

T&E COMMITTEE #1
April 25, 2022

MEMORANDUM

April 20, 2022

TO: Transportation, Infrastructure, Energy & Environment Committee

FROM: Glenn Orlin, Senior Analyst

SUBJECT: Washington Metropolitan Area Transit Authority (WMATA) FY23 Budget and related matters

PURPOSE: Discussion with Board Alternate Member Michael Goldman

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

The WMATA Board approved its FY23 Operating Budget and FY23-28 Capital Improvements Program (CIP). The FY23 Operating Budget is \$2.28 billion, an 8.7% rise over FY22 Budget. The FY23-28 CIP totals \$12.4 billion and the FY23 Capital Budget is \$2.3 billion.

The budget assumes no changes to the basic fares for Metrorail, Metrobus, or Metro Access, although there will be a new, \$2.00/ride fare on Metrorail after 9:30pm every night and the 7-day unlimited ride pass will be discounted by half—from \$58 to \$29—for the first six months of FY23. The base Metrobus fare will continue to be \$2.00/ride, which has been the regional fare—including in Montgomery County—since January 2021. Fares will cover only 16.4% of costs; the balance will be paid for by State and local jurisdictions (52.2%), and Federal relief (31.4%).

The budget assumes a modest growth in ridership in FY23, but still 47% below the FY19 pre-COVID level. Red Line trains will continue to run every 10 minutes during the day and evening on weekdays (including peak periods), every and every 12 minutes on weekends. More background about the capital and operating budgets is on ©1-25.

For many this will be the first opportunity to meet with Christopher Zappi, the Board Alternate Director appointed to replace Mayor Kathy Porter. His bio on the WMATA website is on ©26.

WMATA FY23 Budget Overview

Montgomery County Council
Transportation & Environment Committee
April 25, 2022

(1)



- Pandemic's Impact on Metro
- Overview of FY23 Operating Budget
- Metro Capital Program Update
- Challenges and Opportunities Facing Metro and the Region

