

GM/CEO's FY2025 Proposed Operating and Capital Budget

Finance and Capital Committee

December 14, 2023



Purpose

What Transit the Region Needs to Thrive and Grow

Budget Context and Constraints

FY2025 Proposed Operating Budget

FY2025–2030 Proposed Capital Improvement Program

FY2025 Budget: Summary, Timeline and Challenges

In FY2024: Ridership is Up, Crime is Down



Service Restored

Delivering all day frequent rail and bus service



More Ridership

Ridership up almost 30% in Q1 FY24



Fare Equity

Over 6,000 Metro Lift program enrollees, 250,000 trips taken

Public Safety

Crime rate down 26% since Feb.



System Investment

Yellow Line Tunnel Reconstruction on schedule and under budget



Modernization

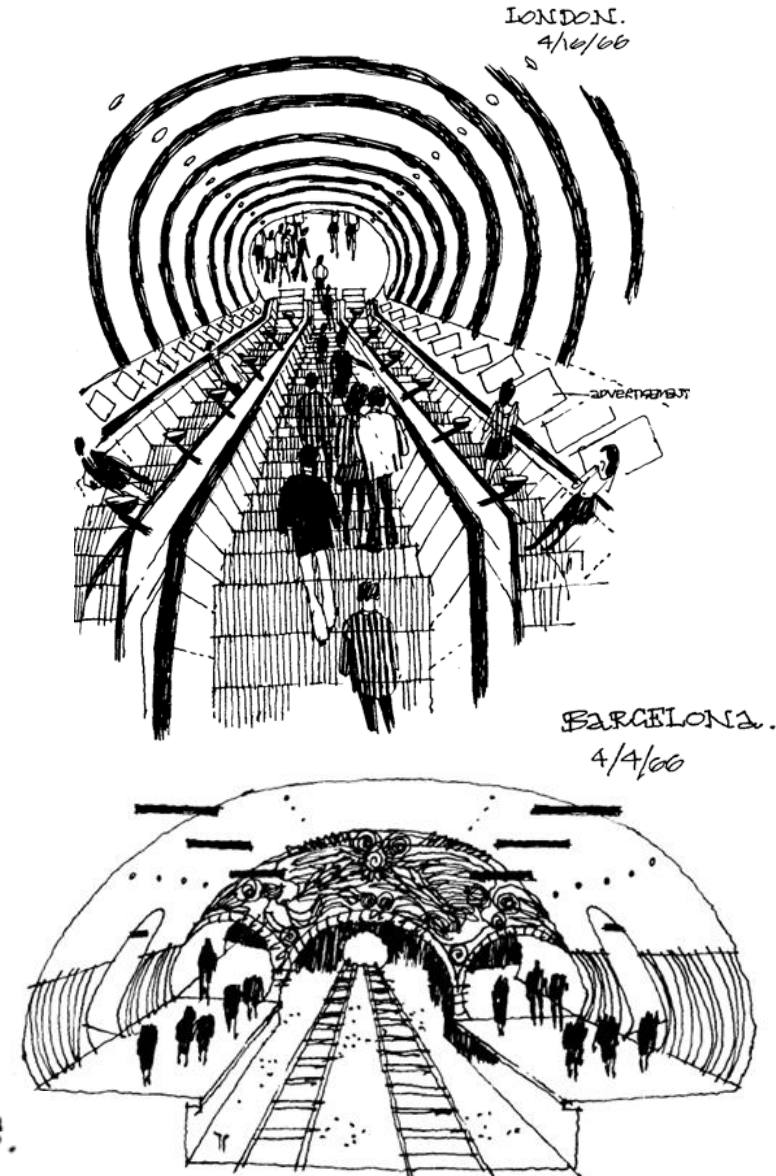
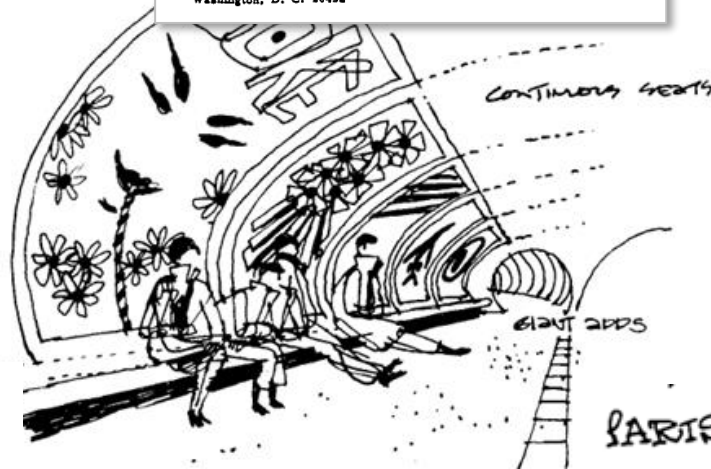
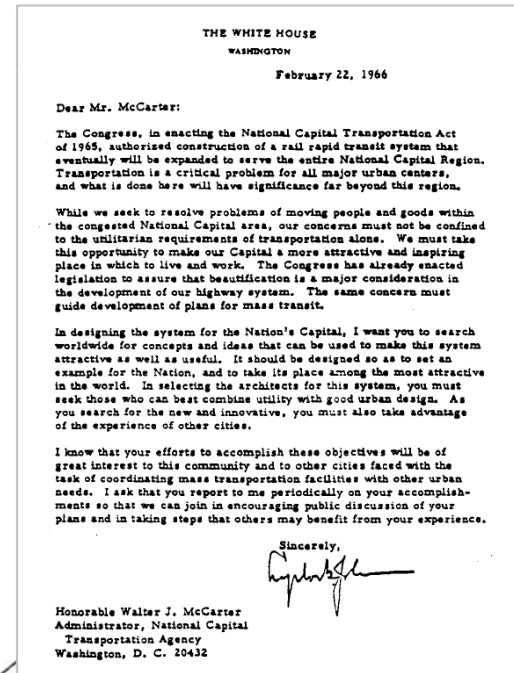
First two 60-ft electric buses enter service



Metro's Original Mandate: World-Class Transit

“I want you to search worldwide for concepts and ideas that can be used to make this system attractive as well as useful. It should be designed so as to set an example for the Nation, and to take its place among the most attractive in the world.”

— President Lyndon B. Johnson,
1966



Today's Standard of World-Class Transit

All Day Service

- Weekday and weekend, fast and frequent service
- Safe and on-time operation
- Customer-focused service with limited & predictable outages



Passeig de Colom
Barcelona

Modern Vehicles and Infrastructure

- Stations with clear wayfinding and platform screen doors
- Efficient computer-based train control
- Rapid bus networks
- Trains capable of automated operation
- Open gangways
- Zero-emission bus fleet
- High-capacity buses on busy routes



Châtelet Station – Métro Line 14
Paris



Elizabeth Line Train—Class 345
London

Integrated System

- Customers experience transit as one system
- Seamless connections between rail, bus, bike, and pedestrian networks
- Integrated fares & payment



Yishun MRT Station
Singapore

Metro's Strategic Transformation Plan is North Star to *Deliver* a Modern, World-Class Transit System

- Completed with regional engagement and collaboration
- A long-term strategy to direct day-to-day decision making, with a focus on customer satisfaction, employee training and development, and transparency.



What Transit the Region Needs to Thrive and Grow



Service Excellence

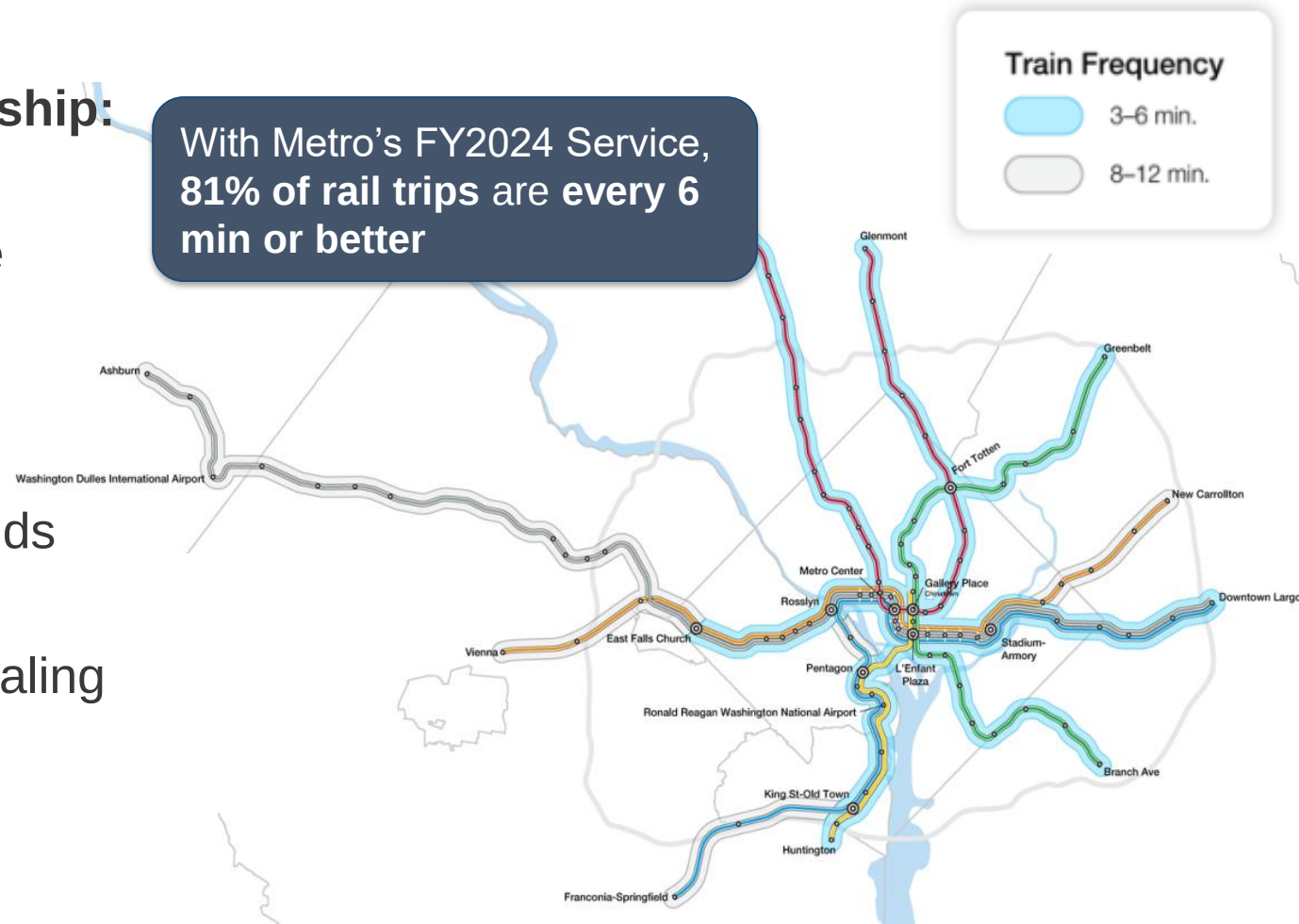
Good service is the key to generating ridership:

- Metrorail and Metrobus Frequent Service
- Equitable & Affordable MetroAccess Service

What Would Generate More Ridership and Customer Satisfaction

- Opening earlier and closing later on weekends
- Implementing the Better Bus network
- Bus lanes, 8000-series trains, next-gen signaling
- Affordable Fares, with Fare-Capping and Promotional Opportunities

With Metro's FY2024 Service, **81% of rail trips are every 6 min or better**



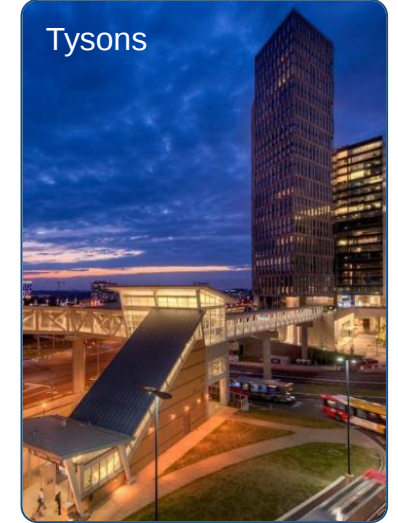
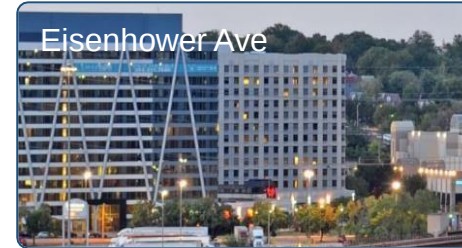
Talented Teams

- Invest in team based on performance
- Fully staff Metro Transit Police
- Recruit next generation of transit professionals
- Expand ambassador and outreach program
- Regional transit training center
- Advance regional workforce strategy



Regional Partnership

- Accelerate Joint Developments: housing and activity centers to meet regional goals
- Blue/Orange/Silver Study Implementation
- Further regional integration, regional rail, bus fleet standards and service delivery, Capital Bikeshare and regional ferry service
- Advance regional integrated payment system for transit, parking and tolls
- 24-hour bus connections to regional airports and Amtrak



Sustainability

- Implement multi-year budget and forecasts
- Do not use FTA capital grant funding for operations
- Increase renewable energy use
- Implement zero emission program
- Index capital and operating funding to inflation for future predictability
- Create a rainy-day reserve policy and account



A healthy region needs a healthy transit system

If we invest in transit:

- Attract and retain businesses, talented workers and innovators
- Reduce carbon footprint
- Grow tourism and leisure sectors

If we don't invest in transit:

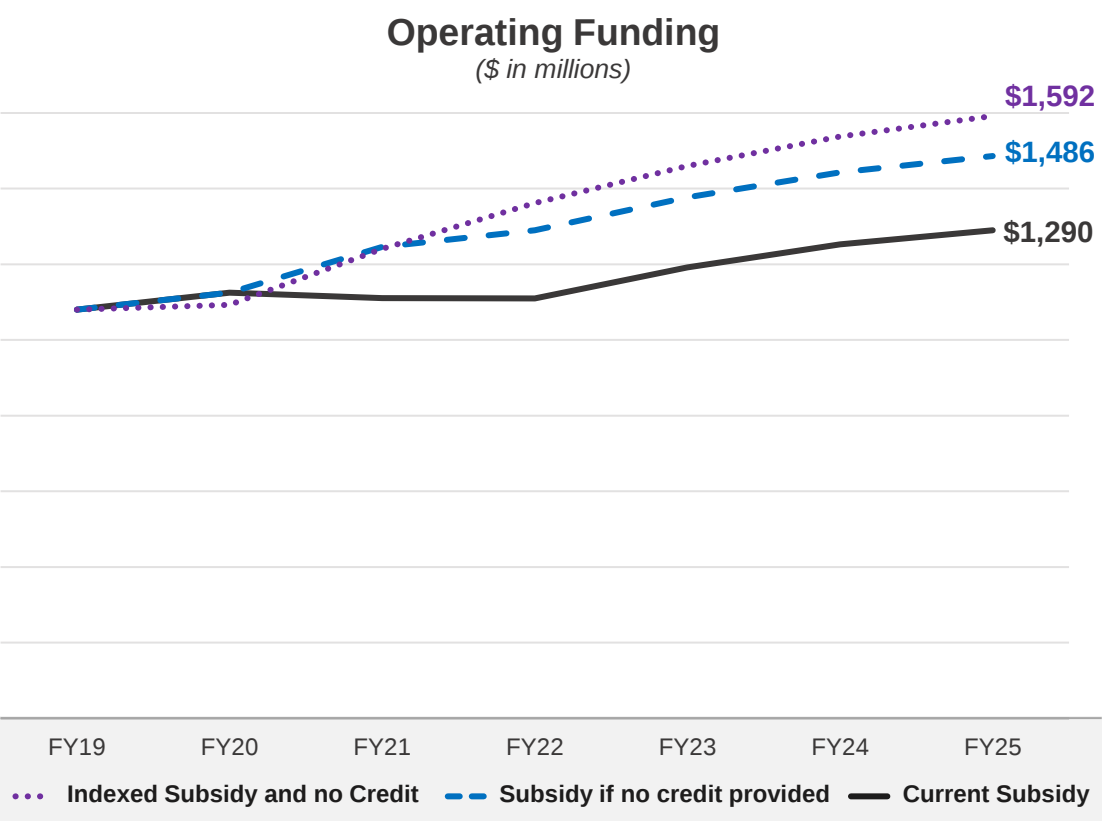
- Reduce economic development opportunities
- Traffic congestion will get even worse
- Increase in safety risks



Budget Context and Constraints

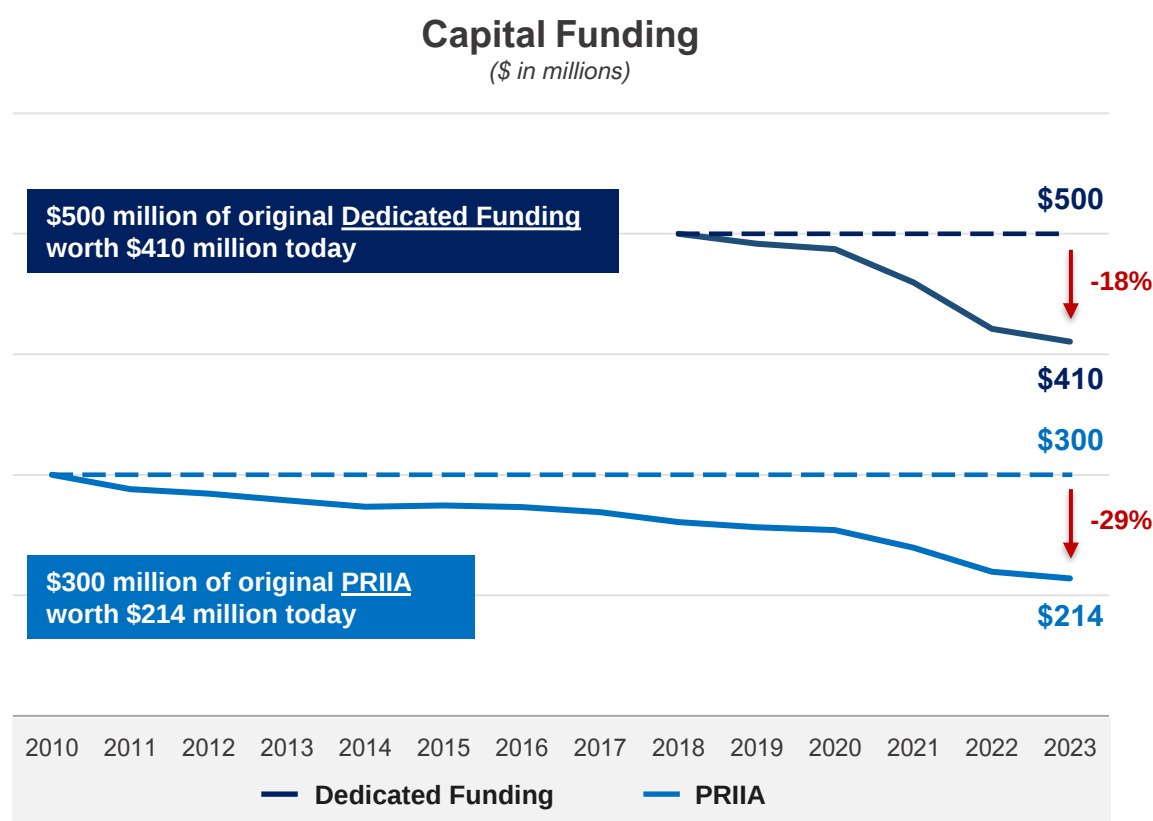


Value of Metro's Funding Has Eroded Over Time



Credit refers to support Metro provided to jurisdictions in the form of a subsidy reduction and forgone 3% increases

Indexed Subsidy based on U.S. Bureau of Labor Statistics, Consumer Price Index for Urban Wage Workers and Clerical Workers (CPI-W)



PRIIA: Passenger Rail Investment and Improvement Act funding provides federal grants for WMATA's CIP, matched by regional funding

Inflation based on U.S. Bureau of Labor Statistics, Consumer Price Index for Urban Wage Workers and Clerical Workers (CPI-W)



Operating and Capital Funding Should be Indexed for Predictability and Long-Term Sustainability

