The Six-Year CIP anticipates continued Jurisdictional funding, including up to three percent increases in Jurisdictional Capital Allocated Contributions, and continuation of state and Federal PRIIA funding through the planning period. In addition to these baseline assumptions, Metro anticipates leveraging Dedicated-Funding backed debt to address additional funding needs and continue to address previously unfunded needs in the CIP.

On December 9, 2021, the Board authorized Metro to conduct public hearings and other outreach efforts to solicit public input regarding the proposed budget and service changes. As part of the public hearings, held in February 2022, staff conducted extensive outreach on the proposed operating and capital budgets.

Discussion:

Public Outreach

On December 9, 2021, the Board authorized Metro to conduct public hearings and other outreach efforts to solicit public input regarding the proposed budget and service changes. In addition to the three public hearings that were held in February 2022, staff conducted extensive outreach to inform the public and collect feedback on the budget proposals.

Metro received more than 3,000 responses, of which:

- 85% were from current Metrorail or Metrobus riders
- 15% were from lapsed Metrorail or Metrobus riders
- 40% were minority respondents
- 12% were low-income respondents

The proposed service and fare changes were well received and the majority of survey respondents supported the proposals. The fare changes most likely to boost Metrorail ridership, according to the survey:

- Add \$25 to SmarTrip Card and Get a \$5 Bonus – 80% of respondents said would increase their likelihood of riding Metro
- \$2 Weekend Metrorail Fares – 79%
- Late Night \$2 Metrorail Fares – 73%
- Free Bus Transfer to/from Rail – 72%

Notably, the ratio of customers who prefer the SmarTrip Card Bonus to those who prefer the 7-Day Unlimited Ride Pass Offer is more than 3 to 1. Among minority and low-income residents, this ratio is more than 2 to 1.

With respect to rail service changes, large majorities favor all five proposals. The two most appealing were:

- Increase rail service on Saturdays – 84% said this would increase their likelihood of riding
- Increase rail service on Sundays – 80%

Survey respondents indicated that the bus service changes most likely to increase ridership (among those riding affected routes) were:

- 12-Minute Frequent Service Network – 74% said this would increase their likelihood of riding Metrobus
- Service Increases to Address Crowding – 70%

- Adoption of Temporary Changes to the 83, 86 College Park Line – 62%
- 20-Minute Frequent Service Network – 60%

For all the bus proposals except for proposal 4C (Adoption of Temporary Changes to the 18G, 18H Orange Hunt Line), a majority of respondents indicated that the proposed change would increase their likelihood of riding Metrobus.

Full details of the communications and outreach effort are included in the attached draft Public Outreach and Input Report.

Title VI Equity Analysis

In accordance with Federal Transit Administration regulations, the proposed FY2023 Budget does not trigger a disparate impact (DI) on minority populations nor a disproportionate burden (DB) on low-income populations based on the Title VI equity analysis conducted by staff on the final Metro operating budget proposal.

Operating Budget

The recommended FY2023 Operating Budget improves Metrobus and Metrorail service and continues discounted fare options that will make it easier and more convenient for customers to use Metro. In addition, management actions of \$5 million reduce costs that otherwise would have been incurred. Covid-19's impact on ridership and revenue will continue to be faced in FY2023, with total ridership projected to recover to 167 million trips (53 percent of pre-pandemic levels).

The recommended FY2023 Budget is \$2.2 billion and is \$35 million less than the Proposed FY2023 Budget driven by:

- \$20 million in equity initiative changes
- \$10 million in Voluntary Separation Plan (VSP) position restoration savings
- \$5 million for PRIIA OIG match

The recommended FY2023 Budget is funded by:

- Passenger Revenue of \$293.1 million and Non-Passenger Revenue of \$81.5 million for total Operating Revenue of \$374.6 million
- Jurisdictional Subsidy of \$1,191.9 million (excluding debt service)
- Federal Relief Funding of \$680.8 million to fill budget gap

Proposed Fare Changes

FY2023 New Fare Discount Proposals

The following proposed fare changes are to take effect in FY2023 and are expected to benefit 24.2 million trips and have a revenue impact of (\$10.9) million in FY2023:

- \$2 Late Night Rail Fare
- Metrorail fares would be a flat \$2 for one-way trips from 9:30 pm until close.

Discount Monthly Passes

Monthly pass products would be discounted from the price range of \$72-\$216 currently, to \$64-\$192 depending on travel distance selections.

Discount 7-Day Unlimited Passes (six-month promotion)

The 7-Day unlimited pass would be discounted 50 percent from \$58 to \$29 to make its pricing attractive to workers who may not be traveling on consecutive days.

Add Value Bonus (six-month promotion)

The add value bonus rewards customers when they add funds to their SmarTrip card. For every \$25 placed on a SmartTrip card, an additional \$5 will be added to the card.

FY2022 Temporary Changes Proposed for Permanent Adoption

The following temporary fare changes implemented in September 2021 are recommended for permanent adoption and are expected to benefit 25.6 million trips and have a revenue impact of (\$12.3 million in FY2023):

- free rail-bus transfers (\$2 transfer discount)
- lower 7-Day Regional Bus Pass price (\$12 from \$15)
- rail weekend \$2 flat fares

Proposed Service Changes**Metrorail**

The Metrorail service changes listed below were temporarily adopted by the Board on June 10, 2021; the FY2023 budget assumes making these changes permanent:

Improve Late Evening Frequency

Improve Blue, Orange, Green, Yellow and Silver Line headways to 15 minutes from 20 minutes and improve Red Line headways to 10 minutes from 15 minutes. Late evening frequencies start at 9:30 p.m. and operate seven days per week.

Improve Weekend Frequency

Improve Blue, Orange, Green, Yellow and Silver Line headways to 12 minutes from 15 minutes and improve Red Line headways to 6 minutes from 12 minutes on Saturday and Sunday. The weekend frequency would operate from start of service to 9:30 p.m.

Standardize Weekday Off-peak Frequency

Improve Blue, Orange, Green, Yellow and Silver Line headways to 12 minutes from 12-20 minutes and improve Red line headways to 6 minutes from 8-12 minutes from 5:00 a.m. to 6:30 a.m. and from 7:00 p.m. to 9:30 p.m. to be consistent with midday weekday service.

Improve Weekday Peak Frequency

Improve Blue, Orange, Green, Yellow and Silver line headways to 10 minutes from 12 minutes (implemented September 5, 2021). Improve Red line headways to 5 minutes from 6 minutes (proposed for spring 2022). The weekday peak service improvements would operate Monday through Friday from 6:30 a.m. to 9:30 a.m. and from 3:00 p.m. to 7:00 p.m.

Close Rail Later Sunday Through Thursday

The Metrorail system would operate one additional hour to midnight Sunday through Thursday.

Close Rail Later Friday and Saturday

The Metrorail system would operate two additional hours on Friday and Saturday (to 1:00 a.m.).

Start Sunday Service Earlier

The Metrorail system would start one hour earlier at 7:00 a.m. instead of 8:00 a.m. on Sunday.

Operate Metrorail revenue service to Silver Line Phase 2 stations Operate Metrorail revenue service to six Silver Line Phase 2 stations for full fiscal year.

Operate Metrorail revenue service to Potomac Yard-VT station

Operate revenue service to the new Potomac Yard-VT station in late 2022. The station will be located at 2401 and 3251 Potomac Avenue, Alexandria, Virginia 22305.

Close and Relocate Metro Center Sales Office

Permanently close the Metro Center Sales Office and relocate the sales office to the new L'Enfant Plaza Metro Headquarters building.

Metrobus

Bus service improvements include 20 bus lines with 12 minutes or better service (7 am to 9 pm seven days-a-week), improvements on 16 bus lines with 20 minutes or better service (7 am to 9 pm seven days-a-week), and service restored or improved on an additional 46 bus routes.

The proposed FY2023 Metrobus service changes also include the following:

- A new Metrobus Route, 3F will be created by converting the previously “out of service” reverse-direction trips of Route 3Y into service trips
- The terminal of Route 3Y and therefore, the starting point of Route 3F will be extended to the East Falls Church Metrorail Station

Capital Budget

The proposed six-year \$12.4 billion CIP focuses investment in ongoing safety and state of good repair programs and projects, and prioritized system preservation and renewal projects identified in Metro’s Capital Needs Forecast and asset management and reliability plans. Capital delivery has improved in the recent past, with Metro delivering the single largest annual capital investment - \$1.84 billion – in FY2021.

The Capital Improvement Program is implemented across six investment categories:

- Railcars and Railcar Facilities
- Rail Systems
- Track and Structure Rehabilitation
- Bus, Bus Facilities, and Paratransit
- Stations and Passenger Facilities
- Operations and Business Support

During the on-going pandemic low ridership period, significant progress was made on capital improvements in FY2021.

In addition to Metro-identified priorities, several Jurisdictional projects are included in the reimbursable projects program, including the Potomac Yard-VT infill station and support for the Silver Line Metrorail extension.

State of Good Repair

Work continues to reduce overdue and ongoing state of good repair needs. When measured in FY2016 the backlog was estimated at \$7.1 billion: that total was reduced to about \$5.0 billion by FY2018. Further reductions to the state of good repair backlog are projected through the continued federal and regional investment in the CIP. Planned capital investments will reduce the state of good repair backlog to about \$3.2 billion by FY2028 and to about \$1.2 billion by FY2032. These projections assume continued investments in projects and programs that prevent adding items to the backlog.

