

FY2025 Proposed and Revised Budget Public Hearing

February 2024



Budget Background

Pre-pandemic (full fiscal year 2019), passenger revenue of which 80% was generated by Metrorail funded 36% of the operating budget

Ridership and revenue are gradually improving but remain lower than FY2024 Budget due to severe service cuts proposed

Operating cost linked to service levels – 70% of expenses are for personnel to operate and maintain bus, rail and paratransit services

Proposed FY2025-2030 Six-Year CIP planned investment totals \$11 billion and FY2025 Capital Budget investment budget is \$2.4 billion

Progress made in addressing capital needs and Six-Year CIP will continue to reduce the backlog of unmet capital programs and projects

Board approved the docket for public comment in January 2024; with public hearings held in VA, DC and MD in February 2024

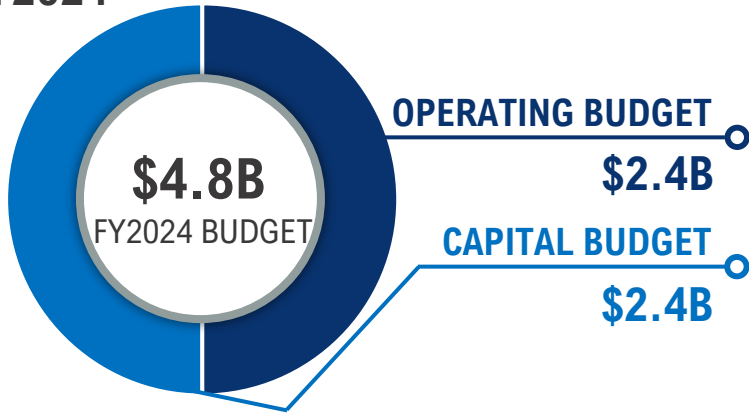
FY2025 Proposed Budget



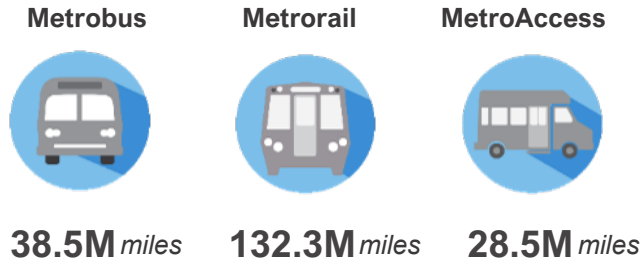
Presented on December 14, 2023

WMATA | At A Glance

FY2024

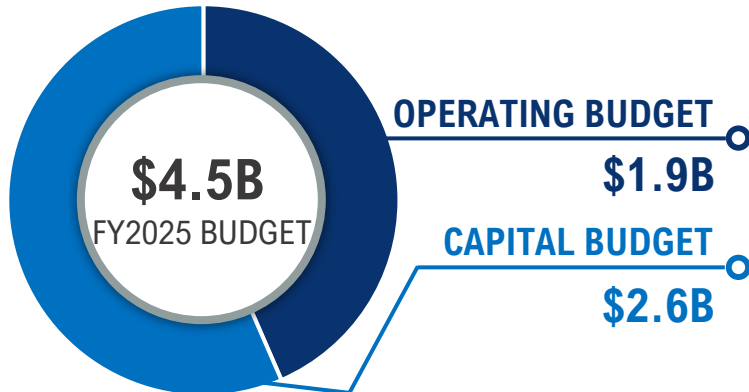


Scheduled Revenue Miles

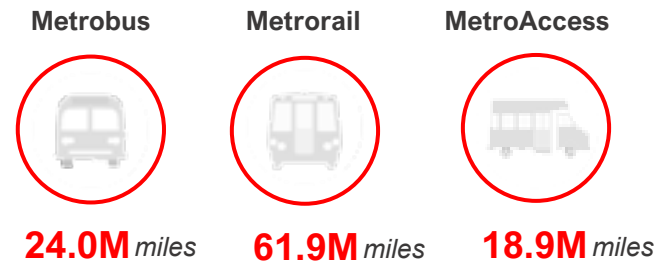


FY2024 - 98 RAIL STATIONS	
DC	40 STATIONS
MD	26 STATIONS
VA	32 STATIONS

FY2025 Proposed Budget

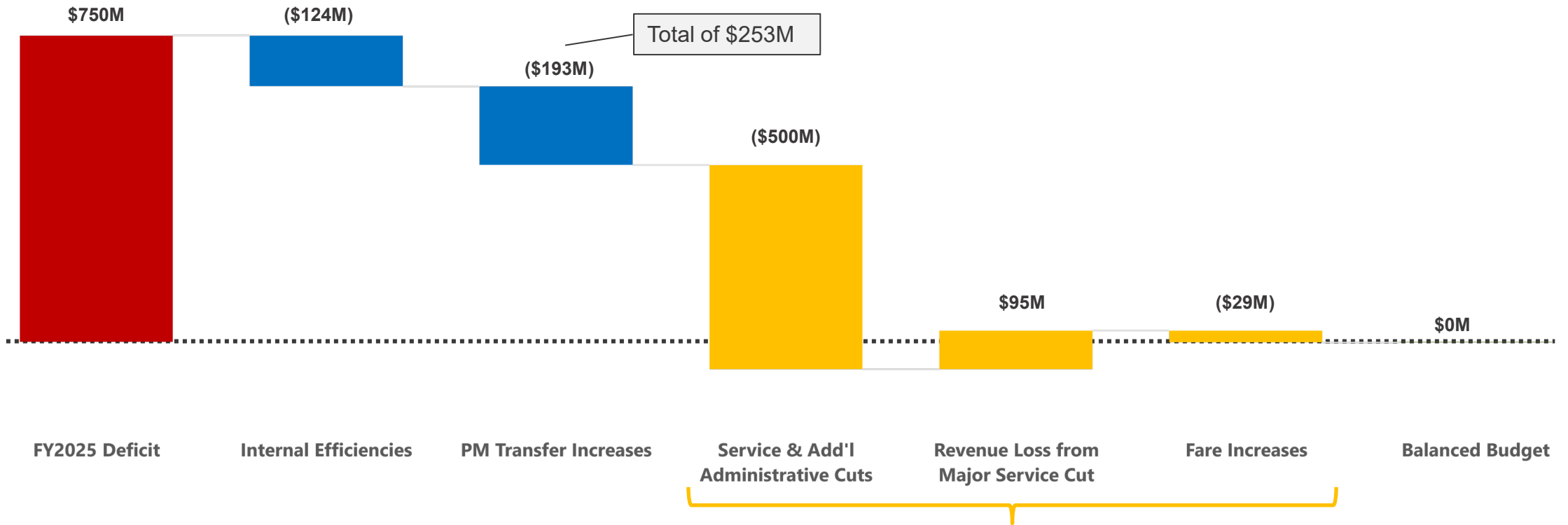


Scheduled Revenue Miles



10 Stations Closed in FY2025

Balancing Budget with Severe Service Cuts Would Make Metro Unrecognizable



\$750M Deficit as of June 2023

\$95M Revenues Loss from Major Service Cut includes passenger and non-passenger revenue impacts

Note: Totals may not sum due to independent rounding

\$433M Deficit Closure
 Due to revenue loss from service cuts, expense cuts must exceed \$433M target



Major Service Cuts and Fare Increases

Major service cuts and fare increases reduce the usefulness of the network for customers



Metrobus

- Eliminate Metrobus service on 67 of 135 lines
- Reduce service on 41 of 135 lines



Metrorail

- Major frequency reduction
- 10pm system closure
- 10 stations closed
- Red Line and Silver Line turnbacks



Fares

- 20% general increase in fares and parking rates expected to result in net revenue increase with some ridership loss

MetroAccess: Service area reduced with reductions to the fixed route network

Revised FY2025 Proposed Budget



Presented on February 8, 2024

FY2025 and FY2026 Path Forward

Regional Framework for a Balanced Budget

The revised proposed budget adopts a regional approach that requires collaboration and contributions from all stakeholders. Aggressive expense management by Metro would keep FY2025 **gross expenses** at FY2024 levels (0% growth).

