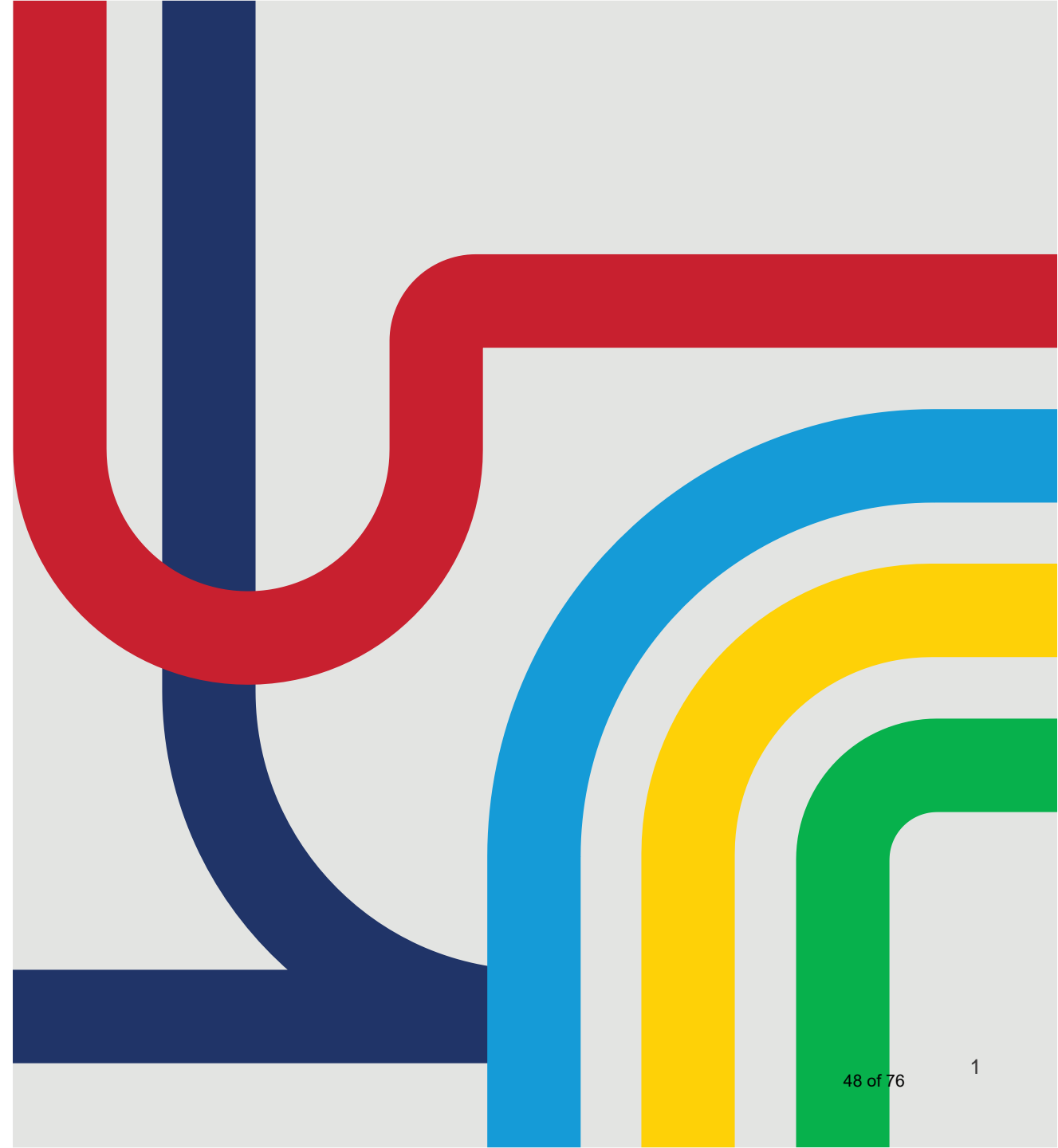
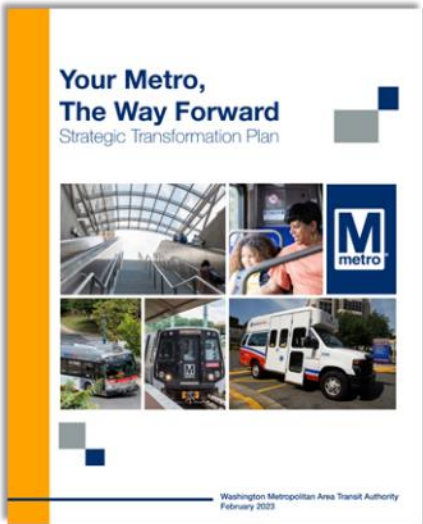


# FY2026 and FY2027 Operating Outlook

Finance and Capital Committee



# FY2026 Budget Advances Metro STP Goals



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

Service Excellence

Talented Teams

Regional Opportunity and Partnership

Sustainability

# Recent Accomplishments

FY2026 & FY2027 Outlook

## Ridership



- **Ridership grew 21%** from FY2023 to FY2024
- **Leading the country** in bus ridership recovery with bus ridership at **101% of 2019 (Jan-Aug)**
- **September 2024** has:
  - **854,000** daily weekday riders
  - **3 of the 10** busiest post-2020 days
  - **Busiest AM Peak** on Metrorail since 2020
  - Post-2020 high in **Fed Employee** riders

## Crime



- Serious crime across the system **down 14%** compared to FY23
- Q4 results **lowest in 5 years, down over 40%** compared to Q4 FY23
- **100+ Special Police Officers** deployed on trains and 26 platforms
- **11,800+ interactions** with Crisis Intervention Specialists
- **730+ community outreach events**, partnerships with local police agencies

## Customer Satisfaction



- **Customer satisfaction** met target for all three modes in Q4, **hitting record highs**
- Q4 results for **Metrorail** were the **highest in history**
- Q4 results for **Metrobus** the **highest in 3 years**
- Q4 results for **MetroAccess** are the **highest in 2 years**

## Fare Evasion



- Fare evasion is **down 82%** on Metrorail
- Installed **taller and stronger faregates** at all 98 Metrorail stations
- Increased **police presence** throughout the system
- Metro Transit **Police doubled fare enforcement actions** in FY2024

# Actions taken to reduce expenses and grow revenue

FY2026 & FY2027 Outlook

## Increased Fares



Increase Metrorail and Metrobus fares by 12.5% on weekdays and up to 25% on weekends

## Reduced Fare Evasion



Installation of new fare gates to reduce fare evasion

## Froze Wages in FY2025



No salary and wage increases for Local 689 and non-represented employees

## Implemented Re-Occurring Savings



Identify additional cost savings and reductions for FY2025 and beyond

## Targeted Service Reductions



Adjust peak service to align with ridership, six-car trains, and reduce holiday service levels