Metro is improving the planning in its CIP by progressing from reactive to proactive capital planning. As efforts progress, it is anticipated that the program will advance to predicting capital needs. The capital program is anticipated to improve from addressing a backlog, to repairing immediate needs, to addressing needs before infrastructure fails.

Capital Program Risks and Considerations

The Capital program faces traditional funding and execution risks in addition to those related to the pandemic. The risks include additional labor costs associated with Covid compliance for personal health and safety as well as supply chain interruptions, inflation and market escalations.

Risks to capital funding sources include uncertainty of the federal funding and the long-term dedicated funding debt capacity. Continuation of state of good repair projects to sustain state of good repair and reliability and prevent future backlogs, require on-going funding at an order of magnitude of \$1.5 billion on average per year. Additional unfunded or underfund needs include, but are not limited to, Zero Emission bus implementation; the Next Generation Signal System; Blue/Orange/Silver Line capacity and reliability improvements; and

Railcar fleet and facility improvements for future rail system capacity and frequency improvements.

Overall Risks and Opportunities

The Covid-19 pandemic continues to pose significant risks to the operating and capital budgets by impacting ridership and revenue, creating additional health and safety compliance costs, and disrupting supply chain and manufacturing. Additional capital funding uncertainty exists around the federal reauthorization of Passenger Rail Investment and Improvement Act funding and operating uncertainty remains around the timing of regional economic recovery and Silver Line Phase 2 ridership and revenue.

While additional federal relief funding removes much of the immediate risks to Metro's operating budget; uncertainty exists around rider sentiment, telework, commuter preferences amongst a changing transportation landscape, and the durability or lack thereof for funding transit operations in a way that is less dependent on the farebox.

While the pandemic has created many challenges, there is also an opportunity to see greater recovery across the region, driving additional ridership and revenue to enable future customer-focused enhancements.

Jurisdictional Subsidy and Federal Relief

The FY2023 operating subsidy adheres to the legislatively mandated three percent annual growth gap with a FY2023 capped subsidy of \$1,142.9 million. Proposed legislative exclusions total \$49.0 million and include \$3.2 million for Juneteenth Holiday, \$3.4 million for safety mandates from the Washington Metrorail Safety Commission (WMSC), \$40.8 million for Silver Line Phase 2, and \$1.5 million for Potomac Yard-VT for a total subsidy of \$1,191.9 million (excluding debt service). This subsidy leaves a funding gap of \$680.8 million which will be covered by federal relief to balance the FY2023 budget.

FUNDING IMPACT:

Board action is required to approve the FY2023 Budget and the FY2023-2028 CIP.

TIMELINE:

Previous Actions	October 2021 – Revenue and Ridership Outlook November 2021 – GM/CEO Proposed FY2023 Budget and FY2023-2028 CIP December 2021 - Authorization for Public Hearings on FY2023 Budget and FY2023-2028 CIP January-February 2022 – Budget deliberations, public outreach and public comment period
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Anticipated actions after presentation	March 2022 – Board adoption of the FY2023 Budget and FY2023-2028 Capital Program April 2022 – Submit Federal grant applications July 2022 – Fiscal Year 2023 begins
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RECOMMENDATION:

Acceptance and approval of the Public Outreach and Input Report, Title VI equity analysis, FY2023 Budget and FY2023-2028 CIP. Budget adoption enables timely submission of FTA grant applications and awards, which help to ensure state of good repair capital projects proceed as scheduled and operations continue to serve Metro customers.

SUBJECT: ADOPTION OF FISCAL YEAR 2023 OPERATING AND CAPITAL BUDGETS, FARE AND SERVICE CHANGES, AND FISCAL YEAR 2023-2028 CAPITAL IMPROVEMENT PROGRAM, AND APPROVAL OF TITLE VI EQUITY ANALYSIS AND PUBLIC PARTICIPATION REPORT

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

WHEREAS, Compact Sections 23 and 24 require the Board of Directors to adopt a balanced capital budget and a balanced operating budget each year; and

WHEREAS, WMATA continues to provide transit service at increasing service levels in response to ridership demands during the pandemic; and

WHEREAS, The Board has reviewed and considered the General Manager and Chief Executive Officer's proposed fiscal year (FY) 2023 operating budget and FY 2023-2028 Capital Improvement Program (CIP); and

WHEREAS, Pursuant to the Public Participation Plan, the Board held three public hearings on February 7, 8, and 9, 2022 (of which one was held in an area served by the Northern Virginia Transportation Commission pursuant to VA Acts of Assembly Ch. 854 Enact. Cl. 8), on the proposed FY 2023 operating budget, including the proposed closure of the Metro Center Sales Office, fare and service changes, and the FY 2023-2028 CIP; and

WHEREAS, Following Board authorization on December 9, 2021 (Res. 2021-42), staff prepared a Public Hearing Staff Report (Attachment A) and Title VI Equity Analysis (Attachment B) on the proposals presented at the public hearings, which showed that the proposed changes do not result in a disparate impact on minority populations or a disproportionate burden on low-income populations; and

WHEREAS, Sections 30019(b) and (c) of the Infrastructure Investment and Jobs Act of 2021 requires the Secretary of Transportation to use \$5 million of the Passenger Rail Investment and Improvement Act grants to WMATA for use exclusively by WMATA's Office of Inspector General (OIG) for each fiscal year in which WMATA makes available \$5 million in non-federal funds for use exclusively by the OIG; and

WHEREAS, The WMATA Dedicated Funding Grant Agreement with the District of Columbia requires the Board to consider whether the most recent approved Federal Transit Administration (FTA) indirect cost rates described in Attachment H are appropriate to apply to jurisdictional capital contributions; and

WHEREAS, The WMATA Dedicated Capital Funding Agreement with the State of Maryland requires the Board to review and approve WMATA's Debt Management Policy annually; and

WHEREAS, In June 2010, the Board adopted a $\frac{3}{4}$ mile zone from fixed route service for the provision of MetroAccess Service (Res. 2010-31);

NOW, THEREFORE, be it

RESOLVED, That the Board of Directors approves the Public Participation Report on the proposed fiscal year 2023 operating budget and fiscal year 2023-2028 Capital Improvement Program, set forth in Attachment A; and be it further

RESOLVED, That the Board of Directors approves the Title VI equity analysis set forth in Attachment B; and be it further

RESOLVED, That the Board of Directors adopts the fiscal year 2023 operating budget of \$2.25 billion set forth in Attachments C and D; and be it further

RESOLVED, That the Board of Directors authorizes the closure of the Metro Center Sales Office set forth in Attachment E; and be it further

RESOLVED, That the Board of Directors adopts the fare and service changes set forth in Attachment F; and be it further

RESOLVED, That the $\frac{3}{4}$ mile zone for the provision of MetroAccess service in Resolution 2010-31 is suspended until June 30, 2023, to freeze the existing paratransit service area as it exists and allow staff to evaluate the impact of Metrobus service changes on paratransit service; and be it further

RESOLVED, That the Board of Directors adopts the fiscal year 2023 capital budget of \$2.4 billion and the fiscal year 2023-2028 Capital Improvement Program of \$13.9 billion as set forth in Attachment G; and be it further

RESOLVED, That as required by Section 30019(c) of the Infrastructure Investment and Jobs Act of 2021, \$5 million of non-federal funds shall be provided from the operating budget for use exclusively by the Office of Inspector General; and

RESOLVED, That the Board of Directors approves one or more transfers in an aggregate amount not to exceed \$60 million of operating expenses from the fiscal year 2023 operating budget to the fiscal year 2023 capital budget and the use of Federal Transit Administration grant and local funds for the payment of eligible preventive maintenance expenditures so transferred; and be it further

RESOLVED, That the Board of Directors has considered the use of the most recent Federal Transit Administration-approved indirect cost rate and directs staff to apply an indirect cost rate that does not exceed the most recent Federal Transit Administration-approved composite rate as described in

Attachment H to projects funded by jurisdictional capital contributions in the fiscal year 2023 capital budget; and be it further

RESOLVED, That the Board of Directors authorizes the General Manager and Chief Executive Officer to reprogram up to \$12 million in capital funding to support operating revenue losses caused by service disruptions associated with major capital projects with any unused capital funds reprogrammed into the fiscal year 2023 capital budget; and be it further

RESOLVED, That the Board of Directors approves the WMATA Debt Management Policy set forth in Attachment I for fiscal year 2023; and be it further

RESOLVED, That \$72.2 million of debt service payments resulting from the issuance of Series 2017A, 2017B, and 2018 bonds are due from and allocated to the participating jurisdictions as set forth in Attachment D; and be it further

RESOLVED, That in order to implement the fiscal year 2023 capital budget and the fiscal year 2023 operating budget, the General Manager and Chief Executive Officer, the Executive Vice President and Chief Financial Officer, or their designees are authorized to: (1) file and execute grant applications and accept grants on behalf of WMATA for funds from the federal government and any other public or private entity regardless of whether a local match is required without further Board action, so long as the acceptance of such grant does not result in the increase in expenditures above the approved fiscal year 2023-2028 Capital Improvement Program or the approved fiscal year 2023 operating budget; (2) conduct public hearings at any time during fiscal year 2023 in furtherance of the implementation of the fiscal year 2023-2028 Capital Improvement Program; and (3) execute and file the annual Federal Transit Administration Certifications and Assurances as a prerequisite to the submission of federal grant applications; and be it finally

RESOLVED, That to allow staff to timely apply for fiscal year 2023 grants, this Resolution shall be effective immediately.

