**Report by Finance and Capital Committee (A)**

# Board Document

| OVERVIEW | | | |
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| **PRESENTATION NAME** | FY2027 Q1<br>Financial Results and<br>FY2027 Budget and Capital Program Amendments | **DOCUMENT NO.** | 300174 |
| **ACTION OR INFORMATION** | Action | | |
| **STRATEGIC TRANSFORMATION PLAN GOAL** | Financial and Organizational Efficiency | | |
| **RESOLUTION** | No | | |
| **EXECUTIVE OWNER** | | | |
| **EXECUTIVE TEAM OWNER** | Rickard, David | | |
| **DEPARTMENT** | Finance | | |
| **DOCUMENT INITIATOR** | Byrnes, Marcus | | |
| **OTHER INFORMATION** | | | |
| **COMMITTEE** | [ ]Exec/OIG<br>[ ]Board<br>[ ]Exec/Non-OIG<br>**[X]Finance & Capital**<br>[ ]Safety & Ops<br>[ ]Board (consent) | **COMMITTEE DATE** | 11/19/2026 |
| **PURPOSE/KEY HIGHLIGHTS** | Present FY2027 Q1 Financial Results and FY2027 Budget and Capital Program Amendments. | | |

# Board Document

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| **DISCUSSION** | Metro experienced several achievements during Q1 FY2027. Improved bus service, an expansion of U-Pass, and holiday record ridership are all highlights from the operating budget. More specifically, higher frequency and shorter waits were achieved along five bus routes, route enhancements were implemented on two routes, and one route launched extended service hours; students at Georgetown University Capitol Campus and Catholic University took over 140,000 trips on Metro since the schools were added to Metro's U-Pass Program; and over 866,000 total trips were recorded on bus and rail during the July 4th weekend, including a holiday-record 667,652 riders on July 4th. For the capital program, scheduled maintenance was completed on 16 of Metro Rail's 3000-series cars, six 6000-series cars, and 18 7000-series cars; 21 buses were rehabilitated and inspected while 16 new hybrid buses were accepted into service; two escalator unites were replaced and three elevators were rehabilitated; and installation of Tap. Ride. Go. was completed at Metro's parking facilities.<br><br>Total revenue was 6 percent ($9.5 million) above prior year for a total of $171.7 million. Compared to prior year, revenue growth was seen in passenger and parking revenue (up $7.7 million), Metro Rail (up $5.6 million), Metro Bus (up $1.8 million), Metro Access (up $0.8 million), and other revenue (up $1.8 million). Parking revenue decreased by $0.5 million. Metro Rail ridership increased by 7 percent during this time while parking transactions decreased by 4 percent.<br><br>Metro ran a $26 million loss in Q1 against the budget, driven by a $29 million increase in total gross expenses while total revenue was $2 million above budget.<br><br>Rail revenue and ridership are above budget while fare compliance on Metro Bus is 12 percent higher than prior year. Hiring was prioritized for roles that directly impact service and safety -- since the beginning of July, Metro has added 48 front-line workers and reduced its administrative and support staff by 82. Expense efficiencies during Q1 include fuel costs coming in $1.4 million under budget and $0.5 below prior year thanks to hedge strategy, while casualty & liability expenses were $0.7 million under budget and $1.2 million below prior year. |

