



Finance & Administration Committee

Information Item III-A

January 12, 2012

Proposed FY2013 Operating and Capital Budget

Washington Metropolitan Area Transit Authority
Board Action/Information Summary

<input type="radio"/> Action <input checked="" type="radio"/> Information	MEAD Number:	Resolution: <input type="radio"/> Yes <input checked="" type="radio"/> No
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TITLE:

FY2013 Proposed Operating and Capital Budgets

PURPOSE:

To present the proposed FY2013 Operating and Capital Budgets to the Finance and Administration Committee and Metro riders

DESCRIPTION:

The budgets, when adopted by the Board, will fund Metro Rail, bus, and Access service in fiscal year 2013. Initiatives in the budget include:

- Continued implementation of the largest capital program since the construction of the Metrorail system;
- Continuing FY2012 safety investments, including the NTSB recommendations;
- Enhanced security
- Expanding rail rush hour service
- Increase escalator preventive maintenance to 85% on schedule;
- Delivering capital projects that strengthen the system and improve the customer experience

The proposed budgets continue current levels of service on all modes as well as system improvements and preparation for the Dulles Phase 1 Extension, as well as funding to support continued capital investment.

The FY2013 proposed budget also includes fare proposals to support the growth in operating expenses, while also simplifying fares for our customers. This budget advances Metro's goals to create a safety culture, retain and attract the best and the brightest, deliver quality bus, rail, and Access services, use resources wisely, and maintain and enhance Metro's image.

FUNDING IMPACT:

The FY2013 budgets, when adopted, will fund Metro's operations for the fiscal year beginning July 1, 2012.

RECOMMENDATION:

That the Board reviews the Proposed FY2013 Operating and Capital budgets.



Washington Metropolitan Area Transit Authority

GM/CEO Proposed Operating Budget

Finance and Administration Committee
January 12, 2012



FY2013 Proposed Operating Budget

- The \$1.6 billion proposed operating budget will:
 - Continue advancing an aggressive safety program, complying with NTSB requirements and addressing worker fatigue management
 - Enhance security with more police
 - Improve capacity to perform equipment maintenance
 - Increase escalator preventive maintenance
 - Maintain Metro Access service
 - Preparation for Silver Line service
 - Expand select rush-hour service



FY2013 Proposed Operating Budget

Proposed Budget (\$ in millions)

	FY2012 Budget	FY2013 Budget	CHANGE	
			\$	%
Base Revenue				
MetroRail Passenger Fare	\$582	\$572	(\$11)	-2%
MetroBus Passenger Fare	125	132	7	6%
MetroAccess Passenger Fare	6	8	2	28%
Parking	48	46	(3)	-5%
Other Revenue	51	53	2	3%
FARE RECOMMENDATIONS		\$66	\$66	
Total Revenue	\$812	\$875	\$63	8%
Expense				
Baseline Operating Expenses	\$1,465	\$1,531	\$66	5%
System Improvements		35	35	
Dulles Transition Plan		\$20	20	
Preventive Maintenance	(31)	(31)	0	
Expense Efficiencies		(5)	(5)	
Total Expense	\$1,434	\$1,550	\$116	8%
SUBSIDY	\$622	\$675	\$53	8%