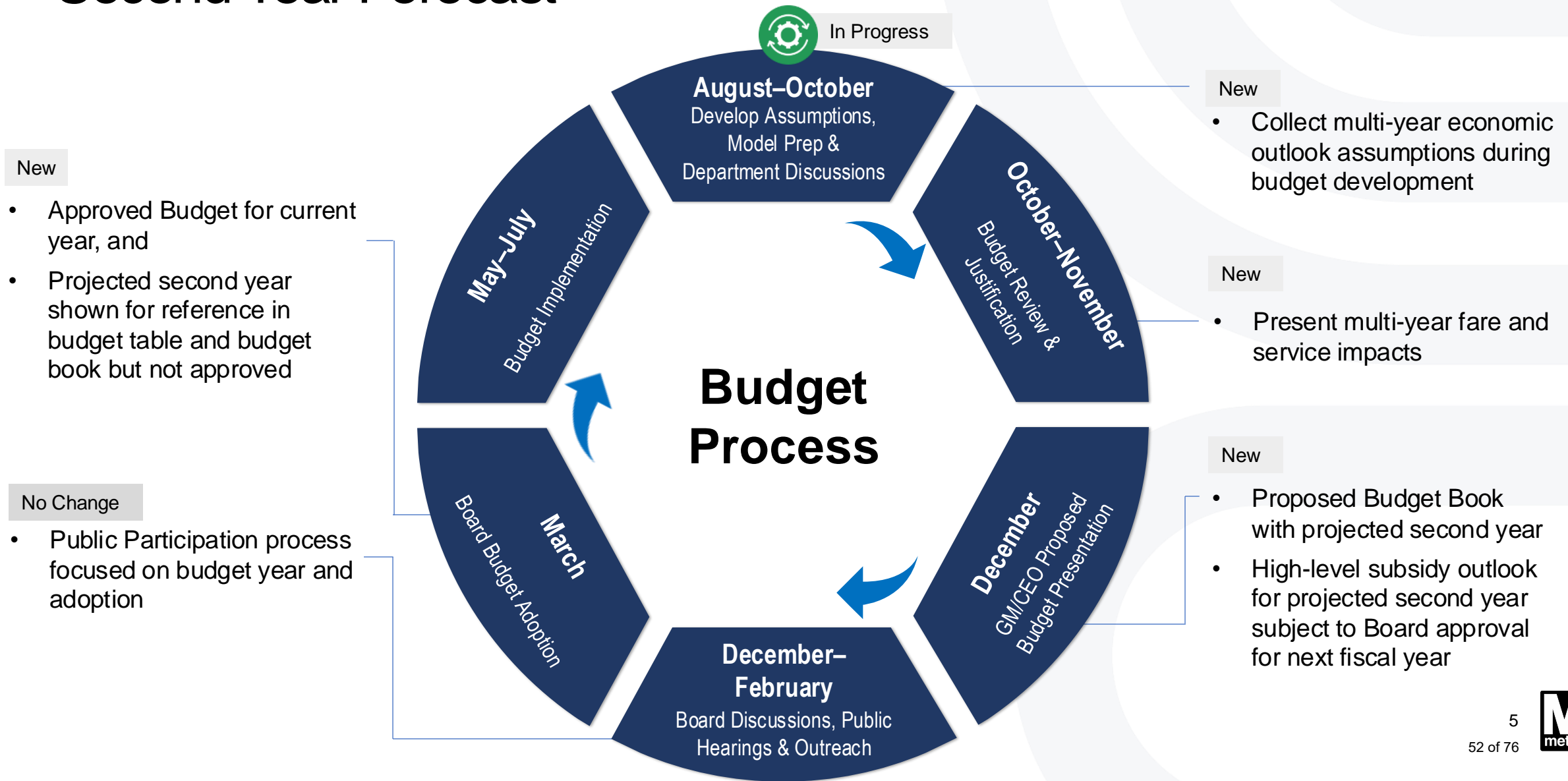
## Better Bus Network



Increase ridership at existing service levels

# Improvements to Annual Budget Process with Second Year Forecast

FY2026 & FY2027 Outlook





# FY2026 & FY2027 Budget Drivers

FY2026 & FY2027 Outlook

## Ridership Recovery



- Refining assumptions based on recent ridership strength after reaching 242M trips in FY2024
- FY2025 Quarter 1 trending above budget
- Evaluating ridership patterns



## Inflation

- Historically high inflation from recent years has increased base expenses
- Inflation outlook of 3.0% in FY2026 and 2.3% in FY2027 for non-personnel expenses



## Funding Constraints



- No Federal Relief Funding
- Over reliance on use of capital funding for operating preventive maintenance



## CBA

- New Local 689 CBA minimizes the impact from any future inflationary spikes
- Upcoming CBA negotiations for transit police (FOP), Local 922 and Local 2

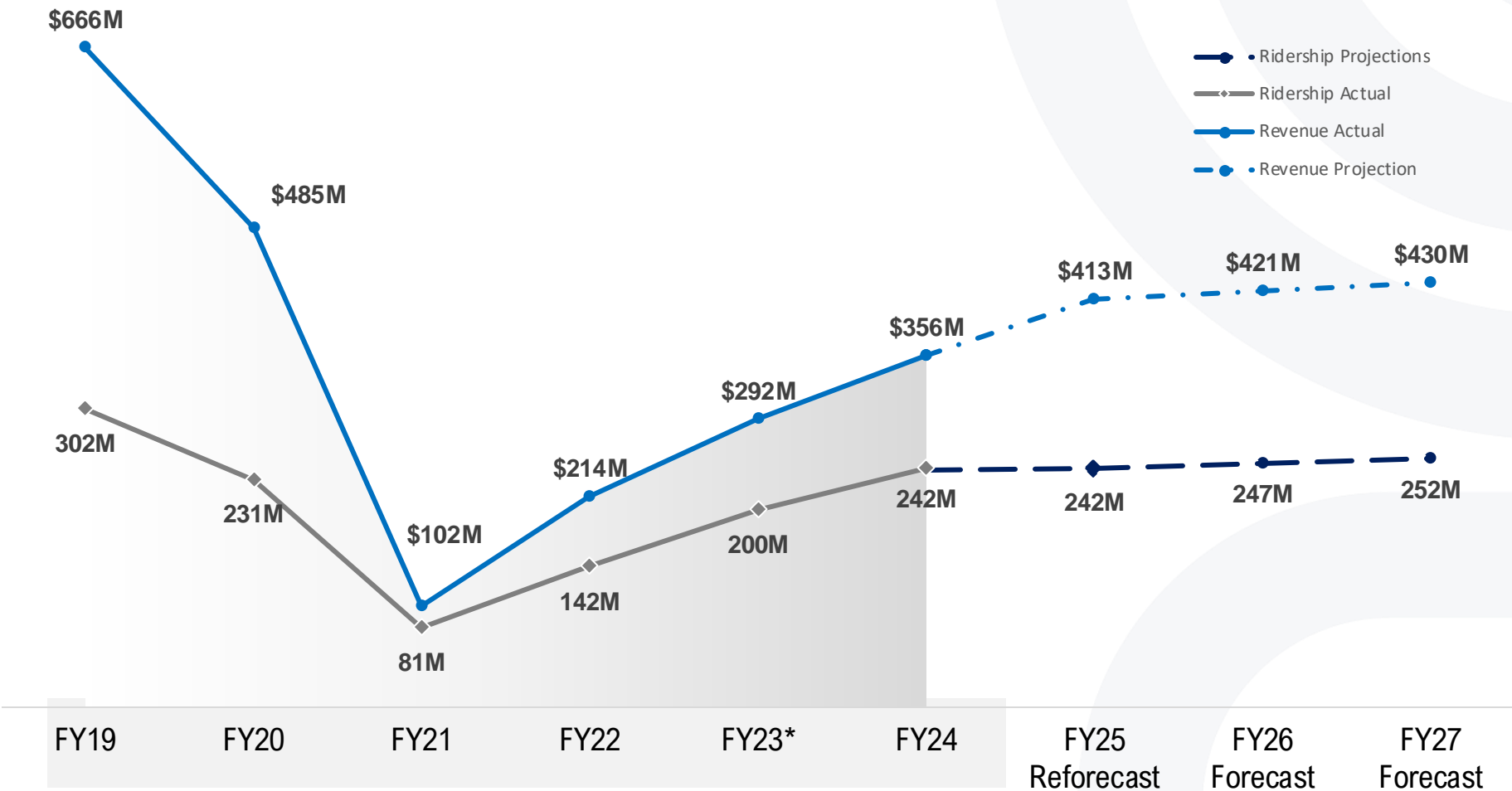


\*Recovery percentage based on FY2019 Actuals of 301.5 million trips for Pre-Covid Ridership

\*\*Additional stipulations for cost-of-living adjustments (COLA). Total adjustments capped at 5% including GWI.

