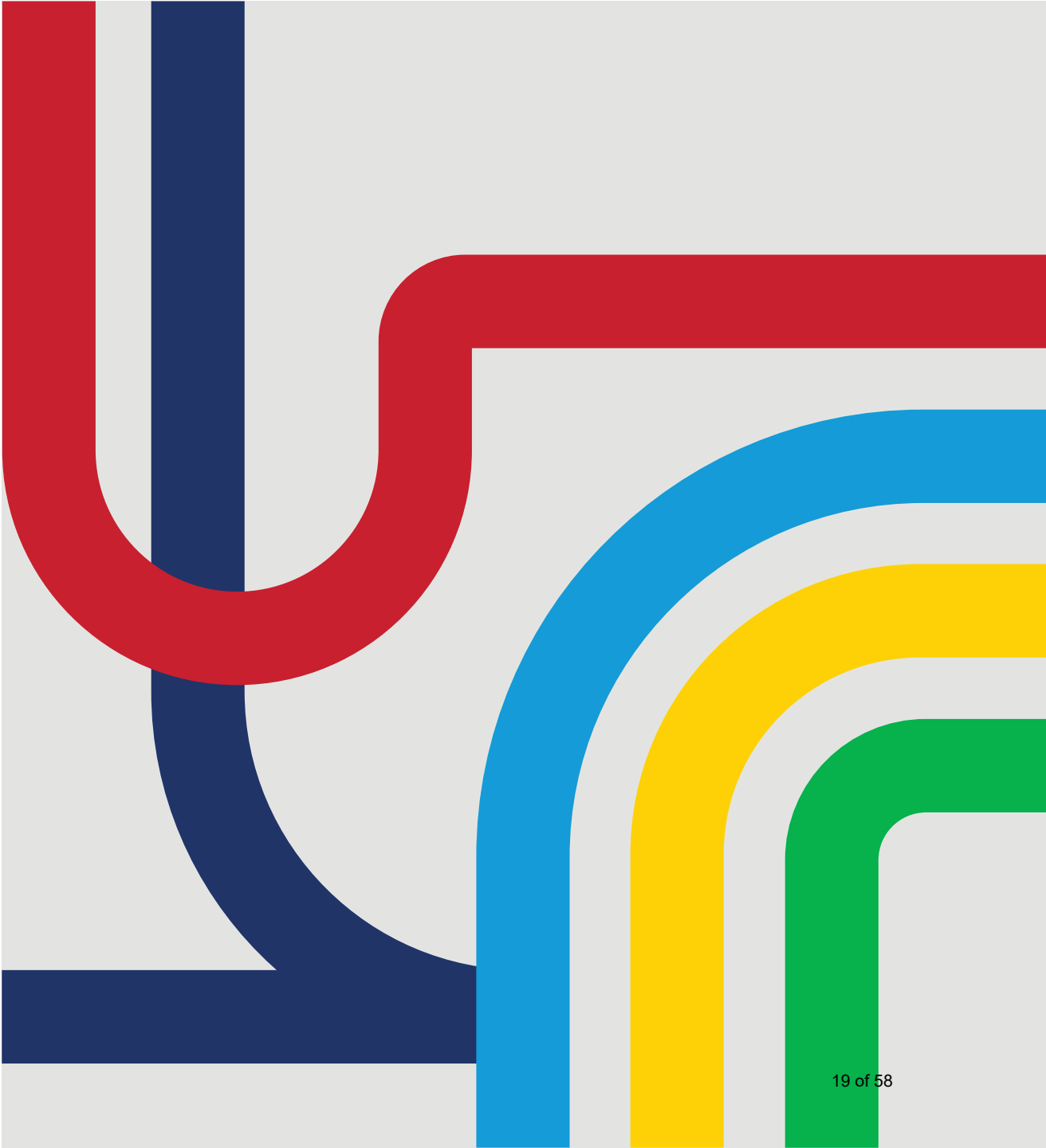


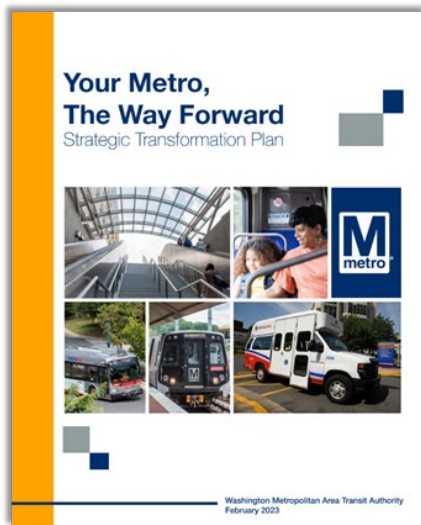
FY2026 Operating Budget Discussion

Finance and Capital Committee



FY2026 Budget Advances Metro STP Goals

FY2026 Operating Budget
Discussion



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

Investments in Metro Benefit the Region

FY2026 Operating Budget
Discussion

\$9.4b



Additional
business output
from transit.

1.2m



Auto trips
avoided each
day by 2025.

\$27b



Avoided road
construction
costs.



1.2m



Metric tons of
greenhouse gases
avoided by transit.

\$2b



Avoided parking
construction
costs.

\$330b



Property value
in Metro station
areas.

Budget Drivers

FY2026 & FY2027 Budget Drivers

Budget Drivers

Ridership Growth



- Refine assumptions based on 242M trips in FY2024
- FY2025 trending above budget
- Changes in ridership patterns based on office telework policies

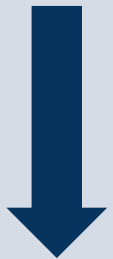


Inflation

- Historically high inflation from recent years has increased baseline 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 to cover operating preventive maintenance costs



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.

FY2026 & FY2027 Budget Drivers – Revenue

Budget Drivers

Passenger



Ridership

- 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 provide a lower fare evasion trend
- Continue fare recovery and enhanced enforcement

Service Levels

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

Average Fare

- Assume no fare increase in FY2026

Non-Passenger



Parking Counts

- Strength in rail ridership

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 & FY2027 Budget Drivers – Expenses

Budget Drivers

Personnel



Non-Personnel



Collective Bargaining Agreement (CBA)

- New Local 689 CBA minimizes the impact from future inflationary spikes (total wages capped at 5%)
- 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

Inflation

- Historically high inflation from recent years has increased baseline 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