Reviewed as to form and legal sufficiency,

/s/
Patricia Y. Lee
Executive Vice President and General Counsel

WMATA File Structure Nos.:
4.2.2 Fiscal Year Budgets
9.12.9 Tariff/WMATA Fare Structure

Public Participation Report

PROPOSED

PROPOSED



**FY2023 ADJUSTED BUDGET
REVENUE, EXPENSE & FUNDING SOURCES**

MODES 1, 2, 10, 19

<i>(Dollars in Thousands)</i>	<u>Total with REIMB</u>	<u>Subsidized</u>	<u>BUS</u>	<u>RAIL</u>	<u>ACCESS</u>	<u>REIMB</u>
REVENUES						
Passenger	\$301,032	\$301,032	\$59,103	\$236,728	\$5,201	\$0
Parking	\$21,232	\$21,232	\$0	\$21,232	\$0	\$0
Advertising	\$14,000	\$14,000	\$3,456	\$10,544	\$0	\$0
Joint Development	\$19,320	\$9,644	\$0	\$9,644	\$0	\$9,675
Fiber Optics	\$13,892	\$13,892	\$0	\$13,892	\$0	\$0
Other	\$27,451	\$22,684	\$2,287	\$20,397	\$0	\$4,767
Federal Funding	\$672,830	\$672,830	\$115,253	\$557,138	\$439	\$0
Total Revenues	\$1,069,756	\$1,055,314	\$180,099	\$869,575	\$5,640	\$14,443
EXPENSES						
Personnel	\$1,522,505	\$1,518,362	\$555,178	\$947,580	\$15,604	\$4,142
Services	\$421,329	\$412,410	\$77,961	\$160,221	\$174,228	\$8,919
Materials & Supplies	\$125,342	\$123,960	\$52,501	\$71,168	\$291	\$1,382
Fuel (Gas/Diesel/CNG)	\$33,440	\$33,440	\$24,810	\$2,889	\$5,741	\$0
Utilities & Propulsion	\$96,035	\$96,035	\$10,929	\$84,373	\$734	\$0
Casualty & Liability	\$43,168	\$43,168	\$15,897	\$26,768	\$503	\$0
Leases & Rentals	\$10,477	\$10,477	\$2,475	\$7,063	\$939	\$0
Miscellaneous	\$9,357	\$9,357	\$4,145	\$5,096	\$116	\$0
Total Expenses	\$2,261,652	\$2,247,209	\$743,895	\$1,305,158	\$198,156	\$14,443
NetSubsidy	\$1,191,896	\$1,191,896	\$563,796	\$435,584	\$192,516	\$0
Cost Recovery Ratio¹	47.3%	47.0%	24.2%	66.6%	2.8%	

¹Total Revenues/
Total Expenses

FY2023 SUMMARY OF STATE/LOCAL OPERATING REQUIREMENTS

(\$ in Millions)	FY2022 Base	FY2023 Capped	Change %	Legislative Exclusions	FY2023 Total Subsidy	Total Change %	Debt Service	Jurisdictional Operating Subsidy
District of Columbia	\$398,594,820	\$410,552,664	3.0%	\$16,157,015	\$426,709,679	7.1%	\$33,284,167	\$459,993,846
Montgomery County	\$179,137,083	\$174,764,926	(2.4%)	\$8,541,288	\$183,306,214	2.3%	\$15,414,850	\$198,721,064
Prince George's County	\$244,031,514	\$261,098,729	7.0%	\$7,716,791	\$268,815,520	10.2%	\$15,814,275	\$284,629,795
Maryland Subtotal	\$423,168,597	\$435,863,655	3.0%	\$16,258,080	\$452,121,735	6.8%	\$31,229,125	\$483,350,860
City of Alexandria	\$46,253,495	\$48,361,741	4.6%	\$2,437,634	\$50,799,376	9.8%	\$1,776,390	\$52,575,766
Arlington County	\$76,852,215	\$75,084,961	(2.3%)	\$4,526,094	\$79,611,055	3.6%	\$0	\$79,611,055
City of Fairfax	\$2,757,882	\$2,758,825	0.0%	\$147,536	\$2,906,361	5.4%	\$111,549	\$3,017,910
Fairfax County	\$152,786,728	\$155,215,960	1.6%	\$7,889,631	\$163,105,592	6.8%	\$5,617,993	\$168,723,585
City of Falls Church	\$3,092,718	\$3,486,220	12.7%	\$124,445	\$3,610,665	16.7%	\$176,276	\$3,786,941
Loudoun County	\$6,145,867	\$11,617,864	89.0%	\$1,413,232	\$13,031,096	112.0%	\$0	\$13,031,096
Virginia Subtotal	\$287,888,905	\$296,525,572	3.0%	\$16,538,573	\$313,064,145	8.7%	\$7,682,208	\$320,746,353
Total Contribution	\$1,109,652,321	\$1,142,941,891	3.0%	\$48,953,668	\$1,191,895,559	7.4%	\$72,195,500	\$1,264,091,059

1. FY2022 Base reflects April 22, 2021 Board approved subsidy
2. Metrobus Subsidy allocation based on September 2021 Schedule/GeoDistribution file
3. Legislative Exclusions include \$3.2M for Juneteenth Holiday, \$3.4M for WMSC safety mandates, \$40.8M for Silver Line Phase 2, \$1.5M for Potomac Yard-VT

METRO CENTER SALES OFFICE AND SERVICE CHANGES

Closure and Relocation of Metro Center Sales Office

The proposal is to permanently close the Metro Center Sales Office and relocate the sales office to the new L'Enfant Plaza Metro Headquarters building located at 300 7th Street SW, Washington, DC.

SERVICE AND FARE CHANGES

Service Changes

Proposed Metrobus Service Changes

PROPOSED

District of Columbia

Route	Line Name	FSN	WKDY	SAT	SUN	Summary of Changes
31	Wisconsin Avenue	12				9/21- Route added to 12 minute FSN Network
33						9/21- Route added to 12 minute FSN Network; 5/22- Realign late-night service to L'Enfant Plaza station
32	Pennsylvania Avenue	12				9/21- Route added to 12 minute FSN Network
36						9/21- Route added to 12 minute FSN Network
37	Wisconsin Avenue Limited					Maintain no service
39	Pennsylvania Avenue Limited					Maintain no service
42	Mount Pleasant					11/21- Weekday peak frequency reduced to every 9 minutes
43						11/21- Weekday peak frequency reduced to every 9 minutes
52	14th Street	12				9/21- Route added to 12 minute FSN Network
54						9/21- Route added to 12 minute FSN Network
59	14th Street Limited					No change
60	Fort Totten-Petworth					No change
64	Fort Totten-Federal Triangle					9/21- Trips added weekdays to reduce crowding
62	Takoma-Petworth					No change
63						9/21- Realign route to new route following the alignment of Route 64 south of Petworth Station
70	Georgia Avenue-7th Street					5/22- Realign late-night service to L'Enfant Plaza
74	Convention Center-Southwest Waterfront					5/22- Move terminal to 6th Street
79	Georgia Avenue Limited	12				9/21- Route added to 12 minute FSN Network
80	North Capitol Street	12				9/21- Route added to 12 minute FSN Network

90	U Street-Garfield	12				9/21- Route added to 12 minute FSN Network
92						9/21- Route added to 12 minute FSN Network
96	East Capitol Street-Cardozo					No change
A2	Anacostia-Washington Highlands					9/21- Route added to 12 minute FSN Network
A6	Anacostia-Livingston	12				9/21- Route added to 12 minute FSN Network
A7						9/21- Route added to 12 minute FSN Network
A8						9/21- Route added to 12 minute FSN Network
A4	Anacostia-Fort Drum					9/21- Route added to 12 minute FSN Network
A9	M. L. King Jr. Avenue Limited					Maintain no service
A31	Minnesota Ave-Anacostia					No change
A32						No change
A33						No change
B2	Bladensburg Road-Anacostia	20				9/21- Route added to 20 minute FSN Network
B8	Fort Lincoln Shuttle					Maintain no service
B9						Maintain no service
D1	Glover Park-Franklin Square					Maintain no service
D2	Glover Park-Dupont Circle					5/22- Restore weekday frequency to pre-pandemic levels
D4	Ivy City-Franklin Square					9/21- Realign route to terminate at 13th and K Steets, Trips added 7 days a week to reduce crowding
D5	MacArthur Blvd-Georgetown					Maintain no service
D6	Sibley Hospital - Stadium-Armory					9/21- Trips added 7 days a week to reduce crowding
D8	Hospital Center	20				9/21- Route added to 12 minute FSN Network; 5/22- Route restored to pre-detour routing
D31	16th St-Tenleytown					No change
D32						No change
D33						No change
D34						No change

D51	Congress Heights-Georgetown					No change
E2	Ivy City-Fort Totten					9/21- Trips added 7 days a week to reduce crowding
E4	Military Road-Crosstown	20				9/21- Route added to 20 minute FSN Network
E6	Chevy Chase					Maintain no service
G2	P Street-LeDroit Park					No change
G8	Rhode Island Avenue					9/21- Trips added 7 days a week to reduce crowding; 5/22- Route restored to pre-detour routing, late-night trips extended to Brookland Monday-Saturday
G9	Rhode Island Ave Limited					Maintain no service
H1	Brookland-Potomac Park					Maintain no service
H2	Crosstown	12				9/21- Route added to 12 minute FSN Network
H4						9/21- Route added to 12 minute FSN Network
H6	Brookland-Fort Lincoln					9/21- Trips added 7 days a week to reduce crowding; 5/22- Realign route to terminate at Fort Lincoln
H8	Park Road-Brookland					No change
H9						No change
K2	Takoma-Fort Totten					No change
L1	Connecticut Avenue					Maintain no service
L2						9/21- Trips added 7 days a week to reduce crowding, realign route to remove extension to Bethesda
M4	Nebraska Avenue					5/22- Route extended on weekdays to serve Knollwood Retirement Center
M6	Fairfax Village					9/21- Trips added 7 days a week to reduce crowding
N2	Massachusetts Avenue					9/21- Weekday service restored to pre-pandemic levels
N4						9/21- Realign route to terminate at Friendship/Farragut Square
N6						9/21- Weekday service restored to pre-pandemic levels
P6	Anacostia-Eckington					5/22- Realign route to terminate at 6th Street, realign late-night service to L'Enfant Plaza

