Consent Item (C)

Board Document

OVERVIEW			
PRESENTATION NAME	FY27-28 Virginia State Operating Funding Agreement	**DOCUMENT NO.**	300145
ACTION OR INFORMATION	Action		
STRATEGIC TRANSFORMATION PLAN GOAL	Financial and Organizational Efficiency;		
RESOLUTION	Yes		
EXECUTIVE OWNER			
EXECUTIVE TEAM OWNER	Rickard, David B.;		
ORGANIZATION	Finance		
DOCUMENT INITIATOR	Marcus J. Byrnes		
OTHER INFORMATION			
COMMITTEE	Board Meeting (Consent)	**COMMITTEE DATE**	7/23/2026
PURPOSE/KEY HIGHLIGHTS	Staff will seek Board approval for the negotiation and execution of the FY2027-2028 operating funding agreement between WMATA and the Virginia Department of Rail and Public Transportation (DRPT).		
DISCUSSION	Following WMATA Board approval, WMATA and DRPT signed an agreement in November 2024 regarding additional operating funding that was provided by the Commonwealth of Virginia in its FY2025-2026 biennial budget. The agreement was amended in June 2025 to update the payment schedule. The funding from the Commonwealth was provided in quarterly payments from DRPT to WMATA directly.		

Board Document

	The Virginia General Assembly approved a biennial FY2027-2028 budget that again includes additional operating funding for WMATA. The budget includes $153,000,000 in funding for FY2027. As in previous years, staff propose that WMATA and DRPT execute a funding agreement with a quarterly payment schedule covering Fiscal Years 2027 and 2028. This agreement includes a provision for reimbursing certain WMATA costs, and a term that requires WMATA to indemnify the Commonwealth of Virginia and DRPT.
INTERESTED PARTIES	Virginia Department of Rail and Public Transportation (DRPT)
RECOMMENDATION/NEXT STEPS	Board authorization of the General Manager and Chief Executive Officer or the Executive Vice President and Chief Financial Officer to negotiate and execute the WMATA FY2027 & FY2028 Virginia State Operating Funding Agreement with the Virginia Department of Rail and Public Transportation.
FUNDING IMPACT	This agreement does not alter the total operating subsidy but would partially offset the respective contribution shares of the Northern Virginia funding jurisdictions.

PRESENTED AND ADOPTED: July 23, 2026

SUBJECT: APPROVAL OF THE WMATA FY 2027 & FY 2028 VIRGINIA STATE OPERATING FUNDING AGREEMENT

2026-21

RESOLUTION
OF THE
BOARD OF DIRECTORS
OF THE
WASHINGTON METROPLITAN AREA TRANSIT AUTHORITY

WHEREAS, Resolution 2011-30, as amended, requires the Board of Directors to approve reimbursable agreements over $500,000, and non-procurement agreements that require WMATA to indemnify a counterparty; and

WHEREAS, The Virginia Department of Rail and Public Transportation ("DRPT") requires an agreement, the proposed WMATA FY 2027 & FY 2028 Virginia State Operating Funding Agreement (the "Operating Funding Agreement"), for WMATA to receive the additional operating subsidy funds provided in the Virginia state budget; and

WHEREAS, Staff recommends entering into the Operating Funding Agreement, which includes a provision for reimbursing certain WMATA costs, and a term that requires WMATA to indemnify DRPT, substantially in the form shown in Attachment A;

NOW, THEREFORE, be it

RESOLVED, That the Board of Directors authorizes the General Manager and Chief Executive Officer or the Executive Vice President and Chief Financial Officer to negotiate and execute the WMATA FY 2027 & FY 2028 Virginia State Operating Funding Agreement with the Virginia Department of Rail and Public Transportation ("DRPT"), in substantially the form shown in Attachment A, that includes a provision for reimbursing certain WMATA costs, and a term that requires WMATA to indemnify the Commonwealth of Virginia and DRPT; and be it finally

Motioned by Mr. McAndrew, seconded by Mr. Alcorn
Ayes: 8- Mr. McAndrew, Mr. Alcorn, Dr. Hadden Loh, Mr. Flowers, Ms. Weber, Ms. Burns, Ms. Worth and Mr. Bedell

RESOLVED, That in order to timely draw the funds for the WMATA operating budget, this Resolution shall be effective immediately.