Cost Reductions 2009 - 2012

Over \$200 Million in reductions since 2009

- Sustainable initiatives
- One time savings
- Cost restructuring

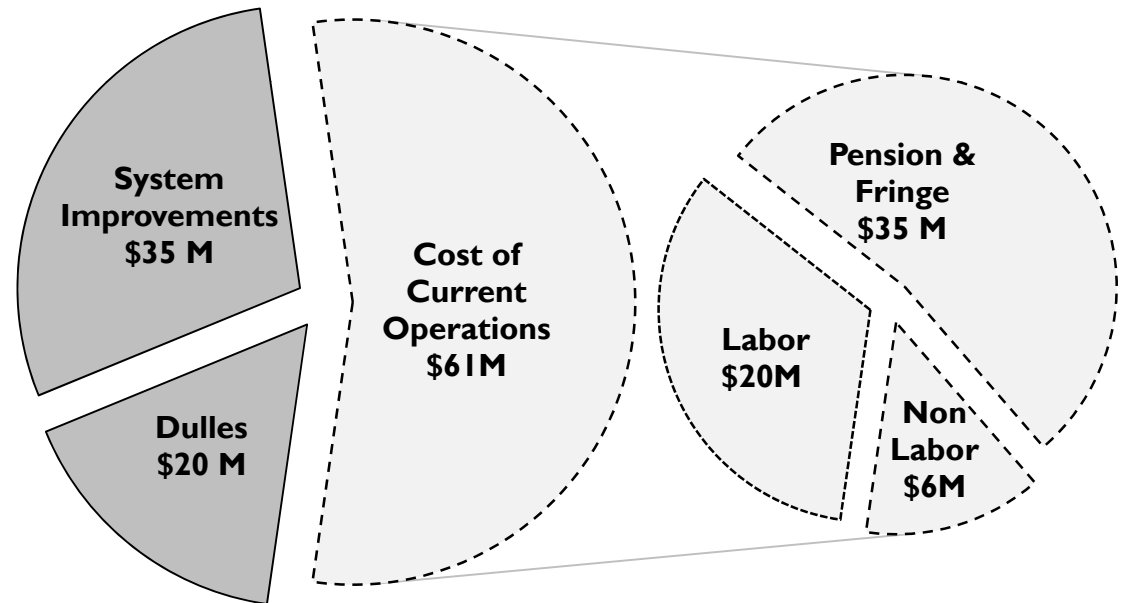


FY2013 Proposed Operating Budget

Operating Expenses include:

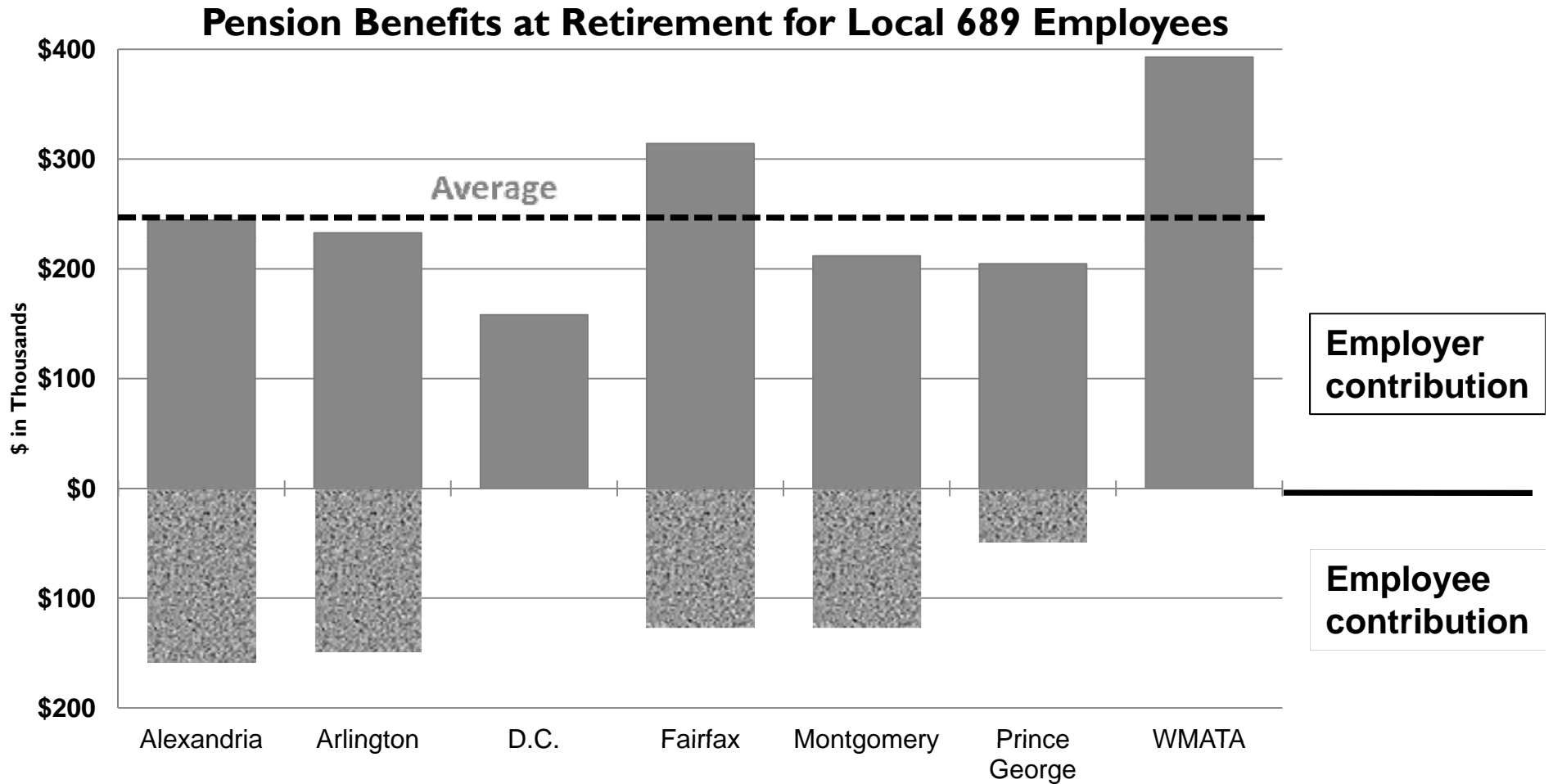
- Increased Pension costs
- NTSB safety recommendations
- Operating costs associated with recently completed capital projects
- Increased rail car maintenance
- Expanded priority bus corridor network, including response to overcrowding and on-time performance
- Focus on worker fatigue management

FY 2013 Budget Growth \$116 Million





Pension Benefit Comparative



WMATA Local 689 employee wage increase was 9% FY2010-FY2012



FY2013 Staffing Plan

- Headcount is growing to support our continued efforts to provide safety, support state of good repair, staff new facilities, provide improvements, and staff Dulles Phase 1

	FY12 Approved Budget	FY13					FY12/FY13 Variance
		Safety & State of Good Repair	Siver Line *	New Facilities	System Investments	Total	
Operating	10,226	223	363	33	169	11,014	788
Capital	1,019	255				1,274	255
Reimbursable	74	(30)				44	(30)
Total	11,319	448	363	33	169	12,332	1,013

* Silver Line positions will be added over the course of the fiscal year, ramping up for December 2013 opening



Fare Policy Principles

Approved November 18, 2010

1. Ensure and enhance customer satisfaction
2. Establish a mechanism to allow customers to determine their fares easily
3. Optimize the use of existing capacity
4. Establish equitable fares and ensure compliance with federal regulations
5. Facilitate movement between modes and operators throughout the region
6. Encourage the use of cost-effective media
7. Generate adequate revenue while maximizing ridership



Fare Proposal Objectives

Comply with Board-approved fare policy principles

- Simplify fares for customers
- Encourage use of SmarTrip®
- Establish user-friendly fares for visitors and occasional users
- Improve boarding time on bus for cash fares
- Improve reserved parking utilization
- Apply fare adjustments equitably
- Generate additional revenue



Fare Recommendation

Rail

- Remove peak of the peak (POP) surcharge
- Average increase of peak period fares is less than 5 percent
- Increase max fare on SmarTrip® \$5.75
- Off-peak fares
 - Increase boarding charge by 5.71% and set max fare at \$3.50
 - Align off-peak mileage composite to peak period
- Change paper farecard pricing to two-period, flat-fare system
 - \$6 for all paper farecard trips during the peak period
 - \$4 for all paper farecard trips during the off-peak period
- Eliminate the short-trip pass and day pass



