

**M E M O R A N D U M**

April 27, 2021

TO: Transportation, Infrastructure, Energy & Environment Committee

FROM: Glenn Orlin, Senior Analyst

SUBJECT: Washington Metropolitan Area Transit Authority (WMATA) FY22 Budget and related matters

PURPOSE: Discussion with Board Member Michael Goldman

Those anticipated to attend this discussion include:  
Michael Goldman, WMATA Board Member  
Charles Scott, Maryland Liaison, WMATA  
Christopher Conklin, Director, Department of Transportation (DOT)  
Gary Erenrich, Special Assistant to the Director, DOT

Earlier this month the WMATA Board approved its FY22 Operating Budget and FY22-27 Capital Improvements Program (CIP). The FY22 Operating Budget is \$2.07 billion, a 7.0% rise over FY21 Budget. It assumes no fare changes for Metrorail, Metrobus, or Metro Access. (Metrobus had reintroduced fares early this calendar year.)

The budget maintains the current Metrorail service level (80 percent of pre-pandemic) throughout FY22 and eliminates previously proposed Metrorail service reductions and station closures that would have taken effect January 2022, including the Grosvenor/Strathmore Station. Red Line trains will continue to run every 6 minutes during the day on weekdays (including peak periods), every 12 minutes during the day on weekends, and every 20 minutes at night. The recommended budget includes funding for Silver Line Phase 2 revenue service as early as January 2022, although the revenue service date will be established after all identified deficiencies have been resolved to meet acceptance standards. In addition, the recommended budget funds the Potomac Yard Station opening in Alexandria in the fourth quarter of FY22.

The proposed budget also recommends retaining, throughout FY22, previously approved Metrobus service improvements scheduled to go into effect in June 2021, providing approximately 85 percent of pre-pandemic bus service levels throughout FY22, and eliminating previously proposed Metrobus service reductions that would have taken effect January 2022. The FY22 Capital Budget is \$2.608 billion, and the FY22-27 CIP is \$12.34 billion (not including debts service).

More background about the capital and operating budgets is on ©1-12.

# Background

- January 2021 budget proposed for FY2022 assumed
  - Ridership at 34% pre-pandemic levels
  - No new federal relief
  - Constrained jurisdictional subsidies
  - Operating gap of \$209 million
- Board approved docket for public comment including severe service impacts effective January 2022
- Record number of riders and stakeholders gave feedback in February and March 2021
- The American Rescue Plan was signed into law on March 11, 2021

# Revised FY2022 Operating Budget Proposal

- Maintain Metrobus and Metrorail services for full year with no service or frontline staff reduction
- No rail station closures or turnbacks
- Retain Collective Bargaining Agreement / Pay for Performance
- Revise Silver Line Phase 2 revenue service date to begin Q3 FY2022 based on Metropolitan Washington Airports Authority's current expected substantial completion by Labor Day weekend 2021
- Include Potomac Yard Station opening in Q4 FY2022

## Proposed FY2022 Year-Round Service

### **Metrorail** 80% of pre Covid-19 service

#### **Maintain existing service levels**

*Span:* Close 11 pm, 7 days

*Frequency:*

Weekdays: 12 min BL/OR/GR/YL/SV / 6 min RD

Weekends: 15 min BL/OR/GR/YL/SV / 12 min RD

Evenings: 20 min BL/OR/GR/YL/SV / 20 min RD

No station closures, no turnbacks

### **Metrobus** 85% of pre Covid-19 service

#### **Maintain existing service levels and improvements effective June 2021**

Extend to 2 am on 34 lines 7 days

6 lines/restore weekday peak coverage

4 lines with full or partial restoration of all-day service

10 lines with restoration of Saturday service

9 lines with restoration of Sunday service

**Total FTE Reduction: 0**

**Impact: \$171.4M**

# Current Service Continues in Addition to Enhancements Effective June 2021 Throughout FY2022

	District of Columbia	Maryland	Virginia
Late Night Service	32,33,36,52,70,80,92,A6, A8,G8,H4,L2,P6,S2,U5,V2, W2,W4,X2	A12,C4,D12,F4,J2,K6,P12, T18,Y2,Z8	1A,7A,10A,16E,23B,28A, 38B
Weekday All-Day Service	60,E6*	C28*	23B,23T,26A
Weekday Peak Service	V7		8Z*,11Y*,17K*,21A*,18J, 28G*
Saturday Service	62,D2,E2,G2,M6,X8	C14,C29,NH2,R12	NH2
Sunday Service	62,D2,E2,G2,M6,X8	H12,NH2,T14,V12	NH2