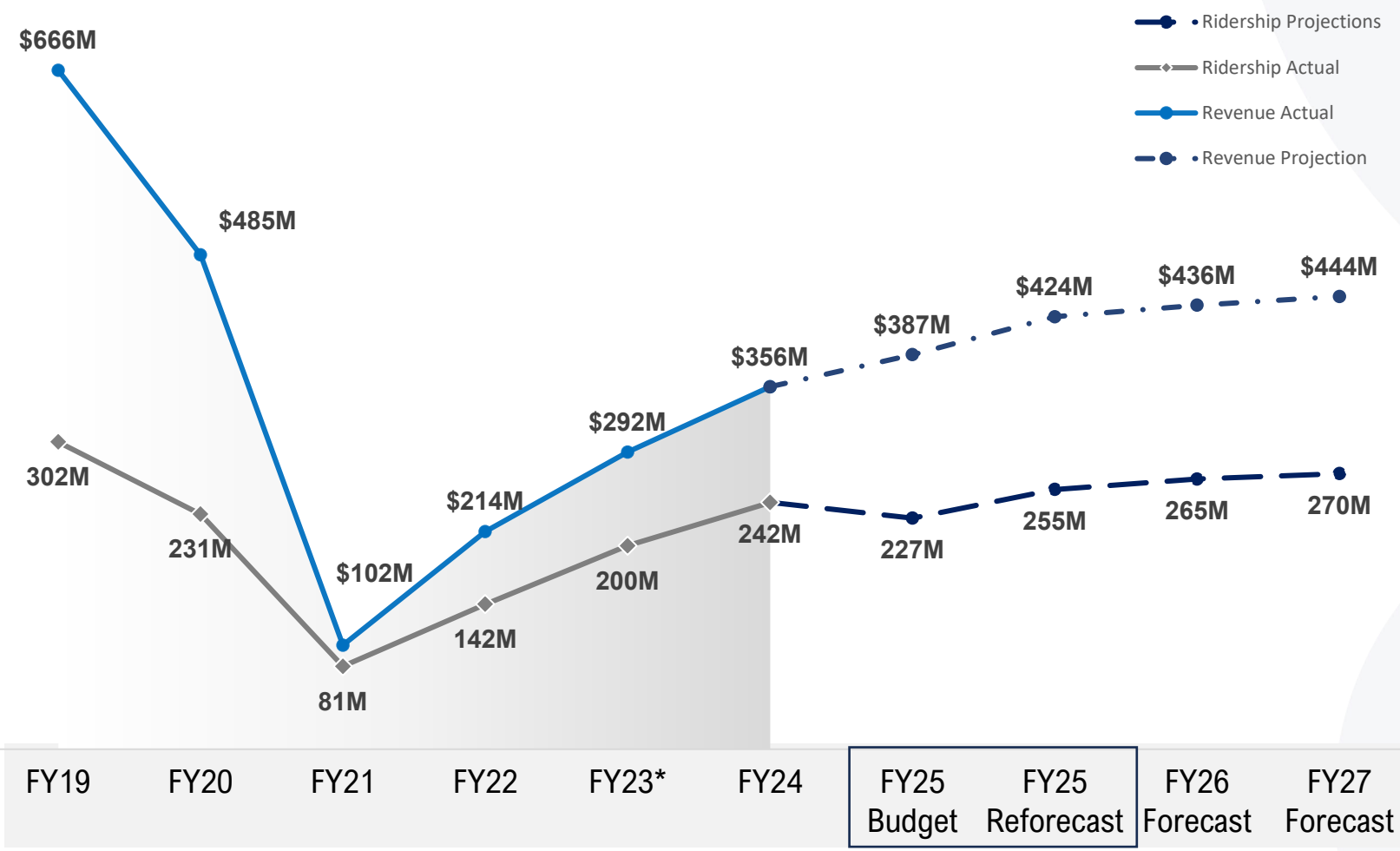
Paratransit

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

Assumptions subject to change

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

Budget Drivers



Ridership Continues to grow year-over-year through FY2024

- FY 2024 ridership up 21 percent over FY2023
- Higher paid rail ridership is driving passenger revenue growth in FY2025

FY2025

- Updated forecast based on positive FY2024 and FY2025 Q1 results
- FY2025 revenue includes fare increases approved by the Board

FY2026 to FY2027

- FY2027 Forecast based on FY2026 growth and prior year trends
- FY2027 Forecast will be updated during the FY2027 Budget process
- Total ridership and total passenger revenue growth rates differ due to varying modal ridership growth rates and changes in average fares due to fare increase and ridership patterns

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

FY2026 Service and Fares

Service and Fare Optimization

Metro will optimize service within available funding for FY2026

FY2026 Service and Fares



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
- Open earlier on weekend mornings



Fares

- Fares increased in FY2025, adjusting for inflation
 - Base increase +12.5%
 - Late night and weekends up to +25%
- No fare changes proposed in FY2026

MetroAccess: Service area remains at FY2025 levels

Service Optimization Context

FY2026 Service and Fares

- **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 and 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

Rail Automation Makes Service Better

FY2026 Service and Fares

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 level 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	27	0.5	1.2	0.2	1.9	7%
GR	50	0.8	2	N/A	2.8	6%
SV	92	1.4	3.3	2.6	7.3	8%
OR	61	1.0	2.5	2.3	5.8	10%
BL	68	1.1	2.7	2.0	5.8	9%
RD	70	1.1	2.6	2.9	6.6	9%

*Estimates as of October 2024 and incorporate data from latest test runs.

Net Budget Impact: ~\$ (7)m

System Design Constraints Lead to Mismatched Capacity

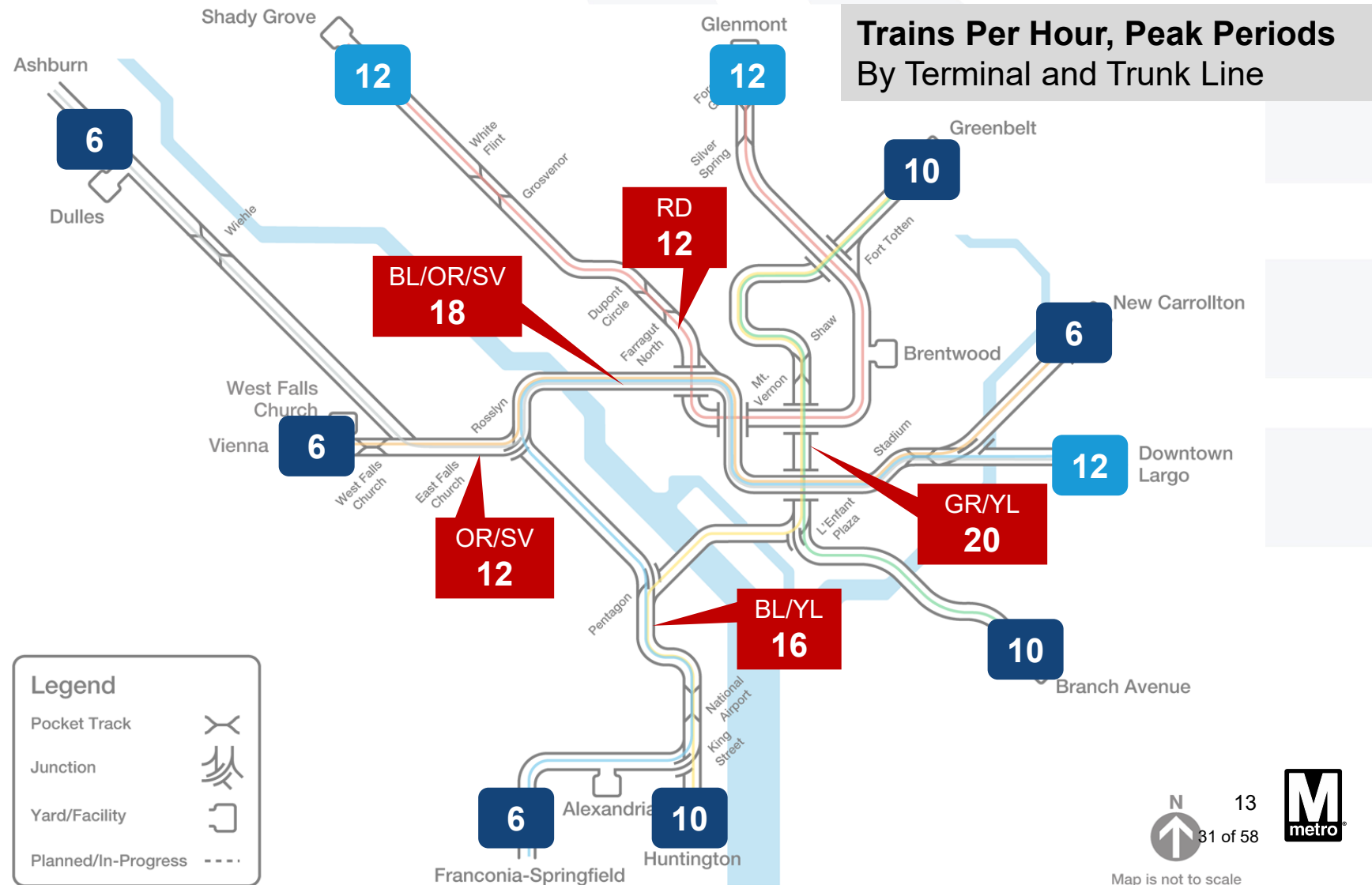
Metro can use infrastructure to focus service where more customers are travelling

FY2026 Service and Fares

Service levels at each terminal vary. Some terminals have twice as many trains per hour depart during peak service as others.

Trains leaving terminals determine the capacity available in the center of the system.