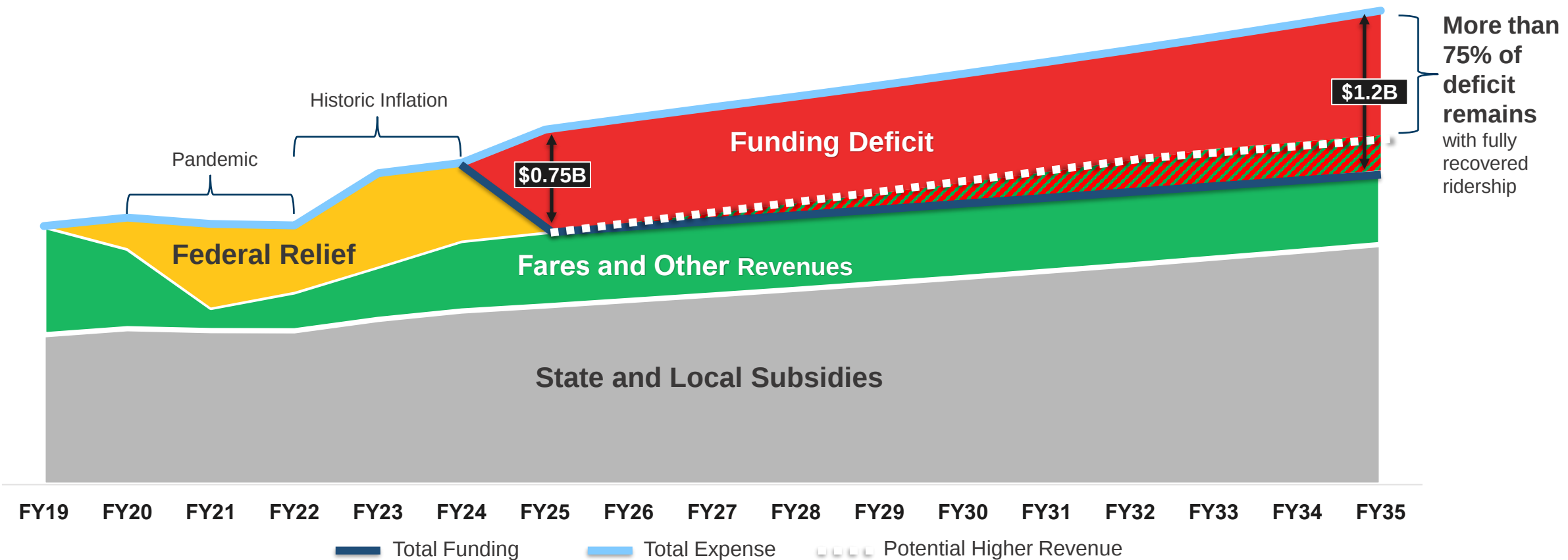
Operating

- If no Jurisdictional Credit, Jurisdictional subsidy since FY2020 had been adjusted for CPI-W:
 - Balanced Operating Budget Until FY2027 without service cuts, fare increases, or capital grant funding for operations
 - Majority of subsidy increase after FY2027 would be for post-pandemic fare revenue replacement

Capital

- If the PRIIA grant and Dedicated Funding were adjusted for CPI-W since their inception:
 - \$897M more available through FY2024
 - Less debt would need to be issued and serviced
 - More capacity to issue debt if needed
 - An annual capital need of ~\$2.5B could be funded through FY2036

Metro's Operating Structural Deficit



*Projection as of June 2023



FY2025 \$750M Deficit Drivers in Detail

Jurisdiction Subsidy Credit

\$196M

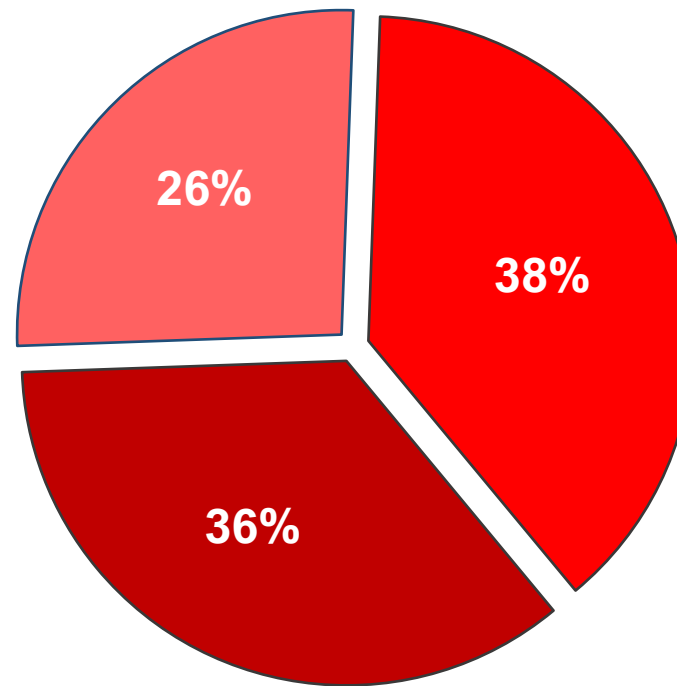
At the onset of the pandemic, Metro provided support to jurisdictions in the form of a subsidy reduction and forgone 3% increases.

Inflation & Collective Bargaining Agreements

\$266M

Metro's contractual commitments and inflation soared by 10% in one year during the pandemic and FY2025 original outlook assumed continued inflation of approximately 5%.

FY2025 Operating Gap



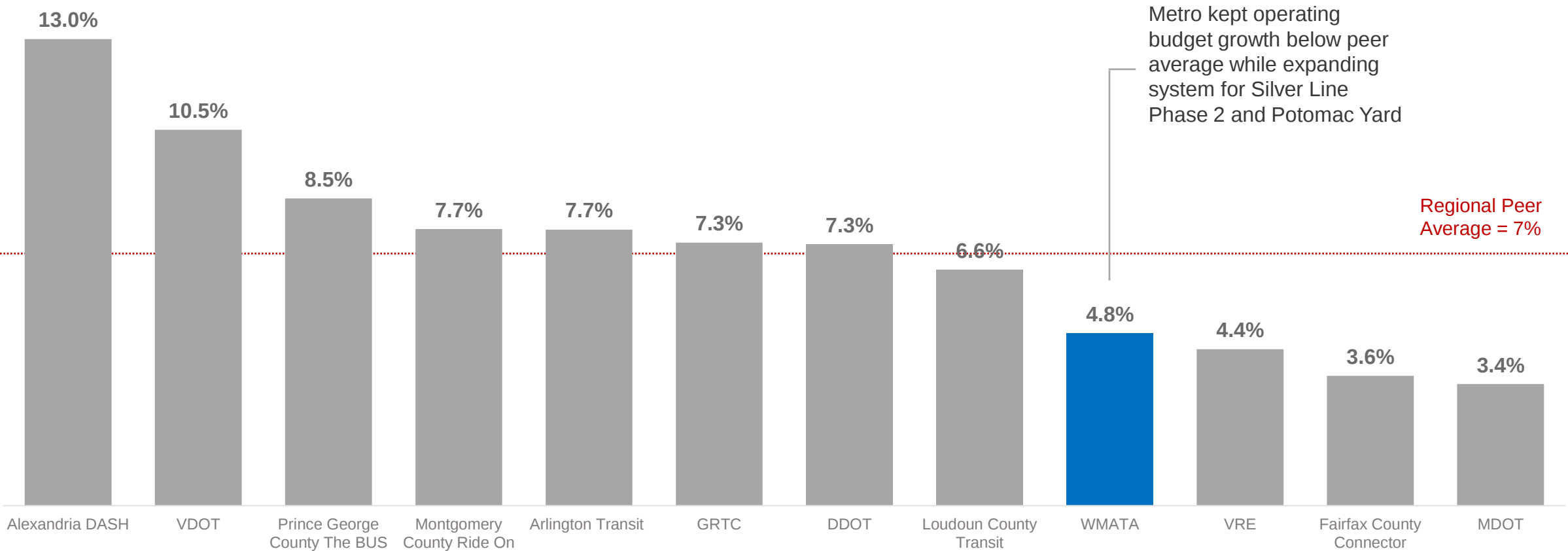
Decreased Revenue Since Pandemic

\$288M

Overall ridership forecast to be approximately 25% below pre-pandemic levels along with greater prevalence of shorter distance trips outside of weekdays. Parking and advertising revenues also impacted.

*Projection as of June 2023

Regional Transportation Agency Operating Budget Average Annual Growth Trend (2019-2024)



Source: Published budget books

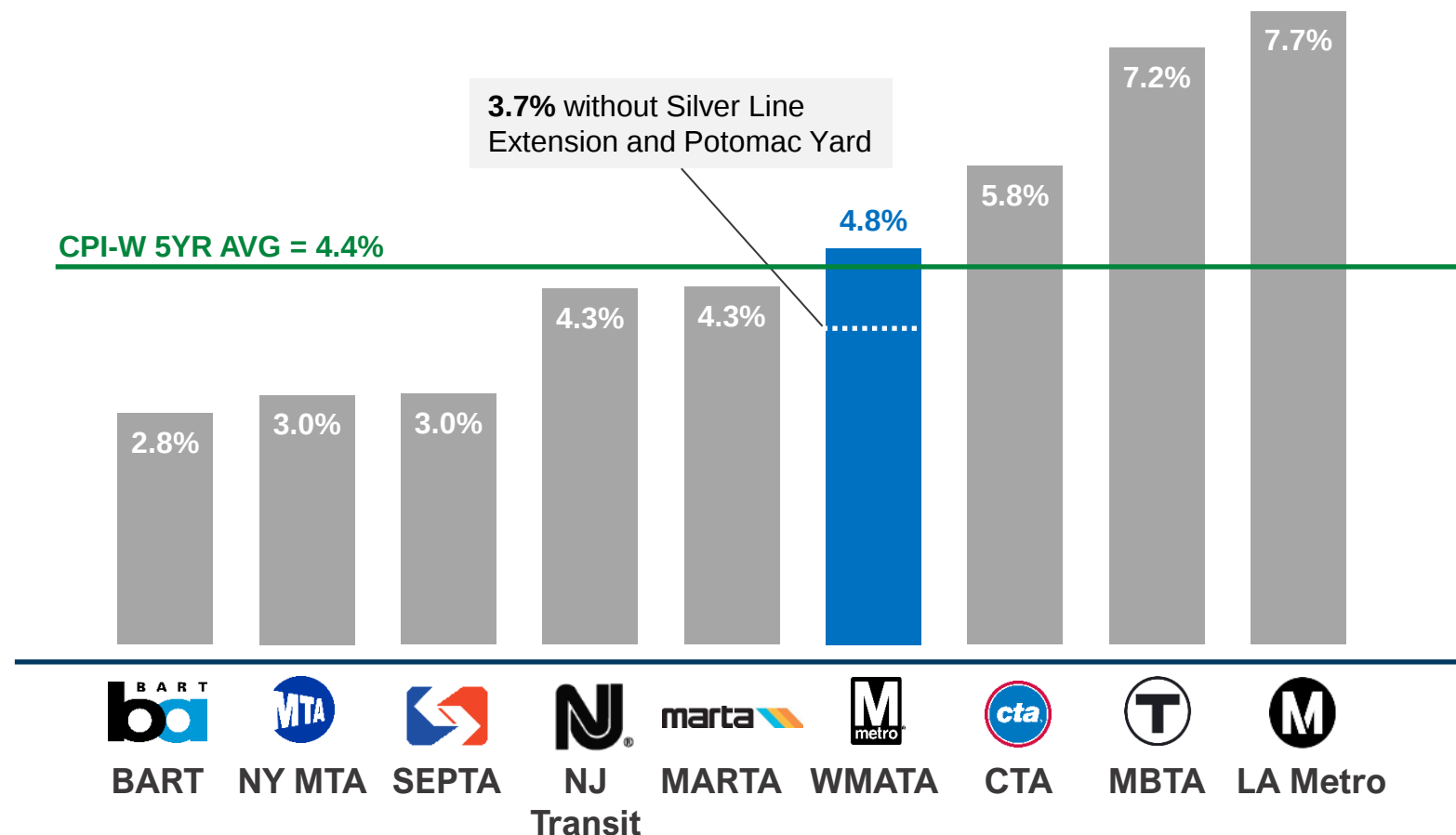


Metro's Average Annual Operating Growth Compared to Other Major Transit Systems (2019 to 2024)

During the past 5 years, Metro's budgeted annual operating expense has an average annual growth of 4.8% compared to CPI-W 4.4% even with new labor contract and major initiatives:

- Opening of Silver Line Extension in FY2023
- Opening of Potomac Yard station in FY2023
- New CBA Contract in FY2021-2024

Source: Published budget books

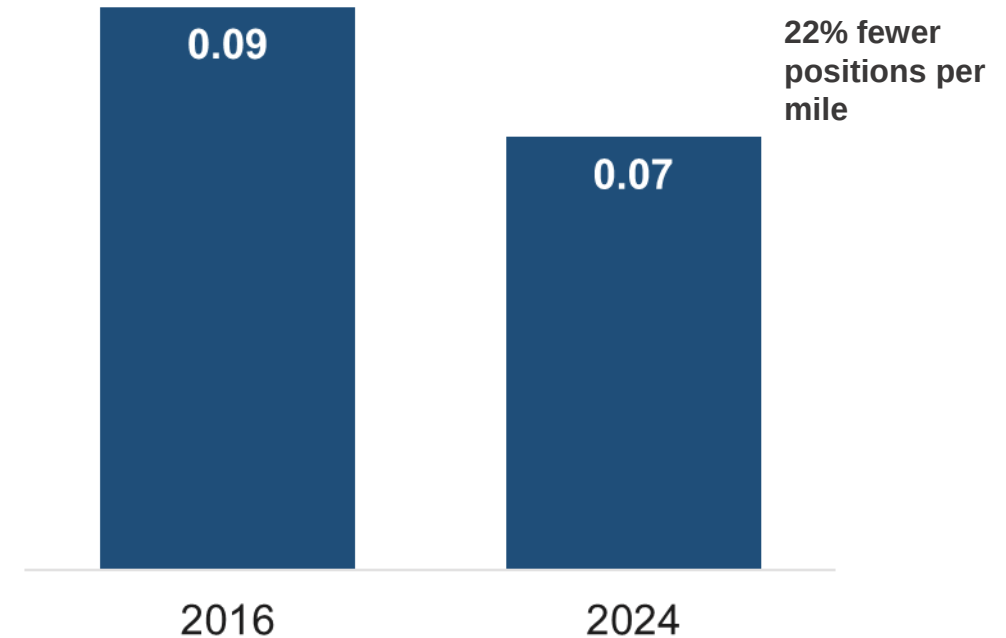


Metro Is Delivering More Service with Fewer Positions

In FY2024, Metro has **459** or **4 percent fewer authorized operating positions** compared to FY2016 (high-water mark) while providing more service:

- Silver Line Extension
- Potomac Yard Station
- All day frequent service

Authorized Positions Per Revenue Mile of Service



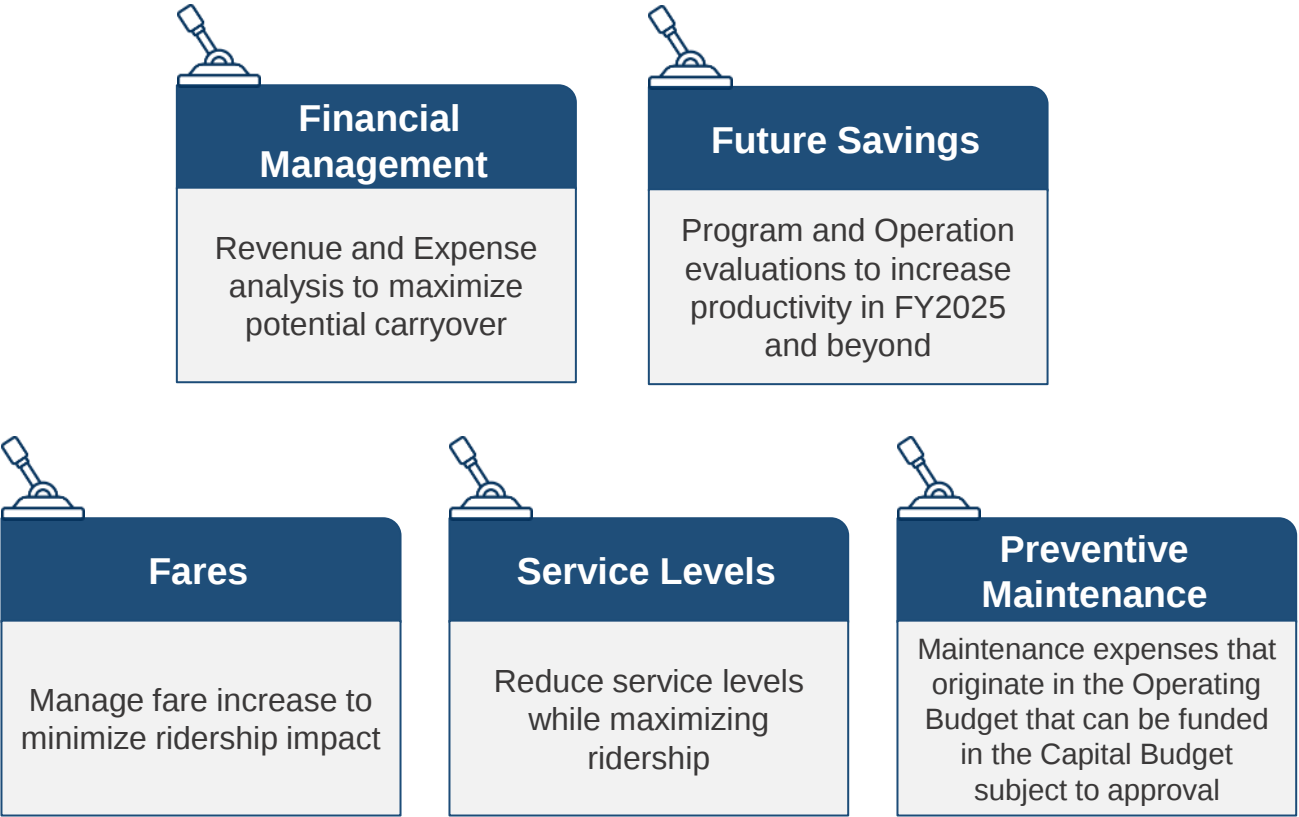
Authorized Operating FTEs totaled 11,674 in FY16 vs 11,215 in FY24