\* Neighborhood coverage restored by extending another route (4)

## Revenue Rebounds with Vaccine Availability but Still Significantly Below Historic Levels

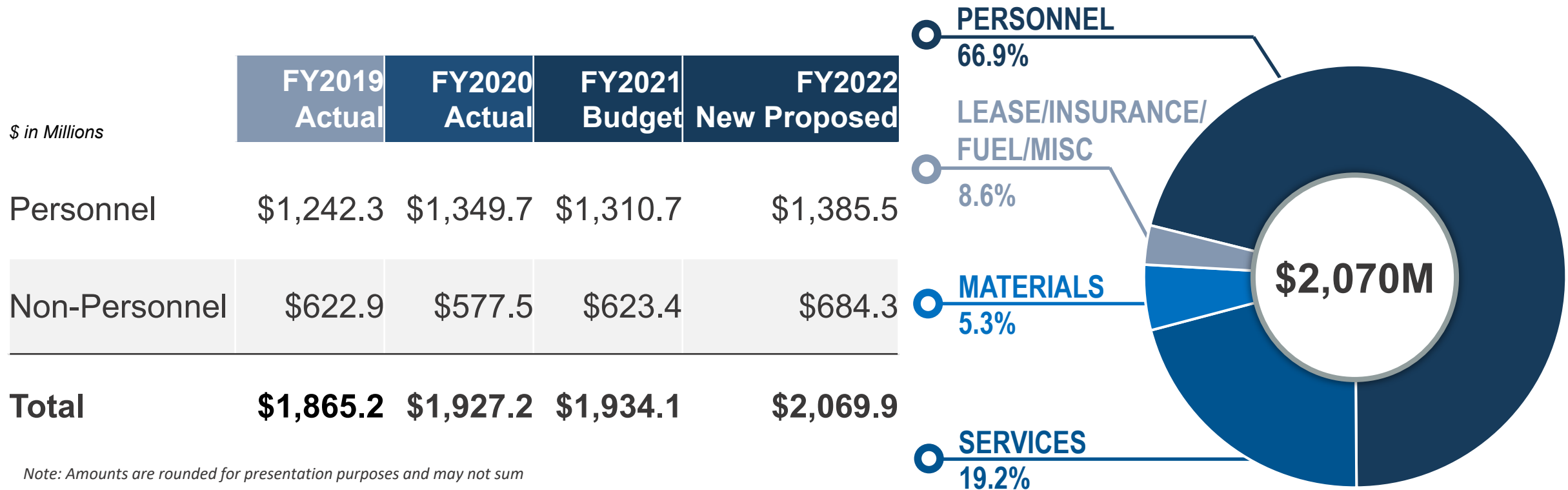
	FY2019 Actual	FY2020 Actual	FY2021 Budget	FY2022 New Proposed
<i>\$ in Millions</i>				
Fare Revenues	\$666.3	\$485.0	\$114.9	\$168.9
Non-Fare Revenues <sup>1</sup>	\$118.3	\$95.8	\$65.7	\$68.4
<b>Generated Revenue</b>	<b>\$784.6</b>	<b>\$580.8</b>	<b>\$180.6</b>	<b>\$237.3</b>
Federal Funds	-	\$221.0	\$642.0	\$722.9
<b>Total Revenue</b>	<b>\$784.6</b>	<b>\$801.7</b>	<b>\$822.5</b>	<b>\$960.2</b>