Pandemic's Impact on Metro



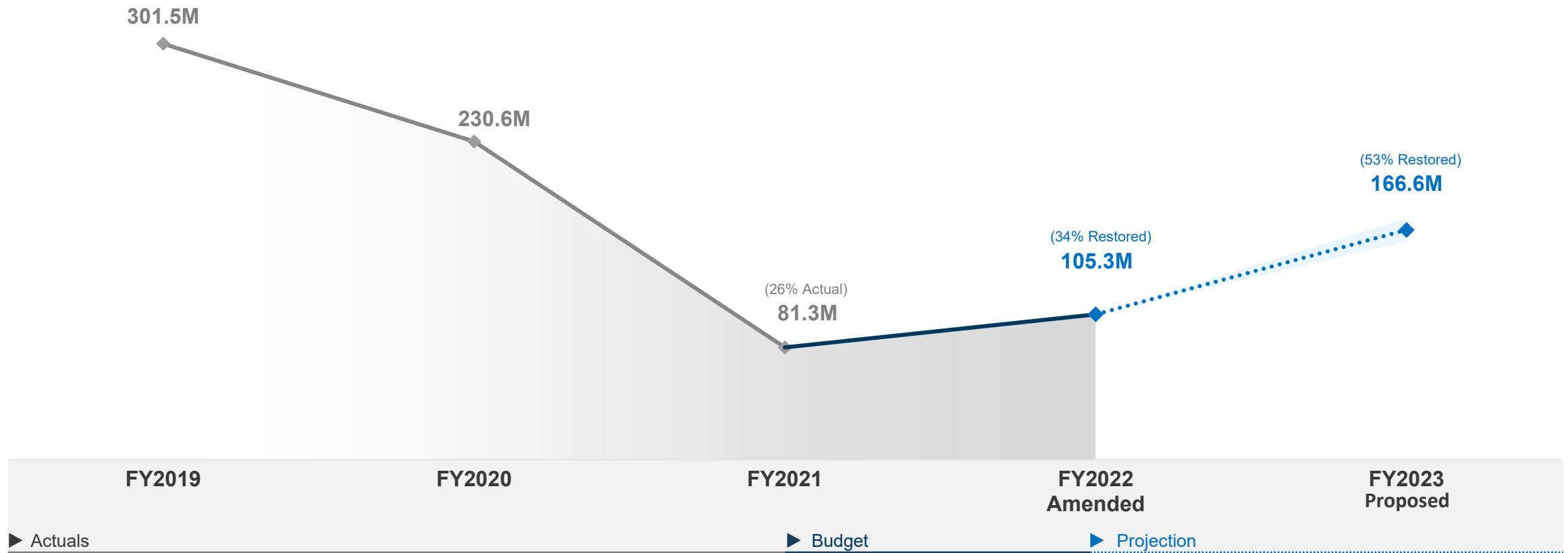
Keeping Metro's workforce safe

- Vaccination or proof of testing required for all Metro employees
 - 93% of workforce is vaccinated
 - 97% compliant with vaccine or testing requirement

The screenshot displays the 'Health Status Dashboard' for Metro employees. It is organized into several sections:

- My own health status:** Shows 'No COVID-19 Health Related updates yet'.
- My Vaccination Status:** Shows 'COVID-19: Completed, Fully Vaccinated. Vaccination Card Uploaded.'
- My Testing Status:** Shows 'COVID-19: You are not required to submit weekly tests!'.
- Update Health:** A section with four interactive cards:
 - Submit COVID-19 Test Results:** 'Submit your COVID-19 Test Results here.'
 - Submit COVID-19 Vaccination Information:** 'Upload your Vaccination Card and report adverse reactions here.'
 - COVID-19 Self Reporting:** 'Enter/Update COVID-19 virus (not vaccine) health information here.'
 - COVID-19 Workforce Information:** 'Click here to enter COVID-19 status for another employee.'
- Right-hand navigation menu:** Includes links for 'WMATA Employee Alerts', 'Metroweb', 'Metroweb - COVID-19 One-Stop-Shop', 'CDC information', 'NIH information', 'District of Columbia COVID-19 Response', and a chat option: 'Have a question, chat with us here. - Chat is available between 7:00am - 7:00pm M-F. Chat Live with us'.

Gradual Ridership Rebound Brings Back More Riders in FY2023



Note: Percentage restored based on FY2021 original budget of 313.9M



Update on 7000-Series Railcars

- Metro continues to improve service amid the 7000-series railcar investigation.
- Returning more 6000 series trains to service this Spring
- Outlined plan on 3/24 to gradually return 7000 series trains to service once approved by WMSC.
- Metro continues to work closely with NTSB, FTA, WMSC and an outside safety consultant (TTCI)



Current Metrorail Service

Red – operates every 10 min. weekdays, 12 min. weekend

Blue/Orange/Silver – 20 min. weekdays, 24 min. weekend

Green/Yellow Line – 20 min. weekdays and weekends



Shady Grove Station:

| FIRST TRAINS | | | |
|-----------------------|---------|---------|---------|
| Rail Lines | Mon-Fri | Sat | Sun |
| RD Shady Grove | 5:00 AM | 7:00 AM | 7:00 AM |

| LAST TRAINS | | | | |
|-----------------------|----------|----------|----------|----------|
| Rail Lines | Mon-Thu | Fri | Sat | Sun |
| RD Shady Grove | 11:33 PM | 12:33 AM | 12:33 AM | 11:33 PM |

Glenmont Station:

| FIRST TRAINS | | | |
|--------------------|---------|---------|---------|
| Rail Lines | Mon-Fri | Sat | Sun |
| RD Glenmont | 5:00 AM | 7:00 AM | 7:00 AM |

| LAST TRAINS | | | | |
|--------------------|----------|----------|----------|----------|
| Rail Lines | Mon-Thu | Fri | Sat | Sun |
| RD Glenmont | 11:27 PM | 12:27 AM | 12:27 AM | 11:27 PM |



FY2023 Operating Budget



Operating Budget Environment

- COVID-19 pandemic continues to impact the region
- Ridership recovery assumed at 53% of pre-pandemic levels
- Proposes service enhancements and fare discounts to encourage ridership
- Federal relief funding will provide support in FY2023