# Strengthening Ridership and Revenue Outlook thanks to Recent Investments in Service and Reliability

FY2026 & FY2027 Outlook



\*Beginning in January 2023, ridership includes tapped and non-tapped rail ridership  
\*\*Amounts rounded for presentation purposes

Assumptions subject to change

# FY2026 Budget Drivers – Revenue

FY2026 & FY2027 Outlook

## Passenger



### Ridership Recovery

- Travel patterns and office telework policies
- Continued strength of weekend and off-peak trips
- Regional population growth

### Fare Evasion

- Taller and stronger faregates installed at all stations providing a lower fare evasion trend
- Fare recovery and enhanced enforcement

### Service Levels

- Better Bus Network Redesign
- Subject to change based on board decisions

### Average Fare

- This outlook does not reflect a fare increase in FY2026

## Non-Passenger



### Parking Counts Recovery

- Trending towards overall rail recovery

### Real Estate / Joint Development

- Execution of the Strategic Plan for Joint Development

### Advertising

- Contract provides annual guarantee and revenue share based on advertising sales.

### Infrastructure Contracts

- Extend and maintain current fiber-optic contracts

Assumptions subject to change



# FY2026 Budget Drivers – Expenses

FY2026 & FY2027 Outlook

## Personnel



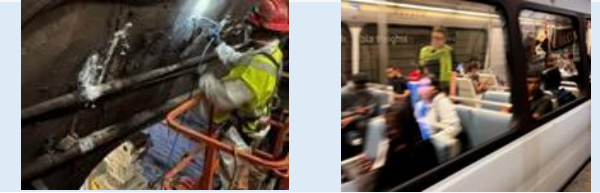
### Collective Bargaining Agreement (CBA)

- New Local 689 CBA minimizes the impact from future inflationary spikes
- New agreement includes general wage increases (GWI) of 3% for FY2026 & FY2027
- Upcoming CBA negotiations for transit police (FOP), Local 922, and Local 2

### Overtime

- New Local 689 CBA limits the hours worked by bus and rail operators to be consistent with industry standard

## Non-Personnel



### Inflation

- Historically high inflation from recent years has increased base expenses
- Inflation outlook of 3.0% in FY2026 and 2.3% in FY2027 for non-personnel expenses

### Energy

- Diesel and Compressed Natural Gas based on historical spending trends
- Fuel projections include FY2025 initiative to reduce non-revenue vehicle fleet

### Paratransit

- Continue trend of promoting a blend of traditional and lower-cost alternative providers

Assumptions subject to change

# Cost Savings Focus for FY2026 and Beyond

FY2026 & FY2027 Outlook

Strategies Metro is Pursuing to Advance Cost Savings



## Technology:

Mobile devices,  
software  
management,  
enterprise system  
integration



## Space Efficiency:

Facility  
consolidations,  
maximizing real  
estate assets



## Rail and Bus Efficiency:

Automatic train  
operation (ATO) and  
return to design  
speed  
Bus priority and  
redesign



## Internal Efficiencies:

Human capital  
management,  
Energy savings

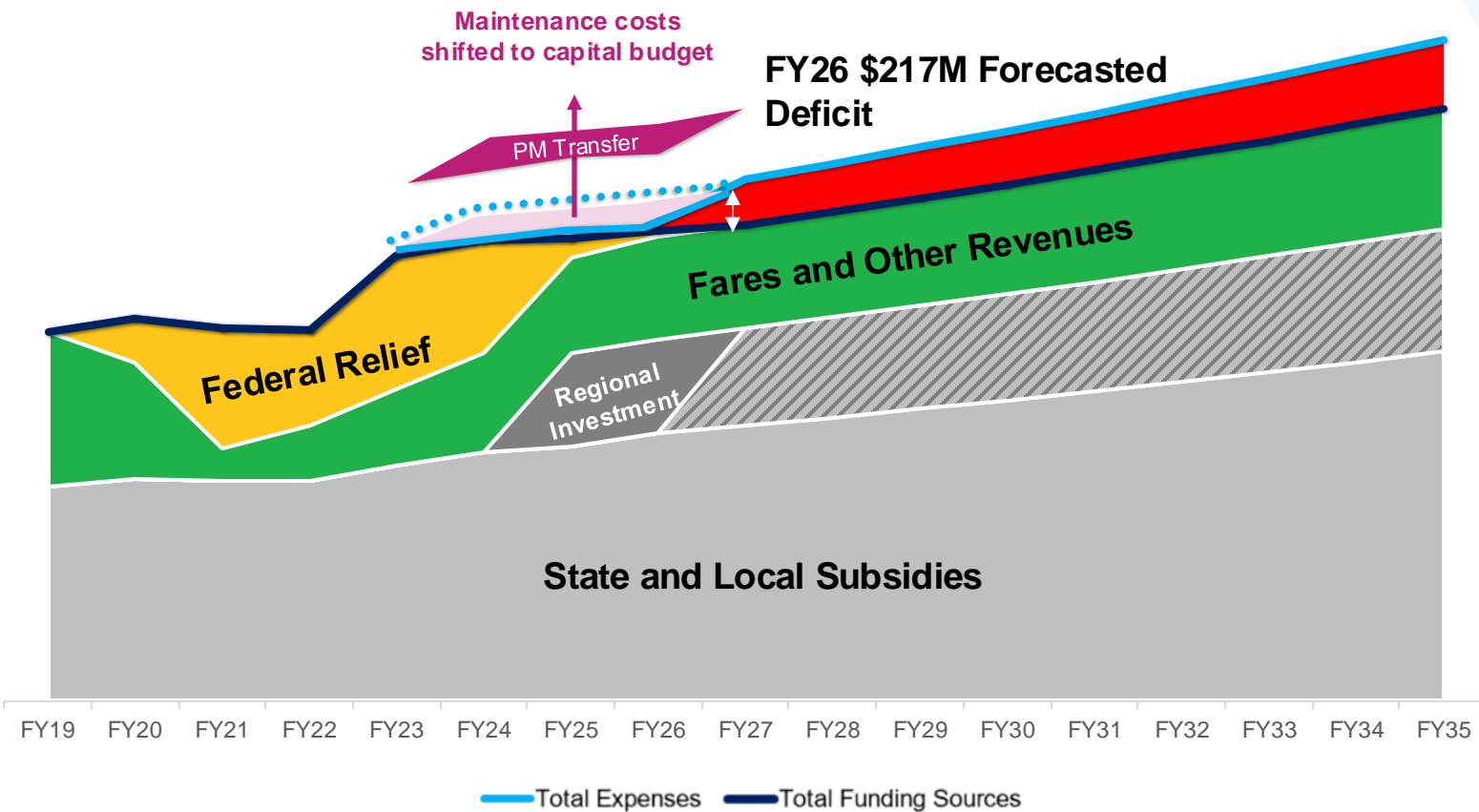


## Procurement:

Contract  
consolidation

# Structural Operating Deficit Reduced Thanks to Additional FY2025 Regional Investment But Not Eliminated

FY2026 & FY2027 Outlook



Options to Close \$217M FY2026 Operating Deficit	
(\$ in millions)	Amounts
FY2026 Gap	\$217
Additional jurisdictional subsidy As shown in FY25/FY26 2-Year Budget Plan	-\$95
<b>Current Gap</b>	<b>\$122</b>
Apply One-Time Savings	-\$28
Additional capital funds for preventive maintenance operating costs*	-\$94
<b>Balanced Budget</b>	<b>\$0</b>