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| | Budget challenges from Q1 and included in the proposed budget amendment involved salaries and wages, fringe benefits, and paratransit. Salaries and wages were $2.8 million over budget due in part to inflation-linked adjustments for Local 689 and the Fraternal Order of Police; fringe benefits were $1.5 million over budget with increased pension costs driven by inflation-linked union cost-of-living adjustments; and paratransit costs were $7.6 over budget with variance driven by increases in volume for Abilities-Ride and Metro Access and growth in call center usage. Not included in the proposed budget amendment but on Metro's watch list include increases in propulsion and overtime costs. Propulsion was $4.1 million over budget with remaining fiscal year needs still under review; overtime was $4.9 million over budget but $0.7 below Q1 FY26 while September spending was 22 percent lower than in July.<br><br>Metro's proposed FY2027 Operating Budget Amendment adds $45 million to the approved operating expense gross budget, funded through preventive maintenance and additional prior-year revenue close carried forward. Of that $45 million, $10 million would cover salaries and wages, $6 million would cover fringe benefits, and $29 million would cover paratransit. This budget amendment would be funded through $43 million in preventive maintenance and a $2 million carryover from prior-year revenue. This would result in a proposed FY2027 amended operating expense gross budget of $2.796 billion.<br><br>Results from the Q1 show utilization rates on capital investments ranging between 18 percent and 30 percent on Metro capital program investments. Total capital program spending for FY2027 is $1.862 billion for categories including railcar, railcar systems, track and structures rehab, stations and passenger facilities, bus and paratransit, and business support.<br><br>The Council of the District of Columbia appropriated $300 million for the Stadium-Armory Improvement Project, which will see an expanded north entrance to support the new stadium and redevelopment plan along the site of the former RFK Stadium. In support of this development, the council appropriated $5 million for planning, environmental, outreach through 30 percent design work for phase one of the planned Gold Line bus rapid transit service. The |

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| | FY2027 Capital Budget and FY2027-2032 Capital Program require an amendment for new reimbursable projects. For the FY2027 Approved Capital Budget, that will include the District of Columbia's $5 million for Gold Line BRT Phase 1 and $10 million for RFK Campus Transit Improvements, bringing the total Amended Capital Budget to $2.152 billion. For the FY2027-FY2032 Approved Capital Program, that will include $5 million for Gold Line BRT Phase 1 and $300 million for RFK Campus Transit Improvements, bringing the Amended Capital Program total to $13.805 billion. |
| **INTERESTED PARTIES** | No interested parties identified. |
| **RECOMMENDATION/NEXT STEPS** | Metro recommends approving revisions to the FY2027 Operating and Capital Budgets and the FY2027-2032 Capital Improvement Program.<br><br>For Metro's next steps, ridership, revenue, and expenses will continue to be monitored, Q1 financial results and ridership assumptions will factor into the FY2028 budget, and the GM/CEO's proposed FY2028 will go to the Board for submission in December. |
| **FUNDING IMPACT** | Approval of the proposed amendments would revise Metro's FY2027 Operating Budget, FY2027 Capital Budget, and FY2027–FY2032 Capital Improvement Program. The amendments would increase the FY2027 Operating Budget by $45 million, funded through an increase in preventive maintenance transfers of $43 million and the use of $2 million in FY2026 carryover funds, with no increase to jurisdictional contributions. The amendments would also increase the FY2027 Capital Budget by $15 million and amend the FY2027–FY2032 Capital Improvement Program to incorporate reimbursable funding for the Gold Line Bus Rapid Transit Phase 1 and RFK Campus Transit Improvements projects. |

SUBJECT: AMENDMENT OF FISCAL YEAR 2027 OPERATING BUDGET, FISCAL YEAR 2027 CAPITAL BUDGET AND FY2027-2032 CAPITAL IMPROVEMENT PROGRAM

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

PROPOSED

WHEREAS, On April 23, 2026, the Board of Directors adopted the Fiscal Year 2027 Operating and Capital Budgets (Res. 2026-09 as amended by Res. 2026-17); and

WHEREAS, Staff recommends changes to Resolution 2026-09 as amended by 2026-17 to address certain projected changes in operating expenses and capital investments; and

WHEREAS, Staff expects that the Fiscal Year 2027 operating financials will show an estimated $45 million unfavorability at the close of Fiscal Year 2027; and

WHEREAS, Staff recommends using an increase in the amount of allowable preventive maintenance transfers, and the carryover of additional prior year revenue from Fiscal Year 2026 to address the Fiscal Year 2027 Operating Budget unfavorability; and

WHEREAS, Changes to preventative maintenance transfers and increases to District of Columbia-sponsored investments in the Gold Line Bus Rapid Transit line planning and the Stadium-Armory Metro Rail Station improvements impact the previously approved Fiscal Year 2027 Capital Budget and Fiscal Year 2027 to 2032 Capital Improvement Program.