FY2025 Proposed Operating Budget

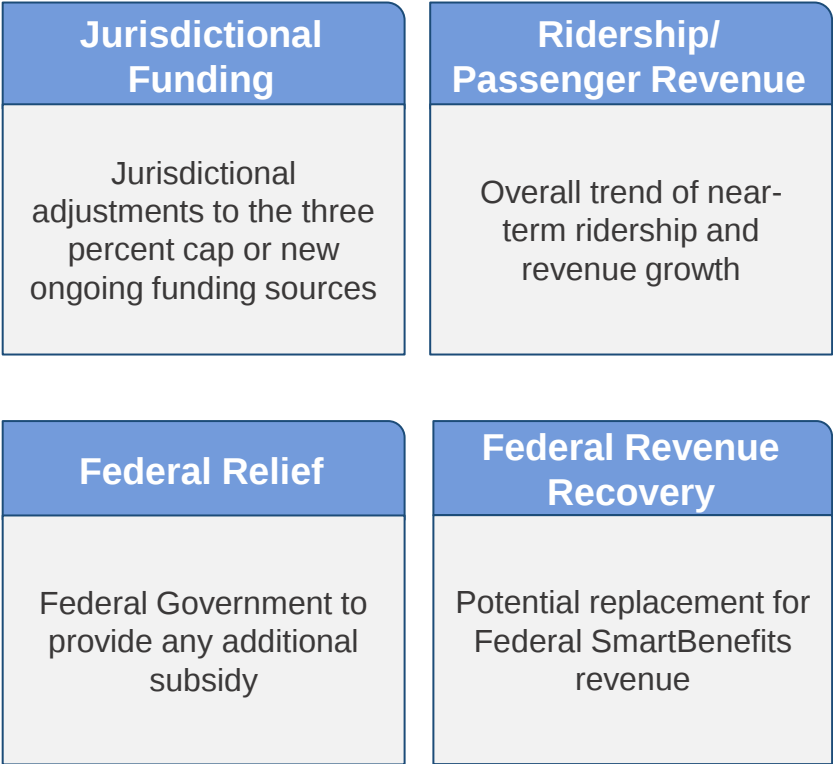


FY2025: Operating Budget Levers

Metro's Levers



External Factors

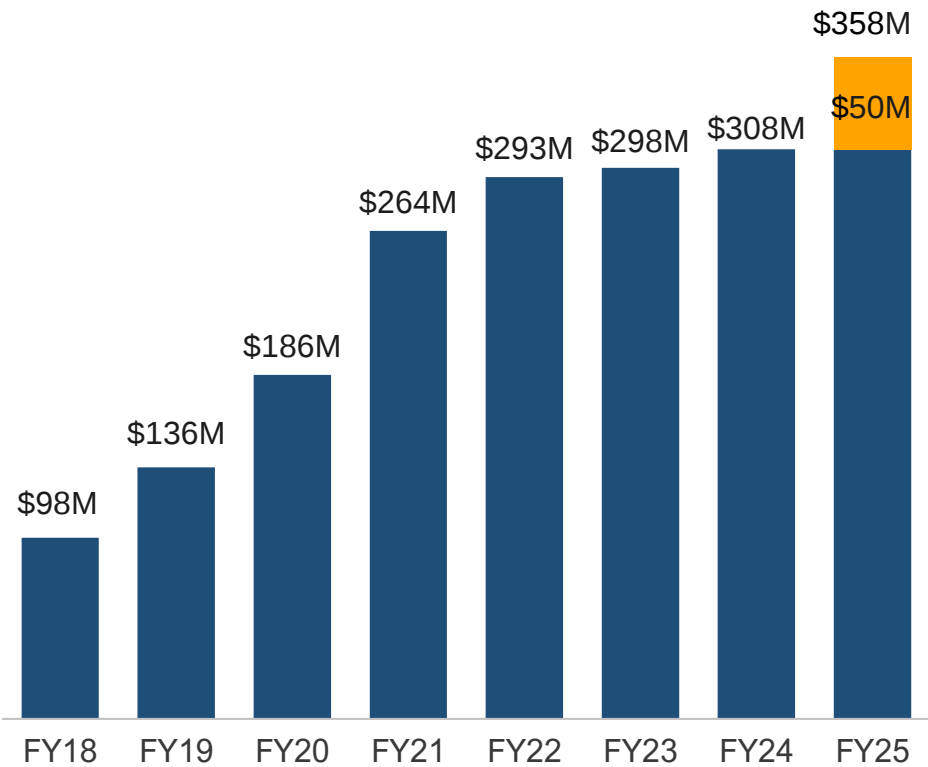


Aggressive Management Actions Focused on Savings

Major Initiatives Savings (\$ in millions)	Annual Savings (as of FY24)
Eliminate positions through efficiencies and planned reductions	\$112
Non-revenue fleet reduction, enhanced contractor management, call center consolidation	\$106
Recovery plan, hiring/vacancy freeze, defer material and supply purchases	\$73
Maximize real estate assets and grow non-fare revenue	\$15
Healthcare cost-savings	\$3
Total Savings	\$308

Note: Amounts may not sum due to independent rounding

Impact of Annual Management Actions



One-time Cost Savings Available to Contribute to FY2025 Deficit Reduction

Metro has \$95M more available in one-time savings than originally forecasted when the FY2024 budget was approved



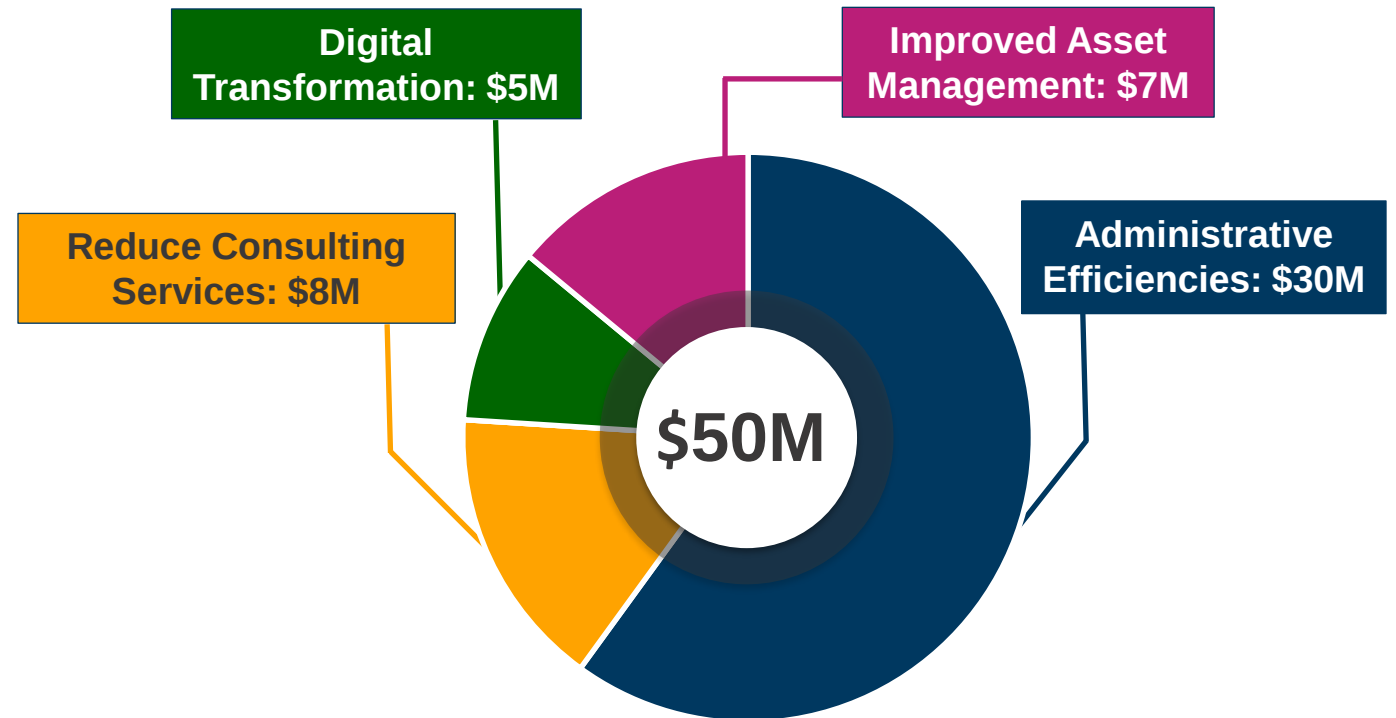
- Improved contract service management
- Office consolidation efficiencies (e.g., early termination of leases)
- Vacancy and personnel expense management

Cost Efficiency Taskforce Savings of \$50M

Internal taskforce activated to realize additional cost savings across the Authority for FY2025

Builds on savings to date

Budget cuts that do not have safety-sensitive or direct service implications



Proposed Budget Includes Salary and Wage Freeze Creating Additional Personnel Savings of \$38M



Non-Representatives

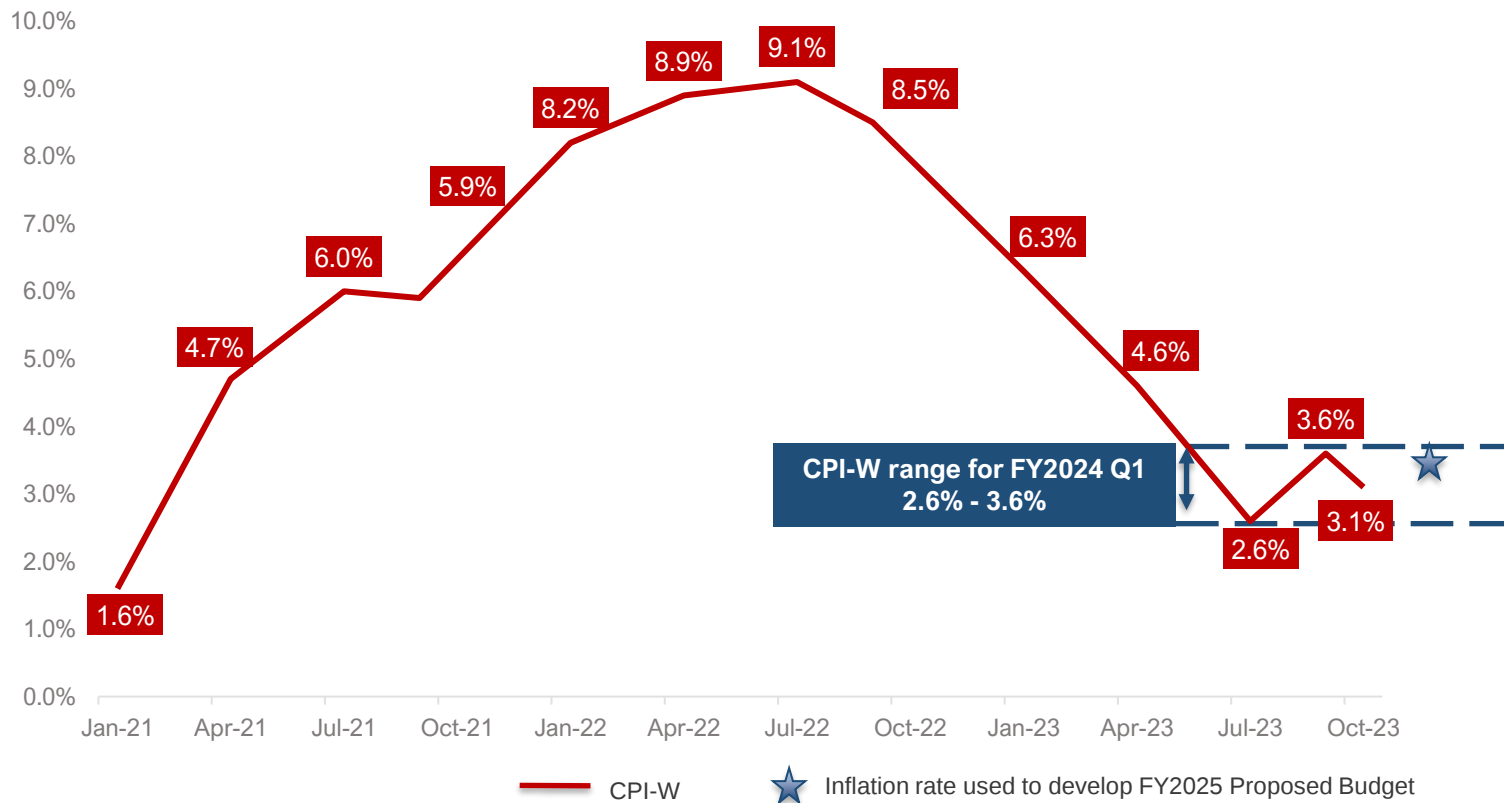
- 0% increase for all non-represented employees



Collective Bargaining Agreements (CBAs)

- 0% increase for L689 and L922 (pending collective bargaining)
- CBAs for Local 689 and Local 922 expire on June 30, 2024 and October 31, 2024 respectively

Proposed Budget Assumes 3.5% Inflation Based on CPI-W Trend



Past Events and Potential Variables

2021



- COVID-19 Pandemic Shutdown
- Supply Chain impacts

2022



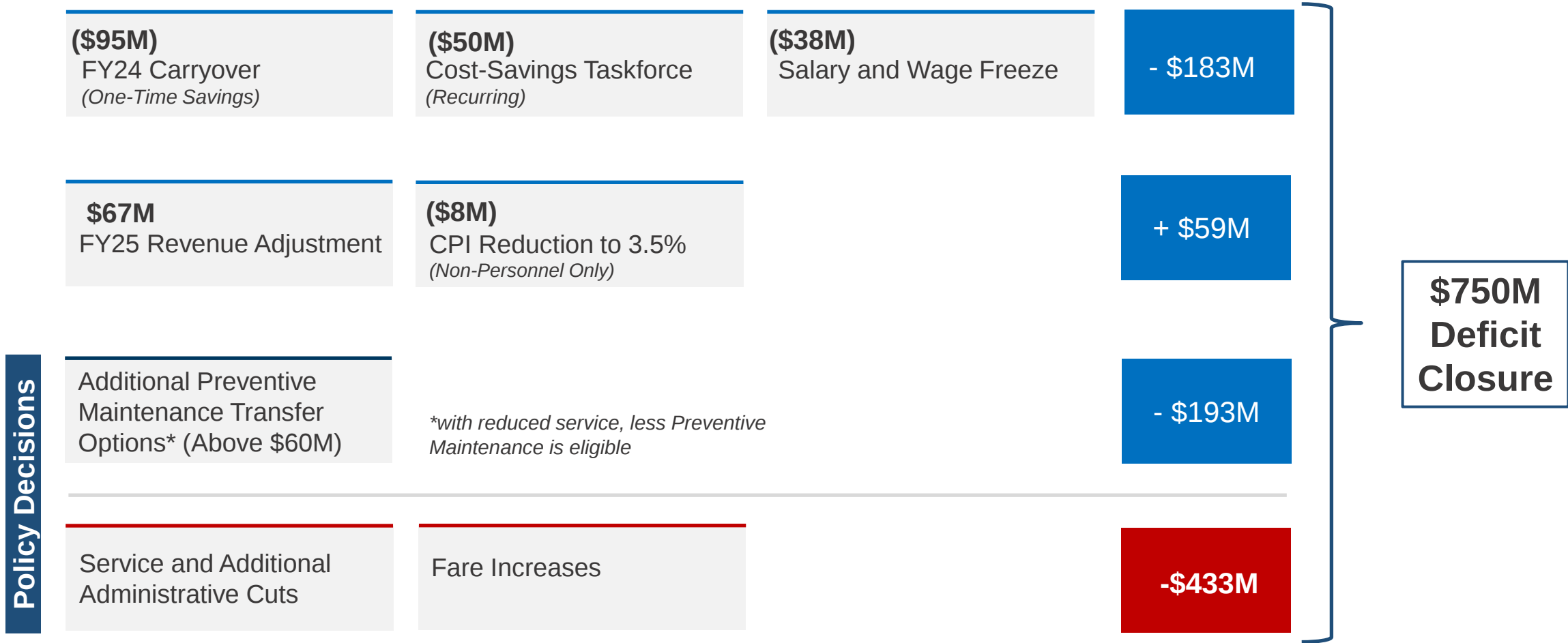
- Delta Variant
- Supply Chain Impacts
- CPI-W High at 9.1%

2023/2024



- Potential Federal Government Shutdown
- Global Instability
- Job report strength

Savings, Cuts and Forecasts Reduce \$750M Deficit to \$433M



Major Service Cut and Fare Increase Proposal

Major service cuts and a fare increase reduce usefulness of 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

Rail Service Cuts Approach

Proposal: Reduce Metrorail's costs by decreasing service hours and levels:

- Close the system at 10pm
- Close 10 stations
- Turnbacks on the Red and Silver Lines
- Frequency reductions on all lines

Metrorail's **cost structure requires major service reductions to achieve significant savings** and changes targeting fixed costs, including reducing hours of station operations and shrinking fleet size.

Lower
Customer
Impacts



Higher
Customer
Impacts

Service Efficiencies

- Shorter trains
- Narrow peak periods
- Shared staffing at entrances

Adjust Service Patterns

- Turnbacks
- Targeted frequency reductions

Major Service Reductions

- Reduce hours of operation
- Close stations
- Severe frequency reductions

Focus of
FY2025
Proposed
Budget

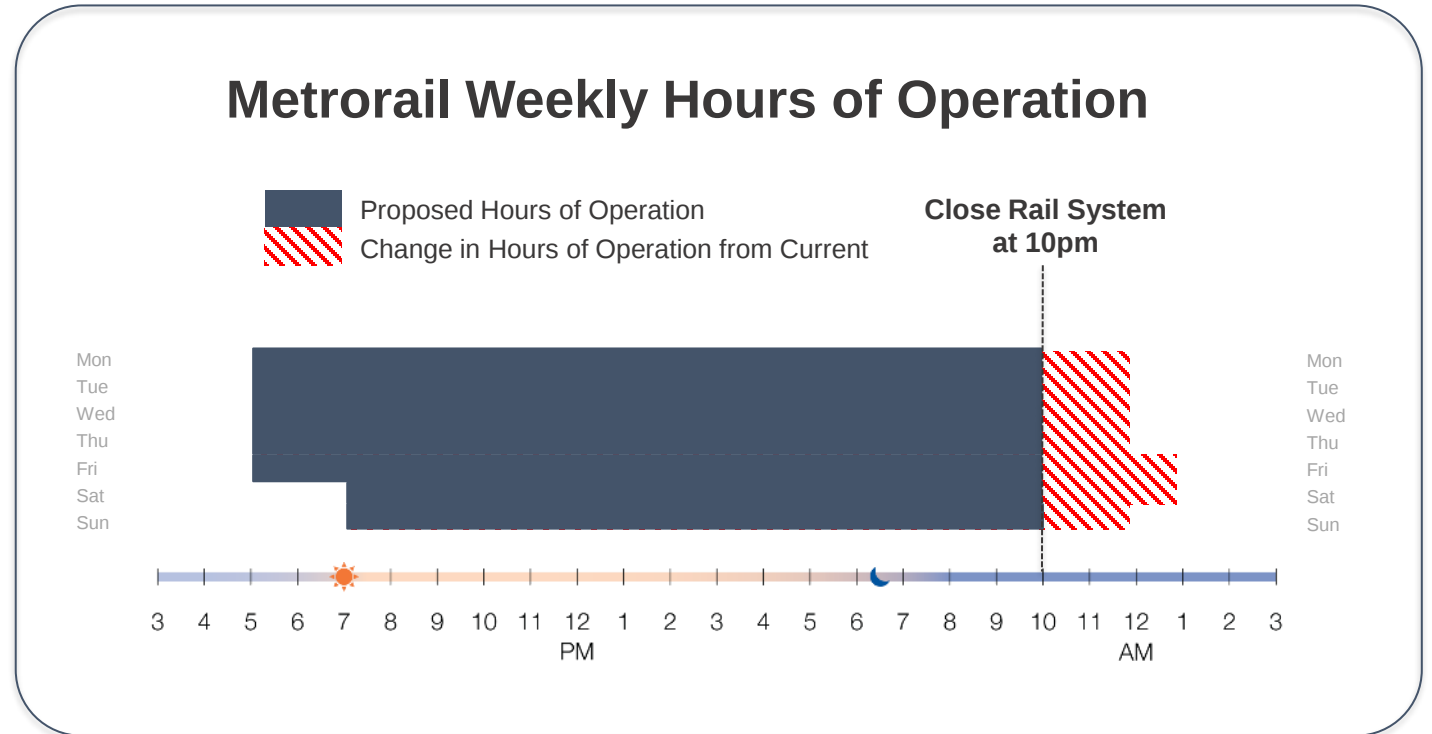
Close the Rail System at 10pm

Proposal: Close the rail system at 10pm daily.

- Decreases weekly service hours from 131 to 115 hours per week (-12%)

Key Considerations:

- Limited ability to serve events
- Completely eliminates late night service for customers, including late night workforce
- Damages late night economy
- Increases roadway safety incidents



6.0m trips negatively impacted

Station Closures

Close 10 lower ridership stations

Proposal: Close 10 stations to reduce operation and maintenance costs

- Completely eliminates access for customers
- Risk to active or potential transit-oriented development projects

Lowest ridership stations candidates for closure without closing two consecutive stations on the same line. Evaluation to consider station-level ridership through fall and winter.