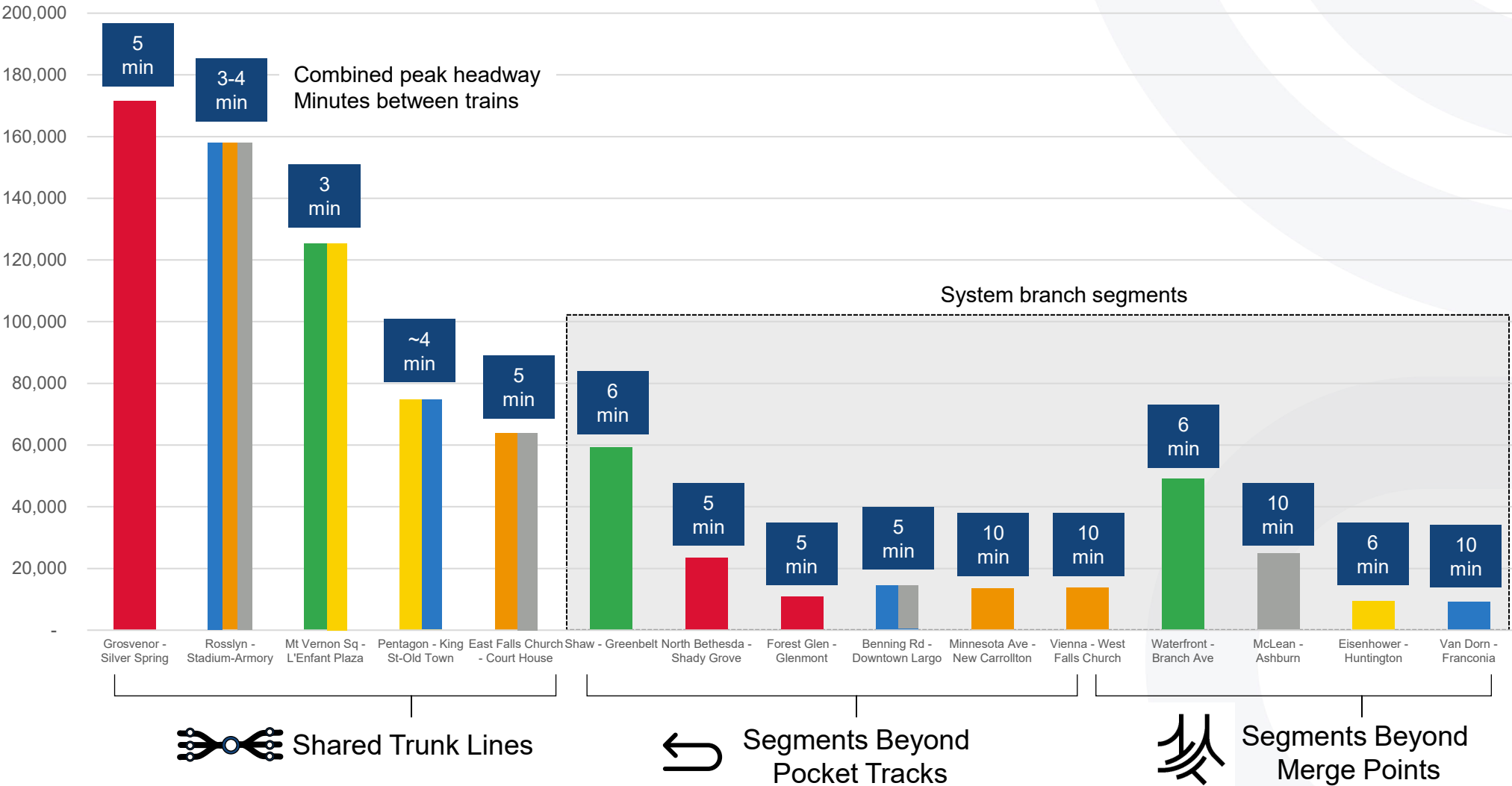
Metro can concentrate service capacity where needed; Metro has limited locations to do this and is currently only using Mt Vernon Sq pocket track to do so.



Most Customers Travel Through the Center of the System

FY2026 Service and Fares

Avg. Weekday Trips by System Segments, Sept 2024



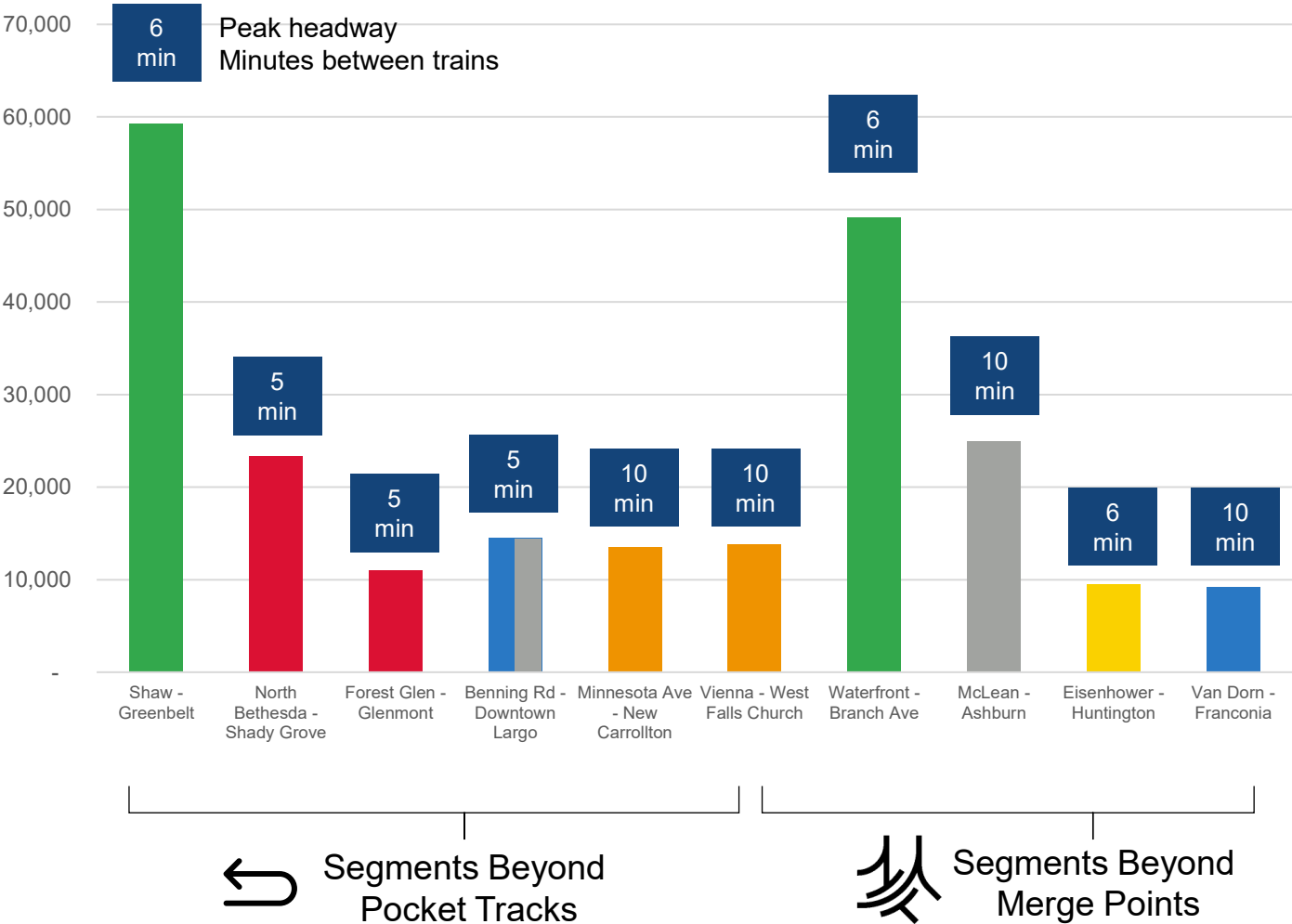
Each of Metro's shared Trunk Lines carry more passengers than the system's branches.

Branch segments are located either beyond a merge point, or beyond a pocket track location.

Opportunities to Align Capacity with Customer Travel Patterns

FY2026 Service and Fares

Avg. Weekday Trips by Branch Segment, Sept 2024
Trips Within or Through Segments Beyond Pocket Track & Merge Point Locations



- Metro’s infrastructure has limited locations to adjust service frequencies on branches:
 - Pocket tracks divide service within a line
 - Junctions/Merge Points divide service between lines
- System branches beyond inactive pocket tracks with lower ridership but more trains per hour than Shaw-Greenbelt:
 - 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 has 12 trains per hour.

Service Concepts to Address Current Challenges

FY2026 Service and Fares



Red Line

Increasing rush hour ridership; projected crowding in both directions with continued growth.

Service Concept:

- Higher “Super Peak” frequency during the busiest part of rush hour in both directions



Blue/Orange/Silver Lines

Increasing rush hour ridership; projected crowding in one direction through Rosslyn; imbalanced service east of Stadium-Armory.

Service Concepts:

- Use Silver “Super Peak” service to increase service in the core during the busiest part of rush hour
- Split Silver Line between Downtown Largo and New Carrollton



Green/Yellow Lines

High and growing all-day ridership, serves regular events and airport trips.

Service Concept:

- Extend half of Yellow Line trains to Greenbelt



Systemwide

Growing ridership requires increased capacity; The rail system opens late on weekends relative to peer transit systems and after ramp up in regional travel demand.