S1	16th Street-Potomac Park					Maintain no service
S2	16th Street					5/22- Realign late-night service to L'Enfant Plaza
S9	16th Street Limited	12				9/21- Route added to 12 minute FSN Network
S35	Fort Dupont Shuttle					No change
S41	Rhode Island Ave-Carver Terrace					No change
U4	Sheriff Road-River Terrace					9/21- Trips added 7 days a week to reduce crowding
U5	Marshall Heights	20				9/21- Route added to 20 minute FSN Network
U6						9/21- Route added to 20 minute FSN Network
U7	Deanwood-Minnesota Ave					No change
V1	Benning Heights-M St					Maintain no service
V2	Capitol Heights-Minnesota Ave	12				9/21- Route added to 12 minute FSN Network, realign route to terminate at New Jersey Avenue and L Street
V4						9/21- Route added to 12 minute FSN Network, realign route to terminate at New Jersey Avenue and L Street
V7	Benning Heights-Alabama Ave					No change
V8						No change
W1	Shipley Terrace-Fort Drum					No change
W2	United Medical Center-Anacostia	20				9/21- Route added to 20 minute FSN Network
W3						9/21- Route added to 20 minute FSN Network
W4	Deanwood-Alabama Avenue	12				9/21- Route added to 12 minute FSN network
W5	Anacostia-Blue Plains					No change
W6	Garfield-Anacostia Loop					9/21- Trips added 7 days a week to reduce crowding
W8						9/21- Trips added 7 days a week to reduce crowding
W45	Mt. Pleasant-Tenleytown					No change
W47						No change
X1	Benning Road					Maintain no service

X3						No change
X2	Benning Road-H Street	12				9/21- Route added to 12 minute FSN Network
X8	Maryland Avenue					9/21- Trips added 7 days a week to reduce crowding
X9	Benning Rd-H St Limited					No change

PROPOSED

Maryland

Route	Line Name	FSN	WKDY	SAT	SUN	Summary of Changes
83	College Park					9/21- Weekend service restore to pre-pandemic levels, trips added weekdays to reduce crowding; 5/22- Extend Saturday AM service to begin earlier to better match weekday hours
86						9/21- Weekend service restore to pre-pandemic levels, trips added weekdays to reduce crowding; 5/22- Extend Saturday AM service to begin earlier to better match weekday hours
87	Laurel Express					Maintain no service
89M	Laurel					No change
A12	Martin Luther King Jr. Hwy	20				9/21- Route added to 20 minute FSN network
B21	Bowie State					No change
B22	University					No change
B24	Bowie-Belair					No change
B27	Bowie-New Carrollton					No change
B30	Greenbelt-BWI Airport Express					Maintain no service
C2	Greenbelt-Twinbrook	12				9/21- Route added to 12 minute FSN network
C4						9/21- Route added to 12 minute FSN network
C8	College Park-White Flint					9/21- Trips added Monday-Saturday to reduce crowding
C11	Clinton					No change
C13						No change
C12	Hillcrest Heights					9/21- Trips added weekdays to reduce crowding
C14						9/21- Trips added weekdays to reduce crowding
C21	Central Avenue					No change
C22						No change
C26						No change
C29						No change
D12	Southern Ave-Suitland	20				9/21- Route added to 20 minute FSN network

D13						9/21- Route consolidated into D14 route
D14	Oxon Hill-Suitland					9/21- Trips from D13 route consolidated into service, reroute service to remove segment to Glassmanor
F1	Chillum Road					No change
F2						No change
F4	New Carrollton-Silver Spring	12				9/21- Route added to 12 minute FSN network
F6	New Carrollton-Fort Totten					9/21- Trips added weekdays to reduce crowding
F8	Langley Park - Cheverly					9/21- Trips added weekdays to reduce crowding
F12	Ardwick Industrial Park Shuttle					9/21- Trips added weekdays to reduce crowding
F13	Cheverly-Washington Business Park					9/21- Trips added weekdays to reduce crowding
F14	Sheriff Road-Capitol Heights					5/22- Extend Saturday AM and PM service to begin earlier to better match weekday hours
G12	Greenbelt-New Carrollton					9/21- Sunday service restored to pre-pandemic levels
G14	Greenbelt Rd-Good Luck Road					9/21- Sunday service restored to pre-pandemic levels
H12	Marlow Heights-Temple Hills					9/21- Trips added Monday-Saturday to reduce crowding
J1	Bethesda-Silver Spring					No change
J2	Bethesda-Silver Spring	12				9/21- Route added to 12 minute FSN network
J4	College Park-Bethesda Limited					Maintain no service
J12	Marlboro Pike					No change
K6	New Hampshire Avenue-Maryland	12				9/21- Route added to 12 minute FSN network
K9	New Hampshire Avenue-MD Limited					9/21- Weekday service restored to pre-pandemic levels
K12	Forestville					9/21- Saturday service restored to pre-pandemic levels
L8	Connecticut Avenue-Maryland					No change
NH1	National Harbor-Southern Ave					No change
NH2	National Harbor-Alexandria					No change

P12	Eastover-Addison Road	12				9/21- Route added to 12 minute FSN network
P18	Oxon Hill-Fort Washington					9/21- Trips added weekdays to reduce crowding
Q1	Veirs Mill Road	20				9/21- Route added to 20 minute FSN network
Q2						9/21- Route added to 20 minute FSN network
Q4						9/21- Route added to 20 minute FSN network
Q5						9/21- Route added to 20 minute FSN network
Q6						9/21- Route added to 20 minute FSN network
R1	Riggs Road					No change
R2						9/21- Trips added Saturdays to reduce crowding
R4	Queens Chapel Road					9/21- Trips added weekdays to reduce crowding
R12	Kenilworth Avenue					9/21- Trips added weekdays to reduce crowding; 5/22- Extend Saturday AM service to begin earlier to better match weekday hours
T2	River Road					No change
T14	Rhode Island Avenue-New Carrollton					5/22- Extend Saturday AM and PM service to begin earlier to better match weekday hours
T18	Annapolis Road	12				9/21- Route added to 12 minute FSN network
V12	District Heights-Suitland					5/22- Extend Saturday AM service to begin earlier to better match weekday hours
V14	District Heights-Seat Pleasant					5/22- Extend Saturday PM service to begin earlier to better match weekday hours
W14	Bock Road					No change
Y2	Georgia Avenue-Maryland	20				9/21- Route added to 20 minute FSN network
Y7						9/21- Route added to 20 minute FSN network
Y8						9/21- Route added to 20 minute FSN network
Z2	Colesville-Ashton					No change
Z6	Calverton-Westfarm	20				9/21- Route coordinated with Z8 and added to 20 min FSN Network

Z8	Fairland					9/21- Route coordinated with Z6 and added to 20 min FSN Network
Z7	Laurel-Old Columbia Pike Express					No change

PROPOSED

Virginia

Route	Line Name	FSN	WKDY	SAT	SUN	Summary of Changes
1A	Wilson Blvd-Vienna	20				9/21- Route added to 20 minute FSN network
1B						9/21- Weekday service restored to pre-pandemic levels, route added to 20 minute FSN network
1C	Fair Oaks-Fairfax Blvd					9/21- Trips added weekdays to reduce crowding
2A	Washington Blvd-Dunn Loring					No change
2B	Fair Oaks-Jermantown Rd					9/21- Trips added weekdays to reduce crowding
3F	Lee Highway-McPherson Sq					11/21- Route established by converting non-revenue reverse direction 3F trips to passenger service
3Y						9/21- Weekday service restored between Route 29/Glebe Road and downtown DC; 11/21- Realign route to terminate at East Falls Church station
4A	Pershing Dr-Arlington Blvd					Maintain no service
4B						No change
5A	DC-Dulles					5/22- Schedule prepared to facilitate route elimination once Silver Line Phase 2 opens for service
7A	Lincolnia-North Fairlington	20				9/21- Route added to 20 minute FSN network; 11/21- Weekday peak frequency increased to 12 minutes, off-peak trips extended to serve full route
7C	Park Center-Pentagon					Maintain no service
7P						Maintain no service
7M	Mark Center-Pentagon					No change
8S	Foxchase-Seminary Valley					Maintain no service
8W						9/21- Restore weekday service to pre-pandemic levels
8Z						Maintain no service
10A	Alexandria-Pentagon					9/21- Trips added Monday-Saturday to reduce crowding