5 to 6 million trips negatively impacted

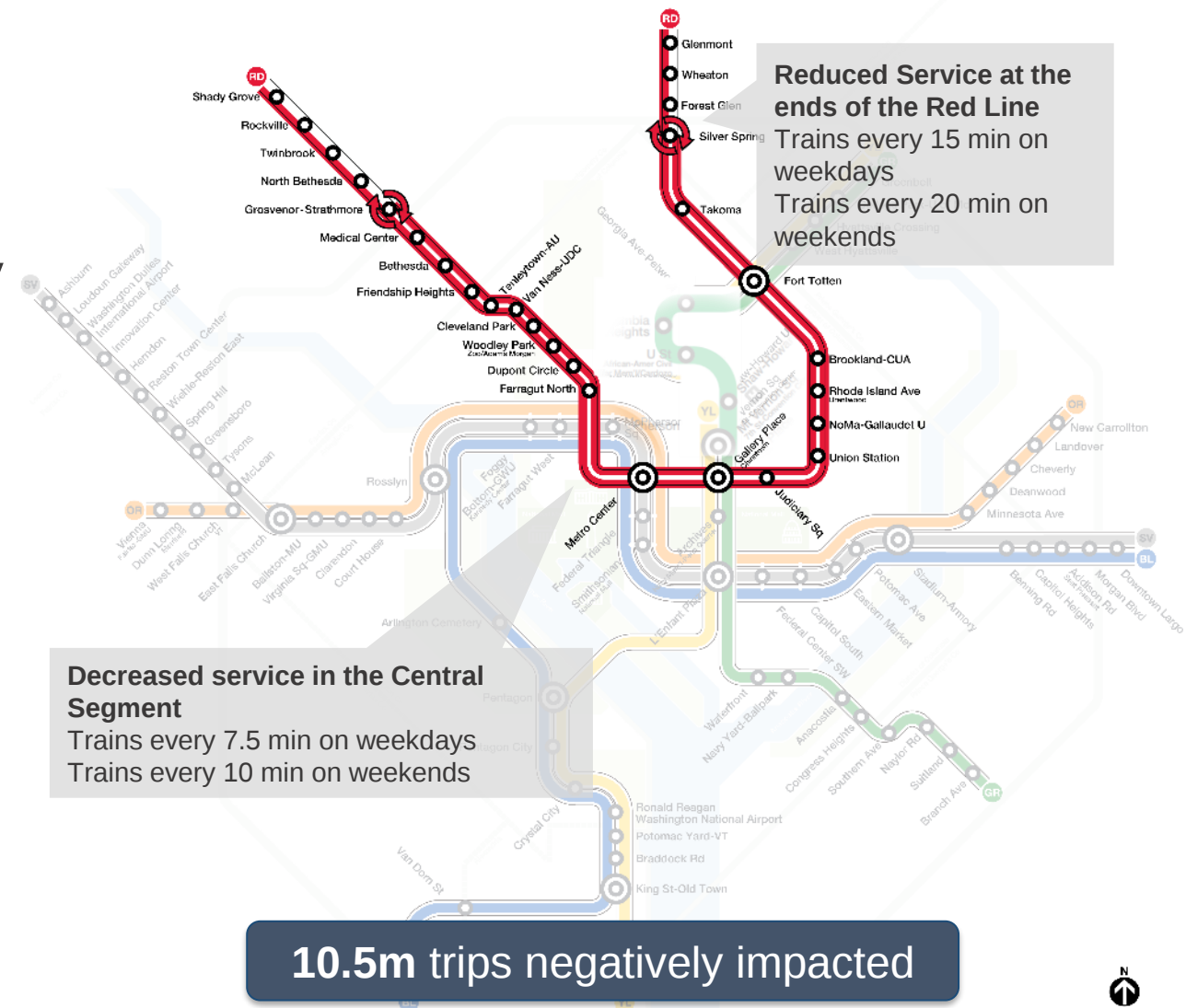
Turn back half of Red Line Trains at Grosvenor and Silver Spring

Proposal: Red Line operates in two patterns:

- Shady Grove to Glenmont: trains every 15 minutes on weekdays, 20 minutes on weekends
- Grosvenor to Silver Spring: trains every 15 minutes on weekdays, 20 minutes on weekends

Key Considerations:

- Decreased service along entire line
- Larger impact at ends of the line

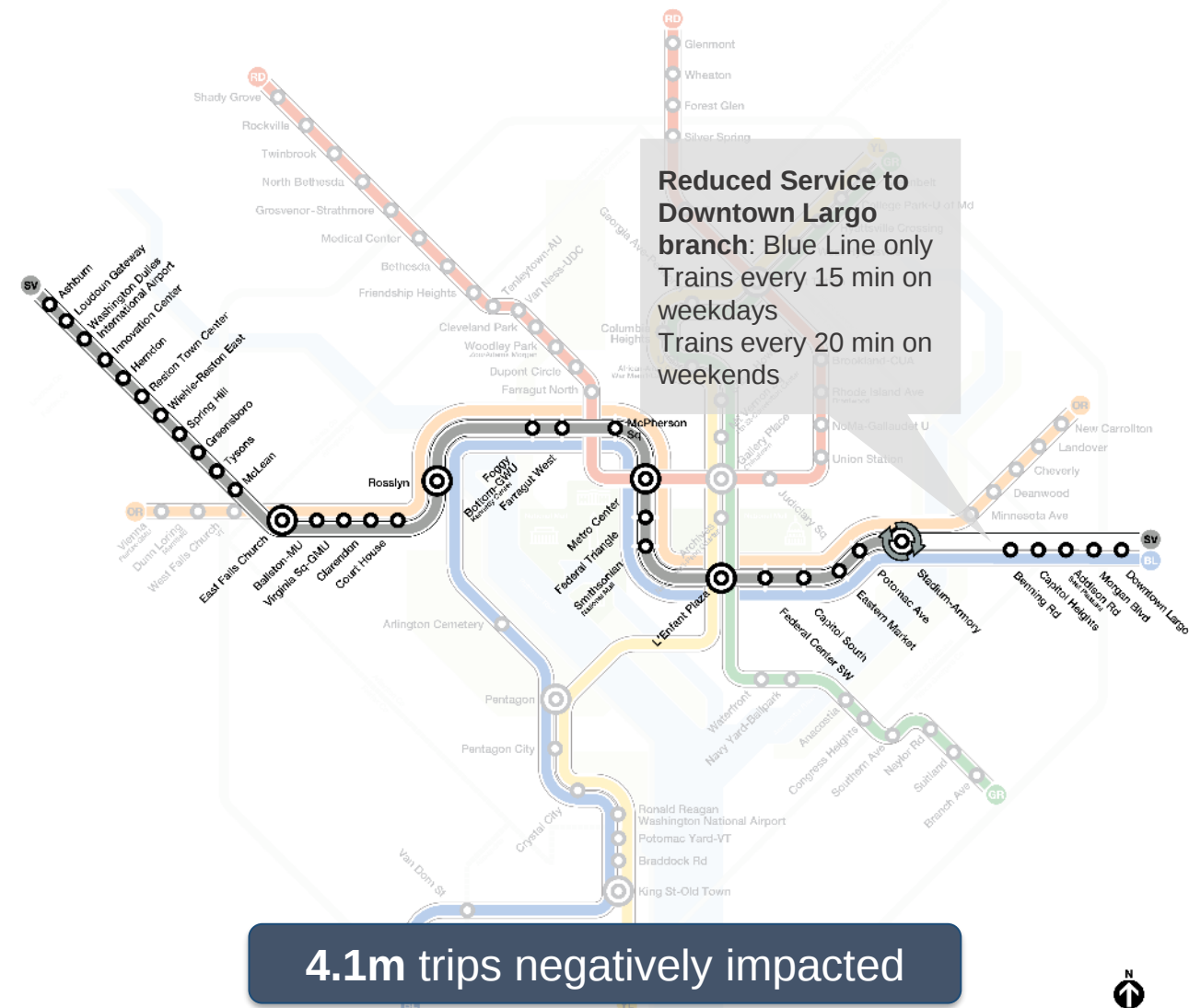


Turn back all Silver Line Trains at Stadium-Armory

Proposal: Adjust Silver Line service to terminate all trains at Stadium-Armory

Key Considerations:

- Reduces service between Benning Rd and Downtown Largo: Stations would only be served by Blue Line trains
- Reduces total run time of the Silver Line by ~16 minutes
- 6-car trains on the Silver Line enable reliable turnback operations



Decrease Service on All Lines

Proposal: Reduce service on all lines

- **Weekday Service:**
Trains every 15 min
- **Weekend Service:**
Trains every 20 min

Note: Combined headways on segments served by more than one line will be more frequent. A detailed table is in the appendix.

Headway Minutes between trains					
Line	Service Pattern	Weekday	% Change	Weekend	% Change
RD	Shady Grove to Glenmont	15	-50% to -67%*	20	-70%
RD	Grosvenor to Silver Spring ¹	7.5	-17% to -33%*	10	-50%
GR	Greenbelt to Branch Ave	15	-60%	20	-70%
YL	Huntington to Mt Vernon Sq	15	-60%	20	-70%
BL	Franconia-Springfield to Downtown Largo	15	-17% to -33%*	20	-40%
OR	Vienna to New Carrollton	15	-25% to -50%*	20	-50%
SV	Ashburn to Stadium-Armory	15	-17% to -33%*	20	-40%

% Of Trips w/ 6 min or better service	
FY2024 Approved Budget	81%
FY2025 Proposed Budget	10%

*Compared to FY2024 Peak Service

1) Headways between Grosvenor and Silver Spring are combined: both Red Line patterns will operate every 15 min on weekdays and 20 min on weekends

All 121.5m Metrorail customer trips negatively impacted

Bus Service Cuts Approach

Proposal: Cut 33% of service in each of DC, MD, and VA

- Reducing frequency, hours of operation & weekend service
- Truncate routes with rail transfers
- Eliminate routes entirely

Higher
Productivity
Routes



Lower
Productivity
Routes

Most Productive Routes

- Maintain service
- Truncate service where rail transfers are possible

Below Average Routes

- Reduce frequency
- Reduce span

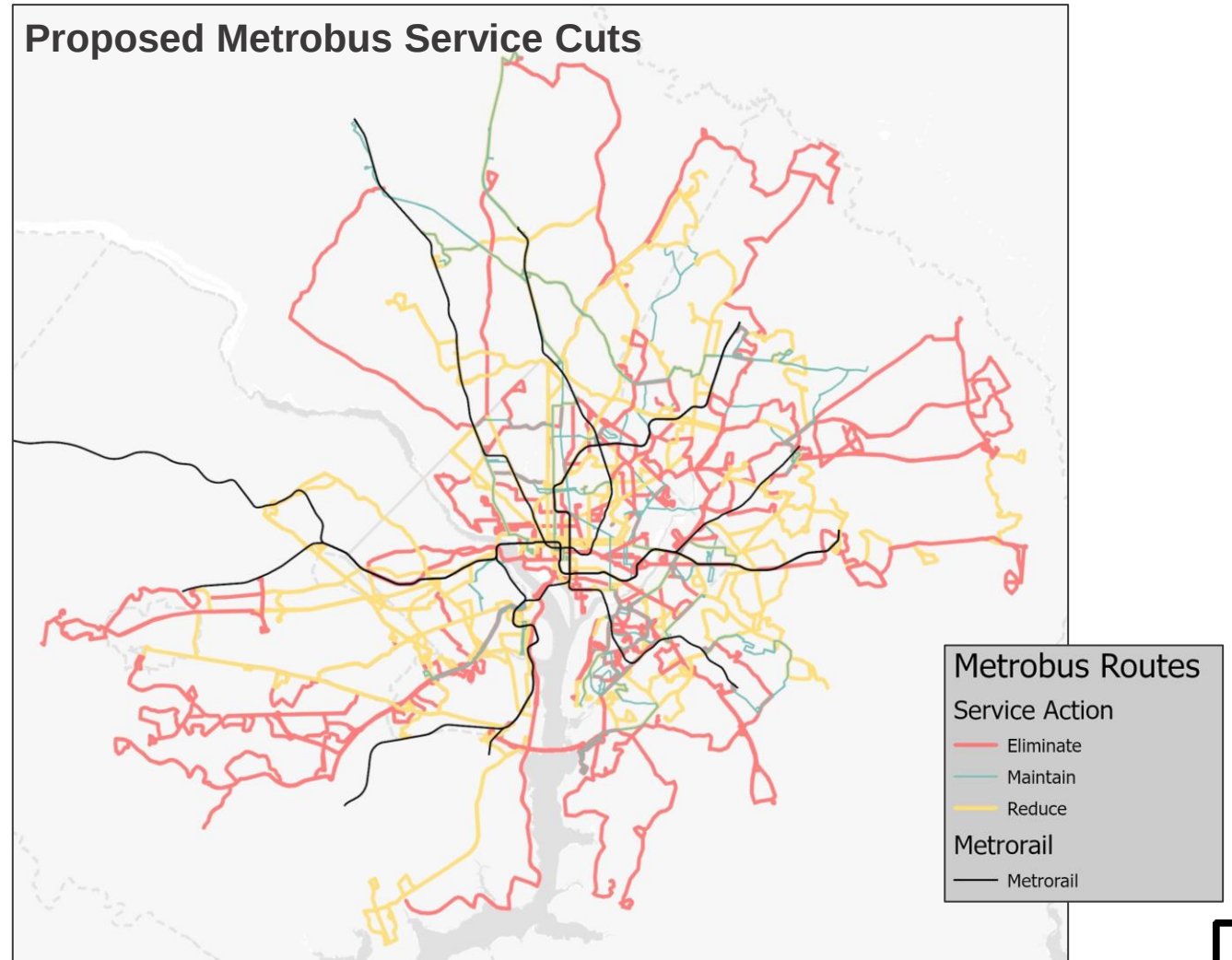
Least Productive Routes

- Eliminate service

Severe Bus Service Cuts

Proposal: Reduce Metrobus operating costs, focusing on least productive routes

- Decrease Metrobus service by 33%
- Eliminate service on 67 of 135 Metrobus lines
- Reduce service on 41 of 135 Metrobus lines
 - Reductions range between -2% and -75%



MetroAccess Limited to Required Service Area

- Federal law requires paratransit service be provided to areas within $\frac{3}{4}$ of a mile of fixed route bus service and rail stations throughout the same hours as those services
- Approximately 20% of current MetroAccess trips are either:
 1. Beyond the current legally required service area* or
 2. Are trips that would be outside the service area if major rail and bus service cuts are implemented

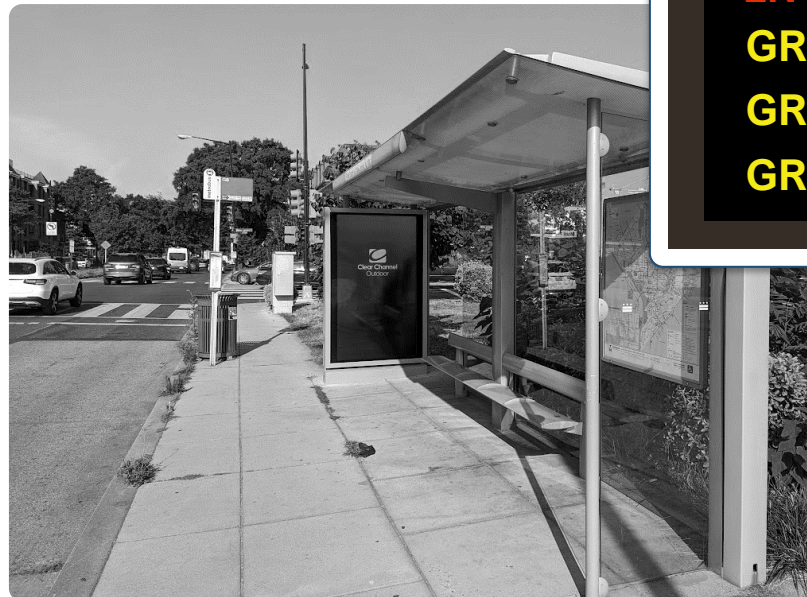


320k trips (9k customers)
negatively impacted

*70 percent of which are taken by customers who traveled outside the defined ADA service area and hours between July 1, 2009 and June 30, 2010 (Board Resolution 2010-31)

Customer Impacts of Severe Service Cuts

- **Customers taking 22.7 million trips lose access entirely**
 - Bus routes eliminated
 - Rail stations closed, reduced hours of operation
- **Remaining customers have reduced service**
 - Longer waits, difficult transfers, and more crowded trains and buses
 - Major decrease in jobs accessible by transit, resulting in a less connected region
- **Transit less useful for the region**
 - Limited ability to support nightlife and regional events



Navy Yard-Ballpark
Weekend Service

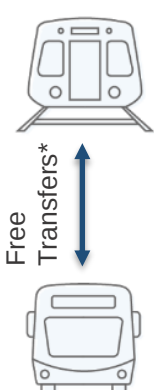
GR

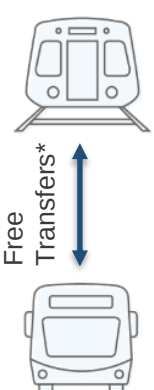
FY2025 Proposed Budget:
20 minutes

LN	CAR	DEST	MIN
GR	8	Greenbelt	19
GR	8	Greenbelt	39
GR	8	Greenbelt	59

FY2025 Fare Increase Proposal

Increase fares by 20%

	Current	Fare	Reduced Fare ¹
	Rail Regular	\$2.00 to \$6.00 After first 3 miles, \$0.40 per mile	\$1.00 to \$3.00
	Rail Late Night² and Weekend	\$2.00	\$1.00
	Regular Bus	\$2.00	\$1.00
	Express Bus Fare	\$4.25 (\$2.10 Reduced)	
	MetroAccess Fare	\$4.00 per trip (twice the base fare) ³	
	Parking Rates	\$3.00 to \$5.20 ⁴	

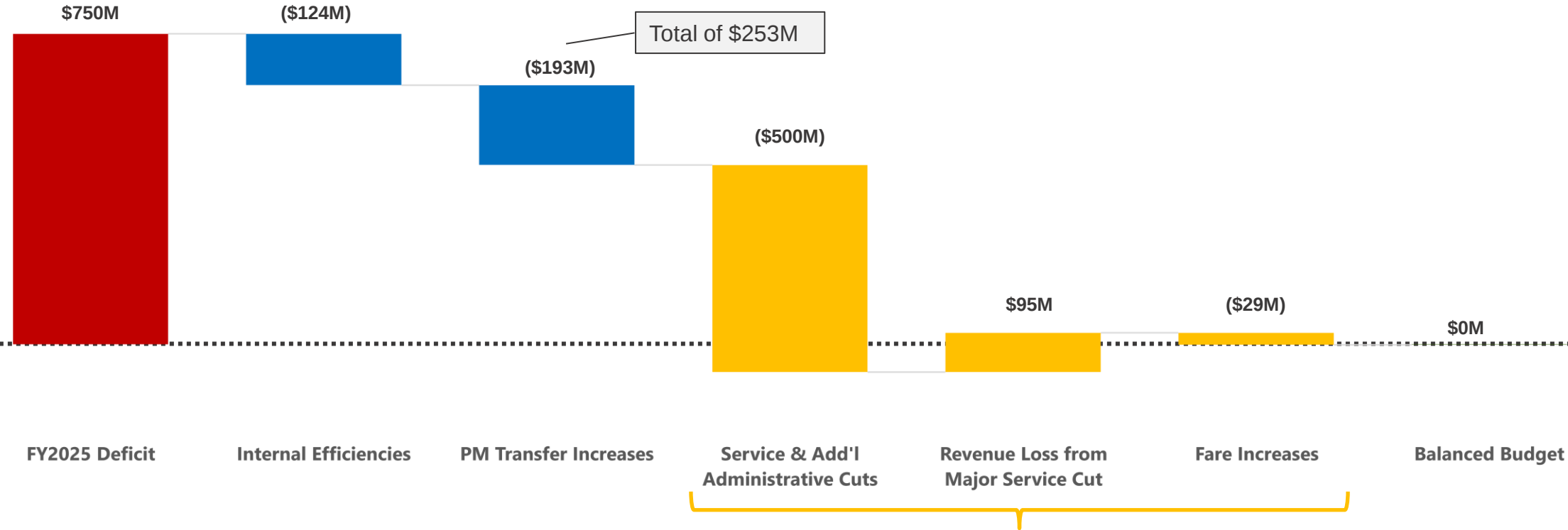
	Proposed	Fare	Reduced Fare ¹
	Rail Regular	\$2.40 to \$7.20 After first 3 miles, \$0.48 per mile	\$1.20 to \$3.60
	Rail Late Night² and Weekend	\$2.40	\$1.20
	Regular Bus	\$2.40	\$1.20
	Express Bus Fare	\$5.10 (\$2.55 Reduced)	
	MetroAccess Fare	\$4.80 per trip (twice the base fare) ³	
	Parking Rates	\$3.40 to \$5.95 ⁴	

Ridership Impact	Revenue Impact ⁵
millions	\$, millions
(11.7)	\$ 28.6

* Transfer credit is equivalent to the base rail/regular bus fare
¹ 50% discount for senior, disabled, and low-income customers
² Late Night fares apply after 9:30pm
³ MetroAccess trips comparable to regional operator routes may result in lower fares. Some exemptions apply to certain trips.
⁴ Rates include jurisdictional surcharges which are not proposed to change. Non-rider rates are proposed to be set at \$10 for each station.
⁵ Includes non-passenger revenue impacts



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



Impacts of Severe Cuts Go Beyond Service and Fares

Metro's workforce capabilities would be greatly degraded



Safety & Security

- Reduced MTPD presence; longer response times
- Weakened cyber security and other risks