Service Concepts:

- Optimize mix of 6-car and 8-car trains to increase capacity
- Open at 6 am on Saturdays and Sundays
- Future: Extend weekend late night hours with improved overnight maintenance productivity

Higher Frequency “Super Peak” Service

FY2026 Service and Fares



“Super Peak” train frequency

- Improve rush hour frequencies from 5 to 4 minutes in both directions during the busiest peak hour to provide additional capacity
- Combined with more 8-car trains for additional capacity

Key Considerations

- Requires additional peak trains
- Targets additional capacity narrowly during the times it is most needed
- Customer communications about the expected headway need to be carefully messaged to avoid confusion (e.g., “trains every 4 to 5 minutes”)

Example: Additional Red Line Super Peak Scheduled Service

Time (Minutes)	:01	:02	:03	:04	:05	:06	:07	:08	:09	:10	:11	:12	:13	:14	:15	:16	:17	:18	:19	:20	:21	:22	:23	:24	:25	:26	:27	:28	:29	:30	:31	:32	:33	:34	:35	:36	:37	:38	:39	:40	:41	:42	:43	:44	:45	:46	:47	:48	:49	:50	:51	:52	:53	:54	:55	:56	:57	:58	:59	:00												
Current Peak Service (trains every 5 mins)	5				5				5				5				5				5				5				5				5				5				5				5				5				5				5				5				5							
“Super Peak” Service (trains every 4 to 5 min)	5				4				4				4				4				4				4				4				4				4				4				4				5				5				5				5				5				5			

“Super Peak”
+2 trains per hour

Net Budget Impact: \$ 0.5m

Additional Silver “Super Peak” Service in the Core

FY2026 Service and Fares



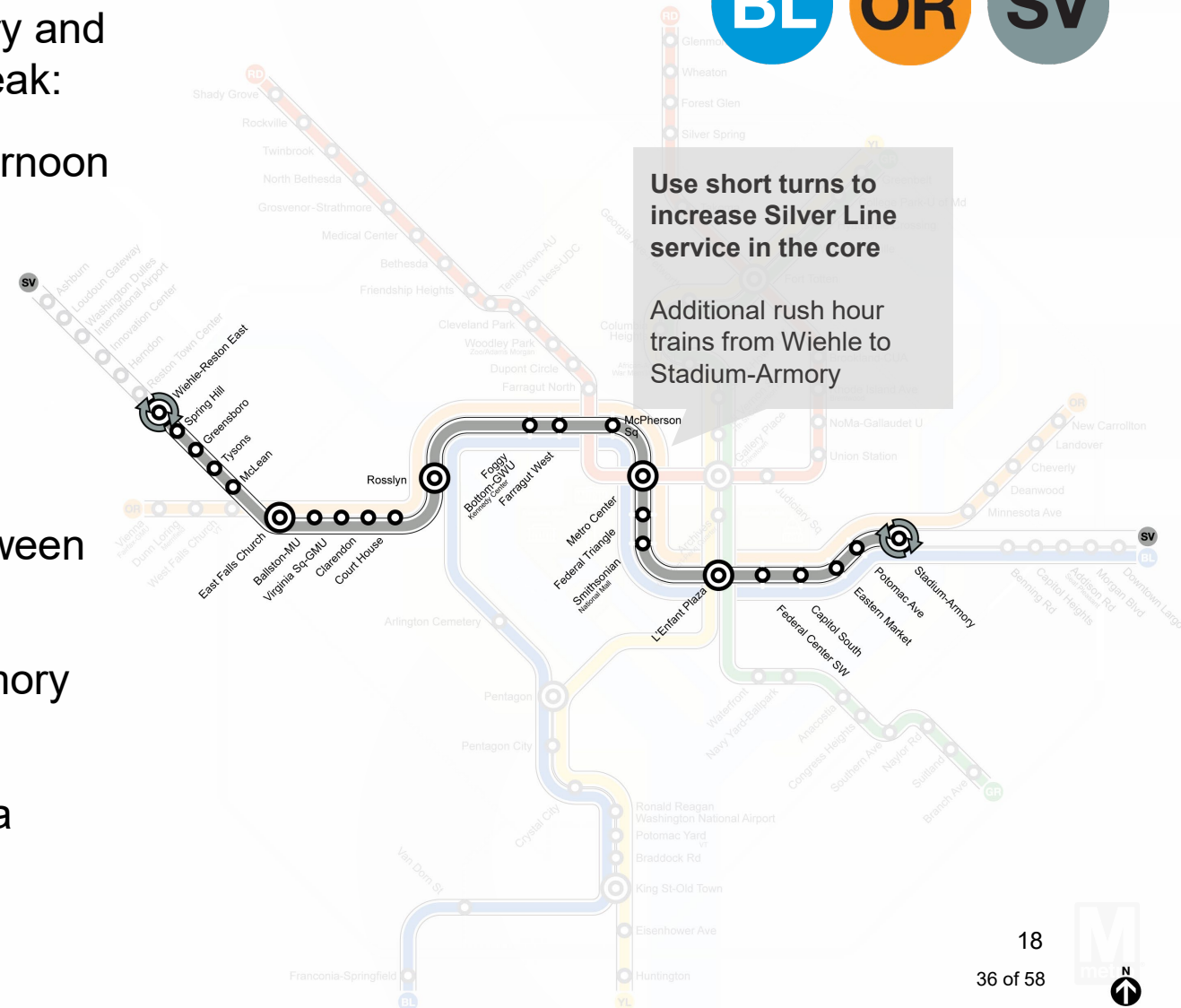
Additional Silver line trains between Stadium Armory and Wiehle in one direction during busiest part of the peak:

- Eastbound in the morning; Westbound in the afternoon
- Combined with more 8-car trains for additional capacity

Key Considerations

- Requires additional peak trains
- Provides extra capacity during limited period between regular service
- Reliability of D&G pocket track after Stadium-Armory with current peak service schedules
- Customer communication on destinations of extra Silver service

Net Budget Impact: ~\$ 0.5m



Aligning to Ridership: Split Eastern Silver Line

FY2026 Service and Fares

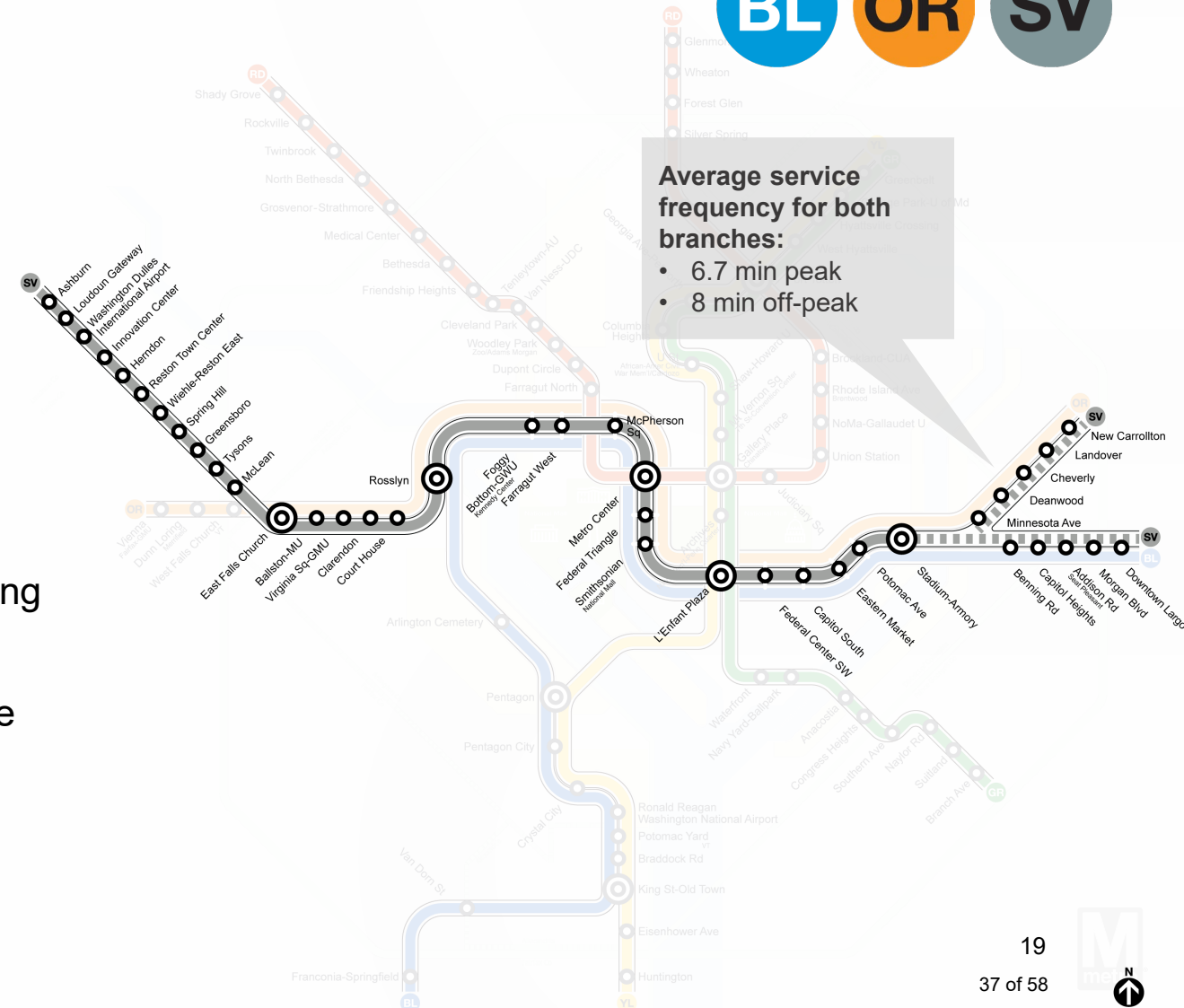


Shift half of Silver Line trains to terminate at New Carrollton to provide at New Carrollton/Largo branches:

- New Carrollton terminal served every 6 to 8 minutes (Orange + Silver), from every 10 to 12 minutes today
- Downtown Largo served every 6 to 8 minutes (Blue + Silver), from every 5 to 6 minutes today

Key Considerations

- Balances service between Downtown Largo and New Carrollton, which have similar ridership, better connecting with Amtrak, MARC and future Purple Line service
- Operational & efficiency benefits – New Carrollton is the only rail yard for the eastern terminals



Net Budget Impact: ~\$ 0m

Aligning to Ridership: Yellow Line Extension

FY2026 Service and Fares

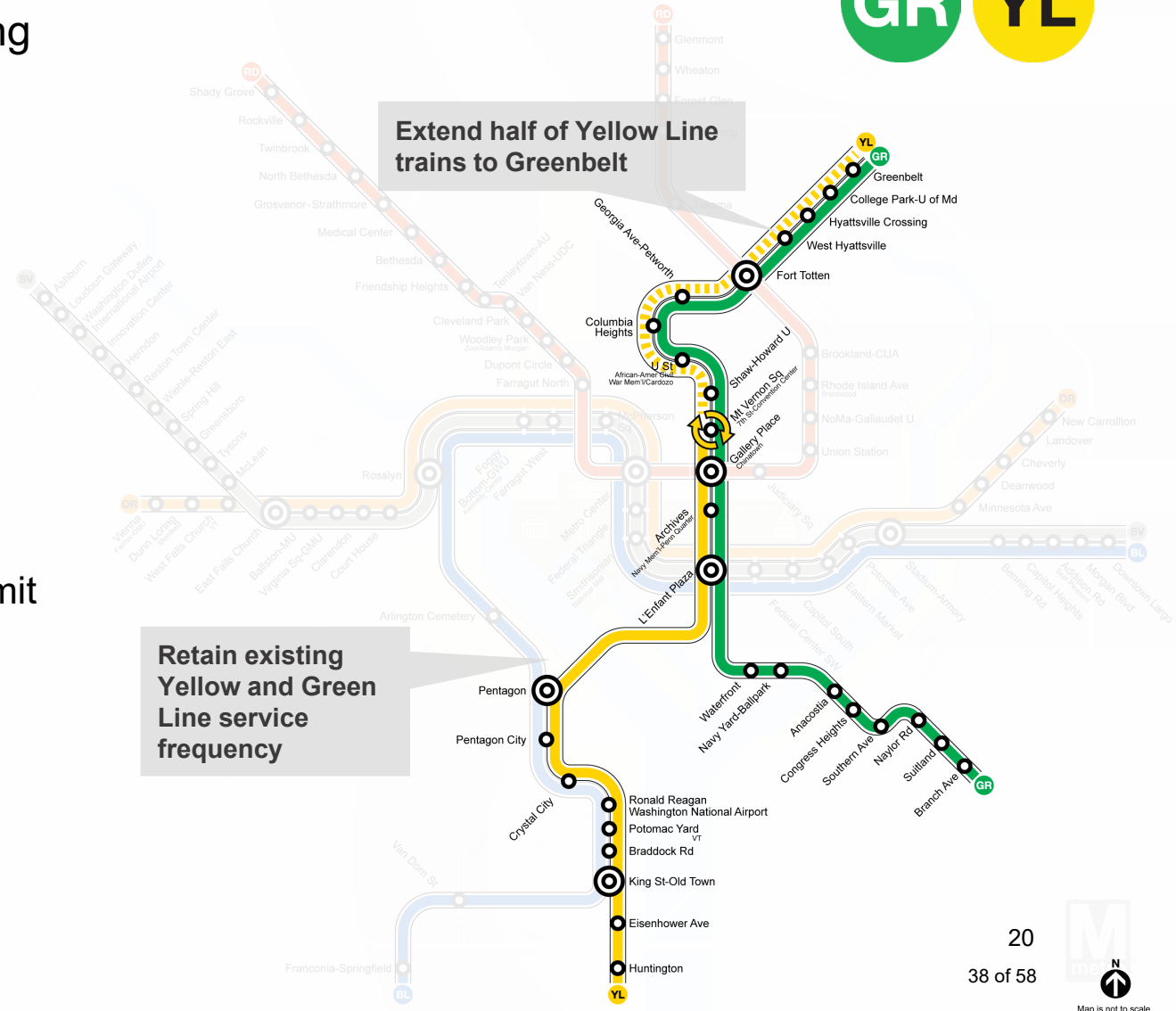


Extend half of Yellow Line trains to Greenbelt, adding service north of Mt Vernon Sq. Half of Yellow Line trains would continue to terminate at Mt. Vernon Square.

Key Considerations

- Adds service north of Mt Vernon Sq where many riders use system
- Increases connectivity to National Airport, regional rail hubs at King St, Greenbelt, and College Park
- Terminal capacity at Greenbelt and railcar availability limit extension to half of Yellow Line trains
- Customer communication when half of YL trains have different destination

Net Budget Impact: ~\$ 6m



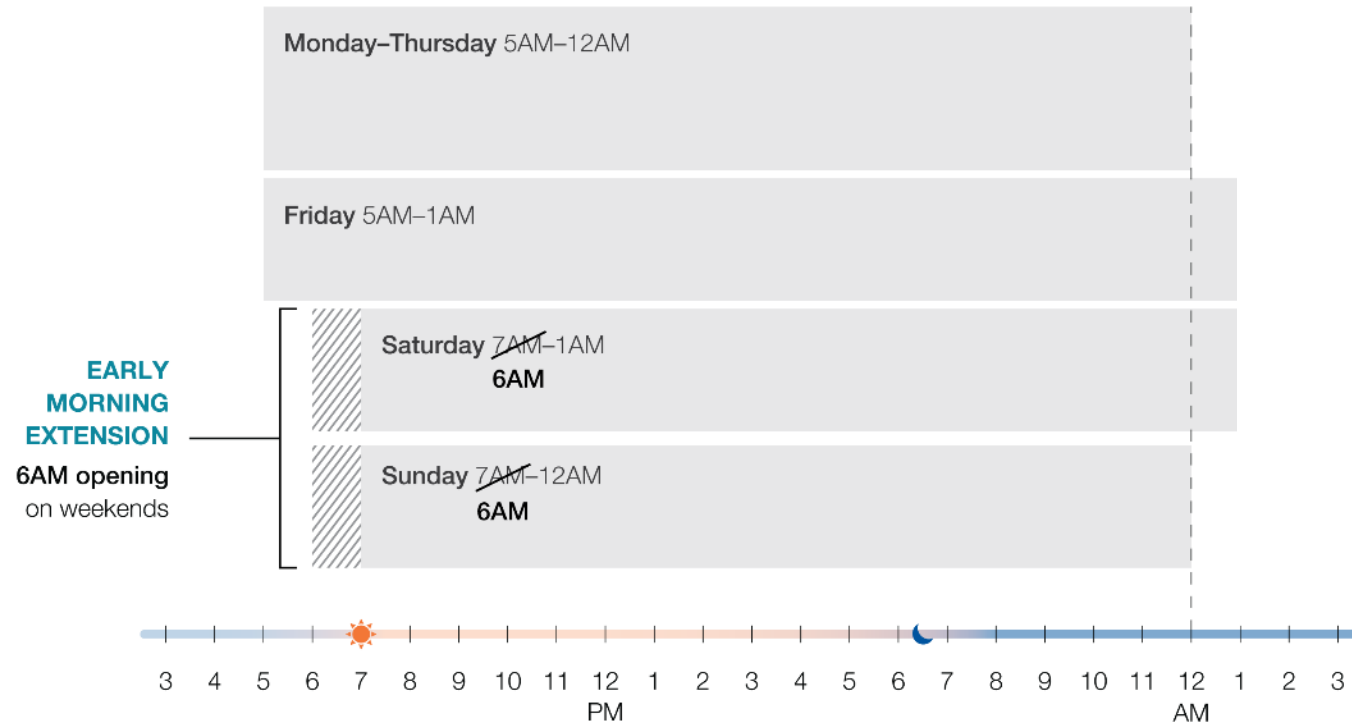
Weekend Rail Hours of Operation

FY2026 Service and Fares

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.
- Future: Extend weekend late night hours with improved overnight maintenance productivity

