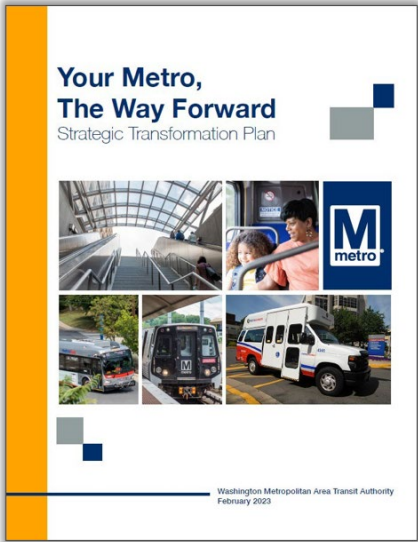


FY2026 Budget Update

Finance and Capital Committee



Strategic Transformation Plan: Guides long term strategy and day-to-day decision making of Metro over the next five + years



Guiding



Day-to-day decisions

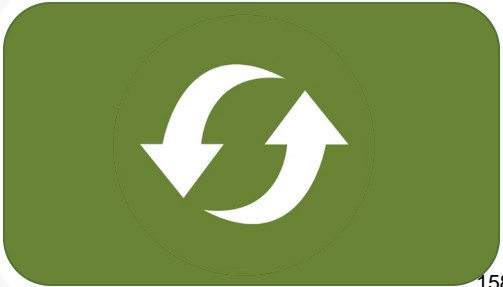
- Customer interactions
- Service schedules
- Communications



Long-term strategy

- Budget allocation
- Capital improvements
- Priority projects

Goals — Our priorities to achieve the vision



FY2026 Budget Continues to Drive Ridership, Modernization, and Efficiencies

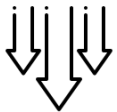
FY2026 Budget Update



December 2024 – GM/CEO presented Proposed Budget to the Board that included rail optimization, Better Bus Network Redesign, and a restructured subsidy allocation



February 2025 – Revenue outlook increased based on ridership trends and return-to-office mandates, reducing reliance on capital funds for operating costs



March 2025 – Additional efficiencies identified to lower operating costs and jurisdictional subsidies in response to regional economic outlook

Revised FY2026 Budget Recommendation

FY2026 Budget Update

| (\$ in millions) | Net Subsidy Impact |
|---|--------------------|
| Bus Scheduling and Fleet Efficiencies | -\$6.0 |
| Station Entrance Staffing | -\$0.7 |
| Defer Yellow Line to Greenbelt until December | -\$1.8 |
| Efficiency Savings from Modernization Investments | -\$10.0 |
| Total | -\$18.5 |

Bus Service Scheduling Efficiency and Fleet Reduction

- Apply savings from more efficient scheduling of redesigned network using new scheduling software; reduced peak bus requirement and reduced bus deadhead time

Station Staffing

- Reduce staff at 5 stations with multiple entrances during low ridership late nights and weekends

Defer Yellow Line Service Change

- Begin extension of 50% of Yellow Line trains to Greenbelt in December 2025

Additional Modernization Investments to Increase Efficiency and Reduce Cost that do not Impact Service

- Targeted cost reductions and efficiencies totaling \$10M include:
 - Technology Modernization
 - Cash Collection Modernization
 - Inventory and Supply Chain Modernization

Note: Amounts may not sum due to independent rounding.

Service and Fare Optimization

Metro will optimize service within available funding for FY2026

FY2026 Budget Update



Metrobus

- Implement the Year One Better Bus Network
 - 11 more routes in the Frequent Service Network
 - New connections to transit stations, jobs and other key destinations
 - Increased midday, evening, and weekend service



Metrorail

- Add peak capacity to address ridership growth
- Extend half of Yellow Line trains to Greenbelt
Defer until December
- Open earlier on weekend mornings and close later on weekend late nights



Fares & Fees

- No fare changes proposed in FY2026
- Introduce open payment
 - Tap to ride with contactless credit/debit mobile devices and cards with no fee

MetroAccess: No reduction in service area

Next Steps

Board approval in April:

- Recommended FY2026 Operating Budget and FY2026–2031 Capital Improvement Program
- FY2026 Budget Public Outreach and Input Report

Appendix



Recommended FY2026 Budget

FY2026 Budget Update

| <i>(\$ in millions)</i> | FY2026 Revised (February) | FY2026 Recommended (March) | Variance |
|-------------------------|--|---|-----------------|
| Total Revenue | \$565 | \$564 | -\$1 |
| Gross Expenses | \$2,567 | \$2,547 | -\$20 |
| PM above \$60M | -\$49 | -\$49 | \$0 |
| Net Expenses | \$2,518 | \$2,498 | -\$20 |
| Gross Subsidy | \$1,953 | \$1,934 | -\$19 |
| Prior Year Savings | -\$28 | -\$28 | \$0 |
| Net Subsidy | \$1,924 | \$1,906 | -\$19 |

Note: Amounts may not sum due to independent rounding;

* Total preventive maintenance transfer in FY26 is \$109M

Recommended FY2026 Budget

FY2026 Budget Update

| <i>(\$ in millions)</i> | FY2026 Revised (February) | FY2026 Recommended (March) | FY2027 Forecast |
|-------------------------|--|---|----------------------------|
| Total Revenue | \$565 | \$564 | \$583 |
| Gross Expenses | \$2,567 | \$2,547 | \$2,618 |
| PM above \$60M | -\$49 | -\$49 | -\$73 |
| Net Expenses | \$2,518 | \$2,498 | \$2,545 |
| Gross Subsidy | \$1,953 | \$1,934 | \$1,963 |
| Prior Year Savings | -\$28 | -\$28 | \$0 |
| Net Subsidy | \$1,924 | \$1,906 | \$1,963 |

Notes:

* Amounts may not sum due to independent rounding

* Total preventive maintenance transfer in FY26 and FY27 is \$109M and \$133M, respectively

FY2026 Jurisdictional Subsidy Changes from February Revised to March Recommended

FY2026 Budget Update

| FY2026 Revised (February) | | FY2026 Recommended (March) | |
|------------------------------|------------------|-------------------------------|-----------------------|
| Total Operating Subsidy | | Total Operating Subsidy | Variance from Revised |
| District of Columbia | \$744.7 | \$737.0 | -\$7.7 |
| Montgomery County | \$281.6 | \$279.6 | -\$2.0 |
| Prince George's County | \$402.8 | \$397.5 | -\$5.2 |
| Maryland | \$684.3 | \$677.1 | -\$7.2 |
| City of Alexandria | \$63.6 | \$63.1 | -\$0.5 |
| Arlington County | \$144.3 | \$143.3 | -\$1.0 |
| City of Fairfax | \$4.0 | \$4.0 | \$0.0 |
| Fairfax County | \$242.3 | \$240.5 | -\$1.8 |
| City of Falls Church | \$4.0 | \$3.9 | \$0.0 |
| Loudoun County | \$37.1 | \$36.9 | -\$0.2 |
| Virginia | \$495.3 | \$491.7 | -\$3.6 |
| TOTAL | \$1,924.4 | \$1,905.9 | -\$18.5 |

Note: Amounts exclude debt service