Convenience

- Dirtier stations, trains and buses
- Reduced capacity to deliver real time trip information



Reliability

- Escalator/Elevator Availability
- Power/track signal interruptions
- Bus, Rail, Access vehicle performance



Compliance

- Enhanced risk to compliance and audit standards

FY2025 Proposed Budget - A Balanced, But Significantly Reduced Budget

(\$ in millions)	FY2024 Budget	FY2025 Proposed	Variance (\$)	Variance (%)
Passenger Revenue	\$403.5	\$310.7	(\$92.8)	(23.0%)
Non-Passenger Revenue	\$103.2	\$90.6	(\$12.6)	(12.2%)
Total Revenue	\$506.7	\$401.4	(\$105.4)	(20.8%)
Personnel	\$1,568.4	\$1,197.5	(\$370.9)	(23.6%)
Non-Personnel	\$751.6	\$588.7	(\$162.9)	(21.7%)
Total Expenses	\$2,320.0	\$1,786.2	(\$533.8)	(23.0%)
Gross Subsidy	\$1,813.3	\$1,384.9	(\$428.4)	(23.6%)
Federal Relief	\$561.0	\$95.0	(\$466.0)	(83.1%)
Net Subsidy ***	\$1,252.3	\$1,289.8	\$37.5	3.0%

* All figures exclude reimbursables

** Subsidy refers to operating expense less operating revenues and Federal relief and does not reflect/equal actual jurisdictional subsidy payments

Note: Amounts may not sum due to independent rounding

Passenger Revenue

Passenger Revenue lower than FY2024 Budget due to severe service cuts reducing ridership

Non-Passenger Revenue

Parking & Advertising lower than FY2024 Budget due to lower ridership driving lower parking utilization

Personnel Expenses

Driven by increased preventive maintenance and service cuts resulting in reduced labor force

Non-Personnel Expenses

Lower services, fuel and supplies due to reduced service levels

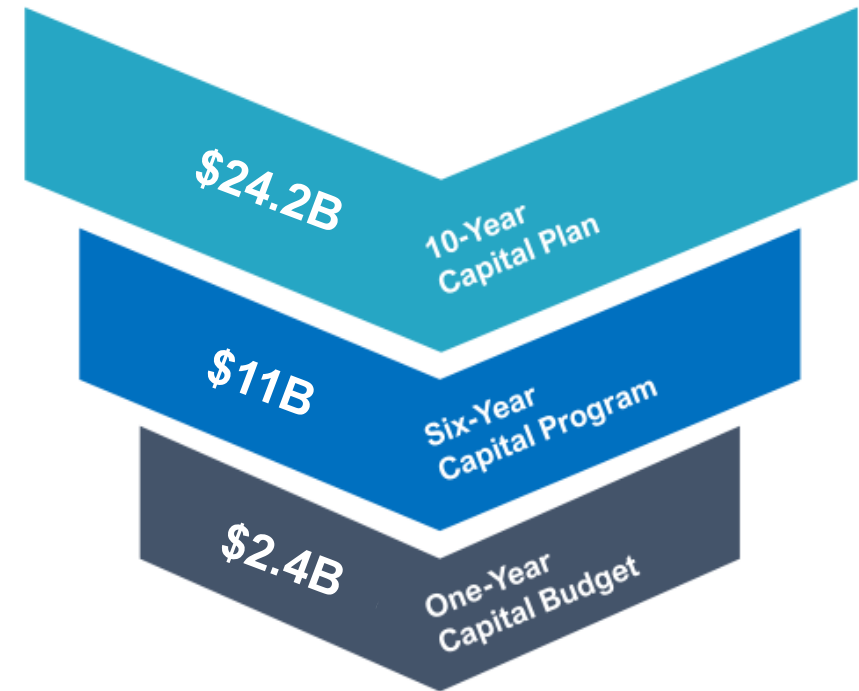
FY2025–2030 Proposed Capital Improvement Program



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

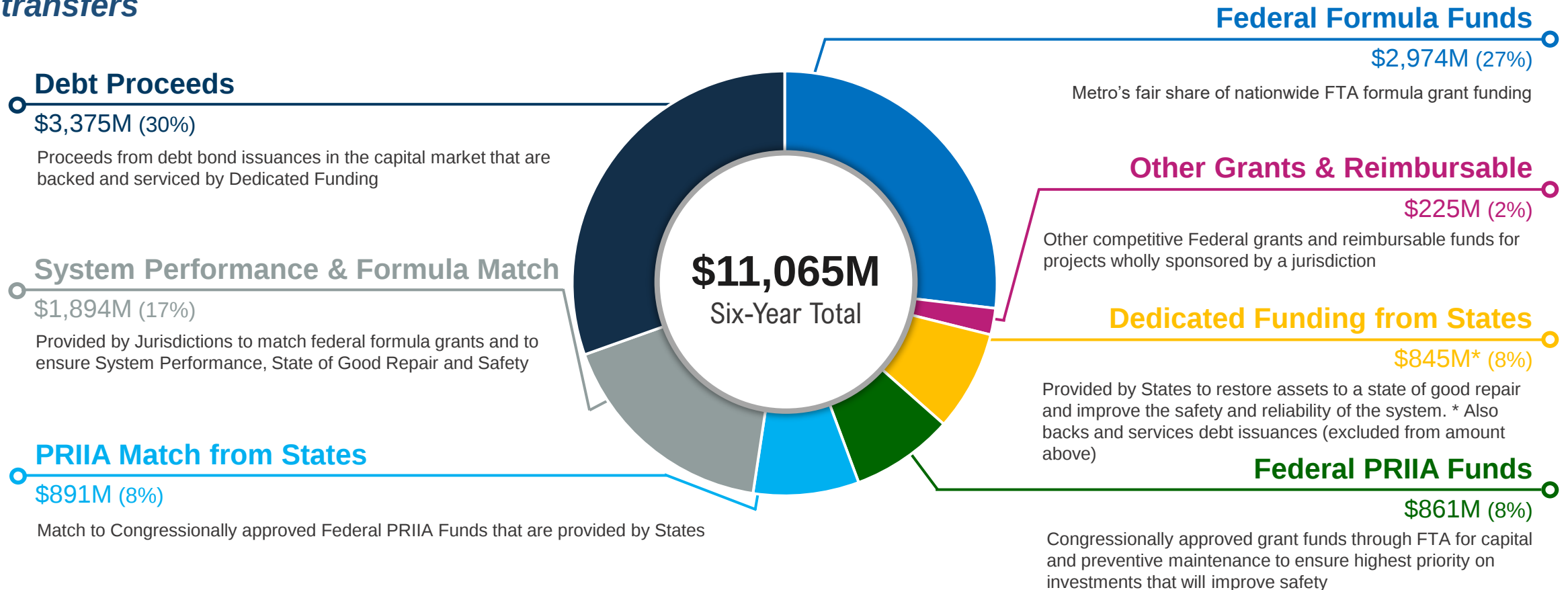
Capital investments anticipated for, or continuing in, six-year capital program

One-Year Capital Budget

Expenditure forecast for capital projects and programs in current budget year

Sources of \$11 Billion Capital Funding Investment for FY2025 – FY2030

Declining capacity for capital projects, state of good repair programs, and preventive maintenance transfers

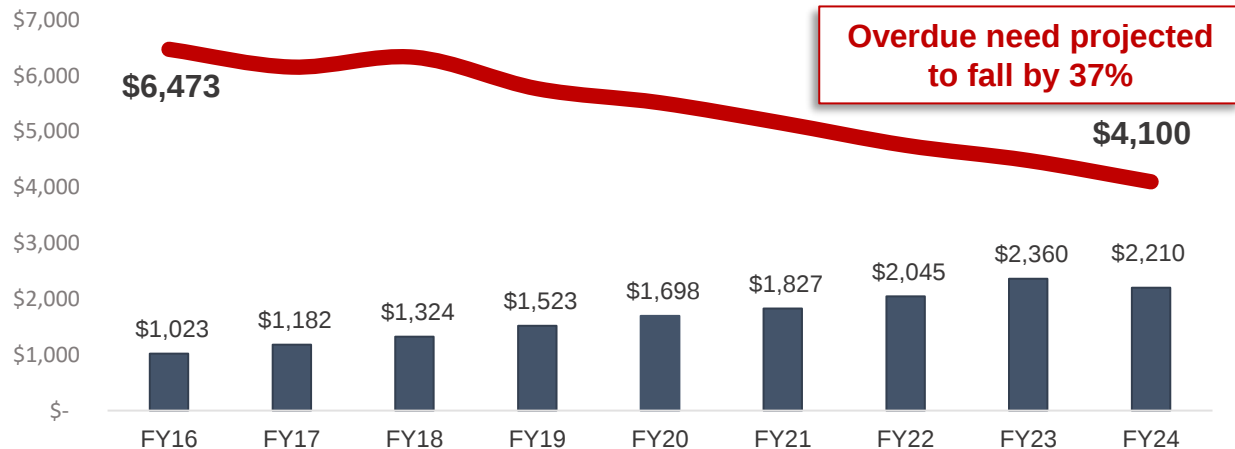


Debt Issuances to Support the Draft Capital Program

- Through FY2023, Metro has issued ~\$2.95 billion in debt proceeds, including premiums
- Metro currently holds AA credit rating for issuing Dedicated Funding backed-debt
- Remaining debt issuance capacity is estimated at ~\$3.4 billion
 - Debt issuance is ~30% of the \$11 billion of total funding capacity
 - Current estimate: Metro will not be able to issue new debt starting in FY2029 since the debt limit is reached in FY2028

Overdue State of Good Repair Decreased, While Reliability and System Performance Increased

Overdue State of Good Repair Need (\$m) & Total Capital Investment



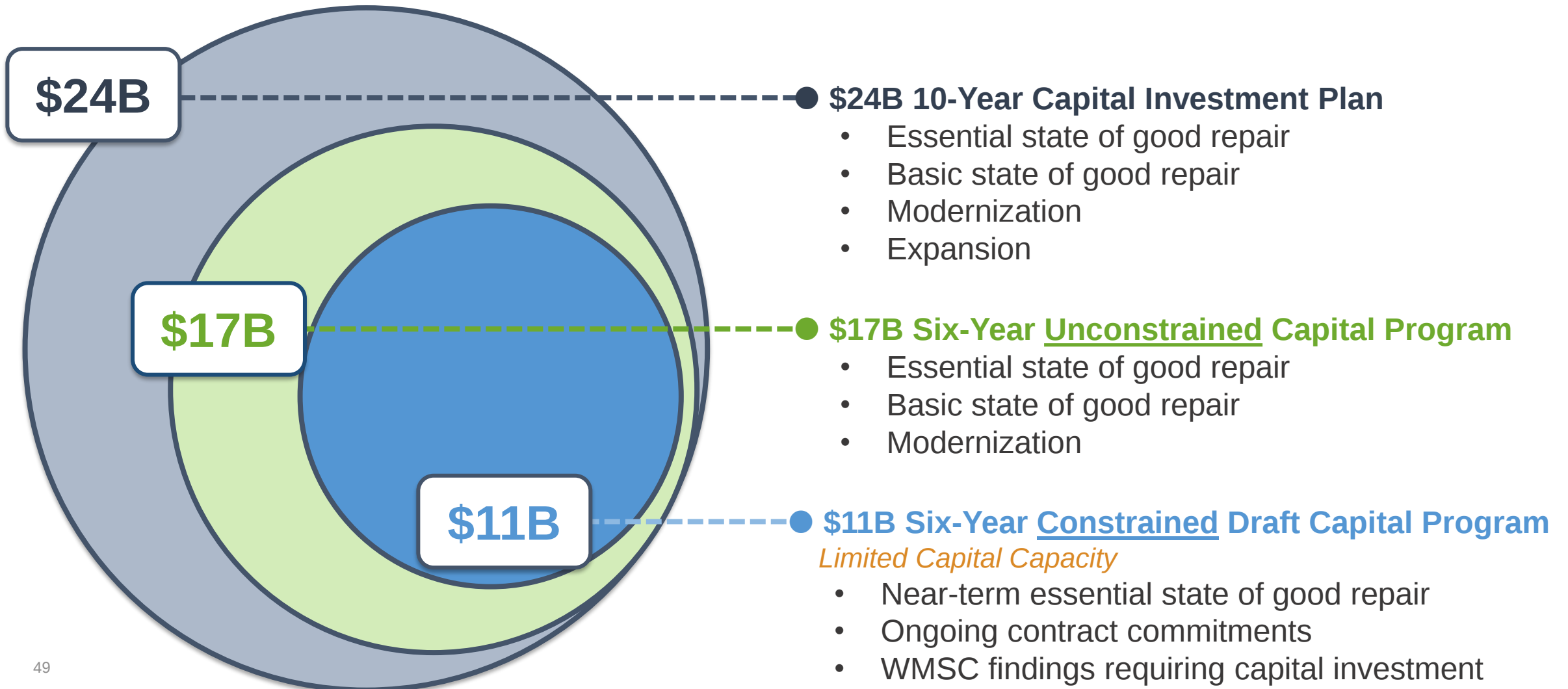
Overdue need projected to fall by 37%

Performance has improved:

- Escalator unit failures have reduced by nearly **30%** system-wide
- Smoke/fire incidents decreased from an average of ~8 per month in 2016 to **~3 per month in 2023**
- Rail Customer Satisfaction has increased to **85%**; Bus Customer Satisfaction holding steady at **75%**
- Rail and Bus Ridership growing

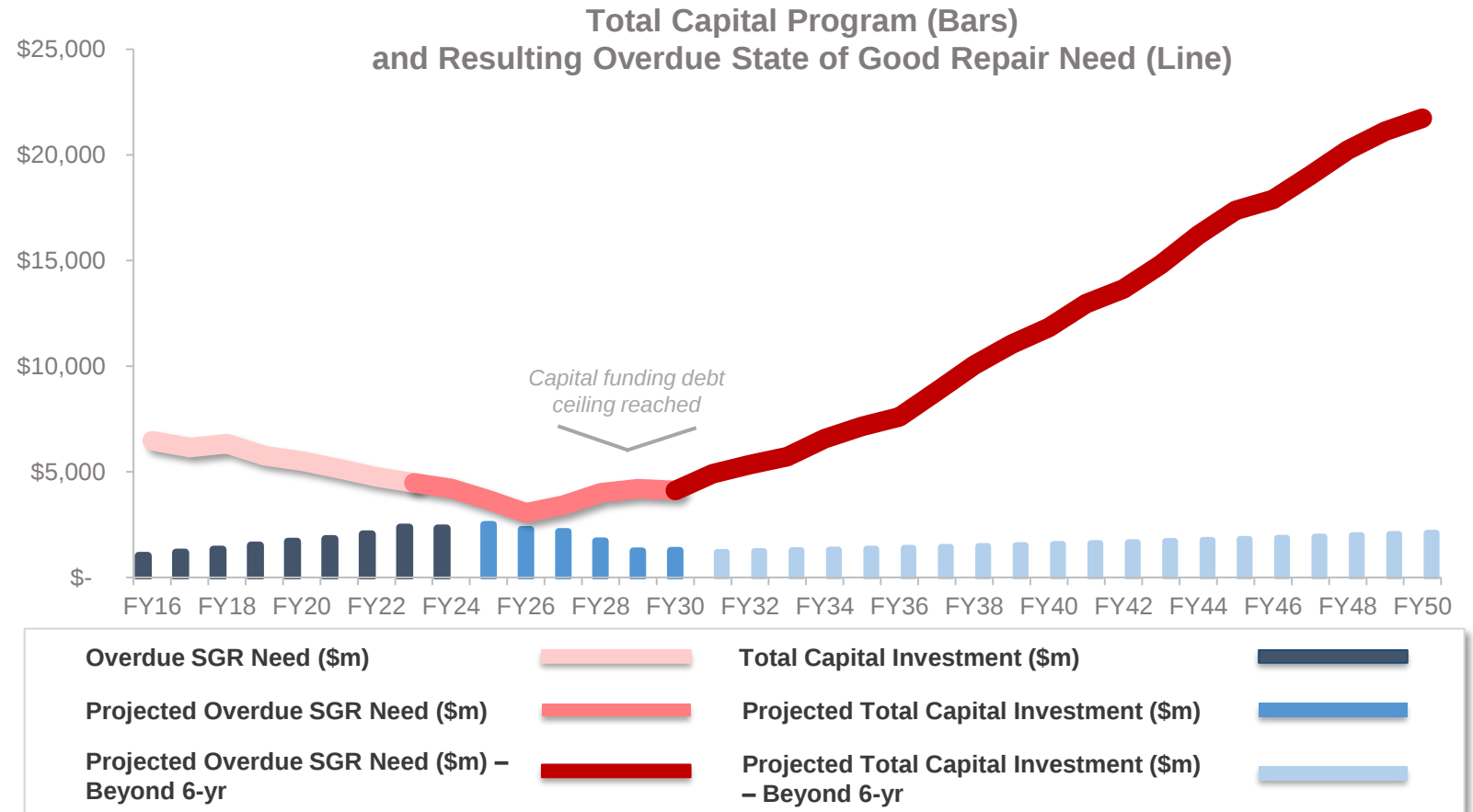
**Includes both state of good repair and other investments*

Funding Constraints Shrink Draft Capital Program Leaving State of Good Repair and Modernization Needs Unmet & Reducing Reliability



Smaller Draft Capital Program will Reverse State of Good Repair Progress

- As backlog of state of good repair grows, performance and reliability decreases and risk increases
- Metro needs to maintain essential state of good repair programs to avoid asset failure as experienced prior to SafeTrack and Platform Improvement projects
- Declining reliability, worsening customer experience and increased safety risk



\$11B Constrained Program Will Significantly Impact State of Good Repair Programs and New Initiatives



Major New Efforts That Will Not Advance:

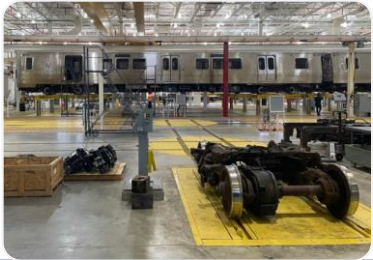
-
- Proactive State of Good Repair Programs
 - Western Bus Garage
 - Advanced Signaling System
 - Additional Battery Electric Bus Vehicles and Facility Conversions at Remaining Garages
 - Additional Pocket Tracks
 - Expansion Railcars
 - Railyard Improvements and Expansion
 - Better Bus: Visionary Network Redesign Improvements
 - Blue Orange Silver Line Capacity Study Implementation

Capital Transfers Put Priority Investments at Risk

Reduced capacity for state of good repair and modernization projects

- FY2025 preventive maintenance increase offset by reducing and re-scoping Heavy Repair and Overhaul Facility
- Further decisions required if increased preventive maintenance transfer continue beyond FY2025

Reduce & Re-Scope FY2025 Decision



Heavy Repair & Overhaul Facility

- Inefficiency increases ongoing operating budget costs
- Adds complexity for operations and maintenance; continuing a decentralized approach in constrained facilities

Potential Future Deferrals FY2026 Decisions



8000-Series Fleet of the Future

- If legacy fleets remain in service longer, reduces reliability and efficiency
- Delaying purchase option could be aligned with decrease in fleet size, limiting flexibility to increase rail service and reduces capacity



Zero-Emission Buses & Facilities

- If legacy buses remain in service longer, reduced reliability & environmental impacts
- Adds complexity to facility transition; limits flexibility
- Extends goal to achieve zero-emission bus fleet by 2042
- Potential smaller bus fleet and less peak service



Advanced Signaling System

- Deferring advances signaling investments forces use of older assets with parts that are no longer available



Blue, Orange, Silver Corridor Improvements

- Limits Metro's ability to increase capacity on busy sections of the system, run more frequent service, and support regional growth

Railcars & Railcar Facilities

Vehicle Acquisition & Rehabilitation

8000-Series Railcar Acquisition • 7000-Series Railcar Acquisition
• Railcar Preventive Maintenance Program •
7000- & 6000-Series Railcar Scheduled Rehabilitation

Railcar Facilities & Systems

Rail Vehicle Scheduled Maintenance Program (SMP)
Facility Improvements • Railyard State of Good Repair Investments