10E						Maintain no service
10B	Hunting Point-Ballston					No change
11C	Mount Vernon Express					9/21- Trips added weekdays to reduce crowding
11Y						9/22- Temporary shuttle service to operate in September 22 on 11Y-like route to support the Yellow Line Bridge and Potomac Yard Metrorail Station construction projects
16A	Columbia Pike					No change
16C						No change
16E						No change
16G	Columbia Pike-Pentagon City	12				9/21- Route added to 12 minute FSN network
16H						9/21- Route added to 12 minute FSN network
16L	Annandale-Skyline City-Pentagon					Maintain no service
16Y	Columbia Pike-Farragut Square					9/21- Weekday service restored to pre-pandemic levels
17B	Kings Park-North Springfield					No change
17M						No change
17G	Kings Park Express					No change
17K						9/21- Trips added weekdays to reduce crowding
17L						Maintain no service
18G	Orange Hunt					9/21- Weekday service is restored on a modified route pattern combining segments of routes 18G and 18H.
18H						9/21- Route consolidated into 18G
18J						No change
18P	Burke Centre					No change
21A	Landmark-Bren Mar Park-Pentagon					Maintain no service
21D						Maintain no service
21C	Landmark-Holmes Run Parkway					9/21- Trips added weekdays to reduce crowding
22A	Barcroft-South Fairlington					5/22- Realign route to utilize HOT lanes in the peak direction during the peak period
22C						Maintain no service
22F						9/21- Trips added weekdays to reduce crowding

23A	McLean-Crystal City	20				9/21- Route added to 20 minute FSN network
23B						9/21- Route added to 20 minute FSN network; 11/21- Realign route to remove supplemental trips to Melwood/Linden
23T						9/21- Route added to 20 minute FSN network
25B	Landmark-Ballston					9/21- Realign route between Ballston and Southern Towers
26A	Annandale-East Falls Church					No change
28A	Leesburg Pike	12				9/21- Route added to 12 minute FSN network
28F	Skyline City					No change
28G						Maintain no service
29G	Annandale					No change
29K	Alexandria-Fairfax	20				9/21- Route added to 20 minute FSN network
29N						9/21- Route added to 20 minute FSN network
38B	Ballston-Farragut Square					No change
MW1	Metroway - Potomac Yard	20				9/21- Route added to 20 minute FSN network
NH2	National Harbor-Alexandria					No change
REX	Richmond Highway Express	20				9/21- Route added to 20 minute FSN network; 11/21- Weekday frequency reduced to 15 minutes

Proposed Metrorail Service Changes

The following Metrorail service changes are proposed for adoption as part of the FY23 operating budget. Metrorail service changes 1 through 7 are identical to the temporary service changes adopted by the Board on June 10, 2021 (Resolution 2021-22). Metro is proposing to make these service changes permanent as part of the FY23 operating budget. Items 8 and 9 are new service proposals for the FY23 budget.

1. Improve Late Evening frequency

Improve Blue, Orange, Green, Yellow and Silver Line headways to 15 minutes from 20 minutes and improve Red Line headways to 10 minutes from 15 minutes.

Late evening frequencies would start at 9:30 p.m. and operate seven days per week.

2. Improve Weekend Frequency

Improve Blue, Orange, Green, Yellow and Silver Line headways to 12 minutes from 15 minutes and improve Red Line headways to 6 minutes from 12 minutes on Saturday and Sunday. The weekend frequency would operate from start of service to 9:30 p.m.

3. Standardize Weekday Off-peak Frequency

Improve Blue, Orange, Green, Yellow and Silver Line headways to 12 minutes and improve Red line headways to 6 minutes from 5:00 a.m. to 6:30 a.m. and from 7:00 p.m. to 9:30 p.m. to be consistent with midday weekday service.

4. Improve Weekday Peak Frequency

Improve Blue, Orange, Green, Yellow and Silver line headways to 10 minutes from 12 minutes. Improve Red line headways to 5 minutes from 6 minutes

The weekday peak service improvements would operate Monday through Friday from 6:30 a.m. to 9:30 a.m. and from 3:00 p.m. to 7:00 p.m.

5. Close Rail Later Sunday Through Thursday

The Metrorail system would operate one additional hour to midnight Sunday through Thursday.

6. Close Rail Later Friday and Saturday

The Metrorail system would operate two additional hours on Friday and Saturday (to 1:00 a.m.).

7. Start Sunday Service Earlier

The Metrorail system would start one hour earlier at 7 a.m. instead of 8 a.m. on Sunday.

8. Open Silver Line Phase 2

The Metrorail system will expand the Silver Line from Wiehle-Reston East to Ashburn with stations at Reston Town Center, Herndon, Innovation Center, Dulles International Airport, Loudoun Gateway and Ashburn. Metrorail revenue service on Silver Line Phase 2 will match the service frequency and span of service changes 1 through 7.

9. Open Potomac Yard-VT Station

The Yellow and Blue lines will expand to include the Potomac Yard-VT station. Rail service frequency and span would match the Metrorail service changes 1 through 7.

Proposed Fare Changes

Metrorail Fares	CURRENT Fares/Fees	Proposed Fare Changes
Peak Fares¹		
1 · Boarding charge (up to 3 miles)	\$2.25	no change
2 · Composite miles between 3 and 6 miles	\$0.326	no change
3 · Composite miles over 6 miles	\$0.288	no change
4 · Maximum peak fare	\$6.00	no change
5 · Charge for senior/disabled is one-half peak fare	\$1.10 - \$3.00	no change
Off-Peak Fares²		
6 · Boarding charge (up to 3 miles)	\$2.00	no change
7 · Composite miles between 3 and 6 miles	\$0.244	no change
8 · Composite miles over 6 miles	\$0.216	no change
9 · Maximum off-peak fare	\$3.85	no change
10 · Weekend Flat Fare ³	\$2.00 - \$3.85	\$2.00
· Weekend senior/disabled Flat Fare	New	\$1.00
11 · Late Night Flat Fare	\$2.00 - \$3.85	\$2.00
· Late Night senior/disabled Flat Fare	New	\$1.00
12 · Charge for senior/disabled is one-half the peak fare	\$1.10 - \$3.00	no change
Unlimited Combo Passes⁴		
13 · Monthly unlimited passes	\$72 to \$216	\$64 to \$192
14 · 1-day unlimited pass	\$13.00	no change
15 · 3-day unlimited pass	\$28.00	no change
16 · 7-day short-trip unlimited pass	\$38.00	no change
17 · 7-day unlimited pass	\$58.00	no change
6-Month Promotion		
17P · 7-day unlimited pass	\$58.00	\$29.00
Other Rail Fares		
18 · Bus-to-rail transfer utilizing SmarTrip® card	\$0.50 discount	\$2.00 discount
19 · Monthly TransitLink Card on MARC and VRE ⁵	\$114.00	no change
20 · Monthly TransitLink Card on MTA ⁵	\$176.00	no change
21 · Surcharge on Entry/Exit for station improvements, two stations per Compact jurisdiction ⁶	\$0.05	no change
Metrobus Fares		
Regular Fares		
22 · Cash boarding charge for local bus	\$2.00	no change
23 · Cash boarding charge for express bus	\$4.25	no change
24 · Cash boarding charge for designated airport routes	\$7.50	no change
25 · SmarTrip® boarding charge for local bus	\$2.00	no change
26 · SmarTrip® boarding charge for express bus	\$4.25	no change

27	· SmarTrip® boarding charge for designated airport routes	\$7.50	no change
Senior/Disabled: One-Half Regular Fares			
28	· Cash boarding charge for local bus	\$1.00	no change
29	· Cash boarding charge for express bus	\$2.10	no change
30	· Cash boarding charge for designated airport routes	\$3.75	no change
31	· SmarTrip® boarding charge for local bus	\$1.00	no change
32	· SmarTrip® boarding charge for express bus	\$2.10	no change
33	· SmarTrip® boarding charge for designated airport routes	\$3.75	no change
Cash Upload to SmarTrip®			
34	· Surcharge for cash upload to SmarTrip® on board bus	\$0.00	no change
Bus Transfers utilizing SmarTrip® card			
35	· Local to local bus	free	no change
36	· Local to express bus	\$2.00 discount	no change
37	· Local to designated airport routes	\$2.00 discount	no change
38	· Rail-to-bus transfer	\$0.50 discount	\$2.00 discount
39	· Transfer from MARC, VRE, & MTA with weekly/monthly pass	free	no change
40	· Transfer from regional bus partners	varies	varies
Bus Passes			
41	· 7-Day Regional Bus Pass	\$15.00	\$12.00
42	· 7-Day Regional Senior/Disabled Bus Pass	\$7.50	\$6.00
Other Fare Media			
43	· Package of 10 tokens, available to organizations	\$20.00	no change
44	· DC student tokens - 10 trips per pack	\$10.00	no change
MetroAccess Fares⁷			
45	· MetroAccess fare (within ADA 3/4 mile service corridor)	varies	varies
46	· Maximum fare	\$6.50	no change
Parking Fees⁸			
47	· District of Columbia	\$4.45 - \$4.95	no change
48	· Montgomery County	\$4.45 - \$5.20	no change
49	· Prince George's County	\$3.00 - \$4.95	no change
50	· Virginia	\$3.00 - \$4.95	no change
51	· Monthly reserved parking fee	\$45.00 - \$65.00	no change
52	· Parking meters \$1.00/60 minutes	\$1.00	no change
53	· Prince George's parking garage at New Carrollton (monthly)	\$85.00	no change
54	· Non-Metro rider parking fees	\$7.50 - \$15.00	no change
55	· Special event parking fees	up to \$25.00	no change
Other Fees			
56	· Bicycle locker rental	\$120.00 (annual)	no change

- ¹ Peak fares are in effect from opening through 9:30 a.m. and from 3:00 p.m. to 7:00 p.m. weekdays, except on national holidays.
- ² Off-peak fares are in effect during all other hours on weekdays and all national holidays.
- ³ Weekend flat fares are in effect from Saturday opening until Sunday closing.
- ⁴ Unlimited Combo Passes shall be valid on Metrorail, Metrobus and Regional Bus Providers (including but not limited to ART, DC Circulator, CUE, DASH, Fairfax Connector, The Bus, and Ride On) instead of only Metrorail and Metrobus upon the implementation of and subject to WMATA entering into a revenue sharing agreement with regional providers.
- ⁵ Metro's portion of the TransitLink Cards on MARC, VRE, and MTA.
- ⁶ A \$0.05 surcharge on entry and exit at up to two stations in each jurisdiction in the Compact Transit Zone to fund station-specific capital improvements to Metro facilities at the station(s) where the surcharge is levied may be imposed with further Board approval.
- ⁷ MetroAccess fare is twice the equivalent fixed route SmarTrip® fare based on fastest trip.
- ⁸ Parking fees consist of Metro's base fee plus jurisdiction surcharge, if any.