Fare Recommendation Continued

Bus

- Increase local/limited-stop bus SmarTrip® card fares by CPI
- Round cash boarding fee to nearest dollar
 - \$2 for local / limited-stop bus
 - \$4 for express bus, no change to Airport routes

Parking

- Increase park-and-ride fee by 25¢
- Balance supply and demand of reserved parking permits
- Encourage bike access to rail system by decreasing bike locker rental annual fee to \$120

MetroAccess

- No change to current pricing calculation
 - Fares adjusted according to increases to rail and bus fares
- Increase max fare by CPI



Benefits of Recommendations

- Simplification for the customers
 - Decreases number of rail fare combinations from over 44,000 to under 15,000
- Encourages the use of SmarTrip®
- 32% of trips made during peak period will cost the same or less as current fares
- User-friendly fares for out-of-town visitors
- Improve boarding time on bus for cash fares
- Improve reserve parking utilization
- Generates \$66 M in additional revenue



Rail Base Fares

System/Agency	Adult Base Fare	Effective Date of Adult Base Fare	Change from 2009-10	Percent Change from 2009-10
NYC Transit	\$2.25	June 2009	\$0.00	0%
CTA (Chicago)	\$2.25	October 2009	\$0.00	0%
SEPTA (Philadelphia)	\$2.00	July 2010	\$0.00	0%
MARTA (Atlanta)	\$2.00	October 2009	\$0.25	14.3%
WMATA	\$1.95	June 2010	\$0.30	18.2%
BART (Bay Area)	\$1.75	July 2009	\$0.00	0%
LA MTA	\$1.50	July 2010	\$0.25	20%



Bus Base Fares

System/Agency	Adult Base Fare	Effective Date of Adult Base Fare	Change from 2009-10	Percent Change from 2009-10
NYC Transit	\$2.25	June 2009	\$0.00	0%
MARTA (Atlanta)	\$2.00	October 2009	\$0.25	14.3%
CTA (Chicago)	\$2.00	October 2009	\$0.00	0%
SEPTA (Philadelphia)	\$2.00	July 2010	\$0.00	0%
LA MTA	\$1.50	July 2010	\$0.25	20%
WMATA	\$1.50	June 2010	\$0.15	11.1%



Public Hearing Docket

In addition to the recommended fare changes, the following fare changes will be included in the proposed docket:

- Increase rail peak-period max fare on SmarTrip® to \$6
- Off-peak fares on rail
 - Set the off-peak boarding charge and composite mileage fares at an alignment rate higher than recommended
 - Increase off-peak max fare to \$4



Subsidy By Jurisdiction

(\$ Millions)	FY2012 Subsidy	Proposed		Metrobus	Regional	Non-Reg.	Metro Access
		FY2013 Subsidy	Metrorail				
District of Columbia	\$233.3	\$250.5	\$52.6	\$169.8	\$138.4	\$31.4	\$28
Montgomery County	\$104.7	\$113.5	\$32.5	\$58.1	\$49.1	\$9.1	\$23
Prince George's County	\$141.7	\$152.2	\$29.1	\$79.5	\$57.2	\$22.3	\$44
Maryland Total	\$246.4	\$265.7	\$61.6	\$137.6	\$106.3	\$31.3	\$66
City of Alexandria	\$22.3	\$24.4	\$7.2	\$16.3	\$14.8	\$1.4	\$1
Arlington County	\$37.4	\$41.8	\$14.6	\$26.1	\$25.4	\$0.7	\$1
City of Fairfax	\$1.4	\$1.4	\$0.5	\$0.6	\$0.6	\$0.0	\$0
Fairfax County	\$79.3	\$87.8	\$26.1	\$49.0	\$41.7	\$7.2	\$13
City of Falls Church	\$1.8	\$1.9	\$0.4	\$1.3	\$1.3	\$0.0	\$0
Virginia Total	\$142.3	\$157.3	\$48.9	\$93.3	\$83.9	\$9.4	\$15
Total Subsidy	\$622.0	\$673.5	\$163.0	\$400.7	\$328.6	\$72.1	\$110