<sup>1</sup> Includes Parking Revenue

*Note: Amounts are rounded for presentation purposes and may not sum*

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# Expenses Driven by Restoration of Paratransit, SVL2 Equity Investment, and Pandemic Related Costs



## FY2022 Balanced Using \$723M of Relief Funding

<i>\$ in Millions</i>	FY2021 Approved Budget	FY2022 Docket	FY2022 New Proposed
Revenue	\$180.6	\$222.0	\$237.3
Expense	\$1,934.1	\$1,889.5	\$2,069.9
<b>Operating Deficit</b>	<b>\$1,753.5</b>	<b>\$1,667.5</b>	<b>\$1,832.5</b>
FY2022 Subsidy	\$1,111.6	\$1,153.1	\$1,109.7
<b>Funding Gap</b>	<b>(\$642.0)</b>	<b>(\$514.5)</b>	<b>(\$722.9)</b>
Relief Funding	\$642.0	\$514.5	\$722.9
<b>Remaining Gap</b>	<b>\$0.0</b>	<b>\$0.0</b>	<b>\$0.0</b>

*Note: Amounts are rounded for presentation purposes and may not sum*

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## Subsidy Allocation by Jurisdiction

	FY2021 Subsidy	FY2022 Base Subsidy <sup>1</sup>	Change %	Legislative Exclusions	Potomac Yard	FY2022 Total Subsidy	Total Change %	Debt Service <sup>2</sup>	Jurisdictional Contribution
<b>District of Columbia</b>	<b>\$399,159,420</b>	<b>\$396,500,188</b>	<b>(0.7%)</b>	<b>\$1,938,288</b>	<b>\$156,344</b>	<b>\$398,594,820</b>	<b>(0.1%)</b>	<b>\$33,273,091</b>	<b>\$431,867,911</b>
Montgomery County	\$183,607,050	\$178,254,201	(2.9%)	\$799,864	\$83,017	\$179,137,083	(2.4%)	\$15,409,645	\$194,546,728
Prince George's County	\$240,588,518	\$243,115,342	1.1%	\$841,658	\$74,515	\$244,031,514	1.4%	\$15,809,086	\$259,840,600
<b>Maryland Subtotal</b>	<b>\$424,195,568</b>	<b>\$421,369,543</b>	<b>(0.7%)</b>	<b>\$1,641,522</b>	<b>\$157,532</b>	<b>\$423,168,597</b>	<b>(0.2%)</b>	<b>\$31,218,731</b>	<b>\$454,387,328</b>
City of Alexandria	\$46,090,591	\$45,999,763	(0.2%)	\$231,648	\$22,083	\$46,253,495	0.4%	\$1,775,511	\$48,029,006
Arlington County	\$77,313,237	\$76,402,949	(1.2%)	\$405,057	\$44,210	\$76,852,215	(0.6%)	\$0	\$76,852,215
City of Fairfax	\$2,676,330	\$2,745,368	2.6%	\$11,074	\$1,439	\$2,757,882	3.0%	\$111,494	\$2,869,375
Fairfax County	\$153,872,850	\$152,013,647	(1.2%)	\$696,200	\$76,881	\$152,786,728	(0.7%)	\$5,615,212	\$158,401,940
City of Falls Church	\$3,137,603	\$3,074,905	(2.0%)	\$16,624	\$1,188	\$3,092,718	(1.4%)	\$176,211	\$3,268,930
Loudoun County	\$5,138,519	\$6,072,292	18.2%	\$59,586	\$13,989	\$6,145,867	19.6%	\$0	\$6,145,867
<b>Virginia Subtotal</b>	<b>\$288,229,129</b>	<b>\$286,308,924</b>	<b>(0.7%)</b>	<b>\$1,420,190</b>	<b>\$159,791</b>	<b>\$287,888,905</b>	<b>(0.1%)</b>	<b>\$7,678,428</b>	<b>\$295,567,333</b>
<b>Total Contribution</b>	<b>\$1,111,584,118</b>	<b>\$1,104,178,655</b>	<b>(0.7%)</b>	<b>\$5,000,000</b>	<b>\$473,666</b>	<b>\$1,109,652,321</b>	<b>(0.2%)</b>	<b>\$72,170,250</b>	<b>\$1,181,822,571</b>