Reviewed as to form and legal sufficiency,

Patricia Y. Lee
Executive Vice President, Chief Legal Officer, and General Counsel

WMATA File Structure:
4.3.2. Jurisdictional Funding Agreements

WMATA FY 2027 & FY 2028
VIRGINIA STATE OPERATING FUNDING AGREEMENT

Between

The Commonwealth of Virginia, Department of Rail and Public Transportation

And

The Washington Metropolitan Area Transit Authority

Contents

THIS AGREEMENT is made and entered into this_____, day of ________, 2026, by and between the **Washington Metropolitan Area Transit Authority (WMATA),** a body corporate and politic created by an interstate compact among the District of Columbia, State of Maryland, and Commonwealth of Virginia, and **the Commonwealth of Virginia (Commonwealth), Department of Rail and Public Transportation (DRPT)**, collectively, the "Parties."

RECITALS

1. The WMATA transit system plays a critical role in the growth and prosperity of the National Capital Region, and WMATA's continued economic vitality contributes to creating vibrant, livable, and sustainable communities.
2. The WMATA transit system was built and is operated through the substantial investment of public funds by the Federal Government and by State and local governments in the region.
3. WHEREAS Item 433 #6C of Virginia's Biennial Budget for fiscal years ("FY") 2026-2028 allocated from the general fund $153,000,000 in FY 2027 'for the state share of additional operating assistance for the Washington Metropolitan Area Transit Authority (WMATA) throughout the biennium;" and further stated, "the unexpended appropriation at the end of the first year shall not revert but shall be carried forward into the second year."

NOW, THEREFORE, in consideration of the mutual promises and obligations set forth in this Agreement, the sufficiency of which is acknowledged, the Parties agree as follows:

SEC. 1 DEFINITIONS

As used in this Agreement, the following terms shall have the following meanings, unless the context otherwise requires:

A. " Agreement" means this WMATA FY 2027 & 2028 VIRGINIA STATE OPERATING FUNDING AGREEMENT.

B. “Board” means WMATA Board of Directors

C. "Code" means the Code of Virginia (1950), as amended.

D. "Commonwealth " means the Commonwealth of Virginia.

E. "Contribution" means the $153 million of FY 2027 funding to be disbursed to WMATA by DRPT paid with funds from the General Fund in accordance with Virginia’s 2026-2028 Biennial Budget for FY 2027 – 2028 pursuant to Va. Code § 2.2-1500, *et seq*.

F. "Days" means calendar days.

G. "DRPT" means the Virginia Department of Rail and Public Transportation.

H. "Effective Date" means the date on which this Agreement becomes effective, as further defined in Section 10 of this Agreement.

I. “Electronic Means” shall mean the following communications methods: e-mail, secure electronic transmission containing applicable authorization codes, passwords and/or authentication keys, or another method or system specified by the Parties as available for use in connection with this Agreement.

J. "Fiscal Year" means each of DRPT's and WMATA's fiscal years beginning on July 1 and ending June 30.

K. "Party" means a party to this Agreement. WMATA and DRPT, individually are a Party and collectively are the Parties.

L. “WMATA” or “Authority” means the Washington Metropolitan Area Transit Authority.

SEC. 2 AGREEMENT OF THE PARTIES

WMATA and DRPT agree to comply with the terms and conditions of this Agreement and to carry out their respective obligations fully and faithfully under this Agreement. Any commitment or agreement of DRPT required by this Agreement shall be subject to the annual appropriation and allocation of funds and other limitations on expenditures or obligations under the law of the Commonwealth or under other applicable law. This Agreement shall not constitute an indebtedness of the Commonwealth or DRPT until funds are duly appropriated and allocated and quarterly payments become due pursuant to Section 4 of this Agreement, nor shall it constitute an obligation for which the Commonwealth is obligated to levy or pledge any form of taxation.