\* Above \$60M historic level

# Service Optimization Goals

FY2026 & FY2027 Outlook



## Drive Ridership

- Provide fast, frequent, all-day service to drive ridership growth
- Make the network more useful to customers by increasing access to destinations
- Deliver reliable and comfortable service for customers



## Equitable

- Increase access to opportunity
- Maintain and improve service for people of color and low-income customers



## Efficiently Use Assets

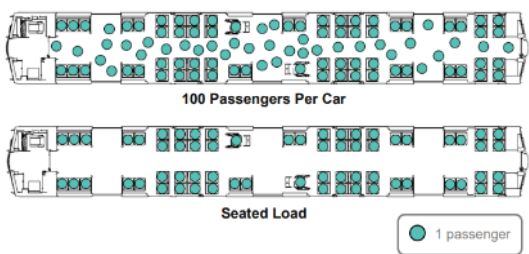
- Optimize use of assets and unlock the value of system investments:
  - Use available railcar fleet
  - Optimize system design capacity and train throughput

# Metrorail Service Optimization: Reliability, Resource Efficiency, Responsive to Customer Needs

FY2026 & FY2027 Outlook

## Adding Peak Capacity

Address passenger bottlenecks at busiest locations and busiest times



## Change Rail Service Headways

Respond to customer demand and drive ridership growth



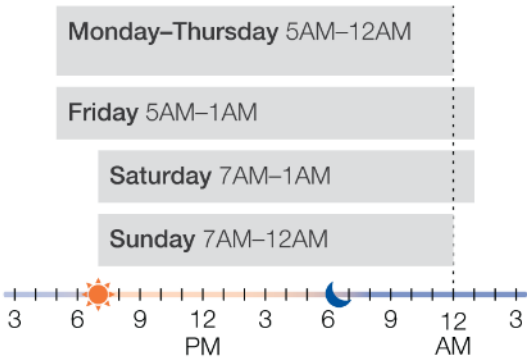
## Service Patterns & Turnbacks

Align levels of service to passenger usage and optimize use of Metro's infrastructure



## Adjust Rail Hours of Operation

Better match regional travel patterns and provide access to jobs/destinations, including airports



# Service Optimization Context

FY2026 & FY2027 Outlook

- **Ridership is growing with frequent and reliable service:**
  - FY2024 rail ridership grew 27% over FY2023
  - FY2026 and FY2027 ridership – projecting continued growth – with some uncertainty
  - Continued ridership growth in peak periods will require additional service
- **Anticipating needs for additional capacity:**  
Passenger loads at key locations approaching crowded conditions
- **Rail Fleet and potential service changes:**
  - 7000-Series wheelset issue resolved; trains fully available for service in FY2026
  - Future major service frequency & capacity increases require additional railcars

## Metrorail Service Improvement Focus Areas

- **Add Peak Capacity** to address passenger loads at busiest times and locations
- **Adjust Rail Service Patterns and Frequencies** to optimize the use of assets and drive ridership growth
- **Expand Rail Hours of Operation** to expand access and better match regional travel patterns
- **More Efficient Rail Operations** to invest resources in service improvements



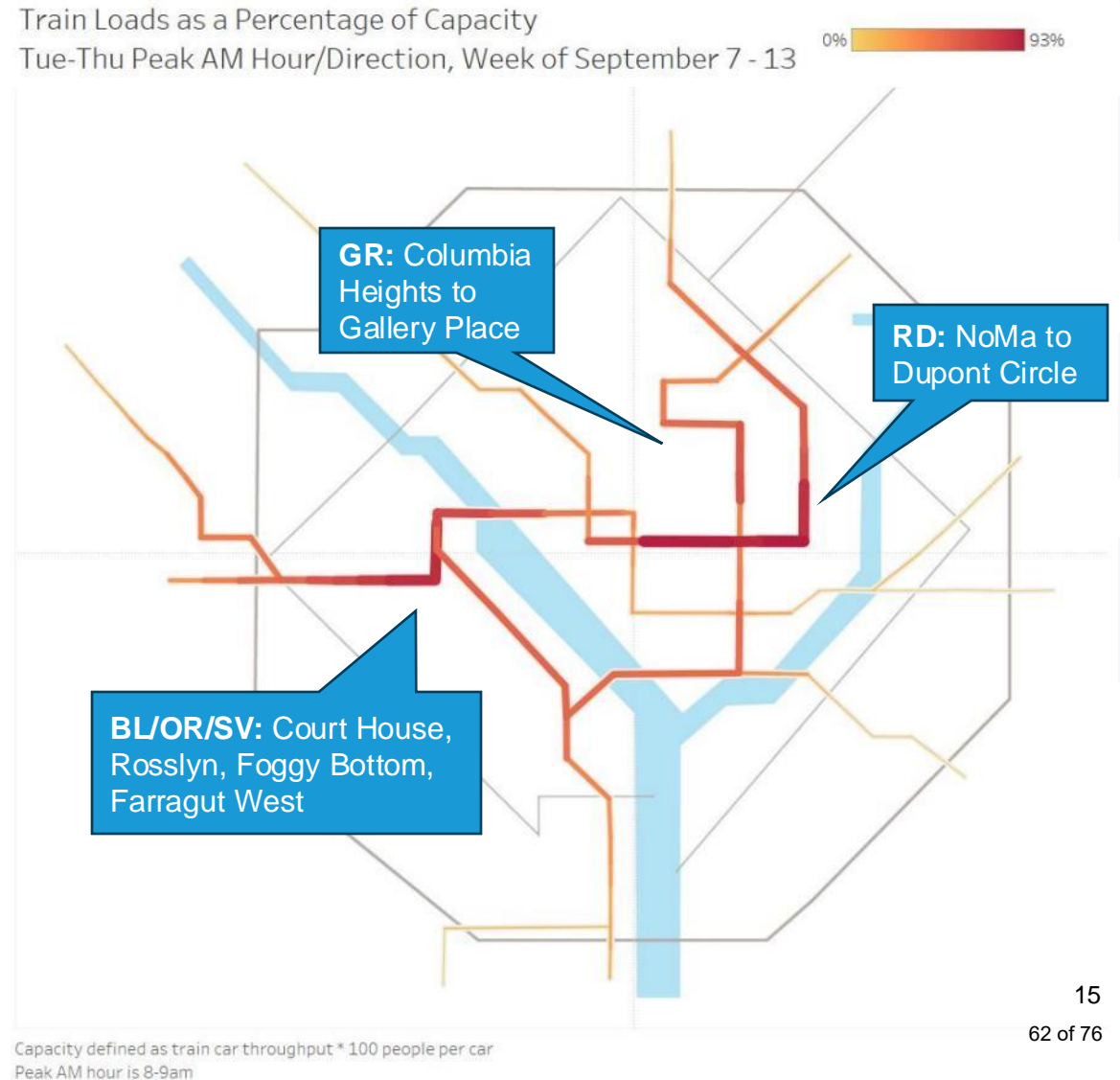
# Peak Hour Ridership Approaching Capacity

FY2026 & FY2027 Outlook

Peak Hour trains are nearing capacity at critical central points on the Red Line and Blue/Orange/Silver lines. Ridership north of Mt Vernon Square growing.