NOW, THEREFORE, be it

*RESOLVED*, That the Fiscal Year 2027 Operating Budget is increased by $45 million; and be it further

*RESOLVED*, That the Fiscal Year 2027 Capital Budget is increased by $15 million; and be it further

*RESOLVED*, That the Fiscal Year 2027 to 2032 Capital Improvement Program is increased by $305 million; and be it further

*RESOLVED*, That, Attachment C (FY 2027 Operating Budget) as was adopted in Resolution 2026-17 is deleted in its entirety and replaced with that Attachment C included

with this resolution; and be it further

*RESOLVED,* That to fund the expense increases by mode shown in the replacement Attachment C attached to this Resolution the amount of revenue carried over from the previous fiscal year shall be increased as well as the preventive maintenance permitted by the 13th RESOLVED clause of Resolution 2026-09 shall be increased to an amount no greater than $176.0 million; and be it further

*RESOLVED* , That the overall subsidy amounts and allocation of those amounts shown on Attachment D of Resolution 2026-09 shall remain unchanged; and be it further

*RESOLVED*, That, Attachment F (Financial Plan) as was adopted in Resolution 2026-09 is deleted in its entirety and replaced with that Attachment F included with this resolution to show the increased funding and expenses related to District of Columbia-sponsored investments in the Gold Line Bus Rapid Transit line planning and the Stadium-Armory Metro Rail Station improvements; and be it further

*RESOLVED*, That this Resolution shall be effective 30 days after adoption in accordance with Compact Section 8(b).

Reviewed as to form and legal sufficiency,

/s/

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

WMATA File Structure No.:
4.2.2. Fiscal Year Budgets

PROPOSED

**Attachment C**

**FY 2027 OPERATING BUDGET[1]**
**REVENUE, EXPENSE & FUNDING SOURCES**

MODES 1, 2, 10, 19

| *(Dollars in Thousands)* | Total with REIMB | Subsidized | BUS | RAIL | ACCESS | REIMB |
|---|---|---|---|---|---|---|
| **REVENUES** | | | | | | |
| Passenger | $542,330 | $536,999 | $62,464 | $465,077 | $9,458 | $5,331 |
| Parking | $36,260 | $36,260 | $0 | $36,260 | $0 | $0 |
| Advertising | $20,742 | $20,742 | $8,297 | $12,445 | $0 | $0 |
| Joint Development | $26,608 | $20,077 | $0 | $20,077 | $0 | $6,531 |
| Fiber Optics | $17,326 | $17,326 | $0 | $17,326 | $0 | $0 |
| Other[2] | $44,272 | $33,733 | $16,936 | $16,717 | $80 | $10,540 |
| Total Revenues | $687,539 | $665,137 | $87,697 | $567,902 | $9,538 | $22,402 |
| **EXPENSES** | | | | | | |
| Personnel | $2,020,687 | $2,011,028 | $750,410 | $1,247,262 | $13,355 | $9,660 |
| Services | $461,597 | $449,959 | $73,808 | $168,501 | $207,650 | $11,638 |
| Materials & Supplies | $82,765 | $82,392 | $35,842 | $46,009 | $540 | $374 |
| Fuel (Gas/Diesel/CNG) | $36,704 | $36,062 | $30,723 | $2,134 | $3,206 | $642 |
| Utilities & Propulsion | $154,100 | $154,089 | $9,328 | $144,192 | $569 | $11 |
| Casualty & Liability | $42,086 | $42,086 | $14,254 | $27,318 | $513 | $0 |
| Leases & Rentals | $7,164 | $7,136 | $732 | $6,346 | $58 | $28 |
| Miscellaneous | $12,803 | $12,753 | $4,319 | $8,206 | $228 | $50 |
| Gross Expenses | $2,817,906 | $2,795,504 | $919,416 | $1,649,969 | $226,119 | $22,402 |
| Preventive Maintenance | $176,340 | $176,340 | $0 | $176,340 | $0 | $0 |
| Net Expenses[3] | $2,641,566 | $2,619,164 | $919,416 | $1,473,629 | $226,119 | $22,402 |
| Operating Deficit | $1,954,027 | $1,954,027 | $831,719 | $905,727 | $216,581 | $0 |
| Prior Year Savings | ($14,000) | ($14,000) | ($1,792) | ($12,117) | ($91) | $0 |
| Net Subsidy | $1,940,027 | $1,940,027 | $829,927 | $893,610 | $216,490 | $0 |
| Cost Recovery Ratio[4] | 24.40% | 23.79% | 9.54% | 34.42% | 4.22% | |