Federal Relief Funds of \$716M to Balance Budget

| Operating Deficit and Funding Gap | | | | |
|-----------------------------------|------------------------------------|--------------------|--------------------|--------------------|
| | FY2021 Original Pre-Pandemic | FY2021 Actual | FY2022 Budget | FY2023 Proposed |
| <i>\$ in millions</i> | | | | |
| Passenger Revenue | \$677.8 | \$102.0 | \$159.5 | \$293.1 |
| Non-Passenger | \$146.0 | \$64.5 | \$68.4 | \$81.5 |
| Total Revenue | \$823.7 | \$166.6 | \$227.9 | \$374.6 |
| Expenses | \$2,070.0 | \$1,880.3 | \$2,100.2 | \$2,282.2 |
| Operating Deficit | (\$1,246.3) | (\$1,713.7) | (\$1,872.2) | (\$1,907.7) |
| Subsidy | \$1,246.3 | \$1,009.1 | \$1,109.7 | \$1,191.9 |
| Federal Relief | \$0.0 | \$704.7 | \$762.6 | \$715.8 |
| Funding Gap | \$0.0 | \$0.0 | \$0.0 | \$0.0 |

Fare Initiatives and Discounts Considered for FY2023

| | | Benefitting Trips | Projected FY2023 Revenue Impact |
|---|--|----------------------|------------------------------------|
| | <i>\$ and trips in millions</i> | | |
| FY2022 September Fare Changes | Weekend Rail \$2 Flat Fare | 12.2 | (\$4.3) |
| | \$2 Bus-Rail Transfer Discount | 7.5 | (\$7.4) |
| | \$12 7-Day Regional Bus Pass | 5.9 | (\$0.6) |
| | TOTAL | 25.6 | (\$12.3) |
| FY2023 Pandemic Fare Initiatives | Late Night Rail \$2 Flat Fare | 3.2 | (\$1.0) |
| | Discount Monthly Passes | | (\$1.7) |
| | Discount 7-Day Unlimited Pass ¹ | | (\$0.3) |
| | Add Value Bonus ¹ | 21.1 | (\$7.9) |
| | TOTAL | 24.2 | (\$10.9) |
| | <i>1. Estimate is for six months only</i> | | |

\$2 Late Night Rail Fares

APPROVED FOR FY23

\$2 one-way late-night rail fares

- One-way trips after 9:30 pm would cost \$2, 7 days a week
- Lower fares to support late-night workers and economy
- Encourages ridership during less busy hours



Customer Focused



Simple and Convenient



Equitable



Seamless



Drives Ridership



\$2.00-\$3.85

Current

Late Night Fare

\$2

Concept

\$1.0M

Potential Revenue Impact¹

1. Excludes revenue from potential induced demand

Discount Monthly Passes

APPROVED FOR FY23

Update trip multiples on monthly passes to reflect market changes/telework

- Reduction from 36 trip multiple to 32 trips – approximate 4-day workweek equivalent
- Example: \$2 fare level monthly pass reduced from \$72 to \$64 (11% cheaper)
- Likely encourages additional sales and ridership



| | | | | |
|--------------------------------|-------------------------------------|-------------------------|------------------------|--------------------------------|
| <p>Customer Focused</p> | <p>Simple and Convenient</p> | <p>Equitable</p> | <p>Seamless</p> | <p>Drives Ridership</p> |
|--------------------------------|-------------------------------------|-------------------------|------------------------|--------------------------------|

| | | |
|--|--|--|
| <p>\$72-\$216 (multiples of 36 trips)</p> <p>Current</p> | <p>\$64-\$192 (multiples of 32 trips)</p> <p>Concept</p> | <p>\$1.7M</p> <p>Potential Revenue Impact¹</p> |
| <p>Monthly Pass Price</p> | | |

1. Excludes revenue from potential induced demand

Discount 7-Day Unlimited Passes

APPROVED FOR FY23

Offer 50% discount on 7-Day unlimited passes

- Appeal to riders and potential riders with irregular work weeks, teleworking schedules
- Likely induces additional trips
- Option to offer for limited period, e.g., 6 months



| | | | | |
|--------------------------------|-------------------------------------|-------------------------|------------------------|--------------------------------|
| <p>Customer Focused</p> | <p>Simple and Convenient</p> | <p>Equitable</p> | <p>Seamless</p> | <p>Drives Ridership</p> |
|--------------------------------|-------------------------------------|-------------------------|------------------------|--------------------------------|

| | | |
|-----------------------------------|--|--|
| <p>\$58</p> <p>Current</p> | <p>\$29</p> <p>(50% off)</p> <p>Concept</p> | <p>\$0.3</p> <p>6-Month Sale Duration</p> |
| <p>Pass Price</p> | | <p>Potential Revenue Impact^{1,2}</p> |