Additional Fare Changes

1. The District of Columbia currently provides additional \$0.50 subsidy to increase the value of bus to rail transfers for passengers transferring from bus to rail on DC Bus Routes 94, A2, A4, A6, A7, A8, W1, W2, W3, W5, W6 and W8. To the extent that the \$2 bus to rail transfer is in place, the additional subsidy provided by the District of Columbia shall be terminated.
2. Notwithstanding the fare changes made in this Resolution the virtual bus-to-bus transfers between lines serving the Addison Road and Capitol Heights Metrorail stations via Metrorail at no charge with the use of a SmarTrip® card authorized in Resolution 2017-52 shall continue in effect.

Financial Plan - Allocation of State & Local Contributions

	FY2023 Budget	FY2024 Plan	FY2025 Plan	FY2026 Plan	FY2027 Plan	FY2028 Plan	6 Year Total
Federal Funding							
Federal Formula Programs	331,445,346.79	340,080,869.88	347,058,161.18	355,841,613.95	362,958,446.22	370,217,615.15	2,107,602,053.17
Federal RSI/PRIIA	143,500,000.00	143,500,000.00	143,500,000.00	143,500,000.00	143,500,000.00	143,500,000.00	861,000,000.00
Other Federal Grants	11,531,542.92	10,606,785.14	4,006,853.60	4,652,000.80	6,000,000.00	5,100,000.00	41,897,182.46
Total - Federal Grants	486,476,889.70	494,187,655.02	494,565,014.78	503,993,614.75	512,458,446.22	518,817,615.15	3,010,499,235.63
State & Local Funding Contributions							
District of Columbia							
Formula Match & System Performance	102,157,841.89	105,878,522.87	107,595,686.20	108,908,124.42	111,856,535.17	115,524,629.76	651,921,340.31
RSI/PRIIA	49,500,000.00	49,500,000.00	49,500,000.00	49,500,000.00	49,500,000.00	49,500,000.00	297,000,000.00
Dedicated Funding	178,500,000.00	178,500,000.00	178,500,000.00	178,500,000.00	178,500,000.00	178,500,000.00	1,071,000,000.00
Subtotal - District of Columbia	330,157,841.89	333,878,522.87	335,595,686.20	336,908,124.42	339,856,535.17	343,524,629.76	2,019,921,340.31
State of Maryland							
Montgomery County	47,902,028.27	49,107,479.17	51,071,939.74	53,221,048.77	54,918,833.72	56,467,030.08	312,688,359.75
Prince George's County	48,572,080.71	50,431,635.94	51,352,295.10	52,467,261.88	53,989,886.11	55,663,177.59	312,476,337.33
Maryland RSI/PRIIA	49,500,000.00	49,500,000.00	49,500,000.00	49,500,000.00	49,500,000.00	49,500,000.00	297,000,000.00
Maryland Dedicated Funding	167,000,000.00	167,000,000.00	167,000,000.00	167,000,000.00	167,000,000.00	167,000,000.00	1,002,000,000.00
Subtotal - Maryland	312,974,108.98	316,039,115.11	318,924,234.84	322,188,310.65	325,408,719.83	328,630,207.66	1,924,164,697.08
Commonwealth of Virginia							
City of Alexandria	13,005,424.17	13,362,215.07	13,800,332.45	14,220,267.22	14,645,486.11	15,085,816.29	84,119,541.31
Arlington County	23,652,841.35	24,139,504.83	25,257,073.36	26,412,053.29	27,263,958.07	28,022,439.04	154,747,869.95
City of Fairfax	743,237.44	754,538.51	800,242.82	852,912.11	883,180.92	905,074.48	4,939,186.27
Fairfax County	42,091,820.87	43,001,905.12	44,992,537.82	47,164,384.42	48,710,761.43	50,042,393.73	276,003,803.39

City of Falls Church	795,953.86	824,475.90	837,905.22	847,069.51	869,760.20	898,509.05	5,073,673.74
Loudoun County	5,800,346.61	5,762,945.02	6,353,106.39	7,029,831.05	7,318,239.51	7,461,270.48	39,725,739.06
Virginia RSI/PRIIA	49,500,000.00	49,500,000.00	49,500,000.00	49,500,000.00	49,500,000.00	49,500,000.00	297,000,000.00
Virginia Dedicated Funding - Unrestricted	122,883,455.00	122,883,455.00	122,883,455.00	122,883,455.00	122,883,455.00	122,883,455.00	737,300,730.00
Virginia Dedicated Funding - Restricted	31,616,545.00	31,616,545.00	31,616,545.00	31,616,545.00	31,616,545.00	31,616,545.00	189,699,270.00
Congestion Mitigation and Air Quality (CMAQ)	645,768.40	626,951.40	601,713.40	763,000.20	-	-	2,637,433.40
Subtotal - Virginia	290,735,392.70	292,472,535.85	296,642,911.46	301,289,517.80	303,691,386.25	306,415,503.07	1,791,247,247.13
Jurisdiction Planning Projects	3,109,000.00	3,000,000.00	3,000,000.00	3,000,000.00	3,000,000.00	3,000,000.00	18,109,000.00
Silver Line (MWAA)	9,950,000.00	-	-	-	32,025,000.00	-	41,975,000.00
Potomac Yard (Alexandria)	32,205,000.00	19,351,910.00	-	-	-	-	51,556,910.00
Purple Line (MDOT)	4,705,000.00	-	-	-	-	21,855,000.00	26,560,000.00
Subtotal - Jurisdictional Reimbursable	49,969,000.00	22,351,910.00	3,000,000.00	3,000,000.00	35,025,000.00	24,855,000.00	138,200,910.00
Total - State & Local	983,836,343.57	964,742,083.83	954,162,832.50	963,385,952.87	1,003,981,641.25	1,003,425,340.49	5,873,534,194.52
Debt	954,341,511.78	1,081,854,198.85	870,005,879.08	766,069,743.92	665,552,061.42	705,027,931.83	5,042,851,326.89
Grand Total Funding *	2,424,654,745.05	2,540,783,937.70	2,318,733,726.37	2,233,449,311.54	2,181,992,148.90	2,227,270,887.47	13,926,884,757.04

* Total funding requirement includes capital program expenditures, debt service, and estimated revenue loss from major shutdowns

Financial Plan by Investment Category

Capital Investment Categories (\$M)	FY2023 Budget	FY2024 FY2028 Plan*	– Six-Year Total
Railcars and Railcar Facilities	\$303	\$2,129	\$2,432
Rail Systems	\$203	\$1,448	\$1,651
Track and Structure Rehabilitation	\$459	\$1,299	\$1,758
Stations and Passenger Facilities	\$525	\$2,170	\$2,694
Bus, Bus Facilities, and Paratransit	\$441	\$1,819	\$2,260
Operations and Business Support	\$380	\$1,249	\$1,629
Total Capital Investments	\$2,311	\$10,113	\$12,425
Revenue Loss from Capital Projects	\$12	\$50	\$62
Debt Service - Dedicated Funding	\$101	\$1,339	\$1,440
Total Capital Program Cost	\$2,425	\$11,502	\$13,927

INDIRECT COST RATE PROPOSAL
Table of FY2023 Budgeted Indirect Cost Rates

For FY2023, Metro prepared and submitted an Indirect Cost Rate Proposal (ICRP) to the Federal Transit Administration (FTA) on December 30, 2021. The FTA is still reviewing the proposed FY2023 ICRP.

For FY2022, Metro prepared and submitted an ICRP to the FTA on December 31, 2020. As part of FTA's review of the FY2022 ICRP, FTA requested revisions from Metro in December of 2021. Metro completed those revisions and submitted a revised FY2022 ICRP on January 14, 2022. The FY2022 ICRP, if approved as submitted, will establish a set of rates shown in the table below. These rates exclude a carry-forward calculation and are based on FY2020 expenditures.

Department/Area	Indirect Rate	Cost
Access Services, Mode 10 – Paratransit (ACCESS)	189.61%	
Bus Services - Transportation, Mode 01 (BTRA)	36.17%	
Bus Services - Vehicle Maintenance, Mode 01 (BMNT)	41.24%	
Rail Transportation Administration, Mode 02 (RTRA)	50.35%	
Rail Maintenance, Mode 02 (CMNT)	50.28%	
Rail Infrastructure and Facilities, Mode 02 (INFR)	57.03%	
Metro Transit Police Department (MTPD)	55.31%	
Customer Service, Communications, and Marketing (CSCM)	65.40%	
Overall Composite Indirect Cost Rate	49.15%	

In preparing the FY2023 Capital Budget and Six-Year CIP, Metro shall use the department and composite rates shown above in anticipation of FTA's approval of the FY2022 ICRP. This composite rate is lower than the most recent FTA-approved ICRP composite rate as shown in the FTA approval letter dated February 28, 2022, a copy of which follows in this Attachment.

