

FY2020 Proposed Budget

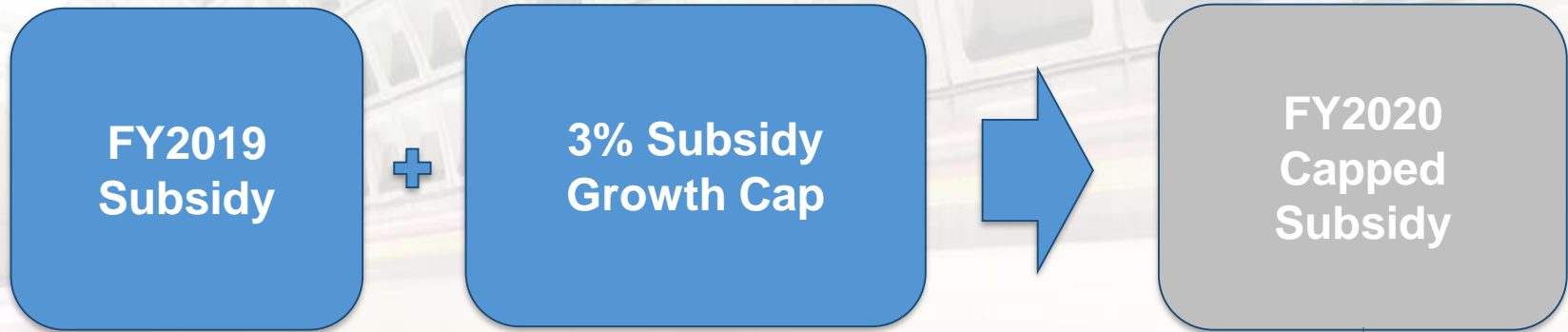
Riders' Advisory Council

November 7, 2018



FY2020 Proposed Operating Budget Structure

Base Operating Subsidy



Allowable Above Base Operating Subsidy



■ **Base Operating Subsidy**

- ✓ Maintains current Hours of Service
- ✓ Meets 3% legal operating subsidy growth cap

■ **Allowable Above Base Subsidy**

- ✓ Includes Silver Line Phase 2 ramp up
- ✓ Mandated paratransit services
- ✓ Occupational Health and Safety requirements

FY2020 Proposed Operating Budget

FY2020 Base Operating Subsidy Growth Constrained to 3%

(\$ in Millions)	Subsidy Impact
FY2019 Subsidy*	\$1,079
3% Subsidy Growth Cap	\$32
FY2020 Capped Subsidy	\$1,111
FY2020 Cost Drivers	
Inflation & Contractual Steps	\$28
CBA/Labor Settlements	\$27
Overhead & Inventory Management	<u>\$23</u>
Subtotal	\$78
Less 3% Subsidy Growth Cap	(\$32)
Management Savings Required	\$46
FY2020 Actions to Manage Costs Above 3% Cap	
Reduced Contracted Services	(\$10)
Administrative Streamlining	(\$6)
Non-Passenger Revenue	(\$5)
Pass Products Enhancements	(\$2)
Management Efficiencies	<u>(\$24)</u>
Subtotal	(\$46)
FY2020 Capped Subsidy	\$1,111

* Emergency and Other CBA costs may require additional amendments

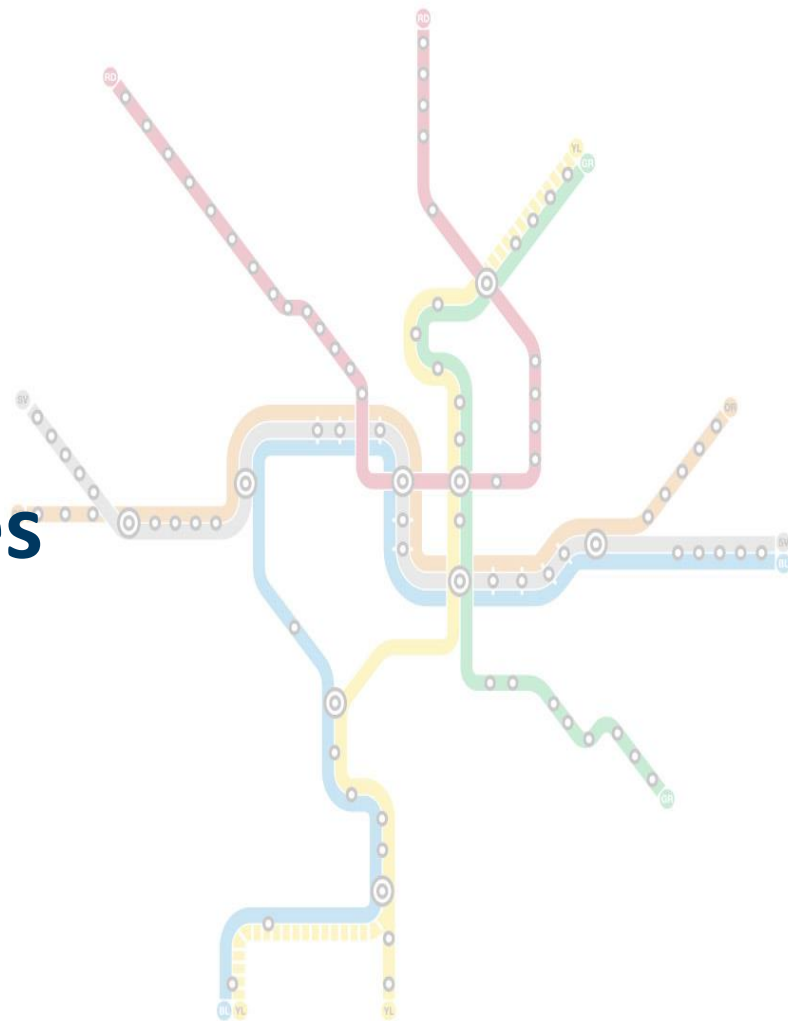
Legislatively Excluded Operating Subsidy Growth Above the 3% Cap is \$51 million