Metrorail Service Hours



Net Budget Impact: ~\$ 3m

Metrorail Service, Capacity and Efficiency Improvements

FY2026 Service and Fares

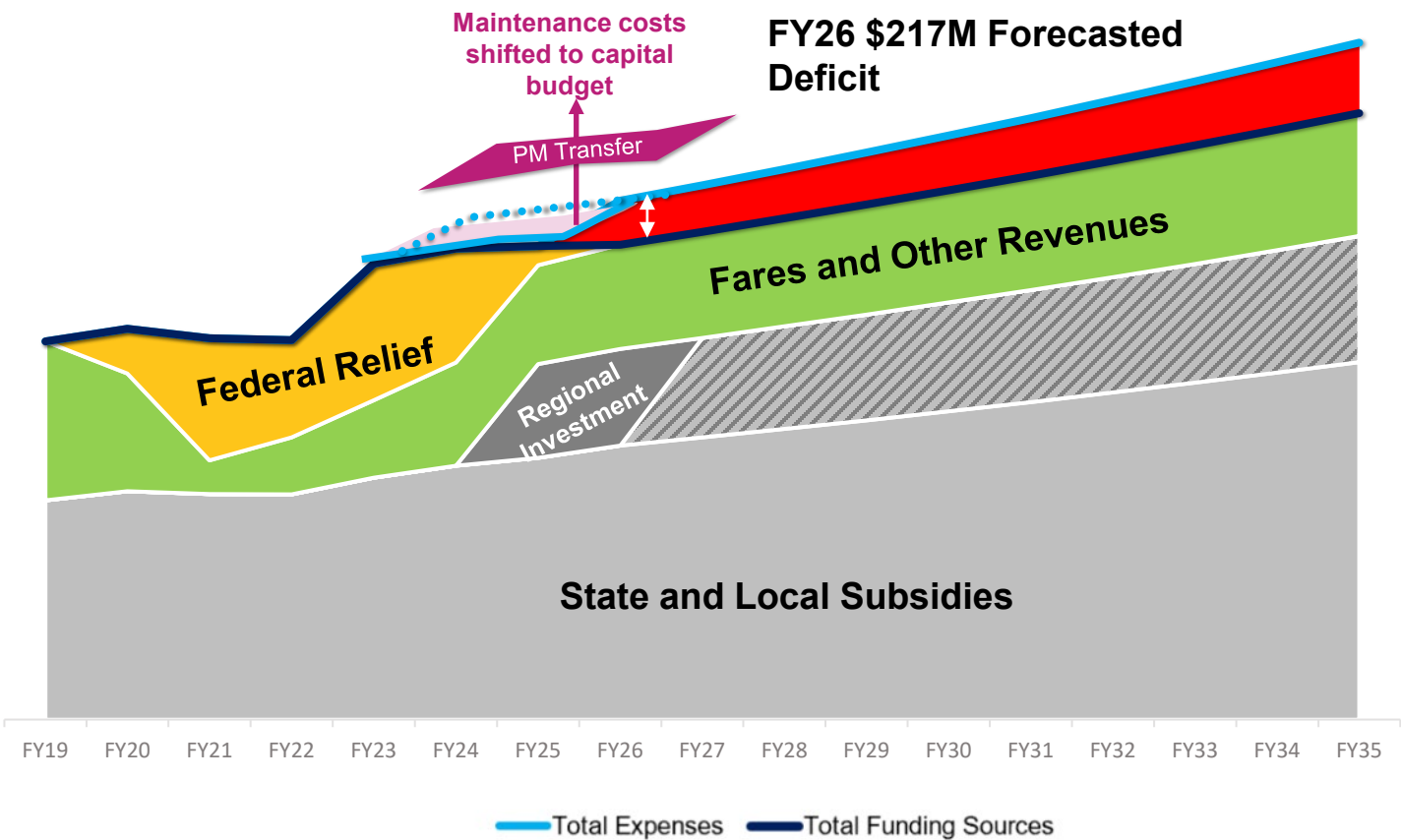
<i>Service Elements</i>	Net Cost
Rail Automation:	- \$7
Train Length Optimization:	- \$3
Headway Changes:	
RD Peak Capacity	\$0.5
SV Peak Capacity	\$0.5
Service Patterns:	
Half of SV to New Carrollton	\$0
Half of YL to Greenbelt	\$6
Span of Service: 6am Weekend Opening	\$3
Total Budget Impact	-

Efficiencies from rail automation and train length optimization enable approximately 2% more rail service with the same FY2026 resources

FY2026 Operating Budget Preview

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

FY2026 Operating Budget Preview



Options to Close Remaining FY2026 Operating Deficit

(\$ in millions)	FY2026 Budget Plan February 2024	FY26 Forecast November 2024
Initial FY2026 Gap	\$227	\$217
Additional Revenue from Ridership Strength		-\$22
Remaining FY2026 Gap	\$227	\$195
Change in FY2025 subsidy from the FY25/FY26 2-Year Budget Plan*	-\$17	
Additional jurisdictional subsidy As shown in FY25/FY26 2-Year Budget Plan	-\$95	-\$95
Current Gap	\$114	\$100
Apply FY24 Savings Surplus		-\$28
Additional capital funds for preventive maintenance operating costs**	-\$114	-\$72
Balanced Budget	\$0	\$0

* FY25/FY26 2-Year Budget Plan included FY2025 Subsidy of \$1,770 million and FY2026 Subsidy \$1,918 million instead of FY2025 Approved Subsidy of \$1,753 and Forecast FY2026 subsidy of \$1,900 million

** Above \$60M historic level

Note: Amounts may not sum due to independent rounding

FY2026 Budget Preview

FY2026 Operating Budget Preview

(\$ in millions)	FY2025 Budget	FY2026 Preview	Variance
Total Revenue	\$488	\$534	\$46
Total Expenses	\$2,457	\$2,534	\$77
Gross Subsidy	\$1,969	\$2,000	\$31
Prior Year Savings	\$0	-\$28	
Federal Relief	-\$95	\$0	
PM needed above Base \$60M	-\$121	-\$72	-\$49
Net Subsidy*	\$1,753	\$1,900	\$147

Note: Amounts may not sum due to independent rounding

*Excludes Reimbursables (the 2025 Better Bus Network includes \$24.6M in current or planned reimbursable bus service that would be brought into the subsidy if approved by the Board)

Prior Year Savings

- Prior year one-time savings reduce FY2026 funding requirements

Federal Relief

- Amount fully exhausted during FY2025, none available in FY2026

FY2026 Jurisdictional Subsidy Increase

- Consistent with the February FY2025/2026 Budget Plan, replaces \$95 million in federal relief, which is no longer available as a funding source for FY2026

Preventive Maintenance (PM)

- FY2026 Budget continues aggressive use of PM transferring an additional **\$72 million in Operating expenses to Capital**, for a total PM transfer to the Capital budget of **\$132 million**

Cost Savings Focus for FY2026 and Beyond

Strategies Metro is Pursuing to Advance Cost Savings

FY2026 Operating Budget Preview



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

FY2027 Operating Forecast

FY2027 Operating Forecast Assumptions

FY2027 Operating Forecast



FY2027 Forecast will be used for planning purposes only



FY2027 Forecast is based on projected ridership and revenue growth and changes in economic assumptions, expenses, and subsidies



Revenue growth of 1.8 percent differs from ridership growth due to modal level projections and projected impact of economic factors on non-passenger revenue targets