[FTAletter]

PROPOSED

WASHINGTON METROPOLITAN AREA TRANSIT AUTHORITY

Debt Management Policy Guidelines

March 2022

I. Introduction

Section 101. Purpose

These Debt Management Policy Guidelines (the “Policy Guidelines”) document the Washington Metropolitan Area Transit Authority’s (“WMATA” or the “Authority”) goals for the use of debt instruments and provides guidelines for the use of debt for financing the Authority’s infrastructure and capital projects. The Authority’s overall guiding principles in issuing debt is to (a) identify transactions that utilize debt in the most efficient manner, (b) make timely debt service payments, and (c) achieve the lowest possible cost of capital and maintain high credit ratings and access to the capital markets.

Section 102. Authority, Scope and Review

WMATA is an interstate compact agency, and an agency and instrumentality of the District of Columbia, State of Maryland, and Commonwealth of Virginia. WMATA’s continuing power to issue revenue bonds is set forth in Article IX of the Compact. Notwithstanding any provision of these Guidelines to the contrary, all debt obligations of WMATA will comply with the requirements of the Compact as well as all other applicable laws, regulations and Board Resolutions.

These Policy Guidelines will be reviewed annually by the WMATA Board of Directors (the “Board”) and any changes to the Policy Guidelines must be presented to and approved by the Board.

Section 103. Administration of Policy Guidelines

Both the Executive Vice President and Chief Financial Officer and the Vice President and Treasurer will be responsible for managing, implementing and reviewing the Policy Guidelines and recommending appropriate debt offerings to the General Manager and Chief Executive Officer from time to time.

Section 104. General Best Interest of Authority

The General Manager and Chief Executive Officer will bring to the Board for approval prior to closing, any deviations from the Policy Guidelines that may be appropriate to address 1) changing financial goals, 2) emerging financial products/debt structures and 3) unique market opportunities.

II. General Debt Issuance Policies

Section 201. Use of Debt

WMATA will issue bonds for the sole purpose of financing the Authority’s Capital Improvement Program (CIP). Bond proceeds will not be used for ongoing operating needs except as provided for in this section.

WMATA may use a mix of pay-as-you-go and debt to finance capital projects and other short and long-term financial needs of the Authority. The financing purpose will guide the type of debt WMATA uses, which may include:

Long-Term Debt: Long-term bonds/notes (instruments with a maturity of more than two years) are preferred for financing essential capital activities including the acquisition, construction and rehabilitation of major capital assets. Long-Term Debt may not be issued with a maturity exceeding thirty (30) years. Debt will be issued for a duration matched to the overall economic life of the CIP projects financed.

Short-Term Debt: WMATA may use short-term bonds/notes (instruments with a maturity of two years or less) as a cash management tool to provide interim financing for capital financing activities, to bridge temporary cash flow deficits within a fiscal year, and/or to reduce interest rate costs. Short-term debt obligations may include commercial paper, grant anticipation notes, working cash notes, variable rate bonds, bond anticipation notes, lines of credit as well as any other appropriate instruments.

Variable Rate Debt: In addition to fixed rate debt, WMATA may issue bonds/notes with a variable interest rate to 1) diversify its debt portfolio, 2) reduce interest costs, 3) improve its match of assets to liabilities, 4) provide budgetary relief or 5) allow grant funding flexibility to accommodate changes in debt service levels. The aggregate amount of WMATA's outstanding unhedged long-term variable rate debt, however, is not authorized to exceed 20% of its outstanding long-term debt.

Direct Borrowing: Where direct borrowing/lending (such as TIFIA loans) would prove more economically beneficial, WMATA will consider direct loan obligations. However, WMATA will only proceed with a direct loan transaction if the transaction creates tangible benefits of greater value to WMATA than the burden of additional costs and administrative requirements of such direct borrowing.

Bond Premium: Bonds can be sold at par or as premium bonds or discount bonds. If bonds are sold with a premium, the premium shall be deposited to a Cost of Issuance Account to pay bond issuance costs, and, if applicable, any residual premium will be transferred to a Capitalized Interest Account to pay any capitalized debt service on the bonds; and, any further residual premium will be deposited into the Capital Projects Account specific to that bond issue.

When issuing Gross Revenue Bonds, WMATA will attempt to "right-size" the issue so as to minimize any excess premium derived after covering 1) bond issuance costs; 2) and capitalized debt service, if any. Any remaining premium will be deposited to the project fund to satisfy the CIP Project Fund requirement.

Section 202. Financing Purposes

The Authority may issue debt for either new money or refunding purposes.

New Money Bonds: New money bonds may be issued to provide additional funding for essential capital activities or other activities suitable for bond financing, as detailed under Use of Debt.

Refunding Bonds: WMATA may issue refunding bonds to achieve debt service savings on its outstanding bonds by redeeming high interest rate debt with lower interest rate debt. WMATA may structure the savings from these bonds on a uniform, proportionate or accelerated basis depending on the Authority's financing goals. When refunding outstanding bonds, the Authority will generally seek a per bond net present value savings guideline of 3% based on market

conditions. Refundings with lower savings rate may be appropriate to maximize overall financial objectives. Notwithstanding the above, the 3% savings guideline will not apply for bonds with a call date between one and three years from their stated maturity, or for small principal maturities.

In certain instances, it may be advantageous for WMATA to issue refunding bonds that do not produce positive economic savings but serve to restructure debt or retire a bond issue in order to remove undesirable bond covenants. Prior to issuing such refunding bonds, WMATA will evaluate the benefits (both intangible and tangible) as well as the economic costs for approval by the Board.

Section 203. Issuance Processes

There are three basic processes for the issuance of long-term bonds:

- **Jurisdictional Capital Contribution Debt.** This form of debt may be issued using the process contained in the applicable Capital Funding Agreement which may provide for an opt-in option for the funding jurisdictions and formal agreement by the opting-in jurisdictions to fund that debt service. The security for these bonds will be WMATA's Gross Revenues as defined in the applicable bond resolution.
- **Dedicated Funding Debt.** This form of debt may be issued with the approval of the Board without any jurisdictional input. The security for these bonds shall be the Dedicated Funding contributions received from the District of Columbia, the State of Maryland, and the Commonwealth of Virginia pursuant to the following legislative enactments: (a) from the District of Columbia under D.C. Official Code § 1-325.401 or any successor statute, as the same may be amended from time to time in the future; (b) from the State of Maryland under Md. Transportation Code Ann. § 10-205(g) or any successor statute, as the same may be amended from time to time; and (c) from the Commonwealth of Virginia under the Va. Code §33.2-3401.B or any successor statute, as the same may be amended from time to time. Dedicated Funding shall also include funds paid by any of the District of Columbia, the State of Maryland, the Commonwealth of Virginia or any other Participating Jurisdiction in-lieu-of such amounts.
- **Debt Secured by Other Revenue Sources.** WMATA may issue debt secured by other sources of revenue not described above. The approval of the Board is the only approval necessary unless the source of revenue is from one or more of the local funding jurisdictions; in which case, those jurisdictions will have the same rights as under Jurisdictional Capital Contribution Debt.

Section 204. Combination of Security for Bonds

WMATA may issue bonds with one or more types of security provided that the issuance requirements and process for each type of security is met.

Section 205. Borrowing Capacity

In addition to complying with the financial covenants for outstanding Gross Revenue Transit Bonds authorized under the 2003 Gross Revenue Bond Resolution (2003-53) and subsequent supplemental resolutions and other applicable bond resolutions, the Authority will manage its debt to ensure sufficient revenues are available to meet its obligations under its various liens. WMATA will monitor debt capacity and analyze impact of additional debt on the Authority's short- and long-term debt capacity. Any debt cap will be based on

the overall needs of the Authority and the Debt Service Coverage requirements contained in any applicable bond resolution.

Senior and Junior Liens for each revenue source will be utilized in a manner that maximizes critical constraints, including cost and capacity, thus allowing for the most beneficial use of the revenue for the most efficient security structure. Prior to each lien, the Authority's Board will approve a maximum annual debt service (MADS ratio of pledged revenue divided by annual debt service) or other debt service coverage requirement necessary to satisfy the constraints.

Section 206. Use of Short-Term Debt

Short-Term Debt may be issued by WMATA. Lines of Credit not used for credit enhancement may be used for interim funding of the approved capital program or to ameliorate the impact of any shortfall in the Operating budget. When used in the capital program, the costs of such usage shall be charged to the applicable capital program or project. When a Line of Credit is used to ameliorate the impact of any shortfall in the Operating budget, the costs of such usage, including interest, shall be paid solely out of the Operating budget and charged to the jurisdiction or jurisdictions causing the need to use the Line of Credit or charged pursuant to the applicable subsidy formula when the use of the Line of Credit is from a non-jurisdictional requirement but never from any capital funds.

All forms of Short-Term Debt must be approved by the Board of Directors before closing; except that Lines of Credit meeting the following parameters may be issued without further Board action:

- Aggregate amount not to exceed \$350 million unless prior Board approval is received;
- The interest rate shall not exceed the then-current 30-day Secured Overnight Financing Rate ("SOFR") (or any generally accepted substitute for SOFR) plus margin of up to 2.75% per annum (calculated on the basis of an actual 360-day year);
- Have a term which is less than one year;
- Fees and transaction costs paid by WMATA on a Line of Credit may include the fee types and transaction costs contained in the existing Line of Credit program in effect upon passage of this policy and additional fee types and transaction costs (and each in amounts) which are reasonable and customary for the industry at the time of entering into a new or renewed Line of Credit; and
- If financial institution indemnification is required as a condition of the Line of Credit, such indemnification shall have already been granted by the Board of Directors.