- Silver Line Phase 2 - \$37 million (ramp up only)
 - Metro responsible for ramp up training costs
 - MWAA responsible for other pre-revenue operations costs
 - Revenue service begins after July 2020
- Litigation Costs - \$5 million
- Occupational Safety and Health Requirements - \$4 million
- ADA Paratransit Cost Increase - \$5 million

Projected FY2020 Capped Subsidy and Legislative Exclusions

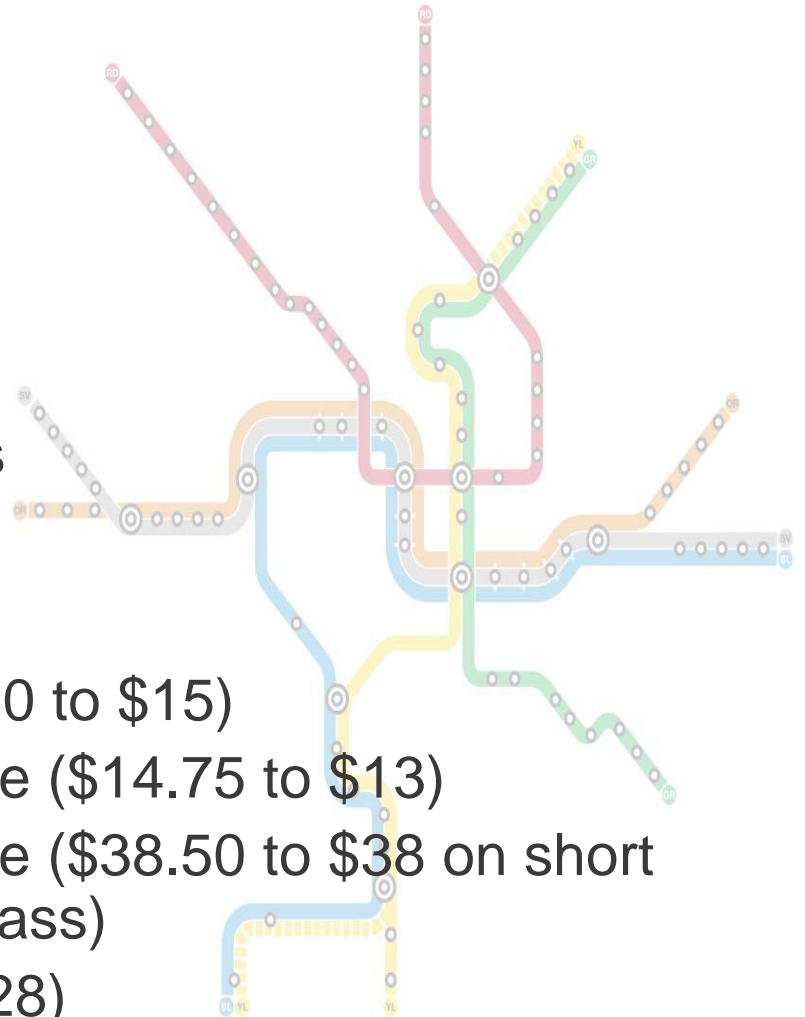
(\$ in Millions)	Expense	Revenue	Subsidy
FY2019 Subsidy	\$1,877	\$798	\$1,079
+ 3% Growth Cap	\$39	\$7	\$32
+ Legislative Cap Excluded	\$51	\$0	\$51
FY2020 Total Subsidy with Exclusions			\$1,162