Crowding is most significant during the rush mid-week (Tue-Wed-Thu), especially the morning.

More peak-hour capacity will be needed with additional ridership growth – more eight car trains and/or more frequent service in the center of the system.



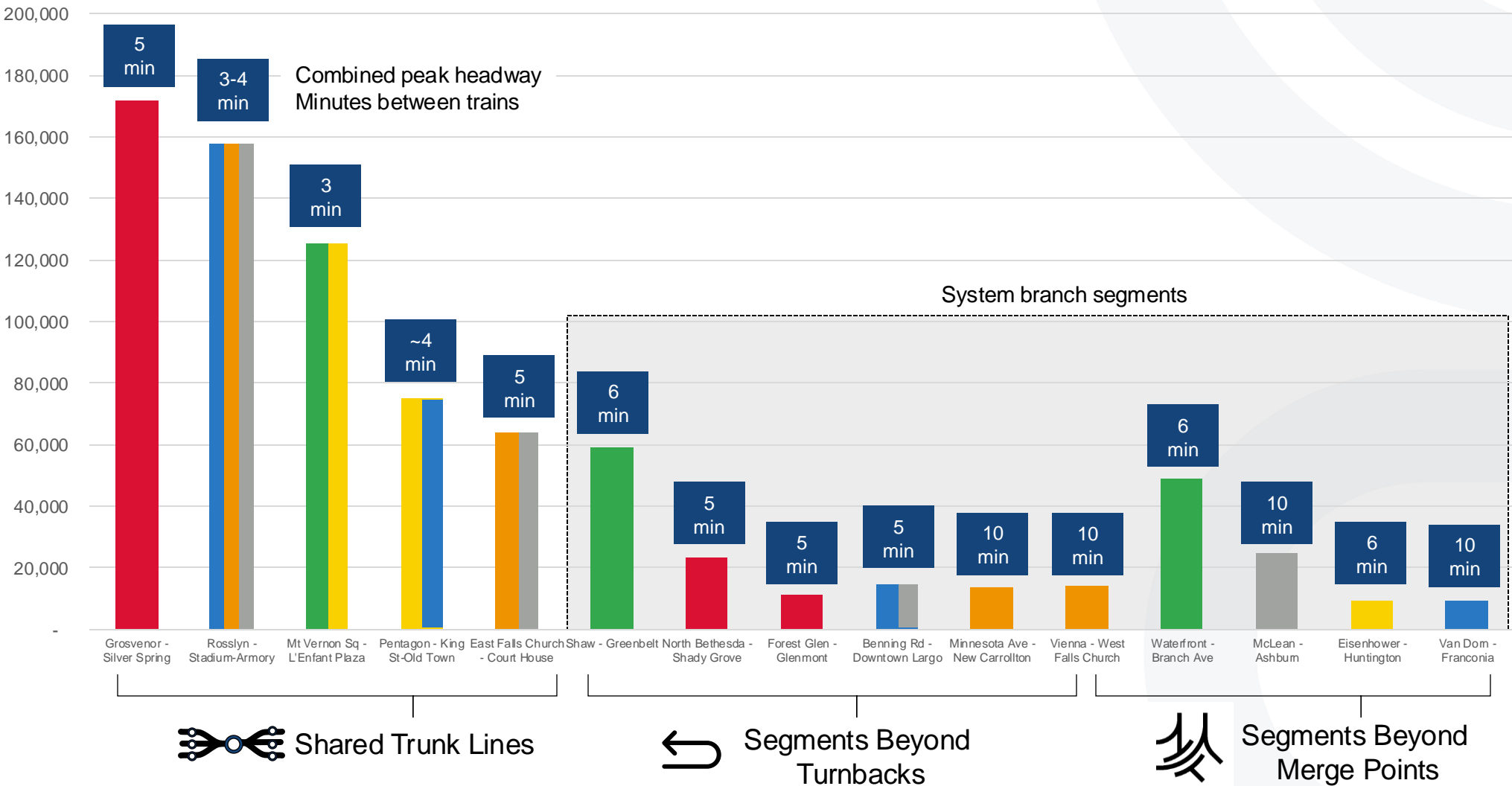
## FY2026 & FY2027 Outlook

Turnbacks can concentrate service capacity where needed; Metro has limited locations to do this and is currently only using the Mt Vernon Sq turnback.



# Most Customers Travel Through the Center of the System

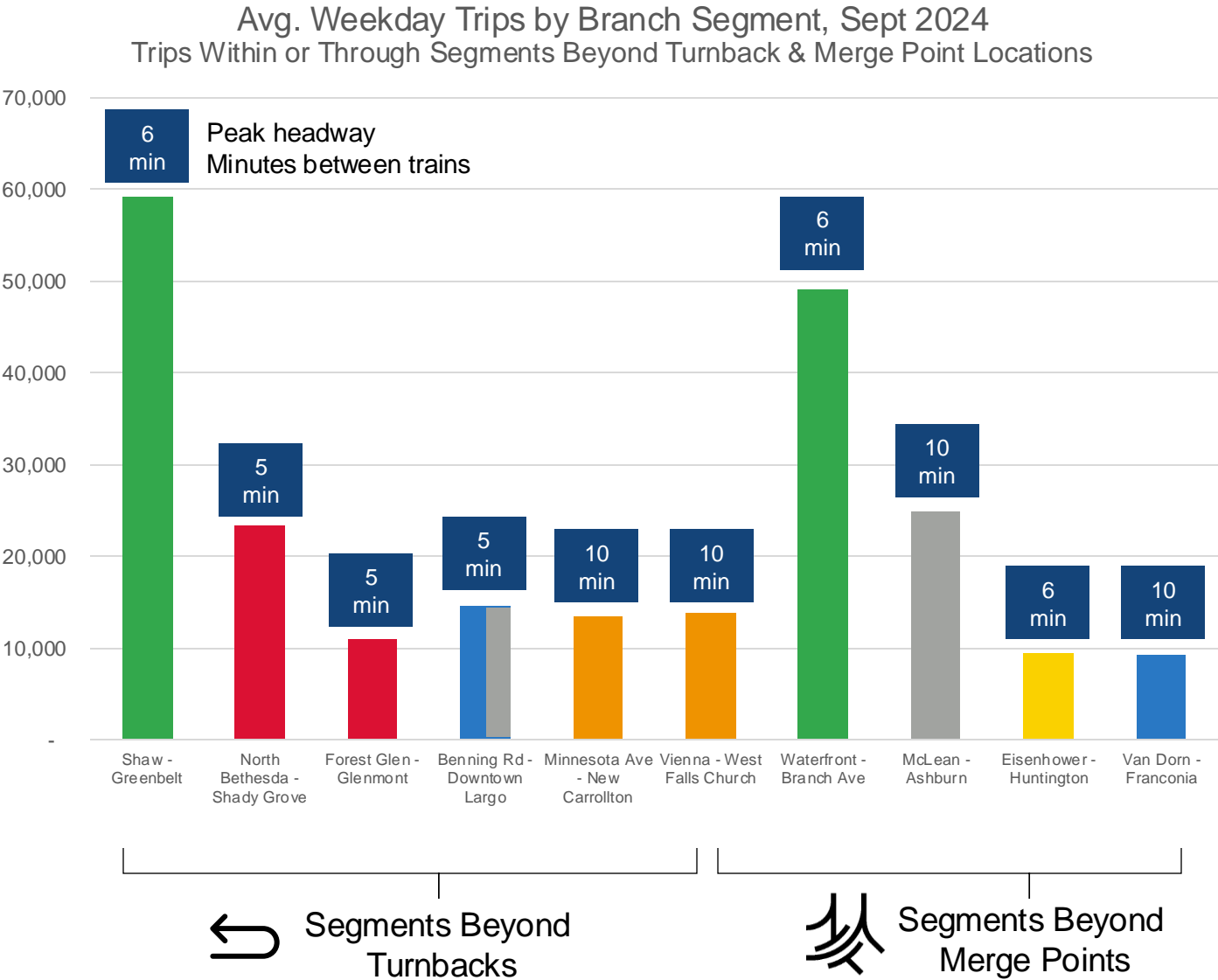
Avg. Weekday Trips by System Segments, Sept 2024