Proposed Program *Railcar & Railcar Facilities*

\$2.8B

FY2025-FY2030
Proposed
Capital Program

\$457M

FY2025
Proposed
Capital Budget

\$971M

Deferred Investment

Rail Systems

Train Control

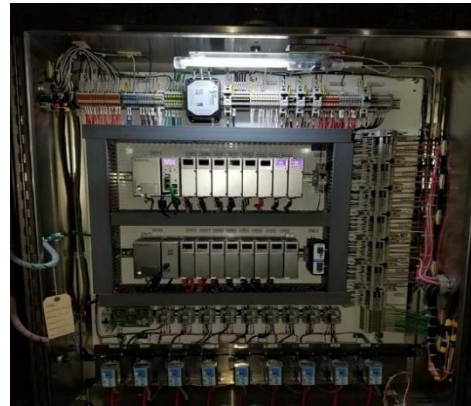
Train Control Room (TCR) Rehabilitation • Track Circuit
Cable Testing & Replacement • Switch Machine Replacement

Power Improvements

Traction Power State of Good Repair • Rail Power System
Rehabilitation • Generator System Replacement

Other Rail Systems Investments

Radio Infrastructure Replacement • Fiber Installation



Proposed Program *Rail Systems*

\$1.6B

FY2025-FY2030
Proposed
Capital Program

\$386M

FY2025
Proposed
Capital Budget

\$1.3B

Deferred Investment

Track & Structures Rehabilitation

Track Equipment & Infrastructure

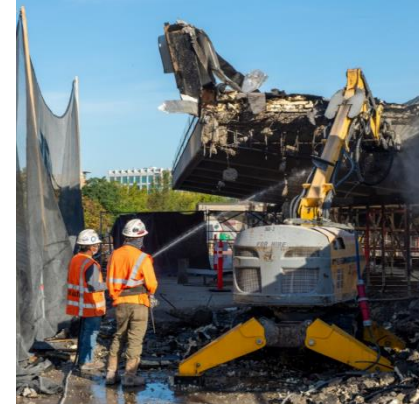
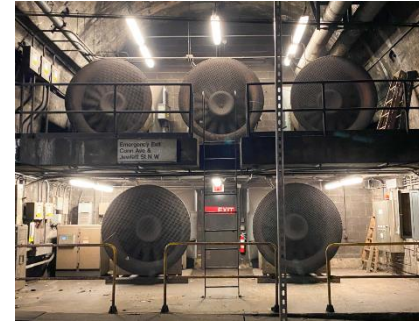
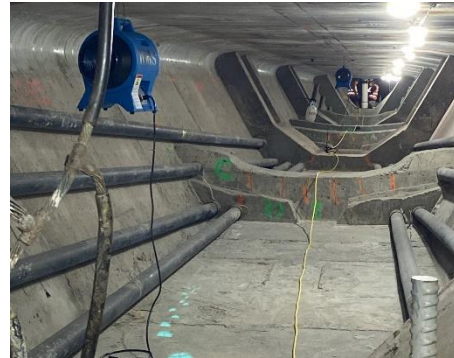
Track Rehabilitation • Track Maintenance
Equipment Replacement

Tunnel Investments

Water Leak Mitigation at Two Red Line Segments •
Tunnel Ventilation Demonstration • Tunnel Shaft
Rehabilitation at Six Locations

Bridges & Aerial Structures

Structural Rehabilitation of Bridges at Branch Avenue (two
structures), Cameron Run, Eisenhower Avenue, Naylor
Road, South Van Dorn Street, West Hyattsville, Minnesota
Avenue, and Grosvenor



Proposed Program Track & Structures Rehabilitation

\$1.5B

FY2025-FY2030
Proposed
Capital Program

\$297M

FY2025
Proposed
Capital Budget

\$1.3B

Deferred Investment

Stations & Passenger Facilities

Fire Life Safety Improvements

Standpipe Systems • Tunnel Emergency Egress

Station Infrastructure Improvements

Escalator Rehabilitation & Replacement • Elevator Rehabilitation •
Station Entrance Escalator Canopies • Select
Parking Garage & Surface Lot Rehabilitation • Digital Signage
and System Wayfinding Upgrades

Station Systems Improvements

Lighting • Station Cooling Systems (select locations) •
Drainage Pumping Stations Rehabilitation (select locations)
• Sewage Ejector Replacement (select locations) •
Fare Payment Modernization • AC Power Rehabilitation



Proposed Program Stations & Passenger Facilities

\$1.3B

FY2025-FY2030
Proposed
Capital Program

\$371M

FY2025
Proposed
Capital Budget

\$1B

Deferred Investment

Bus, Bus Facilities & Paratransit

Vehicle Acquisition & Rehabilitation

Bus Acquisition • Bus Rehabilitation • Zero Emission Bus Acquisition • MetroAccess Fleet Acquisition

Bus Garage Rehabilitation & Replacement

Northern & Bladensburg Garage Replacement and Electrification
• Cinder Bed Electrification

Bus Station & Terminal Improvements

Metrobus Shelter Replacement • Customer Information Electronic Display Signs • Bus Priority Program • New Carrollton Garage and Bus Bays



Proposed Program
*Bus, Bus Facilities
& Paratransit*

\$2.3B

FY2025-FY2030
Proposed
Capital Program

\$558M

FY2025
Proposed
Capital Budget

\$512M

Deferred Investment

Business & Operations Support

Facility Improvements

Off-Premises Data Center •
Planning for Modern Training Facility

Hardware & Software Investments

Enterprise Resource Planning (ERP) System Replacement
• Asset Management System Upgrade • Computing
Infrastructure State of Good Repair

Other Support Investments

Service Vehicle Replacement • Roof Rehabilitation &
Replacement • Environmental Compliance Program
• Unified Communications Initiative



Proposed Program
*Business & Operations
Support*

\$1.6B

FY2025-FY2030
Proposed
Capital Program

\$319M

FY2025
Proposed
Capital Budget

\$765M

Deferred Investment

Capital Investment Categories

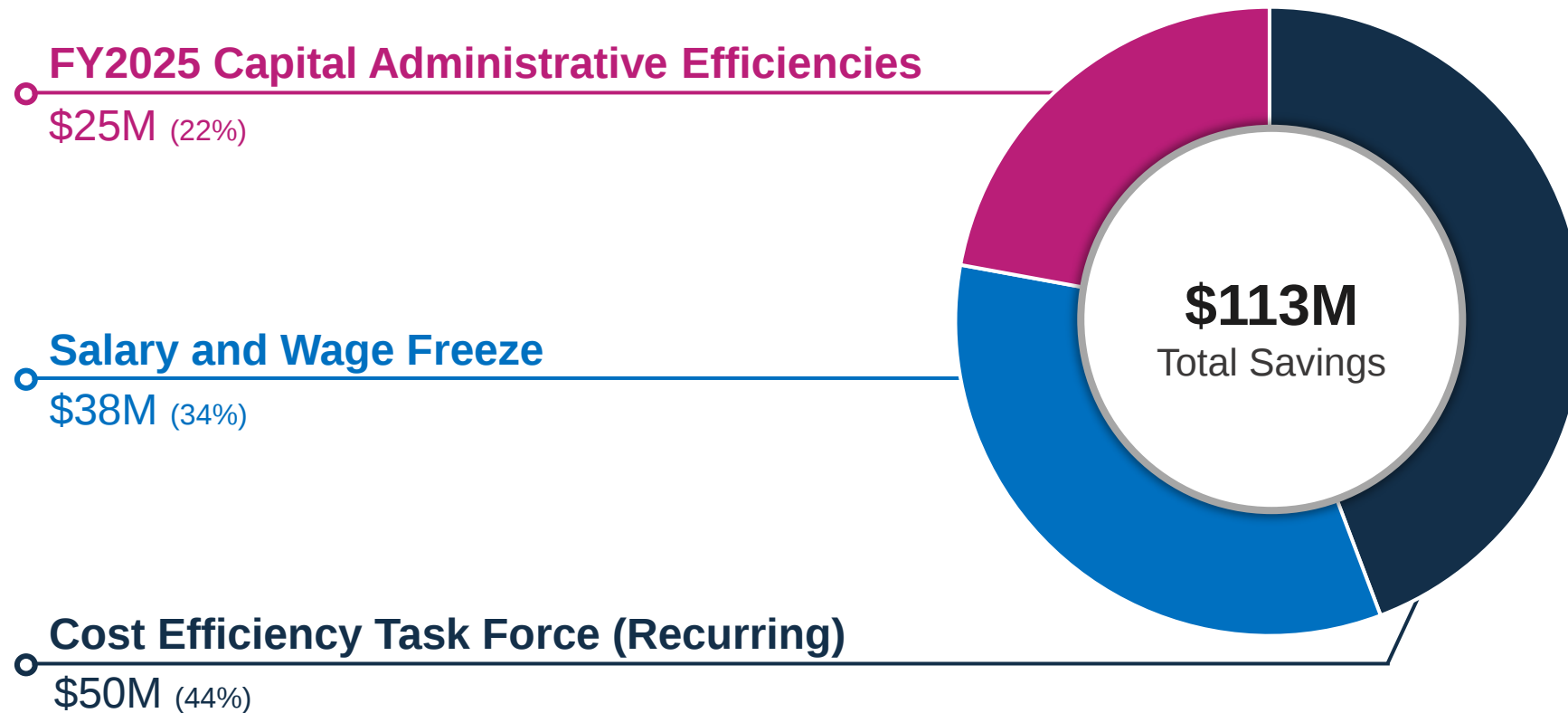
Capital Investment Categories (\$M)	FY2025 Proposed Budget	FY2026 – FY2030 Plan	Six-Year Total*
Railcars and Railcar Facilities	\$457	\$2,332	\$2,789
Rail Systems	\$386	\$1,180	\$1,567
Track and Structure Rehabilitation	\$297	\$1,164	\$1,460
Stations and Passenger Facilities	\$371	\$920	\$1,291
Bus, Bus Facilities, and Paratransit	\$558	\$1,790	\$2,349
Operations and Business Support	\$319	\$1,290	\$1,609
Total Capital Investments	\$2,388	\$8,677	\$11,065
Revenue Loss from Capital Projects	\$10	\$50	\$60
Debt Service - Dedicated Funding	\$246	\$1,909	\$2,155
Total Capital Program Cost	\$2,644	\$10,636	\$13,281

**FY2025-FY2030 Plan capital investment category allocation subject to change as project costs and schedules are refined.
Table totals may not sum due to rounding*

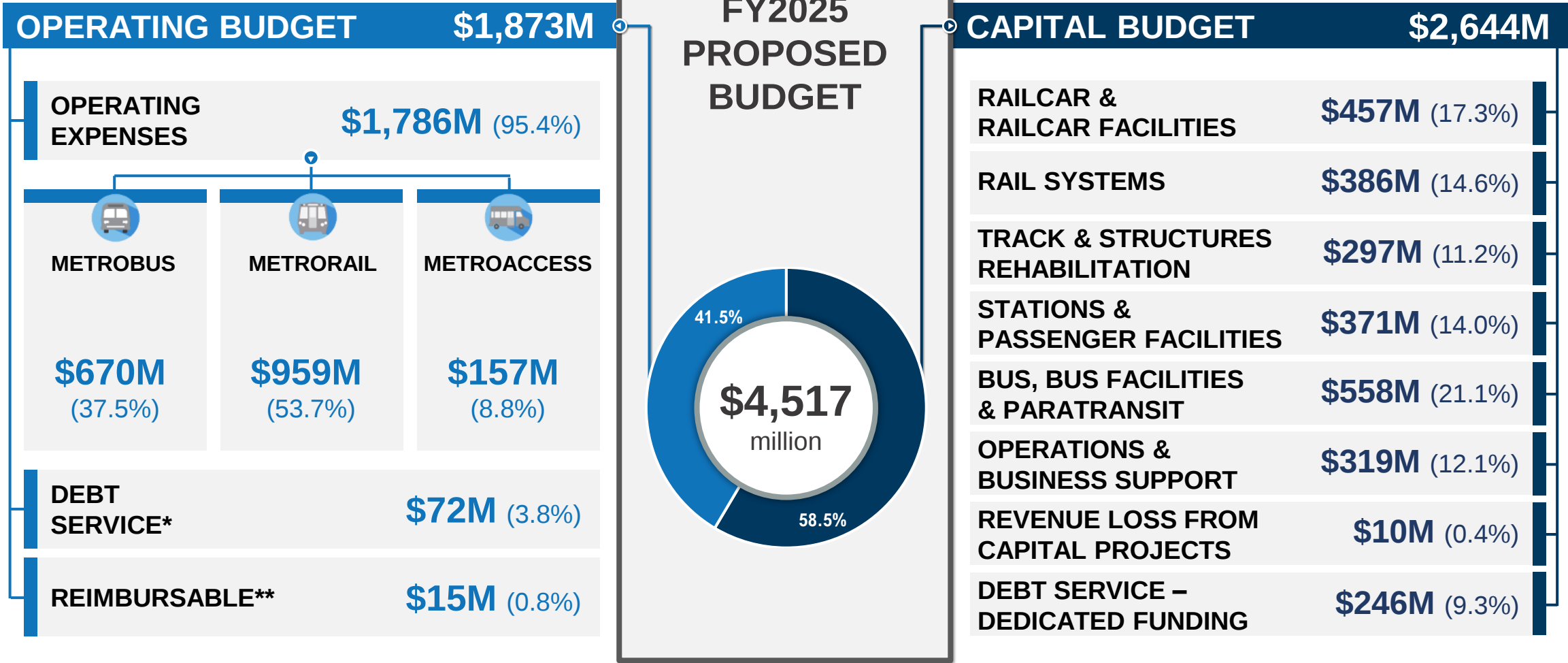
FY2025 Budget: Summary, Timeline and Challenges



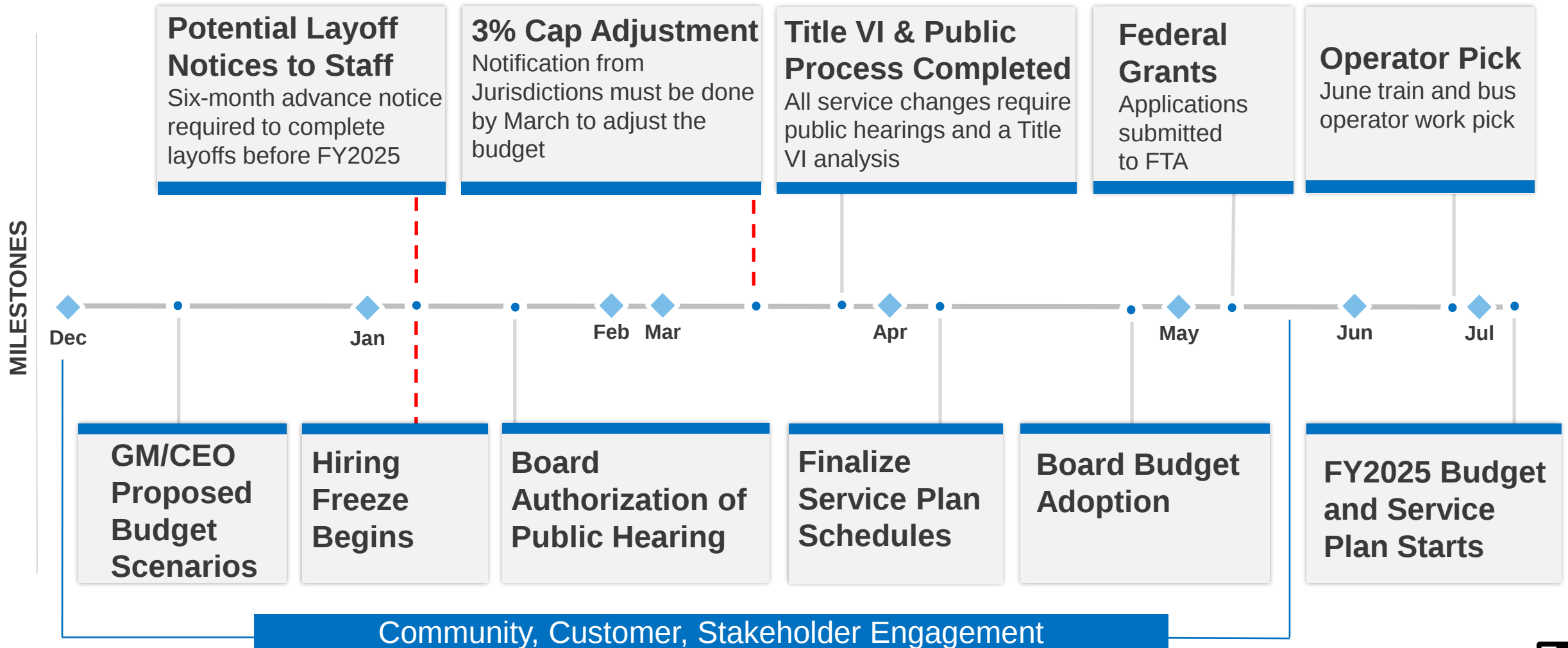
Metro Has Generated Over \$100 million of Administrative and Operational Efficiencies



FY2025 Budget: Summary, Timeline and Challenges



Key Budget Milestones



Proposed Subsidy Allocation and Additional Funding Alternatives

Proposed Subsidy Allocation					
\$ in M	FY2024 Subsidy	FY2025 Base Subsidy	Change %	Debt Service	Jurisdictional Contribution
District of Columbia	\$448.2	\$461.6	3.0%	\$33.3	\$494.9
Montgomery County	\$196.7	\$239.0	21.5%	\$15.4	\$254.5
Prince George's County	\$277.0	\$249.0	(10.1%)	\$15.8	\$264.8
Maryland Subtotal	\$473.8	\$488.0	3.0%	\$31.2	\$519.2
City of Alexandria	\$54.6	\$55.6	1.8%	\$1.8	\$57.3
Arlington County	\$85.0	\$96.1	13.1%	\$0.0	\$96.1
City of Fairfax	\$3.3	\$3.0	(6.8%)	\$0.1	\$3.2
Fairfax County	\$167.9	\$160.8	(4.2%)	\$5.6	\$166.4
City of Falls Church	\$3.8	\$4.7	25.8%	\$0.2	\$4.9
Loudoun County	\$15.8	\$19.9	26.5%	\$0.0	\$19.9
Virginia Subtotal	\$330.3	\$340.2	3.0%	\$7.7	\$347.9
Total Contribution	\$1,252.3	\$1,289.8	3.0%	\$72.2	\$1,362.1

Additional Funding To Prevent:	
Service Cuts, Fare Increases	Service Cuts, Fare Increases, and PM Transfer
\$167.9	\$275.3
\$50.3	\$92.5
\$65.4	\$116.5
\$115.7	\$209.0
\$15.1	\$28.3
\$25.9	\$49.3
\$0.8	\$1.5
\$46.4	\$86.8
\$1.1	\$2.1
\$6.0	\$11.7
\$95.3	\$179.7
\$379.0	\$664.0

1. 3% statutory cap would have to be adjusted for Additional Funding scenarios
2. Subject to change based on allocation inputs including ridership and revenue estimates, service adjustments, and other factors
3. Within VA, the localities and the Commonwealth coordinate to fund WMATA operating and capital; Commonwealth share cannot exceed 50% of the operating and capital
4. Proposed District of Columbia Subsidy excludes DC 24-Hour Overnight Bus
5. Totals may not sum due to independent rounding