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%

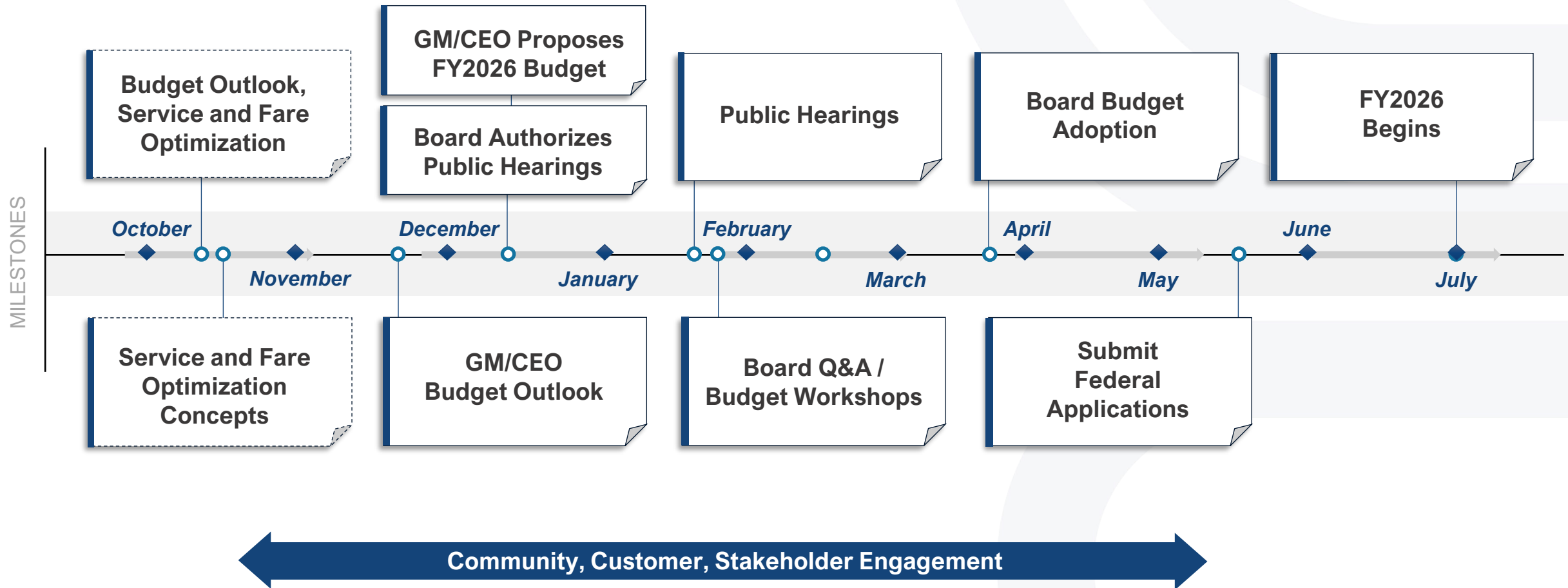
Net Subsidy

Assumptions subject to change

FY2026 Budget Timeline

Key Budget Milestones

FY2026 Budget Timeline



Appendix

Service Optimization Goals

Service & Fares Appendix



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



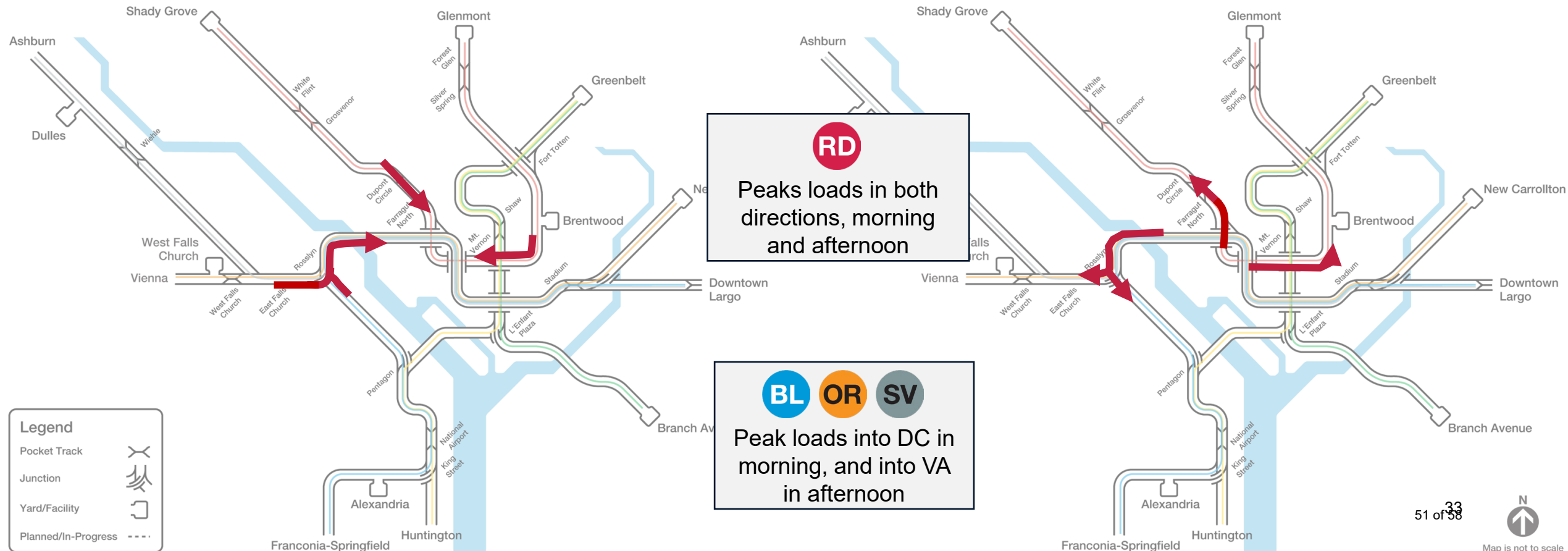
Efficiently Use Assets

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

Service & Fares Appendix

Peak load points are locations where trains are carrying the most customers, travelling into the center during the morning peak and out of the center in the afternoon

Afternoon Peak



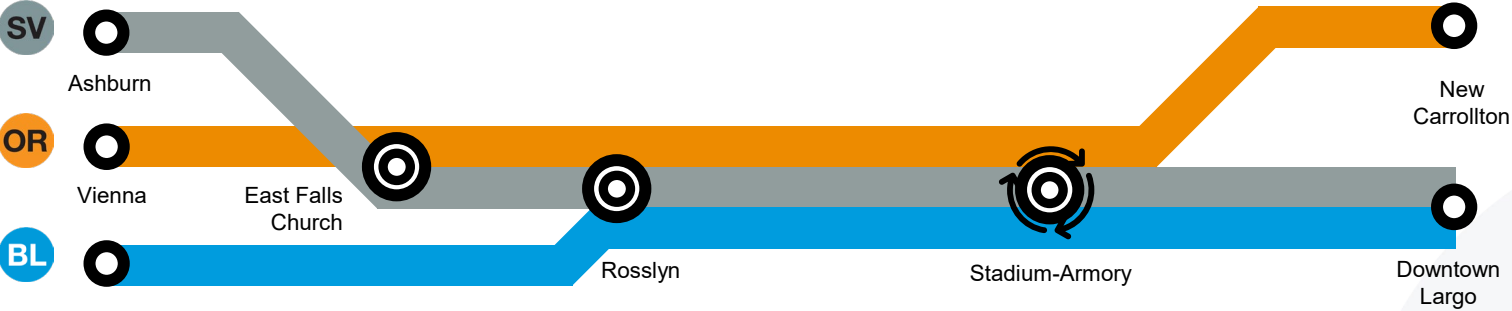
In the long run, terminal capacity bottlenecks core capacity unless using mid-line turnbacks on lines without branching

- The three core trunk lines can operate up to 24 trains per hour with even headways, every 2.5 minutes.
- Each terminal can turn 15 trains per hour, every 4 minutes.



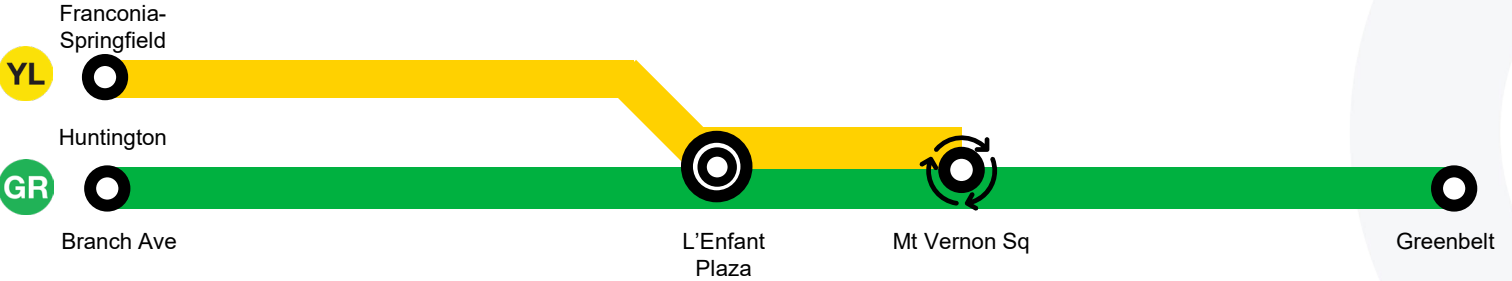
No branching – Only one end-of-line terminal on each end.

Terminal capacity is the key bottleneck.



Highly-branched – Three western and two eastern end-of-line terminals.

Core capacity is the key bottleneck.



Asymmetric branching – Only one end-of-line terminal on the north end

Terminal capacity at Greenbelt is the key bottleneck.

Note: A next-generation train control system could enable reliably operating at higher core and terminal frequencies but would not eliminate the terminal capacity bottleneck.

Rail Service Span Benchmarking (U.S.)