Allocation as of January 6, 2012



Budget Adoption Calendar

- January 12 – Present proposed budget to FA Committee
- Late February/Early March – Public hearings
- March through May – Finance & Administration Committee review
- April- Staff report on public hearings
- June – Board adoption of the FY2013 Operating and Capital Budgets
- July 1, 2012 – FY2013 begins



Washington Metropolitan Area Transit Authority

FY2013 Proposed Capital Budget

Finance and Administration Committee

January 12, 2012



FY2011-12 Capital Performance

- Capital Improvement Program continues to mature
 - Spending Capital resources in a timely and efficient manner
- | | |
|--|---------|
| FY2011 Total Expenditures | \$ 611M |
| FY2012 Forecasted Expenditures
(October 2011 Forecast)* | \$ 917M |
- Delivering projects that strengthen the system and improve the customer experience
 - 116 new Hybrid Electric Buses in service; Rehabilitated 100 existing buses, received 241 new MetroAccess vehicles
 - Delivered over 21 miles of new running rail
 - Rehabilitated or replaced 45 escalators and 5 elevators

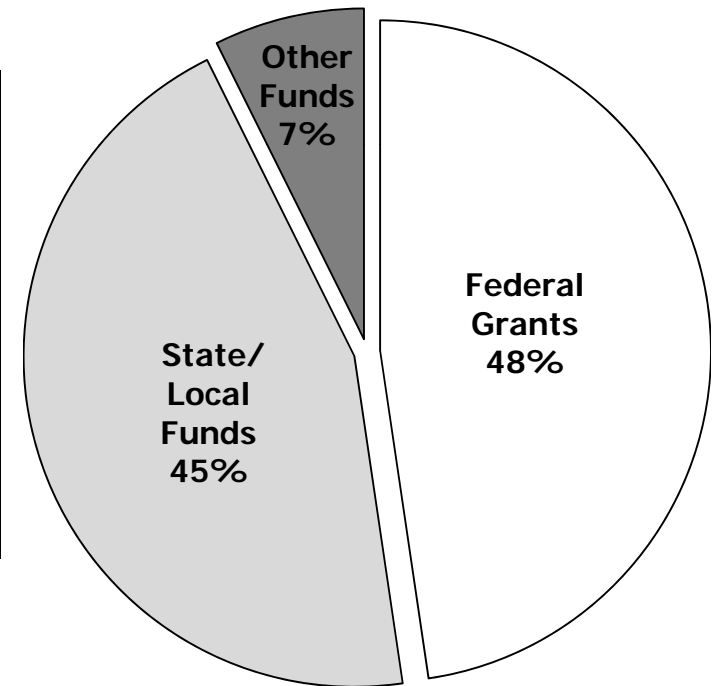
**Updated Forecast to be completed in January*



FY2013 Proposed Capital Program

- Proposed FY2013 Capital Program

Program	FY2013
Capital Improvement Program (CIP)	\$ 904.1M
American Recovery & Reinvestment Act (ARRA)	1.5
Reimbursable Projects	59.0
Safety and Security Grant Program	32.2
Total	\$996.8M



FY2013 CIP Budget

- 91% Safety, Reliability & State of Good Repair
- 9% Enhancement/Expansion



FY2013 Proposed Capital Program

- **Safety**

- NTSB Recommendations
- Bus and Station Cameras
- Radio Upgrade

- **Reliability**

- Elevators and Escalators
- Bus Maintenance Facilities
- Rail Yard Rehabilitation
- Track Rehabilitation and replacements