Each of Metro's shared Trunk Lines carry more passengers than the system's branches.

Branch segments are located either beyond a merge point, or beyond a potential turnback location.




# Opportunities to Align Capacity with Customer Travel Patterns



- Metro’s infrastructure has limited locations to adjust service frequencies on branches:
  - Turnbacks divide service within a line
  - Junctions/Merge Points divide service between lines
- System branches beyond inactive turnbacks with lower ridership but more trains per hour:
  - Blue/Silver line branch east of Stadium Armory carries **~25% of Shaw – Greenbelt ridership** but has 12 trains per hour.
  - The Red line branches carry **~20% to ~40% of Shaw – Greenbelt ridership** but have 12 trains per hour.

# Four Complementary Ways to Add Peak Capacity for Growing Ridership

FY2026 & FY2027 Outlook

8 Longer Trains	 Increase Train Frequency	 Add Peak “Tripper” Trains	 Use Turnbacks
<p>Running more 8-car trains adds capacity in crowded corridors with the same service frequency.</p> <p><u>Considerations:</u> Provides 1/3 more capacity than a 6-car train.</p> <p>Extra cost of running longer trains all day vs. running more trains in peak.</p>	<p>Increasing frequency of train service in peak hours adds capacity and reduces wait times.</p> <p><u>Considerations:</u> Targeted increase during most constrained portion of peak, or entire peak.</p> <p>Improves frequency for entire line with benefit of lower average wait times; Adds capacity up to infrastructure limits.</p>	<p>A limited number of additional trains can be sent out between trains in the peak.</p> <p><u>Considerations:</u> Most efficient for addressing brief crowding at one location.</p> <p>Does not change baseline train frequency for most trains during peak.</p>	<p>Turn back trains at select locations to increase train frequency in core where more customers ride and capacity is needed.</p> <p><u>Considerations:</u> System built with a limited number of turnback locations to enable higher core frequency.</p> <p>Combinations in multiples (e.g., every other train) required for even train spacing; Some operational reliability risks.</p>

# Automatic Train Operations (ATO) and Max Speeds

FY2026 & FY2027 Outlook

Automated Operations (Automatic Door Operations, Automatic Train Operations, Return to Design Speeds) enable safer, faster, and more reliable operations.

- **More reliable:** reduces variation in manual operation
- **More efficient:** time savings enables same service with fewer resources
- **Drives ridership growth:** shorter travel times encourage more trips, increasing access to destinations

	Scheduled Runtime (min)	Estimated Runtime Savings (min)			Total Est. Savings (min)	Percent Savings
		Automatic Door Operation	Automatic Train Operation	Original Design Speed		
YL	26	0.6	3.3	0.1	4.0	15%
GR	50	1	3.3	N/A	4.3	9%
SV	93	1.7	4.9	1.8	8.4	10%
OR	62	1.3	4.9	1.4	7.6	12%
BL	68	1.4	4.7	1.4	7.5	11%
RD	70	1.3	3.9	2.2	7.4	11%



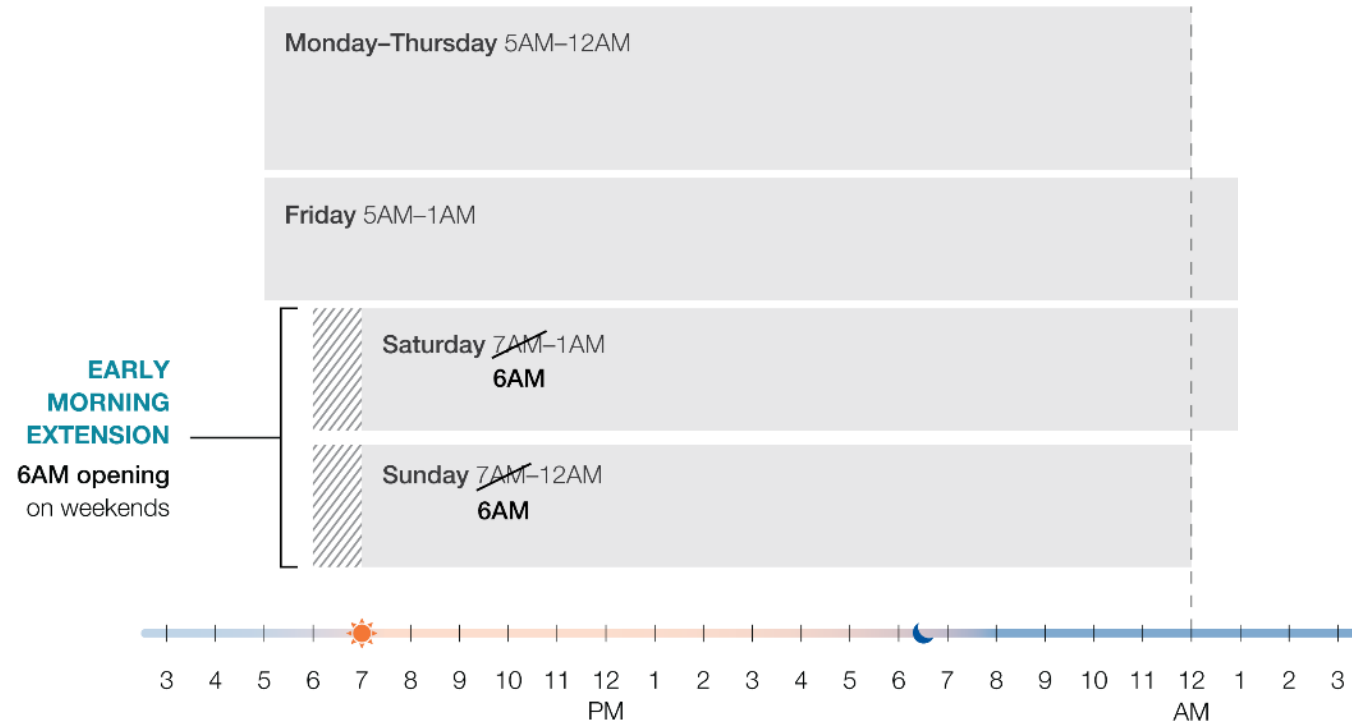
# Rail Hours of Operation

FY2026 & FY2027 Outlook

Extend Metrorail's Hours of Operation to better serve existing and new customers on weekend mornings as service ramps up

- Better aligns service with regional travel demand: about 50% more regional weekend travel takes place from 6 to 7 a.m. than from 1 to 2 a.m.
- Provides access to more destinations on weekends, including the region's airports; aligns Metro's weekend hours of operation with peer rail systems.
- Opening one hour earlier on the weekend adds service for new and existing customers at a net cost of approximately \$3m per year.