New Customer Initiatives



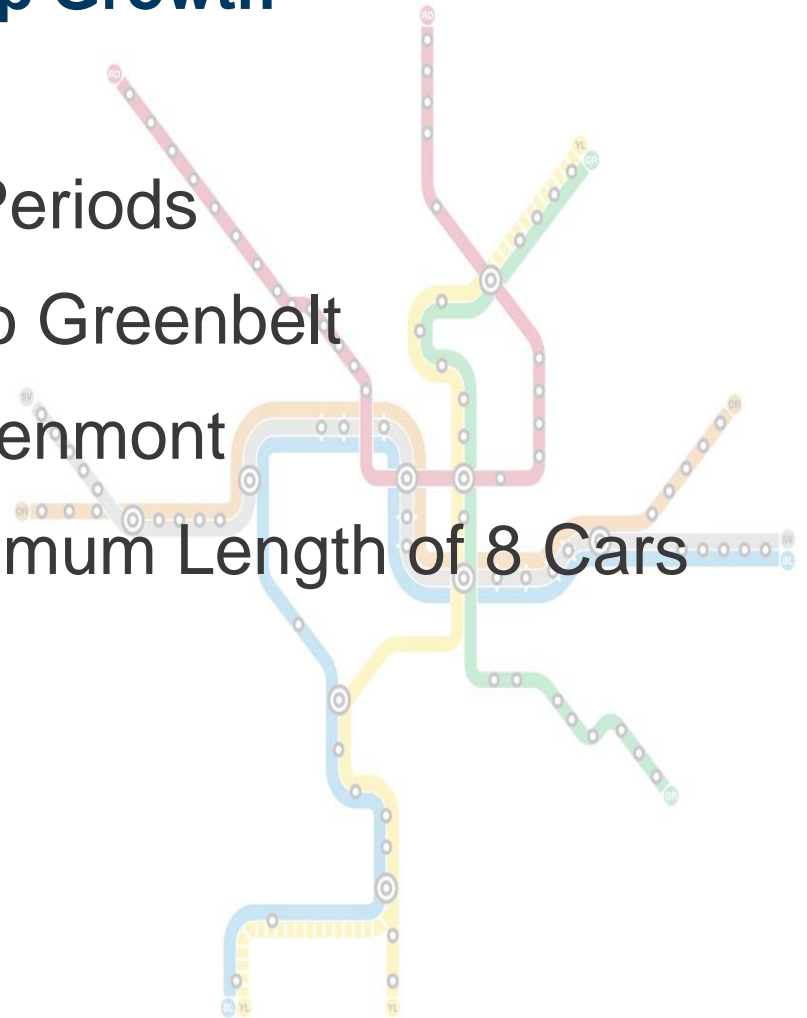
Within Cap Initiatives to Drive Ridership Growth

- Service and Fares
 - ✓ No Fare Increase
 - ✓ No Service Cut
 - ✓ Automatic Train Operations
 - ✓ Better Rush Hour Promise
 - ✓ Late Night Service Partnerships
- Weekend Flat Fare
- Pass Enhancements
 - ✓ Reduce 7-Day Bus Pass (\$17.50 to \$15)
 - ✓ Reduce 1-Day Visitor Pass Price (\$14.75 to \$13)
 - ✓ Reduce 7-Day Visitor Pass Price (\$38.50 to \$38 on short trip, \$60 to \$58 on full system pass)
 - ✓ Add a 3-Day Weekday Pass (\$28)
 - ✓ Add unlimited bus in all Visitor and SelectPasses



New Initiatives to Drive Ridership Growth

- Expand Rush Hour Service Periods
- Extend Yellow Line Service to Greenbelt
- Run all Red Line Trains to Glenmont
- Expand All Trains to the Maximum Length of 8 Cars



Expand Rush Hour Service Periods

- Improve Service Frequency: Providing 8-minute service on all lines, 3-4 minute service in the core
 - 9:30am to 10:00am
 - 7:00pm to 8:30pm
- No change to fare policy

Increased Hours	Operating Cost	Riders Benefitting	New Trips	New Fare Revenue	Subsidy Impact
9:30am – 10:00am	\$1.5m	3.7m	0.4m	\$0.9m	\$0.6m
7:00pm – 8:30pm	\$6.7m	8.0m	0.8m	\$1.9m	\$4.8m
Total	\$8.2m	11.7m	1.2m	\$2.8m	\$5.4m

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Extend Yellow Line Service to Greenbelt

- Peak - From Mt. Vernon Sq. to Greenbelt
 - Helps stations north of Mt. Vernon Sq.
- Off Peak – From Fort Totten to Greenbelt
 - Helps stations north of Fort Totten
- Mitigate 50% peak service cut from FY18
- Create new one-seat ride to/from Virginia