- **Median US peer benchmarked operator has 29 hours per week with no passenger service – WMATA has 37**
- **Out of 11 US peers, WMATA has 2nd highest amount of no passenger service per week**
- **WMATA has latest Saturday opening time (7am)**

MTA New York City Transit

Port Authority Trans-Hudson

Chicago Transit Authority

Los Angeles Metro

Southeastern Pennsylvania Transportation Authority

Massachusetts Bay Transportation Authority

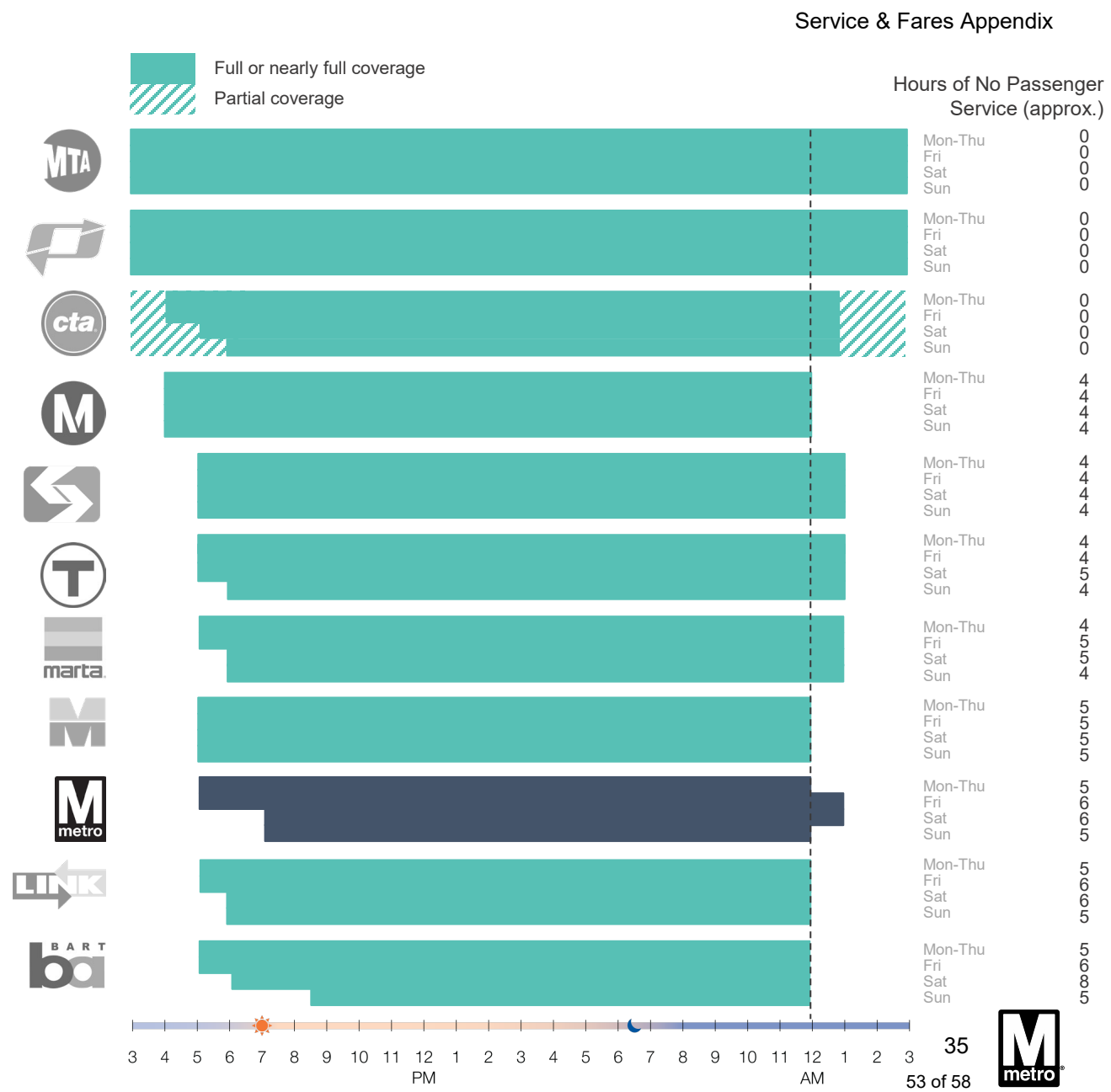
Metropolitan Atlanta Rapid Transit Authority

Miami-Dade County Metrorail

Washington Metropolitan Area Transit Authority

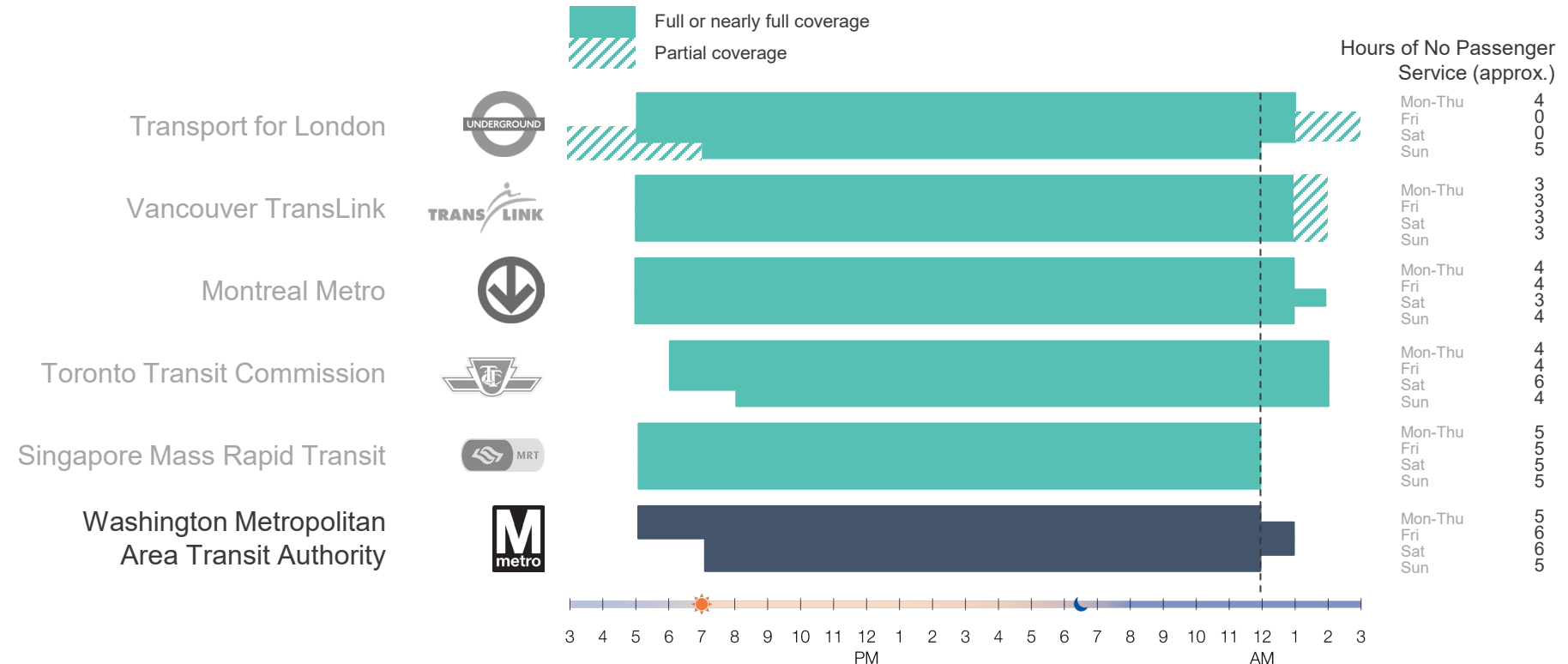
Baltimore Metro SubwayLink

Bay Area Rapid Transit



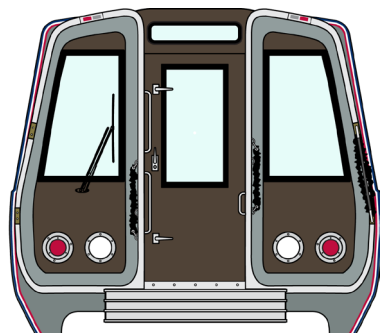
Rail Service Span Benchmarking (International)

- Median international peer has **~27 hours per week with no passenger service** – 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



Current and future fleet composition

Size of the fleet sets the parameters for the maximum peak service; 8000-Series options will set size of Metro’s future fleet & peak service potential



Railcar Series	Entered Service	Age (years)	Current Fleet	Future Fleet
2000	1983 to 1984	40 to 41	0	0
3000	1984 to 1988	36 to 40	276	0
6000	2006 to 2008	16 to 18	180	180
7000	2015 to 2020	4 to 9	748	748
8000	TBD	n/a	0	256 to 800
TOTAL			1,204	TBD 1,184 to 1,728

2000-Series Railcars retired in May 2024

3000-Series approaching end of useful life

8000-Series Options

FY2026 Subsidy Preview Below February Budget Plan

<i>\$ in M</i>	FY2026 Budget Plan February 2024	FY2026 Budget Preview November 2024	Variance
FY2025 Subsidy	\$1,770	\$1,753	-\$17
3% Growth	\$53	\$52	-\$1
Replace One-time Savings	\$95	\$95	\$0
FY2026 Subsidy*	\$1,918	\$1,900	-\$18

Note: Amounts may not sum due to independent rounding

*Excludes Reimbursables (the 2025 Better Bus Network includes \$24.6M in current or planned reimbursable bus service that would be brought into the subsidy if approved by the Board)

Subsidy Growth

- Incorporates three percent subsidy growth

Replace One-Time Savings

- Jurisdictions to replace one-time savings in FY2025 of \$95 million in FY2026

Reimbursable Programs

- To be added to DC and Arlington subsidy if restructured subsidy formula and Better Bus Network are adopted by the Board
 - DC 24-Hour and Additional Bus: \$22.1M
 - Arlington Commuter Choice \$2.5M