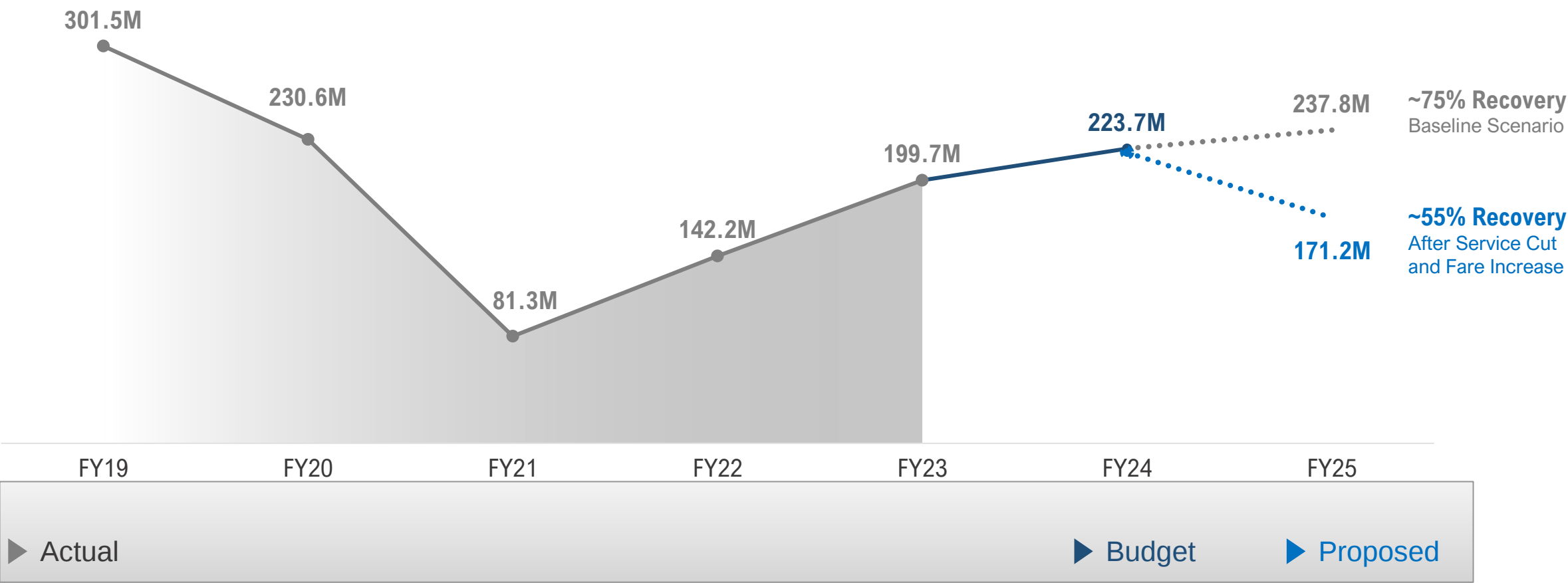
Budget Schedule Challenges

- Metro Compact requires a balanced FY2025 budget effective July 1, 2024
- To avoid service cuts, the 3% subsidy growth cap in Maryland and Virginia will require a one-time adjustment of baseline subsidy in FY2025
- Budget calendar, service plan, and collective bargaining agreement (CBA) requirements don't align well with jurisdictional legislative calendars
- Alignment challenges will cause significant layoffs, hiring and training issues
- Staffing reductions will cause significant impacts to service scheduling, system performance, and reliability, with major customer impacts – reductions to safe, frequent, reliable service

Appendix



Major Service Cuts and Fare Increases Would Reduce Ridership by 67M Trips



* Recovery percentage based on original FY2021 313.9M trip Pre-Covid Ridership Budget
**FY23 actual includes 7M non-tap Metrorail trips
***FY24 Budget rail tap only ridership; FY25 Budget rail tap + non-tap

WASHINGTON METROPOLITAN AREA TRANSIT AUTHORITY



Major Service Cuts and Fare Increase Impacts

Increase fares across-the-board by 20%

Revenue

<i>(in millions)</i>	Metrorail	Metrobus	MetroAccess	Non-Passenger	Total
Baseline Revenue Estimate	\$310.4	\$50.0	\$4.1	\$103.5	\$468.0
Service Cut Impact	(\$71.0)	(\$10.9)	(\$0.9)	(\$12.5)	(\$95.3)
Fare Proposal Impact	\$24.2	\$4.2	\$0.6	(\$0.4)	\$28.6
Total	\$263.6	\$43.3	\$3.8	\$90.6	\$401.4

Ridership

<i>(in millions)</i>	Metrorail*	Metrobus	MetroAccess	Total
Baseline Ridership Estimate	121.5	114.8	1.5	237.8
Service Cut Impact	(29.8)	(24.8)	(0.3)	(54.9)
Fare Proposal Impact	(8.1)	(3.6)	-	(11.7)
Total	83.6	86.4	1.2	171.2

*Baseline estimate includes non-tap ridership

Note: Fare increase impacts applied to service cut revenue and ridership estimates. Rounding for presentation purposes

FY2025 Fare Proposal: Pass Product Multipliers

- Current pass prices are disconnected from fares and have not been adjusted after recent fare changes
- All pass prices increase with pass multipliers re-linked to fares and set to give better value for the longer pass duration (i.e., the number of trips per day to break even goes from 2 trips for the 1-day pass to ~1 for the monthly pass)

Current

Pass Product	Price	Multiplier (Applicable Fare)
1-Day Unlimited	\$13	2.2 (max rail fare)
3-Day Unlimited	\$28	4.7 (max rail fare)
7-Day Short-Trip ¹	\$38	9.5 (2x base rail fare)
7-Day Unlimited	\$58	9.7 (max rail fare)
Monthly Unlimited ²	\$64 to 192	32 (selected rail fare)
7-Day Regional Bus	\$12	6 (bus fare)

1. Covers unlimited trips up to twice the base fare (\$4)

2. Covers unlimited trips up to the selected fare

Proposed (with 20% fare increase)

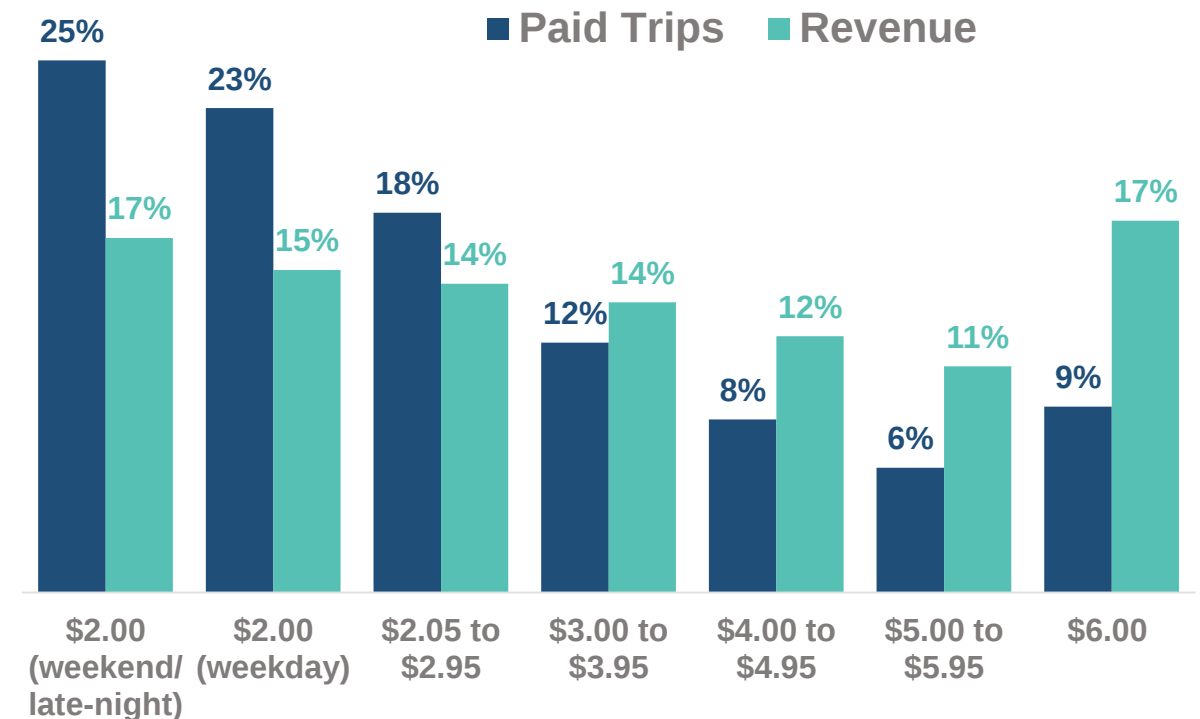
Pass Product	Price	Multiplier (Applicable Fare)
1-Day Unlimited	\$14.40	2 (max rail fare)
3-Day Unlimited	\$36	5 (max rail fare)
7-Day Short-Trip ¹	\$43.20	9 (2x base rail fare)
7-Day Unlimited	\$64.80	9 (max rail fare)
Monthly Unlimited ²	\$76.80 to 230.40	32 (selected rail fare)
7-Day Regional Bus	\$14.40	6 (bus fare)

1. Covers unlimited trips up to twice the base fare (\$4.80)

2. Covers unlimited trips up to the selected fare

Metrorail Fare Distribution

- 48% of all Metrorail trips are the base \$2.00 fare (generating 32% of total rail revenue)
 - 25 percent are taken during flat \$2 fare periods (weekends and late-nights)
 - 23 percent are taken during weekdays
- 9 percent of all Metrorail trips are the maximum \$6.00 fare (generating 17% of total rail revenue)



Note: Data from September 2023. This distribution includes paid stored value fares, excluding senior, disabled, student, and low-income discounts as well as passes

Regional Transit Fare Comparison

Regional Bus Fares

Agency	Base Bus Fare	Last Change	Previous Fare
Arlington Rapid Transit	\$2.00	July 2017	\$1.75
Fairfax Connector	\$2.00	June 2017	\$1.75
Metro	\$2.00	July 2017	\$1.75
DC Circulator ¹	\$1.00	October 2019	\$0.00
Montgomery County Ride On	\$1.00	August 2022	\$2.00
Prince George's County The Bus	\$1.00	January 2021	\$1.25
Alexandria DASH ²	\$0.00	September 2021	\$2.00
City of Fairfax Cue Bus ³	\$0.00	March 2020	\$1.75
OmniRide ⁴	\$0.00	March 2020	\$1.55

1. DC Circulator fares were free from February to September 2019.

2. Fares not to be collected for at least three years.

3. Three-year zero-fare pilot program to continue through at least June 2025.

4. Includes local routes and routes to/from Metro stations. Does not include I-95 or I-66 Express routes (\$4.50 to \$9.00).

Comparative Regional Rail Fares

Start	End	Metro	MARC	VRE*
Alexandria	L'Enfant Plaza	\$3.55		\$7.10
Franconia-Springfield	Union Station	\$6.00		\$7.80
Rockville	Union Station	\$6.00	\$7.00	
New Carrollton	Union Station	\$4.85	\$6.00	
Silver Spring	Union Station	\$3.60	\$6.00	
Greenbelt	Union Station	\$5.00	\$6.00	

*Preliminary FY 2025 VRE Budget includes 5% increase on base one-way fares

National Transit Fare Comparison

Bus

Agency	Fare
MD-MTA	\$2.00 - \$8.00
NY-MTA	\$2.90 - \$7.00
Metro	\$2.00 - \$4.25
MBTA	\$1.70 - \$4.25
King County Metro	\$2.75
MARTA	\$2.50
SFMTA ²	\$2.50
TriMet	\$2.50
CTA ¹	\$2.25
SEPTA ¹	\$2.00
LACMTA	\$1.75

Increased
base by 5.5%
August 2023

12% increase
effective
January 2024

Highest

Lowest

Heavy/Commuter Rail

Agency	Fare
NY-MTA	\$2.90 - \$31.75
LACMTA/Metrolink	\$1.75 - \$27.50
BART	\$2.15 - \$14.60
MD-MTA	\$2.00 - \$14.00
MBTA	\$2.40 - \$13.25
SEPTA ¹	\$2.00 - \$10.00
CTA/Metra	\$2.50 - \$9.50
Metro	\$2.00 - \$6.00
Sound Transit	\$2.25 - \$5.75
MARTA	\$2.50
TriMet	\$2.50
SFMTA ²	\$2.50

Increased
base by 5.5%
August 2023

5.5% increase
effective
January 2024

12% increase
effective
January 2024

Board Policy Guides Rail Service & Investment Planning

Metrorail Service Standards

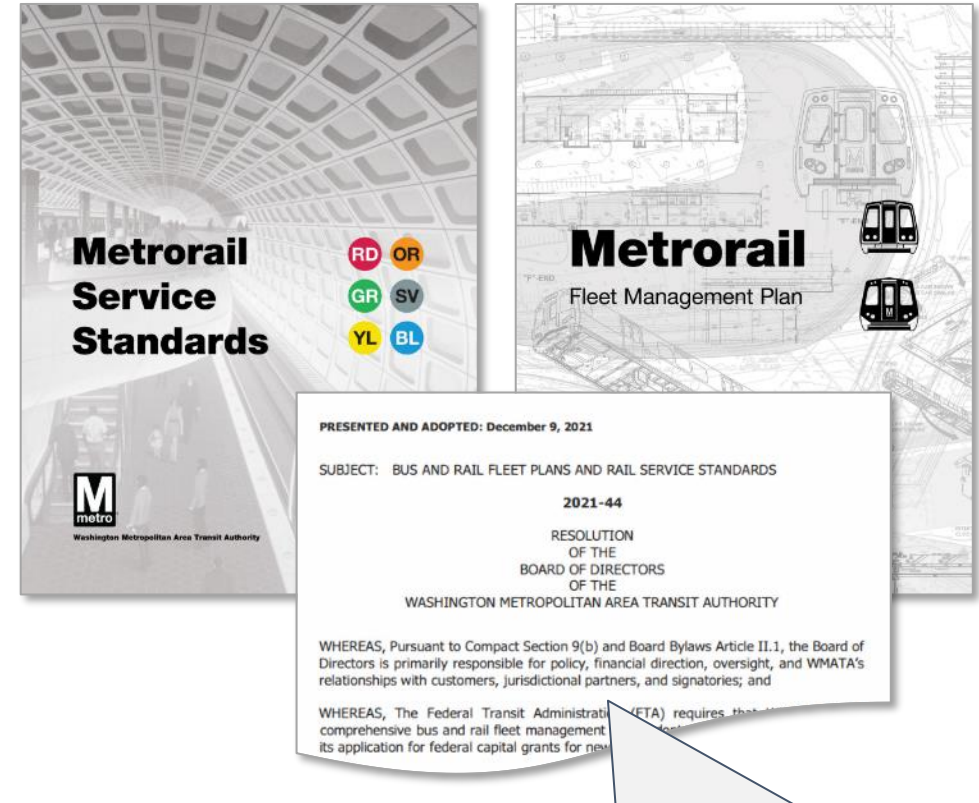
- Set minimum frequencies for rail service & standards for passenger loading

Eight-Car Trains

- Provide higher capacity and a predictable customer experience: more seats for customers, enable use of entire station platform

Metrorail System Design

- Station design: 600' platforms
- Railcar design: 7000-series configuration
- Infrastructure constraints



“Train Length – Metrorail will strive to operate 100% eight-car trains”
- Board Resolution 2021-44

Current Metrorail Service Standards

Minimum Frequency

Daytime & Evening: System open until 9:30pm, trains arrive at least:

- Every 12 minutes on Blue, Orange, Silver, Green and Yellow Lines
- Every 6 minutes on the Red Line

Late Night: 9:30pm until system close, trains arrive at least:

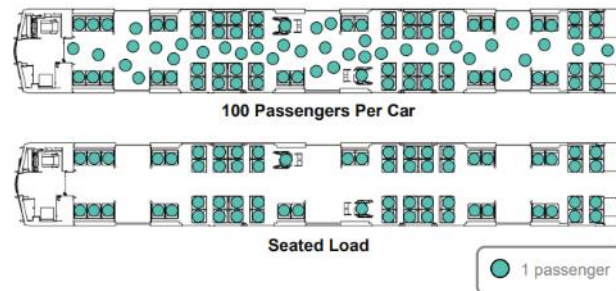
- Every 15 minutes on Blue, Orange, Silver, Green and Yellow Lines
- Every 10 minutes on the Red Line



Passenger Loads

Average passenger loads at the maximum load points:

- **Weekday Rush Periods:** at or below 100 passengers per car.
- **Non-Rush Periods:** at or below a seated load – an average of 65 passengers per car.



Train Length

Goal of 100% 8-car trains

- Reduce on-board crowding
- Provide more seats for customers
- Allow use of entire station platform
- Reduce platform crowding
- Create a predictable customer experience



Metrorail Service Frequency Detail

 **Peak Headway**
Mins between trains
  **Off-Peak Headway¹**
Mins between trains
  **Weekend Headway**
Mins between trains

Line	Segment	Dec. 2023 ²	FY24 Budget	FY25 Prop.	Dec. 2023 ²	FY24 Budget	FY25 Prop.	Dec. 2023 ²	FY24 Budget	FY25 Prop.
	Grosvenor to Silver Spring	5	5	7.5	6	6	7.5	6	6	10
	Shady Grove to Grosvenor	5	5	15	6	6	15	6	6	20
	Glenmont to Silver Spring	5	5	15	6	6	15	6	6	20
 	Mt Vernon Sq to L'Enfant Plaza	3	3	7.5	3	3	7.5	4	3	10
	Greenbelt to Mt Vernon Sq	6	6	15	6	6	15	8	6	20
	Branch Ave to L'Enfant Plaza	6	6	15	6	6	15	8	6	20
	Huntington to King St	6	6	15	6	6	15	8	6	20
 	Pentagon to King St	3.75	3.75	7.5	4	4	7.5	5	4	10
  	Rosslyn to Stadium-Armory	3.3	3	5	3.75	3.75	5	3.75	3.75	6.7
 	East Falls Church to Rosslyn	5	4.3	7.5	5.5	5.5	7.5	5.5	5.5	10
	New Carrollton to Stadium-Armory	10	7.5	15	10	10	15	10	10	20
 	Downtown Largo to Stadium-Armory ³	5	5	15	6	6	15	6	6	20
	Franconia-Springfield to King St	10	10	15	12	12	15	12	12	20
	Vienna to East Falls Church	10	7.5	15	10	10	15	10	10	20
	Ashburn to East Falls Church	10	10	15	12	12	15	12	12	20

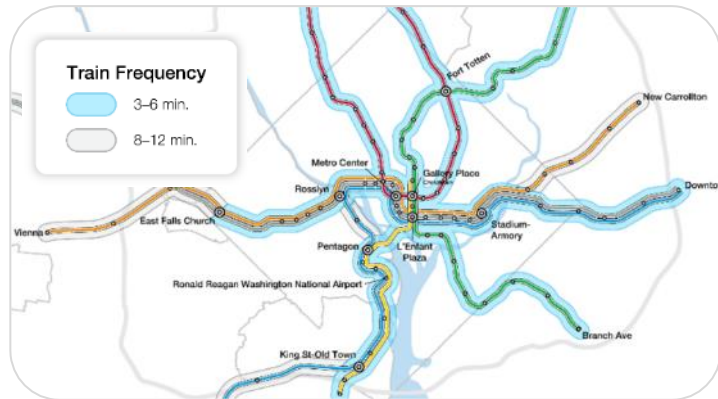
% Of Trips w/ 6 min or better service	
December 2023 Service ²	76%
FY2024 Approved Budget	81%
FY2025 Proposed Budget	10%

- 1) Until 9:30pm
- 2) Service schedule starting in late December 2023
- 3) In proposal, only Blue Line trains serving the Downtown Largo branch; all Silver Line trains terminate at Stadium-Armory

FY2024 Service Optimization

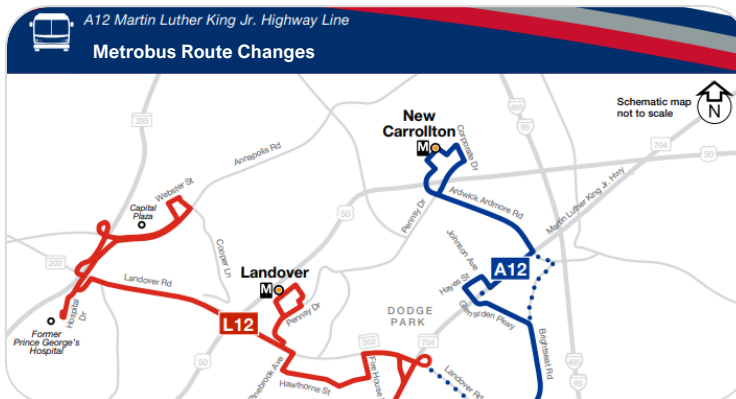
Strengthen Metro's Regional Network

- Adapted rail and bus service frequency
- More midday, weekend, and late night service
- Efficient & predictable transfers



Provide Access to More Destinations

- Increase customer access to jobs and opportunity
- Reduce customer travel and wait times
- Grow system ridership