- **Customer Enhancements**

- Silver Line preparation
- Rehab 12 Metro Stations

Capital Program Uses Category	FY2013
Vehicles/ Vehicle Parts	\$ 189.0M
Rail System Infrastructure Rehabilitation	111.6
Maintenance Facilities	206.7
Systems and Technology	125.5
Track and Structures	64.3
Passenger Facilities	137.5
Maintenance Equipment	135.9
Other Facilities	23.4
Project Management and Support	3.0
Total	\$ 996.8M



FY2013-18 Proposed Capital Program

- Proposed FY2013-18 CIP Development
 - Projects identified via Capital Needs Inventory (Summer 2011)
 - Projects are evaluated relative to Metro goals
 - Priorities: safety, reliability and state of good repair

Program	FY2013-18
Capital Improvement Program (CIP)	\$ 5,112.1M
American Recovery & Reinvestment Act (ARRA)	1.5
Reimbursable Projects	407.5
Safety and Security Grant Program	33.5
Total	\$ 5,554.6M

FY2013-18 CIP Budget

94% Safety, Reliability & State of Good Repair

6% Enhancement/Expansion



Proposed FY2013-18 Proposed Capital Program

- Safety
 - NTSB Recommendations
 - Replace 1000 Series rail cars- 300 railcars
 - Automated Train Control Improvements

- State of Good Repair/Reliability
 - Full rehab of 3 track segments – 32 miles of track, 37 Stations
 - Replace 4000 Series Rail Cars- 100 railcars
 - Add, replace, or rehabilitate 7 bus garages
 - Rehabilitate 3 rail yards
 - Replace 550 buses- rehabilitate 600 buses
 - Rehab 98 Escalators; Replace 94 Escalators & 18 Elevators

- Customer Enhancements
 - Dulles Metro Rail Extension- purchase of 128 railcars
 - New Electronic Payment Program



Measurements of Sample Capital Projects

Project Name	Total Units in System	FY11 Deliverable (Actual)	FY12 Deliverable (Planned)	FY13-18 Deliverables (Planned)
Escalators & Elevators Rehab'ed/ Replaced	588 Escalators 77 Elevators	Rehab 31 Esc. Rehab 2 Elev.	Rehab 42 Esc. Replace 3 Esc. Rehab 5 Elev.	Rehab 98 Esc. Replace 94 Esc. Rehab 18 Elev.
Miles of Running Rail Replaced/ Rehabbed	425	13.5	12.5	75.0
Rail Cars Procured	1137	-	-	Replace 400*
Buses Replaced/ Rehabbed	1,492	Replace 88 Rehab 100	Replace 198; Rehab 100	Replace 574 Rehab 600
Bus Garages	9	-	-	Replace 2 Rehab 4 New 1

* Replace 300 1000 Series and 100 4000 Series Cars



FY2013-18 Financial Plan Risks

- PRIIA Funding has been approved for FY2013
 - *Possible loss of \$150.0 million in PRIIA plus \$150.0 million local match in future years*
- Possible decrease in FTA Formula Funds
- Safety projects will get first priority; all other projects vulnerable to cuts
- Customer impacts:
 - *More frequent delays*
 - *Worsening reliability*
 - *Deteriorating station conditions*
 - *Longer lines and less customer information*



Unfunded Capital Needs

- Rail Line Segment Rehabilitation
 - 3 of 9 line segments funded through FY2018
 - Remaining segments to be programmed in the future, but need to start by FY2020
- Railcar Expansion (75% and 100% 8-Car Trains)
 - Current Draft Fleet Plan assumes 100% 8 car trains by 2020
 - Current contract includes unfunded options for 75% and 100%
- Rail Station Capacity/Enhancements
 - Overcrowding will need to be addressed
- Bus Fleet Expansion
 - Crowding and improving reliability will need to be addressed



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