1. In addition to deferred subsidy, FY2022 Base subsidy reduced by \$6.6M for delay of Silver Line Phase 2 and \$0.8M for Bus Route 3A to be operated by Fairfax County effective July 2021

2. Gross Revenue Bond Debt Service

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# Capital Program Overview (\$B)

Capital Program Portfolio

\$22.0B

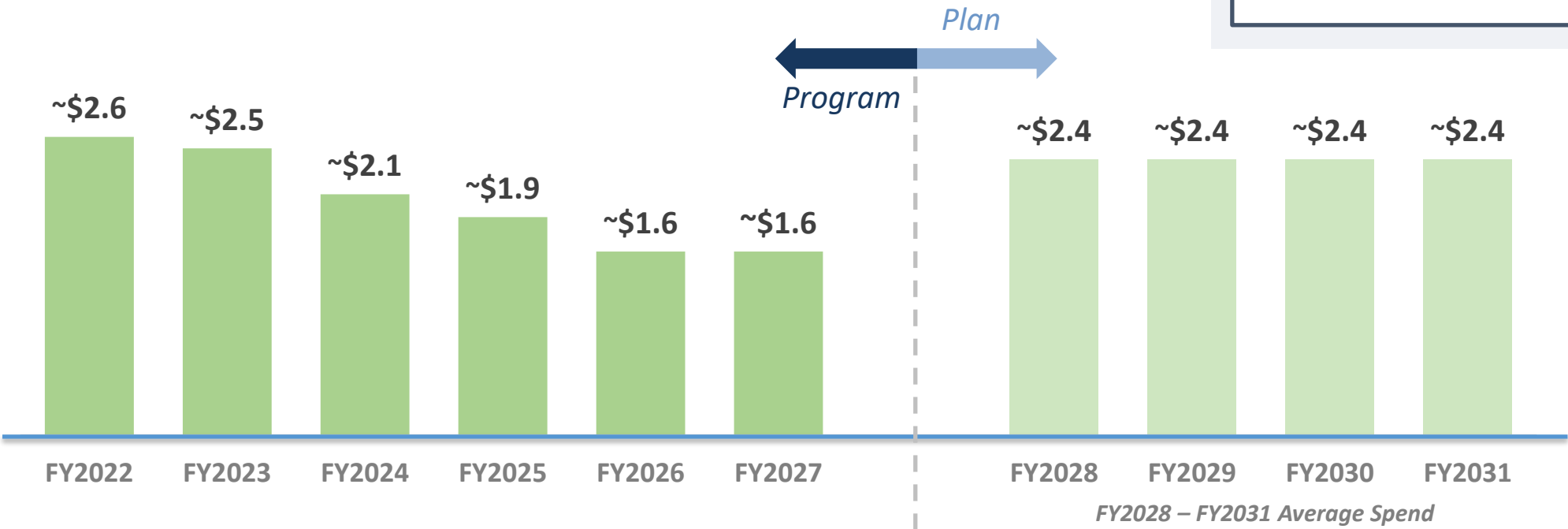
10-Year Capital Plan

\$12.3B

Six-Year Capital Program

\$2.6B

FY2022 Capital Budget



10-Year Capital Plan

Six-Year Capital Improvement Program (CIP)

Capital Budget

Total Investment \$22.0B

Total Investment \$12.3B

Total 1-Year Investment \$2.6B

Investments Continuing Beyond the 10-Year Plan include:

- Continued Required State of Good Repair and Safety Investments
- 8000 Series Railcar Acquisition
- Zero Emission Bus
- Complete 8-car Train Initiative
- Next Generation Signal System
- Tunnel Ventilation Improvements
- Railyard Optimization
- Passenger Circulation Station Improvements