## Metrorail Service Hours

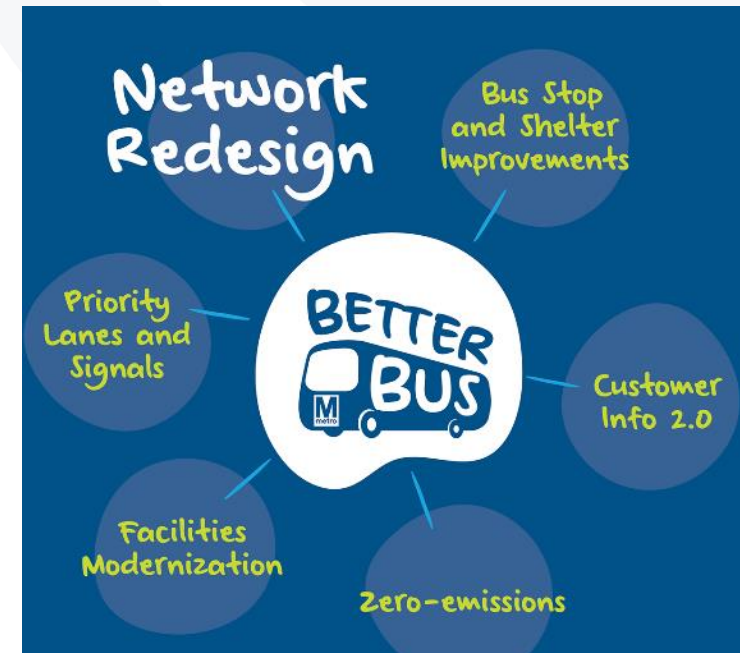


# Metrobus Ridership Growth – Frequent Service Network Improvements

FY2026 & FY2027 Outlook

Ridership on the current network is growing, particularly the Frequent Service Network and during weekends and off-peak periods. Future bus service changes can continue that momentum.

- **Year 1 Better Bus Network Proposal:** A network and service plan that reshapes the entire Metrobus system within current resource levels for FY2026.
- **Path to the Visionary Regional Network:** Opportunity to phase in additional investment, building towards the region's vision for bus transit. Off-peak services need additional frequency improvements that require additional resources.