[1]Amounts may not sum due to independent rounding
[2]Includes $5 million of Federal PRIIA allocation for use exclusively by WMATA's Office of Inspector General
[3] Net expenses of $2,641.6 million plus $72.3 million of gross revenue bond debt service equal total expenses of $2,713.9 million
[4]Total revenues / Gross expenses

PROPOSED

**Attachment F**

# FINANCIAL PLAN - ALLOCATION OF STATE AND LOCAL CONTRIBUTIONS

| *(Dollars in Millions)* | FY2027 Budget | FY2028 Plan | FY2029 Plan | FY2030 Plan | FY2031 Plan | FY2032 Plan | Six-Year Total |
|---|---|---|---|---|---|---|---|
| Federal Formula Programs | $485.8 | $495.5 | $505.5 | $515.6 | $525.9 | $536.4 | $3,064.7 |
| Federal RSI/PRIIA | 143.5 | 143.5 | 143.5 | 143.5 | 143.5 | 143.5 | 861.0 |
| Other Federal Grants | 31.1 | 117.0 | 21.0 | 2.9 | 2.9 | 0.0 | 174.8 |
| **TOTAL - FEDERAL GRANTS** | **$660.4** | **$756.0** | **$670.0** | **$661.9** | **$672.3** | **$679.9** | **$4,100.5** |
| Formula Match & System Performance | $120.3 | $123.9 | $127.7 | $131.5 | $135.4 | $139.5 | $778.3 |
| District of Columbia RSI/PRIIA | 49.5 | 49.5 | 49.5 | 49.5 | 49.5 | 49.5 | 297.0 |
| Dedicated Funding | 178.5 | 178.5 | 178.5 | 178.5 | 178.5 | 178.5 | 1,071.0 |
| **Subtotal - District of Columbia** | **$348.3** | **$351.9** | **$355.7** | **$359.5** | **$363.4** | **$367.5** | **$2,146.3** |
| Montgomery County | 51.3 | 52.9 | 54.4 | 56.1 | 57.8 | 59.5 | 331.9 |
| Prince George's County | 54.2 | 55.9 | 57.6 | 59.3 | 61.1 | 62.9 | 350.9 |
| Maryland RSI/PRIIA | 49.5 | 49.5 | 49.5 | 49.5 | 49.5 | 49.5 | 297.0 |
| Maryland Dedicated Funding | 167.0 | 167.0 | 167.0 | 167.0 | 167.0 | 167.0 | 1,002.0 |
| **Subtotal - Maryland** | **$322.1** | **$325.2** | **$328.5** | **$331.9** | **$335.3** | **$338.9** | **$1,961.9** |
| City of Alexandria | 14.2 | 14.7 | 15.1 | 15.6 | 16.0 | 16.5 | 92.1 |
| Arlington County | 26.8 | 27.6 | 28.4 | 29.3 | 30.1 | 31.1 | 173.3 |
| City of Fairfax | 0.8 | 0.8 | 0.8 | 0.9 | 0.9 | 0.9 | 5.2 |
| Fairfax County | 43.7 | 45.1 | 46.4 | 47.8 | 49.2 | 50.7 | 282.9 |
| City of Falls Church | 1.0 | 1.1 | 1.1 | 1.1 | 1.2 | 1.2 | 6.7 |
| Loudoun County | 8.0 | 8.2 | 8.4 | 8.7 | 9.0 | 9.2 | 51.5 |
| Virginia RSI/PRIIA | 49.5 | 49.5 | 49.5 | 49.5 | 49.5 | 49.5 | 297.0 |