## Financial Plan by Investment Category

Capital Investment Categories (\$M)	FY2022 Budget	FY2023 Plan	FY2024 Plan	FY2025 Plan	FY2026 Plan	FY2027 Plan	6-Year Total
Railcar and Railcar Facilities	\$342	\$346	\$437	\$530	\$517	\$422	<b>\$2,595</b>
Rail Systems	\$273	\$337	\$308	\$256	\$203	\$213	<b>\$1,591</b>
Track and Structure Rehabilitation	\$343	\$456	\$259	\$236	\$237	\$267	<b>\$1,798</b>
Stations and Passenger Facilities	\$792	\$530	\$354	\$302	\$268	\$272	<b>\$2,519</b>
Bus, Bus Facilities and Paratransit	\$294	\$388	\$467	\$418	\$184	\$196	<b>\$1,947</b>
Business and Operations Support	\$546	\$468	\$239	\$206	\$220	\$207	<b>\$1,887</b>
<b>Total Capital Investments</b>	<b>\$2,591</b>	<b>\$2,526</b>	<b>\$2,064</b>	<b>\$1,949</b>	<b>\$1,628</b>	<b>\$1,578</b>	<b>\$12,336</b>
Revenue Loss from Capital Projects	\$17	\$10	\$10	\$10	\$10	\$10	<b>\$67</b>
Debt Service - Dedicated Funding <sup>1</sup>	\$0	\$95	\$199	\$258	\$316	\$358	<b>\$1,226</b>
<b>Total Capital Program Cost</b>	<b>\$2,608</b>	<b>\$2,631</b>	<b>\$2,273</b>	<b>\$2,217</b>	<b>\$1,954</b>	<b>\$1,946</b>	<b>\$13,629</b>

<sup>1</sup> Projections subject to change based on actual debt requirements and terms of future debt issuance

# FY2022 Jurisdictional Capital Funding – Allocation

## FY2022 Anticipated Capital Budget Funding Sources

Funding Sources (\$M)	FY2022 Budget
<b>Federal Grants</b>	
Formula and Other Grants	\$325
PRIIA	\$149
<b>Subtotal Federal Grants</b>	<b>\$489</b>
<b>State and Local Contribution</b>	
District of Columbia	\$328
State of Maryland	\$310
Commonwealth of Virginia	\$288
<b>Subtotal State and Local</b>	<b>\$926</b>
Jurisdiction Reimbursable Projects	\$156
Metropolitan Washington Airports Authority	\$13
Debt and Other Fund Sources	\$1,024
<b>Grand Total</b>	<b>\$2,608</b>

## State and Local Contribution by Jurisdiction

	FY2022 Budget
DC PRIIA	\$49,500,000
DC Dedicated Funding	\$178,500,000
DC Allocated Contribution	\$99,663,709
Montgomery County	\$46,334,910
Prince George's County	\$47,477,330
MD PRIIA	\$49,500,000
MD Dedicated Funding	\$167,000,000
City of Alexandria	\$12,599,122
Arlington County	\$22,791,984
City of Fairfax	\$713,407
Fairfax County	\$40,600,208
City of Falls Church	\$776,099
Loudoun County	\$5,471,946
VA PRIIA	\$49,500,000
VA Dedicated Funding	\$154,500,000
VA CMAQ	\$1,016,889
<b>Total</b>	<b>\$925,945,603</b>

# Risks and Opportunities

## Covid-19 Pandemic



- Supply delays
- Managing projects safely
- Operating impacts
- Telework policies and travel behavior

## Federal and Regional Uncertainty



- Reauthorization of the Passenger Rail Investment and Improvement Act (PRIIA) and federal formula programs
- Regional economic recovery
- Federal, State, Local regulatory changes to address sustainability and equity
- Infrastructure bill

## Emerging Needs



- Safety and state of good repair
- Emergency response
- Safety/regulatory mandates

## Non-WMATA Risks



- Permitting, litigation, third-party

## Silver Line Phase 2



- Schedule, ridership and cost recovery

## Service Levels – FY2022 & Future



- Fleet size, facilities
- Rehabilitation & Maintenance Impacts