1. Excludes revenue from potential induced demand

2. Assumes a 50% price discount offering for 6-month period



Add Value Bonus

NOT APPROVED FOR FY23

Add bonus funds to SmarTrip® cards when customers add value

- Bonuses could be tiered or tied to certain thresholds; e.g., customers receive an additional \$5 when adding \$25 to SmarTrip® cards
- May induce ridership, appeal to riders with irregular travel schedules
- Could be offered for a limited period or tied to use of auto-reload



| | | | | |
|--------------------------------|-------------------------------------|-------------------------|------------------------|--------------------------------|
| <p>Customer Focused</p> | <p>Simple and Convenient</p> | <p>Equitable</p> | <p>Seamless</p> | <p>Drives Ridership</p> |
|--------------------------------|-------------------------------------|-------------------------|------------------------|--------------------------------|

| | | |
|--|--|--|
| <p>\$25</p> <p>Current</p> <p>SmarTrip® Value Added</p> | <p>\$25 + \$5</p> <p>(Bonus funds added)</p> <p>Concept</p> | <p>\$7.9M</p> <p>Potential Revenue Impact^{1,2,3}</p> |
|--|--|--|

1. Excludes revenue from potential induced demand
 3. Estimate is for 6 months only

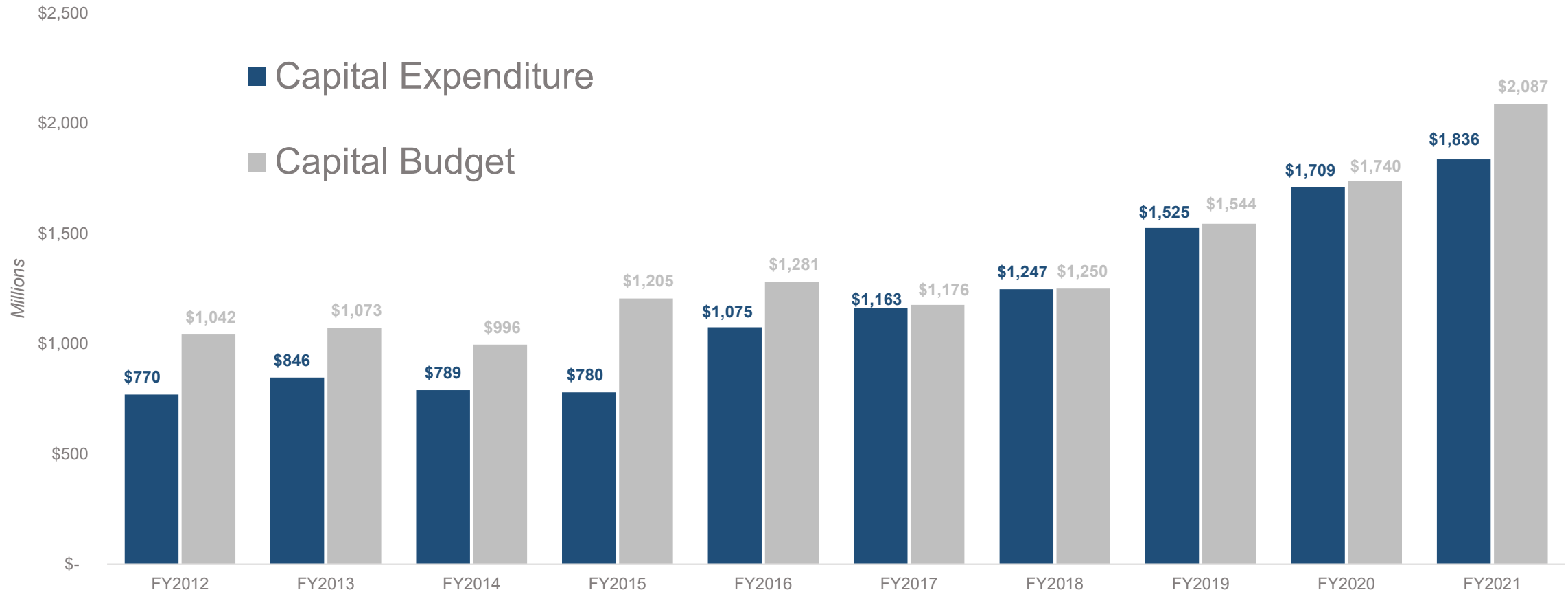
2. Assumes bonus impacts Stored Value riders (Full Fare, Disabled, Senior), excludes Pass and SmartBenefits® riders