SEC. 3 WMATA ANNUAL OPERATING BUDGET AND REPORTING

The WMATA Board of Directors adopts an Annual Operating Budget each year. At the conclusion of every quarter, WMATA shall prepare and provide to DRPT a report on the Year-to-Date financial results for submittal to DRPT no later than forty-five (45) days following the close of the quarter, provided however, that the quarterly report for the fourth quarter/WMATA Fiscal Year end shall be due sixty (60) days following the close of the quarter. Such report shall contain a review of total system ridership by mode compared to the prior year; total passenger revenues for the quarter; total operating revenues for the quarter; total operating expenses for the quarter; cost recovery ratio; farebox recovery ratio; headcount relative to total authorized positions; and a favorable/unfavorable comparison of the total passenger revenues, total operating revenues and total operating expenses to the Annual Operating Budget.

SEC. 4 DRPT RESPONSIBILITY

A. Disbursement of Contribution.

Subject to allocation and appropriation, and the other requirements contained in the Code and this Agreement, DRPT shall disburse the Contribution as follows:

(1) Quarterly Disbursements. DRPT shall make quarterly disbursements for FY 2027 and FY 2028 to WMATA for additional operating assistance starting on October 1, 2026. Subject to allocation and appropriation, and the other requirements contained in the Code, DRPT shall disburse the Contribution, in advance, each quarter in tranches per Appendix A.

B. General. Nothing in this Agreement shall be construed to obligate DRPT to have, as of the Effective Date, funding, or an appropriation in the full amount of the Contribution. Subject to allocation and appropriation, DRPT shall be solely responsible for the Contribution. DRPT commits, subject to its constitutional or legally equivalent provisions and throughout the term of this Agreement, to use all reasonable efforts including, but not limited to, a request by the responsible official to include the Contribution in DRPT's annual proposed budget or other financial submission to its fiscal authority and to pursue all legally available means to secure the necessary and appropriate budget, legislative, appropriation, and allocation actions in order to obtain funding in the full amount of its Contribution.

SEC. 5 WMATA RESPONSIBILITY

A. Allocation of Payment. WMATA shall apply DRPT's Contribution for additional operating assistance under this Agreement to items identified in the approved WMATA Operating Budget. WMATA shall utilize the current Northern Virginia Transportation Commission (NVTC) Subsidy Allocation Model (SAM) percentages, as provided by NVTC, when allocating the funding in this agreement among the Virginia local jurisdictions. The payments shall be credited toward the Virginia jurisdictional operating funding requirements for FY 2027 and 2028.

B. Debt Service Prohibition. WMATA shall not use state operating funding appropriated under Item 433 #6C of the Virginia 2026-2028 Biennial Budget for the payment of, or security for, debt service on bonds or other indebtedness of WMATA.

C. Reporting. At the conclusion of every quarter, WMATA shall prepare and provide to DRPT a report on WMATA financials as required by Section 3 of this Agreement. Subject to the conditions of this Agreement, if a quarterly report is received less than fifteen (15) Days before payment is due, DRPT reserves the right to delay payment for each day that the quarterly report is late. Delaying the payment as provided in this section will not constitute a breach of the Agreement.

D. Interest on Payments. In the case of a prepayment of funds due from DRPT interest shall accrue on all deposits made by DRPT under this Agreement to WMATA from the date of prepayment until the due date of the payment and the accrued interest will be credited to future payments due from DRPT.

E. WMATA shall invoice DRPT 45 days prior to the beginning of the next quarter per Disbursement Schedule in Appendix A.

SEC. 6 FINAL DISTRIBUTION

In the event that this Agreement is terminated pursuant to Section 8 of this Agreement, any amounts remaining on hand at WMATA on the termination date, except for any amounts incurred but not drawn, shall be credited or refunded to DRPT, as directed by DRPT and reverted to the General Fund.