Section 207. Credit Ratings

WMATA's credit ratings goal is to achieve the best economic benefit from the Authority's debt issuances by attaining appropriate balance between minimizing borrowing cost and maximizing financial flexibility and result.

For existing bond programs, WMATA will attempt to maintain or improve current credit ratings without adversely affecting levels of debt that may be issued for any particular program. For new bond issuances, WMATA will generally seek investment grade ratings from at least two Nationally Recognized Statistical Rating Organizations. However, WMATA acknowledges that as market conditions and financing needs evolve, so should the Authority's credit ratings strategy. WMATA may accept a lower rating (and thus incur a modest financing cost

differential) in order to gain flexibility needed to effect significant policy initiatives. The Authority will periodically review its credit rating strategy to see if market or capital plan developments warrant a revision in WMATA's approach to its ratings.

WMATA will strive to communicate regularly with rating agencies. As requested, the Authority will provide information to rating agencies, arrange regular conference calls to update rating analysts on significant financial developments and communicate with rating agencies prior to each WMATA public bond offering.

Section 208. Subordinate Liens

WMATA may determine that for some of its revenue sources it may be advantageous to issue subordinate lien debt. However, WMATA will only proceed with subordinate lien debt if the transaction creates tangible benefits to WMATA and is approved by the Board.

Section 209. Tax Status

WMATA has a preference for issuing debt on a tax-exempt basis to take advantage of interest costs savings compared to issuing taxable debt. However, WMATA may issue debt on a taxable or tax-exempt basis.

Section 210. Credit Enhancement

WMATA may secure credit enhancement for all or a portion of each bond issue. Credit enhancement may include municipal bond insurance or a letter/line of credit (which shall not be covered by Section 206 of this Debt Policy). The Executive Vice President and Chief Financial Officer or designees shall recommend use of credit enhancement considering such factors as economic benefit of the enhancement, and future secondary market trading conditions. WMATA will not secure credit enhancement unless the premium cost is less than the present value of the projected interest savings or if such credit enhancement improves capital market access and/or facilitates liquidity in the secondary market for the securities. For municipal bond insurance, or other forms of credit enhancement which are paid for with an upfront premium, WMATA will analyze the economic benefit both to the maturity of the bonds and to the first optional redemption date.

WMATA may also fund a debt service reserve fund to enhance the marketability of its bonds.

For bond issues that require a debt service reserve fund, WMATA may purchase a surety bond policy or letter of credit to satisfy the reserve fund requirement in lieu of funding.

III. Sustainability and Environmental, Social and Governance (ESG) Debt

As a mass transit system, WMATA promotes low carbon emissions and an environmentally friendly "green" platform encompassing its operations and infrastructure. The Authority's debt collateral attracts investors who want to contribute to its sustainable business model and may have mandates to invest in a socially responsible manner.

WMATA is under no obligation to certify "green" for any debt issuance or as a compliance requirement and can solely rely on its energy efficient asset base of environmentally friendly collateral as qualifying its debt as "green" and socially responsible.

As investors continue to pursue "impact" investments and WMATA fulfills that socially responsible objective with programs such as Metro Access, fares for low-income and disabled customers, subsidized student fare programs, and outreach programs to the low income and non-banked community, WMATA's investor relations when appropriate will emphasize its

positive impact in the community to broaden the Authority's investor base and highlight the Authority's federal mandate to serve lower income customers.

Debt issuances, when logical, are permitted to be marketed and labeled as "green", "sustainable", or "ESG" investment opportunities to potential investors. WMATA will leverage this marketing advantage to lower its cost of funds and/or to diversify investors when possible as the ESG market continues to grow worldwide.

IV. Method of Sale and Use of Professionals

Section 401. Method of Bond Sale

The General Manager & Chief Executive Officer or his designee may choose between the following three different bond sale methods: negotiated, competitive and private placement. A competitive sale is the preferred method of sale unless market conditions at the time of sale indicate a negotiated or private placement sale will result in lower overall cost to WMATA. In such cases, Board approval is required to proceed with a negotiated sale or private placement.

Factors which may be considered when determining the most efficient bond sale method include:

• Bond market conditions	• Bond structure	• Market timing
• Credit demand	• Credit acceptance	• Credit ratings
• Use of proceeds	• Bond size	• Financing complexity
• Desire to negotiate bond covenants	• Credit enhancement participation	• Credit Complexity

Section 402. Selection of Bond Financing Professionals

Bond Financial Advisory Professionals including firms that provide financial advisory and underwriting services to WMATA in connection with the issuance of debt shall be selected on a competitive basis to create pools of qualified vendors. The Executive Vice President and Chief Financial Officer or his designee have been delegated the authority to select Bond Financial Advisory professionals. The Authority will strive for diversity and provide opportunity for DBE firms, veteran owned, and other minority and women-owned firms as part of each underwriting team.

WMATA will select and retain at all times one or more independent registered municipal advisors (IRMAs) to review financing ideas provided to the Authority by Bond Underwriting Professionals. Further, concurrently with the planning for a debt issue, WMATA shall obtain the services of Bond Financial Advisory Professionals and, as needed, Bond Underwriting Professionals.

In addition to the above, WMATA may periodically solicit separately for specialized services, including short-term lending products, based on the financial needs of the Authority and market factors at the time of the solicitation. As the market for financial institution offering short-term lending products to governments evolve, WMATA may solicit bids for short-term borrowing programs from firms meeting the Compact requirements and whom the Authority deems viable at the time of the financing.

WMATA requires its Bond Financial Advisory Professionals to provide services in accordance with all currently applicable Municipal Securities Rulemaking Board (MSRB) rules and any subsequent MSRB rulings or requirements.

V. Derivatives

Section 501. General Policy

Interest rate swaps and options (Swaps or Derivatives) are appropriate management tools that can assist WMATA to meet important financial objectives. Properly used, these instruments can help WMATA increase its financial flexibility, provide opportunities for interest rate savings, enhanced investment yields, or reduce interest rate risk through more effective matching of assets and liabilities. Derivatives for commodities used by WMATA also provide opportunities for financial benefit. The Executive Vice President and Chief Financial Officer or his designee must determine if the use of any Swap or hedging instrument is appropriate and warranted given the potential benefit, risks, and objectives of the Authority.

- WMATA may consider the use of a derivatives if it achieves one or more of the following objectives:
 - Provides specific risk mitigation not otherwise available;
 - Produces greater than expected interest rate savings or incremental yield over other market alternatives;
 - Results in improved capital structure or better asset/liability match.
- WMATA will not use derivative products that are speculative or create extraordinary leverage or risk; lack adequate liquidity; provide insufficient price transparency; or as investments.

WMATA will only do business with A+ or higher rated counterparties or counterparties whose obligations are supported by A+ or higher rated parties.

Section 502. Interest Rate Derivative Policy

Financial transactions using Swaps or other derivative products used in lieu of a fixed rate debt issue should generate greater projected savings than the typical structure used by WMATA for fixed rate debt.

- WMATA will limit the total notional value of interest rate derivatives to an amount not to exceed twenty percent of total outstanding fixed rate debt and 100% of variable rate debt.

Section 503. Commodity Derivative Policy

WMATA is authorized to hedge or execute contracts for diesel fuel, electricity, CNG, carbon credits, and other commodities (excluding financial derivatives discussed above) that have a direct business relationship to WMATA's operations but not to exceed 95% of the expected use of the commodity to provide budget stability.

VI. Disclosure

WMATA will periodically review the requirements of the MSRB and the recommendations of the Government Finance Officers Association ("GFOA") including the GFOA recommendation that financial statements be prepared and presented according to generally accepted accounting principles.

The Authority will also comply with Rule 15c2-12 by filing its annual financial statements and other financial and operating data on the Electronic Municipal Market Access (EMMA) repository for the benefit of its bondholders within the timeframe required under each financing. WMATA will make its financial statements, annual budget and official statements available on its investor relations website. The Vice President and Treasurer will comply with all SEC requirements for disclosure by providing annual financial information and notices of material events as outlined in the Continuing Disclosure Agreement executed for each series of bonds.

VII. Post Issuance Considerations

Section 701. General Compliance Requirements

WMATA will comply with all debt covenants and comply with all post issuance tax requirements as detailed in the individual tax compliance certificate executed in connection with each bond or note sale. Specifically, WMATA will comply with Federal tax law to establish and maintain the exclusion from gross income tax on the Authority's bonds. WMATA will particularly focus on arbitrage requirements and will evaluate and ensure compliance with all applicable tax law during the debt issuance process, and on an ongoing basis thereafter, monitoring the Authority's debt portfolio in light of regulatory changes and case law, including arbitrage rules, including the Authority's arbitrage rebate position and any attendant rebate liability, as defined in § 148 of the Tax Code.

Section 702. Investment of Bond Proceeds

WMATA will invest the sale proceeds of its bonds in accordance with the provisions of the WMATA Compact and the Internal Revenue Code. WMATA will invest bond proceeds in a manner that allows proceeds to be available when needed.

Section 703. Trustee Relationships and Monitoring of Trustee Activities

The Vice President and Treasurer is responsible for monitoring trustee activities made on behalf of WMATA on a quarterly basis.