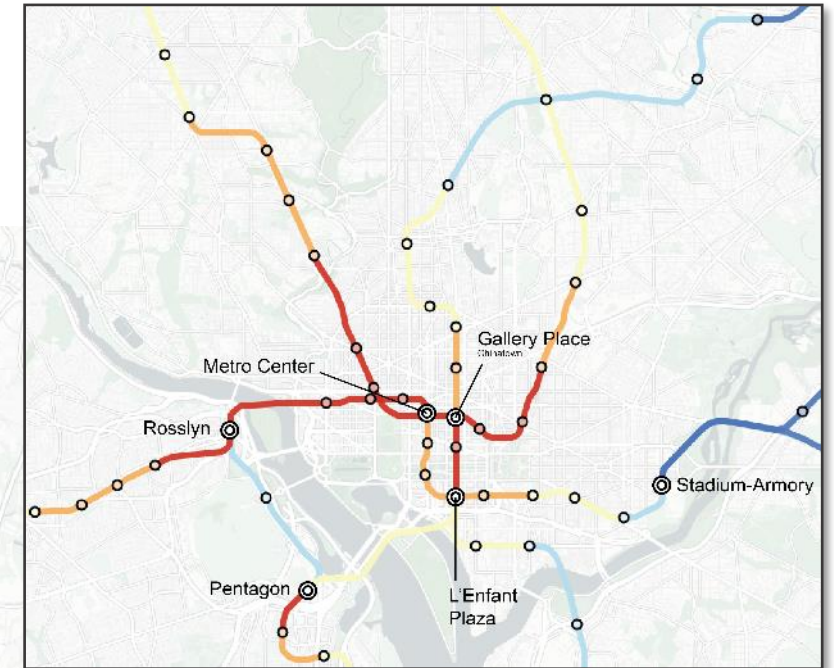
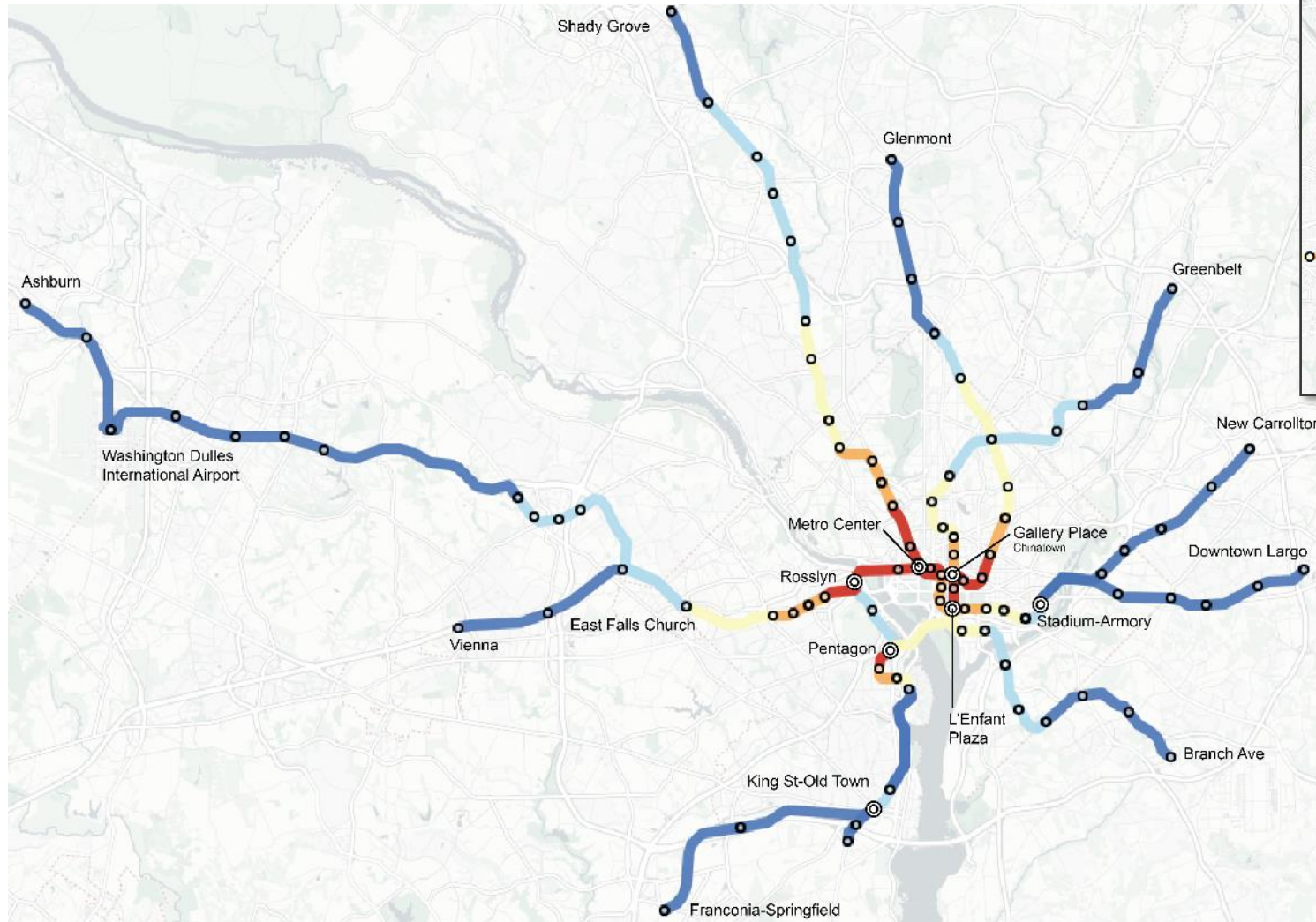


Optimize Use of Metro's Assets

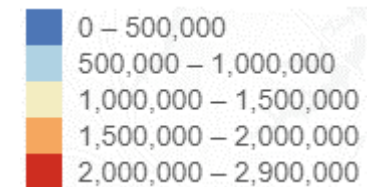
- Best use of available railcars and buses for revenue service
- Maximize infrastructure
- Provide good service at low marginal cost



Most customers use the central part of the rail system



Passengers per Segment Monthly Total Throughput

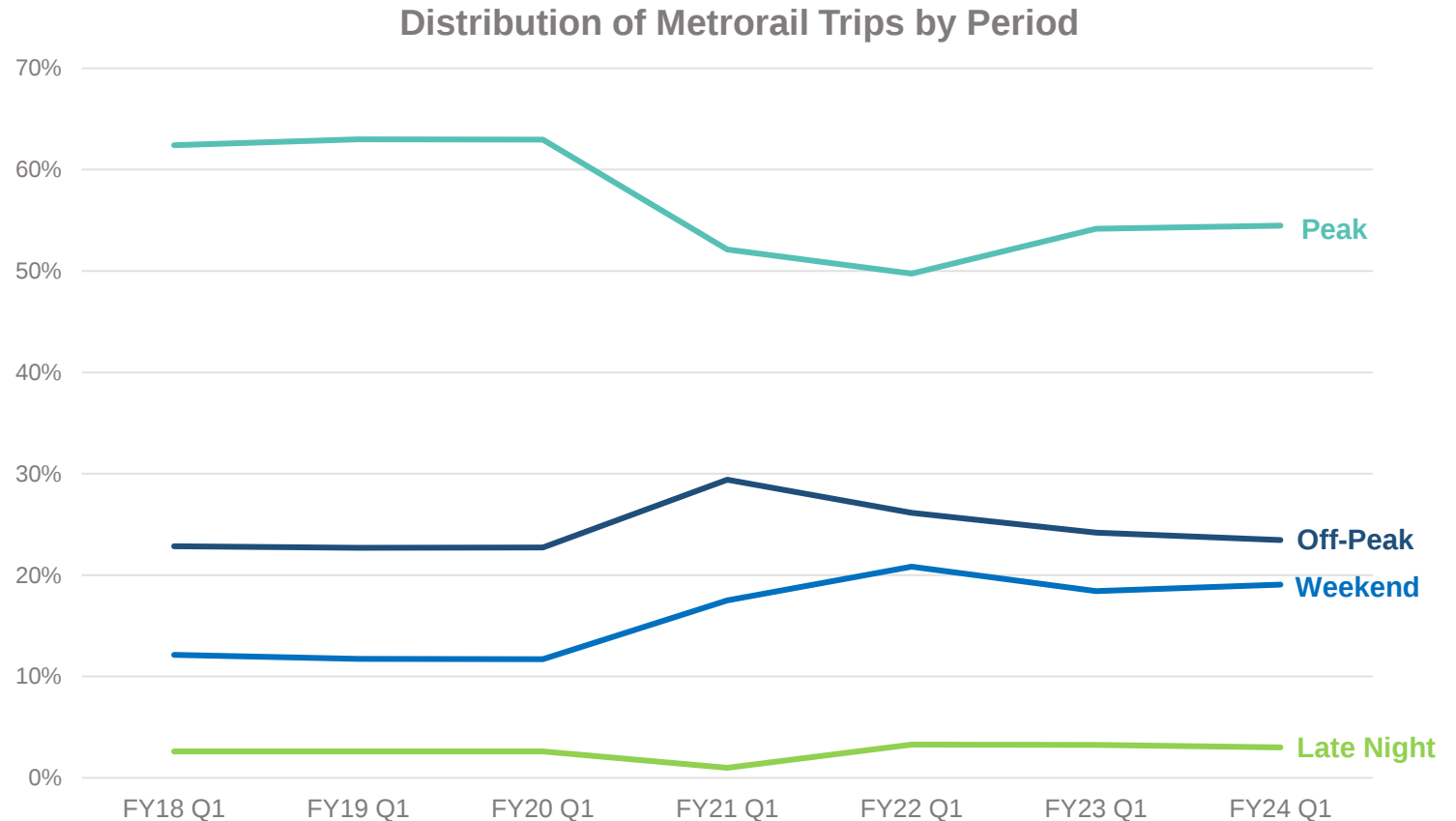


October 2023 data; includes tap ridership only

Metrorail Trip Distribution has Shifted

- Weekend trips now make up 19% of total trips compared to historical 12%
- Share of peak trips has grown, but still below pre-pandemic levels
- Percentage of weekday off-peak rail trips has returned to historic share of 23%

Note: peak time periods apply to previous weekday fare structure



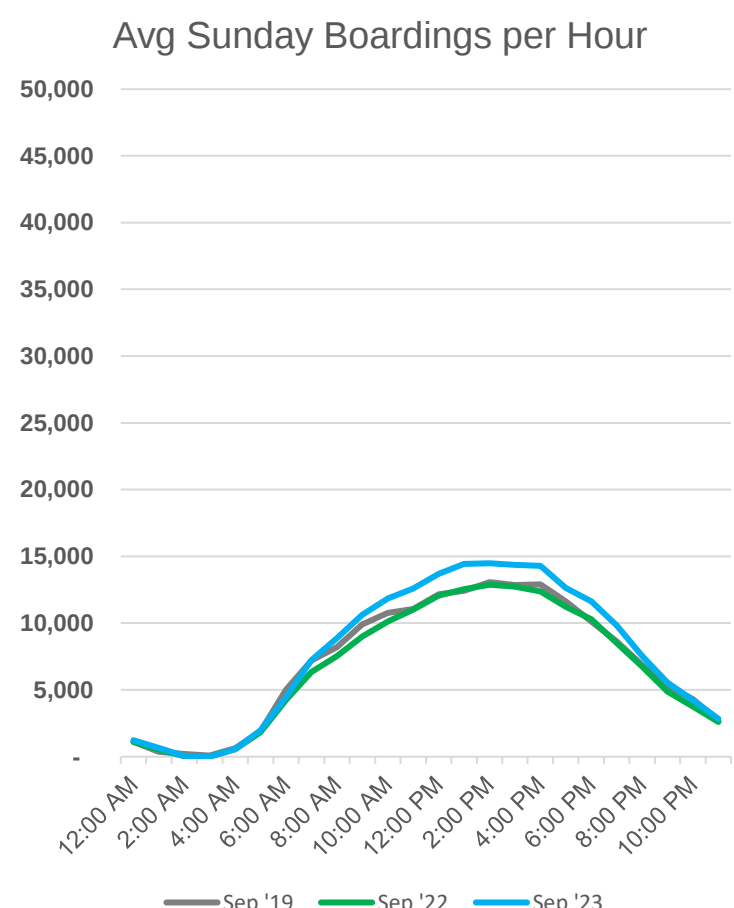
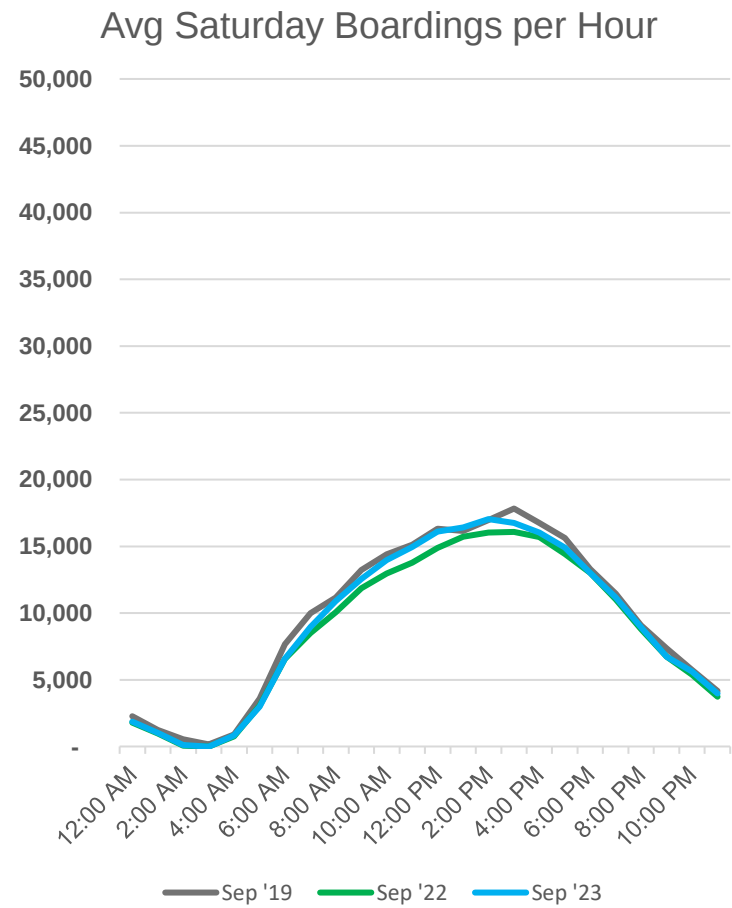
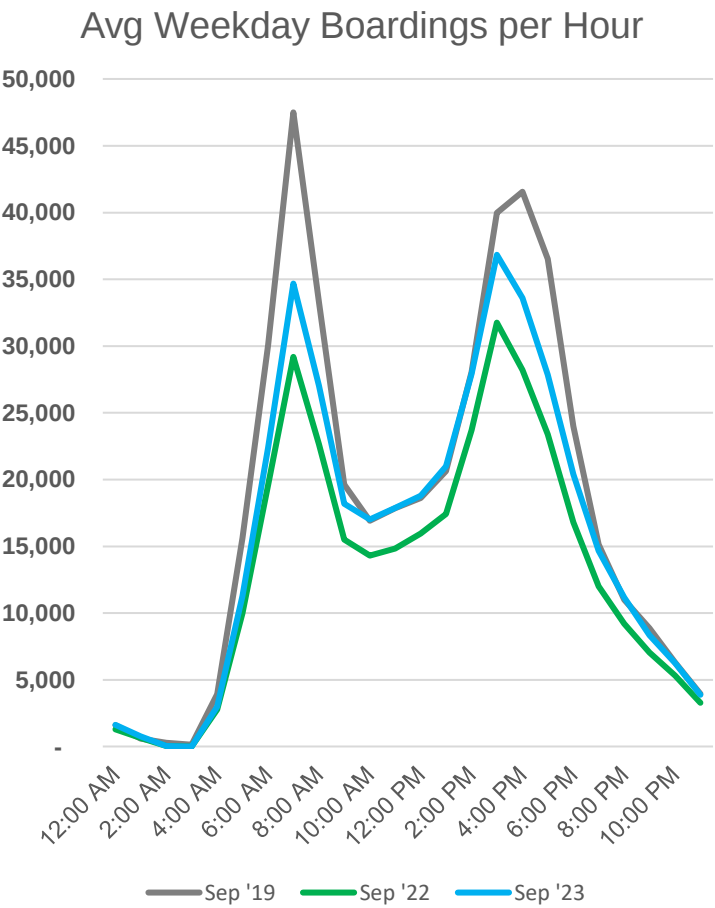
Major Bus Service Cuts

- 67 of 135 Metrobus lines eliminated
- Reduced service on 41 lines
 - Reductions between -2% and -75%
- Bus lines selected for cuts based on productivity & balanced across the region
- Decreases Metrobus service by 33%

Routes to be Eliminated		
1C	C11, C13	MW1
2B	C12, C14	NH2
3F, 3Y	D14	P6
8W	D2	P18
11Y	D31, D32, D33	R12
16Y	D51	REX
17B, 17M	D6	S35
17G, 17K	E2	S41
18G, 18J	F1, F2	T2
18P	F8	U4
21C	F12	U7
22A, 22F	F13	V14
26A	F14	W1
28F	G2	W2, W3
29G	G12	W5
89M	H6	W6, W8
60	H12	W14
74	J12	W45, W47
96	K2	X3
A31, A32, A33	K9	X8
B21, B22	L8	Z2
B24	M4	Z7
B27	M6	

Routes to be Reduced	
1A, 1B	H8, H9
7A	J1, J2
16A, 16C, 16E	K6
28A	L2
29K, 29N	L12
31, 33	N2, N4, N6
32, 36	P12
42, 43	R1, R2
52, 54	R4
62, 63	S2
64	T14
83, 86	T18
80	V2, V4
A4	V7, V8
A12	V12
C2, C4	X9
C21, C22, C26, C29	Y2, Y7, 78
C8	Z6, Z8
D4	
D8	
D12	
F4	
G8	

When Customers Ride the Bus



Administrative Efficiencies Examples

FY2025 Impact		FY26-35 Impact			
\$30.4M		\$365.9M		 Service Excellence  Talented Teams  Regional Opportunity and Partnership  Sustainability	
Mobile Drug Testing and Badging Pilot mobile office supporting frontline employees to staffing disruptions and associated overtime				Building Consolidation and Streamlining of Facility Related Services Warehouse consolidation and vacancy reductions; realigning security and building maintenance needs based on smaller footprint following Office Consolidation Project; termination of leases 	
Call Center Consolidation Consolidating disparate Metro call centers for SmartBenefits, general information, customer relations, lost and found into a unified customer experience supported by modern industry-standard technology				Non-Revenue Vehicle Fleet Reduction Fleet size reduced by 5% in FY2023 and will be reduced by another 5% by December 2024 	
Paratransit Alternative Service Delivery Accelerate customer adoption of paratransit alternatives in lieu of traditional ADA service with streamlined process and new technology					
FY2025 Savings Include - Paratransit Contract - \$9.6M - Services - \$17.9M		- Materials and Supplies - \$0.1M - Leases - \$0.6M		- Personnel - \$1.1M - Insurance - \$1.3M	



Reduce Consulting Services Examples

FY2025 Impact		FY26-35 Impact					
\$7.9M		\$95.1M					



Digital Transformation Examples

FY2025 Impact		FY26-35 Impact					
\$5.5M		\$65.0M					
				Service Excellence Talented Teams Regional Opportunity and Partnership Sustainability			
Eliminate Duplicative Application Licenses Authority-wide review of application usage, eliminate licenses for products no longer being used, consolidate on single platform where functionality is being provided by multiple applications 				Right-size IT-related contracts Reduce usage of IT-related contractors where functions can be provided by existing in-house capabilities 			
Laptop and mobile phones efficiencies Savings on data, maintenance and other usage related costs 							
Savings Include - Professional and Technical Services - \$3.0M - Contract Maintenance Services - \$2.3M - Services Other - \$0.2M							



Service Excellence



Talented Teams



Regional Opportunity and Partnership



Sustainability

Improved Asset Management Examples

FY2025 Impact		FY26-35 Impact		 Service Excellence  Talented Teams  Regional Opportunity and Partnership  Sustainability			
\$6.8M		\$81.9M					
Preventive track rehabilitation resulting in parts and materials savings Reducing track repair parts contract amount due to enhanced/continual preventive maintenance leading to fewer repairs and improved asset availability.				Elevator/Escalator improved life-cycle management resulting in reduced repair costs Reducing elevator and escalator repair parts contract amount due to less need for major overhaul resulting in reduced need for assets, repairs and parts.			
Expansion of automated inspection technologies: Analyzing expansion of drone and other automated inspection technologies to detect potential issues earlier, optimize deployment of inspection staff, and reduce repair/maintenance costs							
FY2025 Savings Include - Contract Maintenance Services - \$4.1M - Materials and Supplies - \$2.3M - Fuel (Diesel/Gas/CNG) - \$0.4M							