SEC. 7 FINANCIAL RECORDS

A. Maintenance of Records. During the term of this Agreement, WMATA agrees to maintain complete accounting records which are consistent with U.S. generally accepted accounting principles, and which accurately reflect all income and expenditures of funds which may be provided under this Agreement. WMATA will retain all such records for four years from the end of the state fiscal year (June 30), in which the final payment is made. The records of WMATA must be in sufficient detail to determine the character and timing of funded items and of contract obligation and expenditure transactions authorized by this Agreement.

B. Audits

(1) Timing for Performance. DRPT or its agent may perform an audit of

WMATA' s expenditures of funds and the sources of those funds provided by this Agreement. Any such audit shall be commenced within 60 days after the date of the request and shall be completed (to the maximum extent practicable) within 180 days after the date it is commenced. DRPT or its agent will assume all financial responsibility for any costs associated with the performance of such audit, exclusive of WMATA' s internal costs. WMATA agrees to cooperate fully with DRPT or its agent in the conduct of any such audit carried out in accordance with this paragraph.

(2) Audit Results. If it is determined by the Commonwealth or its agent as a result of such audit under this section that funds provided by DRPT have not been administered pursuant to the terms and conditions of this Agreement or contrary to law, WMATA shall make appropriate accounting adjustments, within the next fiscal year, or remit payment due to DRPT. The audit rights provided under this paragraph shall survive for three audited fiscal years from the termination date of this Agreement and shall not limit any other rights of DRPT under this Agreement.

(3) This section does not supersede the Office of State Inspector General's (OSIG) authority to review the program.

SEC. 8 NON-COMPLIANCE & TERMINATION

In the event either Party determines that the other Party to the Agreement is not complying with the terms of this Agreement, the complaining Party shall notify the other Party in writing of its complaint and the basis for it. The Parties agree to use all reasonable efforts to resolve any such issues which arise under or otherwise relate to this Agreement. If the Parties, at staff level, cannot resolve such matters through initial discussions within 30 Days after receipt of the written notification, then executive level staff of each Party shall meet to resolve the matter within 60 additional Days. In the event that the Parties are unable to resolve the dispute within 60 additional Days, either Party may provide notice to the Chief Executive of the other Party of the dispute and their intent to give notice of termination. For purposes of this section, the Chief Executive of WMATA is the GM/CEO and the Chief Executive of DRPT is the Director. The Chief Executives shall have no less than 30 Days but no more than 120 Days to attempt to resolve the issue before either Party provides notice of termination. If no satisfactory resolution is achieved by the Chief Executives within the 30-120 Day window, either Party may, upon 30 Days' written notice to the other Party, terminate this Agreement in whole or in part.

SEC. 9 REPRESENTATIONS AND WARRANTIES

A. By WMATA. WMATA makes the following representations as of the Effective Date of this Agreement as a basis for the undertakings pursuant to this Agreement:

(1) WMATA has full power and authority to enter into this Agreement, the transactions contemplated by this Agreement, and to carry out its obligations hereunder;

(2) When executed and delivered by DRPT and by WMATA, this Agreement

will constitute the legal, valid and binding obligation of WMATA enforceable in accordance with its terms, except as such enforceability is limited by annual appropriations, allocations, bankruptcy, reorganization, insolvency, moratorium or other laws affecting the enforcement of creditors' rights generally.

(3) WMATA procurement contracts shall be administered pursuant to applicable WMATA procurement requirements, the WMATA Code of Ethics, and Compact Section 10. For example:

a) No Director, officer or employee shall:

i. be financially interested, either directly or indirectly, in any contract, sale, purchase, lease or transfer of real or personal property to which the Board or the Authority is a party;

ii. in connection with services performed within the scope of his official duties, solicit or accept money or any other thing of value in addition to the compensation or expenses paid to him by the Authority;

iii. offer money or any thing of value for or in consideration of obtaining an appointment, promotion, or privilege in his employment with the Authority.

B. By DRPT. DRPT makes the following representations as of the Effective Date of this Agreement as a basis for the undertakings pursuant to this Agreement:

(1) DRPT has all necessary power and authority to enter into this Agreement,

the transactions contemplated by this Agreement, and to carry out its individual obligations hereunder;

(2) When executed and delivered by DRPT and by WMATA, this Agreement will constitute the legal, valid and binding obligation of DRPT enforceable in accordance with its terms, except as such enforceability is limited by annual appropriations, allocations, bankruptcy, reorganization, insolvency, moratorium or other laws affecting the enforcement of creditors' rights generally.