Metro: Salary and wage adjustments, recurring administrative efficiencies, and other cost reductions resulting in **\$119 million** and **\$174 million** in savings in FY2025 and FY2026, respectively.

Customers: At least 12.5 percent fare increase on Metrobus, Metrorail, and MetroAccess beginning in FY2025, and up to 25 percent on late nights and weekends (with \$2.50 cap).

Jurisdictions: Additional jurisdictional investment to replace prior reductions of jurisdictional funding to Metro and adjustments for ridership and inflation.

Use of Funds		Budget	2- Year Regional Transformation Framework	
		FY2024	Revised FY2025 Proposed Budget	FY2026 Forecast
Expense	Initial Expenses	\$2,459	\$2,575	\$2,704
	Administrative Efficiency		- 50	- 52
	Salary and Wage Adjustment		- 38	- 77
	Inflation Reduction		- 11	- 25
	Target Service Cuts		- 20	- 20
	Total Savings		- 119	- 174
	Gross Expenses	\$2,459	\$2,457	\$2,530
	Additional PM (above \$60M)	- 139	- 104	- 114
	Expense after PM Transfer	2,320	2,352	2,416

Note: Amounts may not sum due to independent rounding

Assumptions

Personnel & Non-personnel: 0% salary and wage increase in FY2025 for L689, L922 and non-represented employees subject to the collective bargaining; CPI reduced from 5% to 3.5% in FY2025 and from 5.0 to 3.0% in FY2026



Targeted Service and Fare Optimization



Optimize service to deliver the most useful network with available resources:

- **Adapt Service.** Adapt rail and bus service capacity with targeted changes while sustaining good frequency to grow ridership.
- **Provide Access to More Destinations.** Reduce customer travel times and increase access to jobs and opportunity.
- **Optimize Use of Metro’s Assets.** Manage railcar and bus fleets to deliver high asset utilization and provide good service at low marginal cost.



More Targeted Rail Service. Efficiently deliver frequent all-day service to drive ridership and revenue growth. Schedule **peak service** periods to align with ridership levels. Operate more **six-car trains** where shorter trains provide sufficient capacity. Reduce service levels on holidays with low ridership.



Redesigned Bus Network. Maintain bus service levels and begin Better Bus implementation. The Year One Network reallocates existing resources to deliver more value to the region, adapting to how customers travel now.



More Fare Revenue. Increase fares by at least 12.5% to generate additional revenue. Reduce fare evasion with system-wide high-barrier faregate installation and increased fare enforcement. Make it easier to pay with mobile technology and reduced fare programs.

Fare Increase Scenario	Revenue Impact (\$M)	Ridership Impact (M)
Baseline	\$362.2	233.3
5%	\$10.0	-4.1
12.5%	\$22.2	-10.2
12.5% + up to 25% late-night/weekend (with \$2.50 cap)	\$23.9	-11.3
20%	\$33.9	-15.2
25%	\$40.4	-19.0

Fares

- Balance increasing revenue and continuing to grow ridership
- Considering modifying weekend and late-night fares for additional revenue in response to strong ridership

Parking Rates

- Keep parking rates unchanged to encourage use of available capacity at parking facilities; raising parking rates would be expected to reduce growth in long-distance Metro commutes, lessening future fare revenue

Jurisdictional Operating Investment

Metro’s funding jurisdictions as of February 2, 2024 have communicated **\$480** million in additional funding in FY2025 above the 3 percent cap. These respective additional contributions for FY2025 are reflected below. Maryland’s budget includes \$150 million in its FY2025 budget; there are budget amendments moving through both Houses of the Virginia legislature which reflect the \$130 million funding level. On February 1, 2024 District of Columbia leadership sent a letter indicating their commitment to \$200 million in additional subsidy.