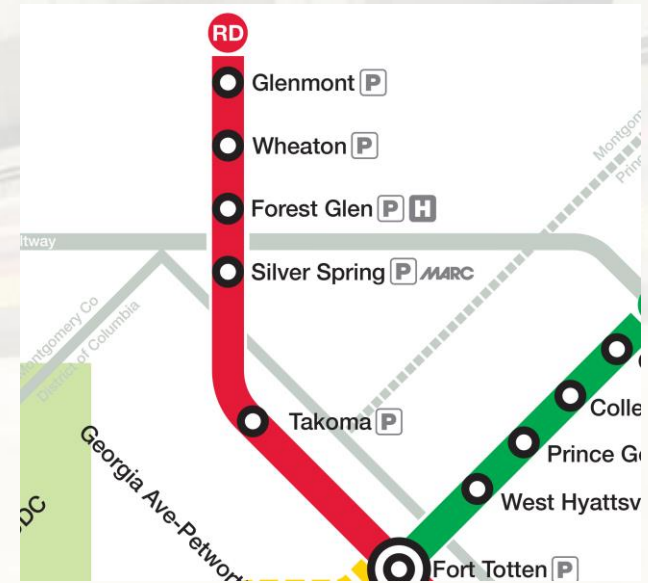


Expanded Yellow Line Service	Operating Cost	Riders Benefitting	New Trips	New Fare Revenue	Subsidy Impact
Peak, Weekdays	\$5.6m	10.8m	1.5m	\$4.4m	\$1.2m
Off-Peak, Weekdays	\$2.5m	1.6m*	0.2m	\$0.7m	\$1.8m
Total	\$8.1m	12.4m	1.7m	\$5.1m	\$3.0m

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Run all Red Line Trains to Glenmont

- All Red Line trains operate to Glenmont
 - Stop turning Red Line trains at Silver Spring
- Doubles frequency for three Red Line stations



Expanded Red Line Service	Operating Cost	Riders Benefitting	New Trips	New Fare Revenue	Subsidy Impact
Peak, Weekdays	\$2.0 m	2.9 m	0.3 m	\$1.1 m	\$0.9 m
Weekends	\$1.2 m	0.5 m	0.3 m	\$0.9 m	\$0.3 m
Total	\$3.2 m	3.4 m	0.6 m	\$2.0 m	\$1.2 m

Expand All Trains to the Maximum Length of 8 Cars

- Operate eight-car trains on all lines
 - Phased implementation over two years based on fleet and yard availability
 - Yellow and Green Lines implementation complete
 - Red Line (July 2019), Blue Line (October 2019), and Orange and Silver Lines (June 2020)
- Significantly relieve crowding, especially during peak times

Additional Eight Car Trains	Operating Cost	Riders Benefitting	New Trips	New Fare Revenue	Subsidy Impact
Phased Implementation*	\$10.3m	1.5m	0.1m	\$0.2m	\$10.1m

**Annualized subsidy impact when fully implemented is \$15 million*

FY2020 Proposed Operating Budget

Projected FY2020 Capped Subsidy, Legislative Exclusions and New Initiatives

(\$ in Millions)	Expense	Revenue	Subsidy
FY2019 Subsidy	\$1,877	\$798	\$1,079
+ 3% Subsidy Growth Cap	\$39	\$7	\$32
+ Legislative Excluded Subsidy	\$51	\$0	\$51
FY2020 Capped Subsidy and Legislative Exclusions			\$1,162
+ New Customer/Ridership Initiatives	\$30	\$10	\$20
FY2020 Total for Capped Subsidy, Exclusions & Initiatives			\$1,182

Risks to the FY2020 Proposed Operating Budget include:

- Federal uncertainty – PRIIA reauthorization, formula program funding, transit benefit, federal employment and contracting levels
- Ridership uncertainty due to changes in trip-making and transportation market (telework, alternate modes, gas prices, etc.)
- Continued paratransit cost growth
- Emergencies and special events
 - Establish a Rainy Day Fund for emergencies starting with \$20 million in FY2020 (1% of operating expenses **is unfunded**)
- Increasing Pension and OPEB liabilities
 - OPEB – Contribute \$12 million to the OPEB Trust Fund in FY2020 to reduce long-term liability **is unfunded**

FY2020 Operating Budget and FY2020-2025 Capital Improvement Program include timeline include:

- **December 2018:** Board Authorization of Public Hearing and Budget Deliberations
- **January – February 2019:** Budget Deliberations, Public Outreach and Public Comment Period
- **March 2019:** Board Adoption of FY2020 Budget
- **April 2019:** Submit Federal Grant Applications
- **July 2019:** FY2020 Fiscal Year Begins