SEC. 10 EFFECTIVE DATE, TERM OF AGREEMENT

A. Effective Date. This Agreement shall take effect on the date of execution by the last signatory to this Agreement.

B. Counterparts. This Agreement may be executed in identical counterparts, each of which shall constitute an original and all of which shall constitute, collectively, one agreement.

C. Term. The term of this Agreement shall be for the period July 1, 2026 through and including June 30, 2028. The Agreement shall terminate at the end of its term.

SEC. 11 NO THIRD PARTY BENEFICIARIES

The Parties to this Agreement do not intend any non-signatory to this Agreement or any other third party to be a third-party beneficiary to this Agreement, nor do the Parties intend for any such third party to have any rights or benefits under this Agreement or to have standing to bring an action or claim in any court or other forum to enforce any provision of this Agreement.

SEC. 12 AMENDMENTS

This Agreement may be amended or modified only by written agreement duly executed by both Parties.

SEC. 13 NOTICES

All notices under this Agreement shall be in writing and shall be deemed to have been sufficiently given or served when presented personally, by Electronic Means, or sent by the U.S. Postal Service or by a courier service or national overnight delivery service, to any Party as follows:

To the Commonwealth of Virginia, Department of Rail and Public Transportation:

Director
Virginia Department of Rail and Public Transportation
600 East Main Street, Suite 2102
Richmond, VA 23219

with a copy to:

Chief of Public Transportation
Virginia Department of Rail and Public Transportation
600 East Main Street, Suite 2102
Richmond, VA 23219

and

Chief Financial Officer
Virginia Department of Rail and Public Transportation
600 East Main Street, Suite 2102
Richmond, VA 23219

and

NOVA Senior Transit Planning and Policy Manager
Virginia Department of Rail and Public Transportation
1725 Duke Street, Suite 675
Alexandria, VA 22314

and

Transportation Section Chief
Office of the Attorney General
202 N. 9th Street
Richmond, VA 23219

To the Washington Metropolitan Area Transit Authority:

General Manager and CEO
Washington Metropolitan Area Transit Authority
300 7th Street SW
Washington, DC 20024

with copies to:

General Counsel
Washington
Metropolitan Area
Transit Authority
300 7th Street SW
Washington, DC 20024

and

Chief Financial Officer
Washington
Metropolitan Area
Transit Authority
300 7th Street SW
Washington, DC 20024

and

Executive Vice President
and Chief Strategy, Planning and Performance Officer
Washington
Metropolitan Area
Transit Authority
300 7th Street SW
Washington, DC 20024

For material sent via US Mail to reach WMATA, use:

PO BOX 44390
WASHINGTON DC 20026-4390

SEC. 14 SUCCESSORS AND ASSIGNS

This Agreement shall be binding on the successors and assigns of DRPT and WMATA.

SEC. 15 NO DEBT GUARANTEES

DRPT does not guarantee the debt of WMATA, nor any obligation of WMATA.

SEC. 16 REQUIREMENT FOR ANNUAL APPROPRIATIONS

Notwithstanding any other provisions of this Agreement, all obligations of DRPT are subject to discretionary annual appropriation and allocation of funds by the governing body thereof or other appropriate legislative body thereof and shall be consistent with the anti-deficiency laws applicable to DRPT.

SEC. 17 MISCELLANEOUS PROVISIONS

A. COVENANT AGAINST CONTINGENT FEES

WMATA warrants that it has not employed or retained any company or person, other than a bona fide employee working solely for WMATA, to solicit or secure this Agreement, and that it has not paid or agreed to pay any company or person, other than a bona fide employee working solely for WMATA, any fee, commission, percentage, brokerage fee, or other considerations, contingent upon or resulting from the award or making of this Agreement.