The Metro subsidy formula sets the level of subsidy for each jurisdiction proportionate to the other jurisdictions and the various commitments will need to be reconciled as the Board approves this year’s budget.

For FY2026, the forecast assumes funding levels increase by 3 percent, plus each jurisdiction’s share of the \$95 million of one-time savings from FY2025. FY2026 amounts are forecast estimates and may change as a result of Metro’s FY2026 budget process and Board direction.

(\$M)	FY2025 Base	Additional Regional Investment	Revised FY2025 Proposed Budget*	FY2026 3% Growth*	One-Time Savings Expiration*	FY2026 Forecast*
Expense			\$2,352			\$2,416
Revenue			(\$488)			(\$498)
Gross Subsidy			\$1,865			\$1,918
One-Time Savings			(\$95)			\$0
Subsidy	\$1,290	\$480	\$1,770	\$53	\$95	\$1,918
District of Columbia	\$462	\$200	\$662	\$20	\$36	\$717
Maryland	\$488	\$150	\$638	\$19	\$34	\$691
Virginia	\$340	\$130	\$470	\$14	\$25	\$510

Note: amounts may not sum due to independent rounding

**The subsidy amounts reflect additional contributions, are inconsistent with Metro’s historical subsidy formula, and will need to be reconciled*

Funding Requirements Beyond Metro’s Operating Subsidy

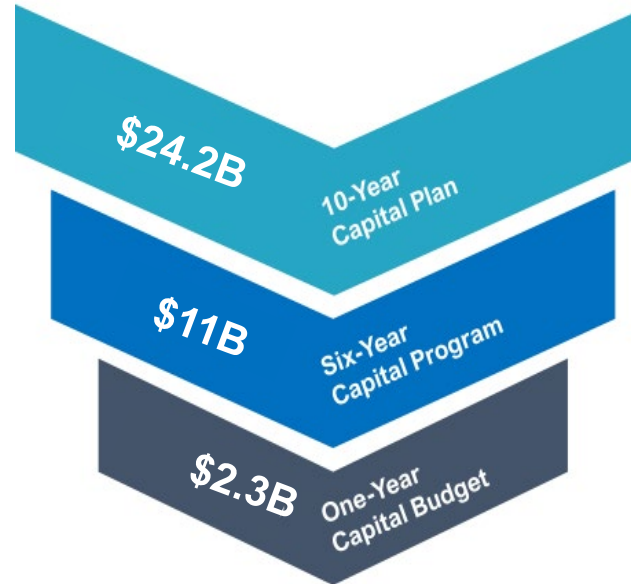
Amounts exclude 24-Hour Overnight Bus, student programs, reimbursable agreements, Safety and Security grant programs, Joint development projects, and any other programs separately agreed upon.



Metro's Capital Program

Metro advances capital projects and annual capital maintenance programs to restore, sustain, and modernize the system. The program also includes annual preventive maintenance transfers from the operating budget.

- Invest in the system to modernize and provide safe, efficient, and reliable service for customers, employees and the region
- Address the backlog of overdue state of good repair needs
- Sustain safety and reliability through recurring maintenance, rehabilitation, and replacement programs
- Maintain financial stewardship and ensure audit compliance
- Reduce capital administrative expenses (by \$25 million annually)
- Support a sustainable and more equitable future for the region



10-Year Capital Plan

Identifies viable initiatives to address needs identified for next ~10 years; financially unconstrained

Six-Year Capital Improvement Program

Capital investments anticipated for, or continuing in, six-year capital program

One-Year Capital Budget*

Expenditure forecast for capital projects and programs in current budget year

*Does not include debt service and revenue loss from capital projects

Providing Written Comments

Must be received by **5 p.m. on Tuesday, March 5, 2024**

Option 1

Submit online at:

www.wmata.com/budget

You can comment anonymously or give your name

- You can write your comment or upload a document

Option 2

Submit by mail to:

- Office of the Secretary
SECT 2E
WMATA
PO Box 44390 Washington, DC 20026-4390
- Reference “FY25 Budget” in the subject line.