| Virginia Dedicated Funding - Unrestricted | 122.9 | 122.9 | 122.9 | 122.9 | 122.9 | 122.9 | 737.3 |
| Virginia Dedicated Funding - Restricted | 31.6 | 31.6 | 31.6 | 31.6 | 31.6 | 31.6 | 189.7 |
| Congestion Mitigation and Air Quality (CMAQ) | 0.9 | 0.7 | 0.7 | 0.6 | 0.6 | 0.0 | 3.5 |
| **Subtotal - Virginia** | **$299.5** | **$302.1** | **$305.0** | **$307.9** | **$311.0** | **$313.6** | **$1,839.2** |
| Jurisdiction Planning Projects | 3.0 | 3.0 | 3.0 | 3.0 | 3.0 | 3.0 | 18.0 |
| Other Reimbursable Projects | 73.3 | 20.0 | 135.0 | 135.0 | 0.0 | 0.0 | 363.3 |
| **Subtotal - Jurisdictional Reimbursable** | **$76.3** | **$23.0** | **$138.0** | **$138.0** | **$3.0** | **$3.0** | **$381.3** |
| **TOTAL - STATE & LOCAL** | **$1,046.2** | **$1002.2** | **$1127.2** | **$1,137.3** | **$1,012.8** | **$1,023.0** | **$6,348.6** |
| **DEBT** | **$283.8** | **$856.5** | **$878.0** | **$0.0** | **$0.0** | **$0.0** | **$2,018.3** |
| **PRIOR YEAR FUNDING** | **$163.0** | **$157.0** | **$161.0** | **$145.0** | **$160.0** | **$179.4** | **$965.4** |
| **PROSPECTIVE FEDERAL GRANT** | **$0.0** | **$0.0** | **$109.4** | **$99.7** | **$90.1** | **$63.7** | **$362.8** |
| **GRAND TOTAL FUNDING[1,2]** | **$2,153.4** | **$2,771.7** | **$2,945.6** | **$2,043.9** | **$1,935.1** | **$1,946.0** | **$13,795.7** |

1. Total funding requirement includes capital program expenditures, other liabilities, debt service, and estimated revenue loss from major shutdowns
2. Totals may not sum due to independent rounding

PROPOSED

| **Capital Investment Categories** *($M)* | **FY2027 Budget*** | **FY2028–FY2032 Plan*** | **Six-Year Total*** |
|---|---|---|---|
| Railcars and Railcar Facilities | $333 | $2,059 | $2,392 |
| Rail Systems | $288 | $1,682 | $1,970 |
| Track and Structure Rehabilitation | $244 | $1,615 | $1,859 |
| Stations and Passenger Facilities | $342 | $1,544 | $1,886 |
| Bus, Bus Facilities, and Paratransit | $360 | $1,735 | $2,095 |
| Operations and Business Support | $311 | $1,094 | $1,405 |
| **Total Capital Investments** | **$1,877** | **$9,729** | **$11,606** |
| Revenue Loss from Capital Projects and Other Needs | $22 | $110 | $132 |
| Debt Service - Dedicated Funding | $254 | $1,813 | $2,067 |
| **Total Capital Program Cost** | **$2,153** | **$11,652** | **$13,805** |

PROPOSED