B. SPECIAL PROVISIONS

WMATA shall permit DRPT or its authorized representatives to inspect at any reasonable time, with reasonable prior notice and subject to WMATA safety requirements, all relevant data and records pertaining to the approved WMATA Operating Budget.

C. APPLICABLE LAW

(1) This Agreement shall be governed by the laws of the Commonwealth of Virginia.

(2) Nothing in this Agreement shall constitute a waiver of DRPT's or WMATA's sovereign immunity.

(3) The Parties acknowledge and agree that each shall comply with all applicable local, state, and federal laws, regulations, and ordinances. Nothing in this Agreement

shall require WMATA to violate the WMATA Compact or applicable laws, regulations, or ordinances, or require DRPT to violate any applicable laws, regulations, or ordinances.

D. SEVERABILITY OF PROVISIONS

If any term or provision of this Agreement is determined to be invalid, illegal or unenforceable, it shall not affect the legality or validity or enforceability of any other part of this Agreement, and the remaining parts of this Agreement shall be binding upon the Parties.

E. RECITALS

The Recitals are incorporated and made a part of this Agreement.

F. INDEMNIFICATION AND INSURANCE

(1) WMATA shall indemnify, defend, and hold harmless the Commonwealth and DRPT, and their directors, officers, agents, and employees, from and against all claims, suits, judgments, actions, losses, damages, liabilities, costs and expenses of every name and description, including but not limited to reasonable attorney's fees and costs, brought by any third party caused by a negligent act or omission by WMATA, its contractors, subcontractors, agents, or employees in the performance of work covered by this Agreement.

(2) WMATA shall either be sufficiently self-insured or carry insurance to cover the risks for WMATA, its employees, agents, contractors and subcontractors, performing work covered by this Agreement. WMATA shall require all commercial insurance policies obtained by WMATA to satisfy its obligations

under this section to list the Commonwealth, DRPT, and their respective officers, agents, and employees as Additional Insureds. WMATA certifies that as of the Effective Date of this Agreement, all commercial insurance and self-insurance lists the Commonwealth, DRPT, and their respective officers, agents, and employees as Additional Insureds. WMATA shall not remove the Commonwealth, DRPT, or their respective officers, agents, and employees as Additional Insureds for any self-insurance without the written consent of the Commonwealth and/or DRPT.

(3) In the event WMATA receives notice from an insurer that any insurance policy is going to be, or has been, subject to cancellation, nonrenewal, or material adverse changes to the insurance contract, WMATA shall provide DRPT with prompt notice. WMATA shall provide 30-days advance written notice to DRPT of any cancellation or material adverse change to any self-insurance.

(4) For all self-insurance and commercial insurance, WMATA shall provide Certificates of Insurance listing the Commonwealth, DRPT, and their respective officers, agents, and employees, as Additional Insureds.

(5) Payment of any funds by DRPT shall not waive any of the rights of DPRT contained in this section nor release WMATA from any responsibilities or duties contained in this Agreement.

[*Signature Page Follows*]

IN WITNESS WHEREOF, WMATA and DRPT have executed this Agreement on this ______day of _______ 2026.

WASHINGTON METROPOLITAN AREA TRANSIT AUTHORITY

Attest:	By:
______________________	__________________________
(Witness/Title)	Dave Rickard, Executive Vice President and Chief Financial Officer

COMMONWEALTH OF VIRGINIA, DEPARTMENT OF RAIL AND PUBLIC TRANSPORTATION

Attest:	By:
______________________	__________________________
Norma Clark Executive Assistant Virginia Department of Rail and Public Transportation	Mariia Zimmerman Director Virginia Department of Rail and Public Transportation

APPENDIX A: PAYMENT SCHEDULE

October 1, 2026	$38,250,000
January 1, 2027	$19,125,000
April 1, 2027	$19,125,000
Total FY 2027	**$76,500,000**
July 15, 2027	$19,125,000
October 1, 2027	$19,125,000
January 1, 2028	$19,125,000
April 1, 2028	$19,125,000
Total FY 2028	**$76,500,000**
Total over Biennium	**$153,000,000**