# FY2027 Operating Forecast

FY2026 & FY2027 Outlook



**FY2027 Forecast will be used for planning purposes only**



**FY2027 Forecast is based on projected growth and economic assumptions**



FY2027 Figures are projections based on current assumptions

## High Level Projection FY26 to FY27

**+2.0%**

Ridership

**+1.8%**

Revenue

**+2.8%**

Expenses

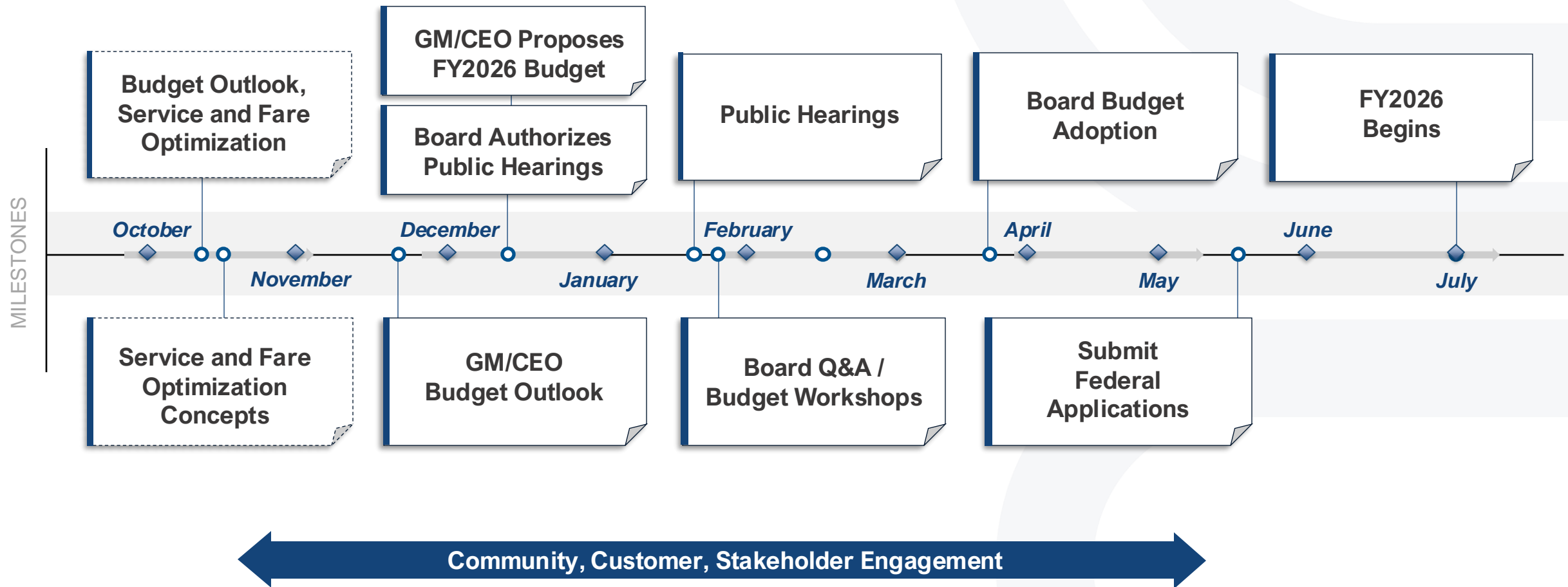
**+3.0%**

Net Subsidy

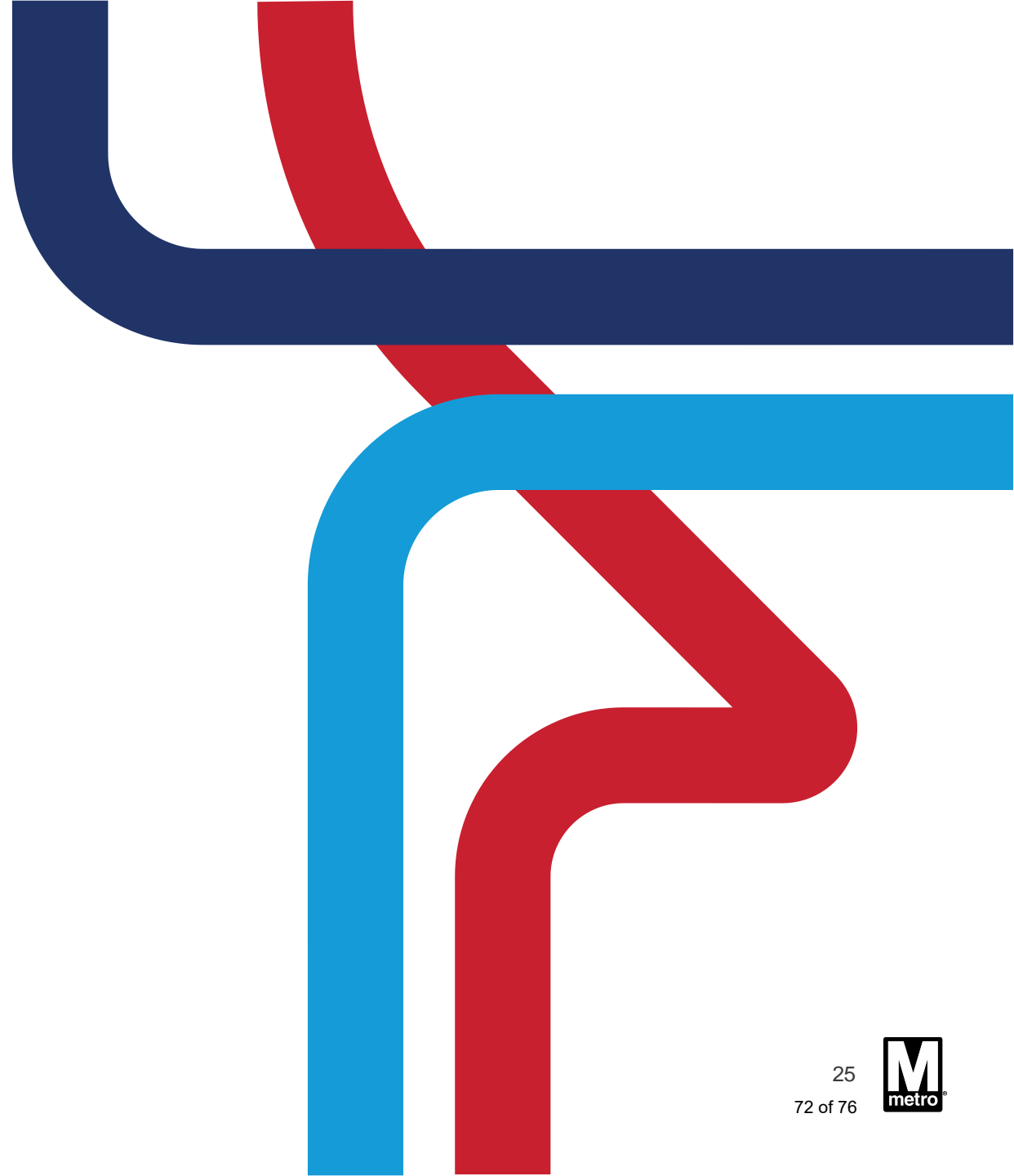
Assumptions subject to change

# Key Budget Milestones

FY2026 & FY2027 Outlook

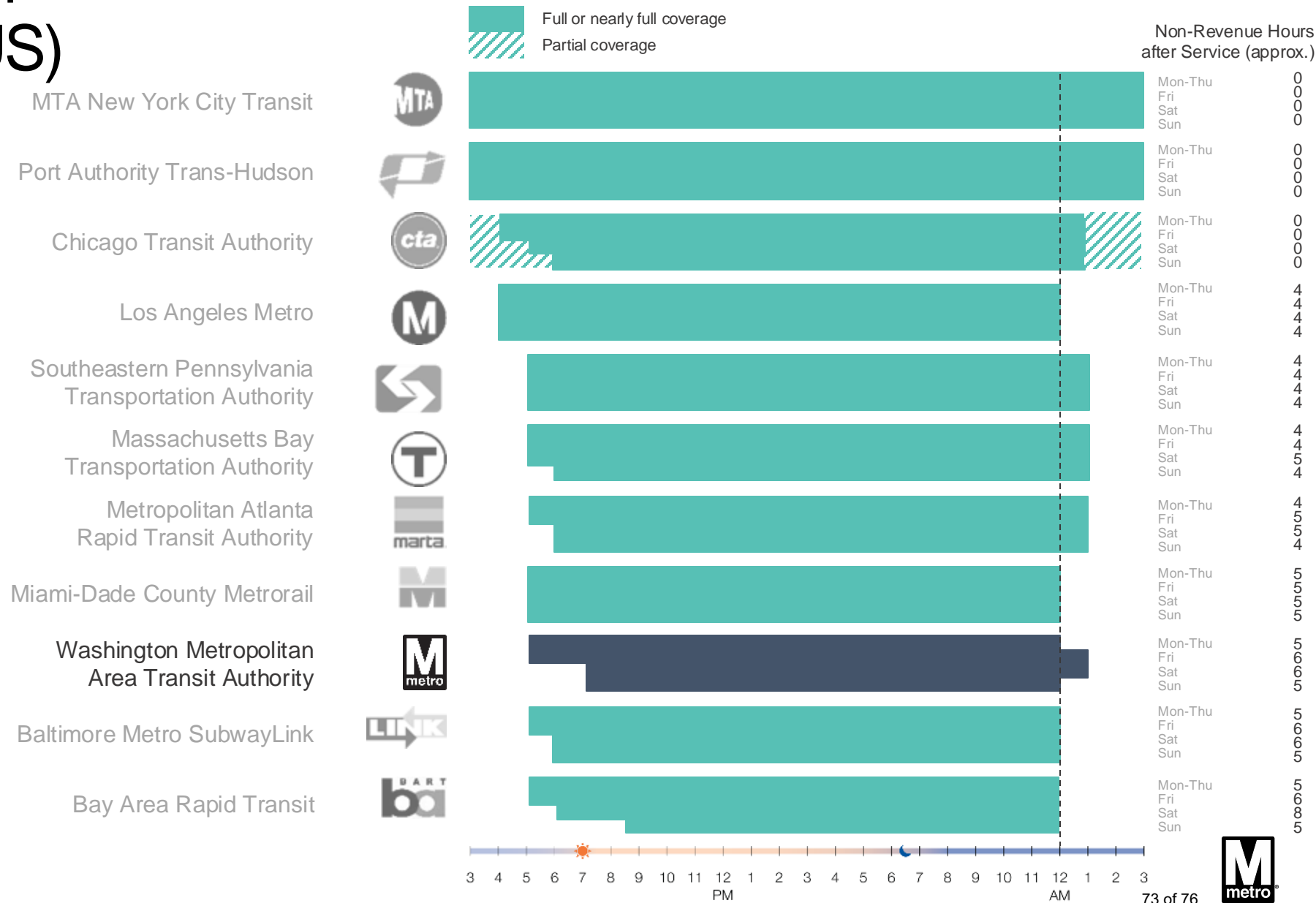


# Appendix



# Rail Service Span Benchmarking (US)

- **Median US peer** benchmarked operator has **29 non-revenue hours** per week – WMATA has 37
- Out of 11 US peers, WMATA has **2<sup>nd</sup> highest amount of non-revenue hours** per week
- WMATA has **latest Saturday opening time** (7am)





# Rail Service Span Benchmarking (International)

- Median international peer has **~27 non-revenue hours after service per week** – WMATA has 37
- Four of five international peers offer more hours of service after midnight** when compared to Metro's two hours per week
- Transport for London's Night Tube offers service all night** on Friday and Saturday nights