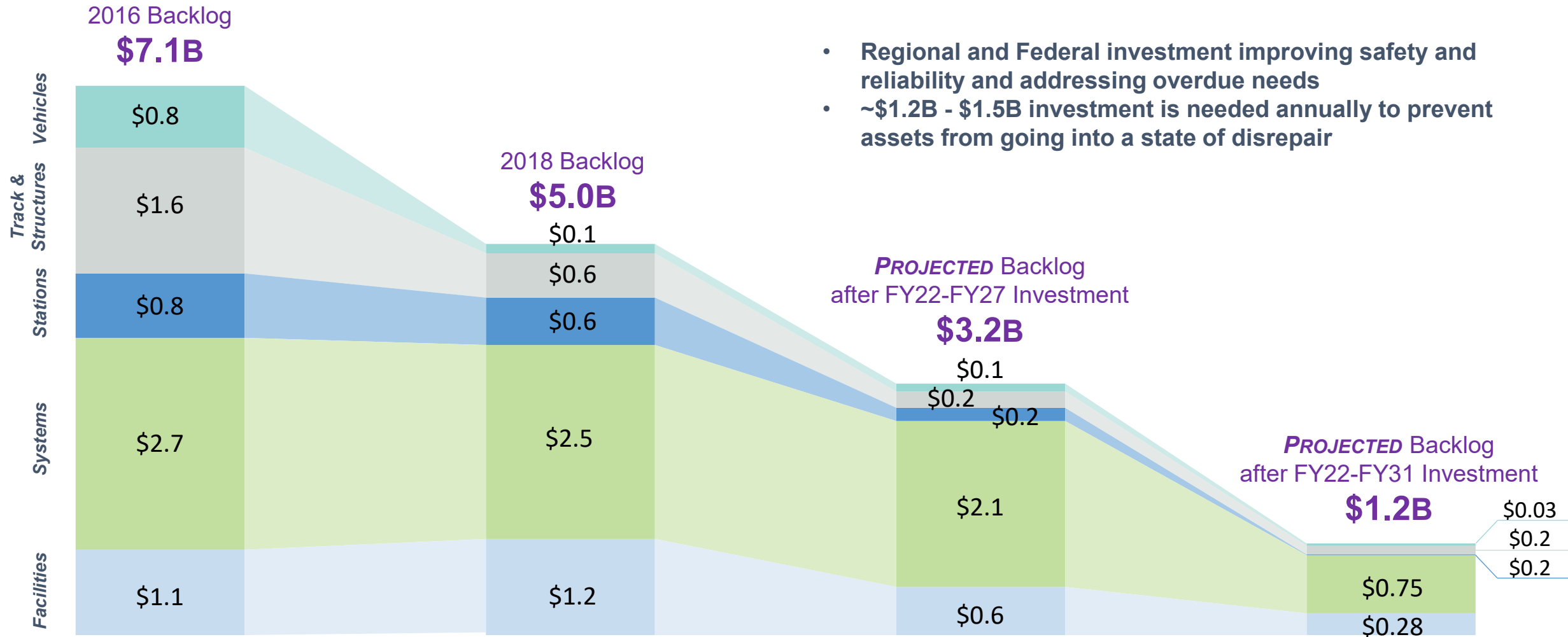
Capital Program Update



Significant Progress Achieved as Capital Expenditures More Than Doubled Over Last Decade

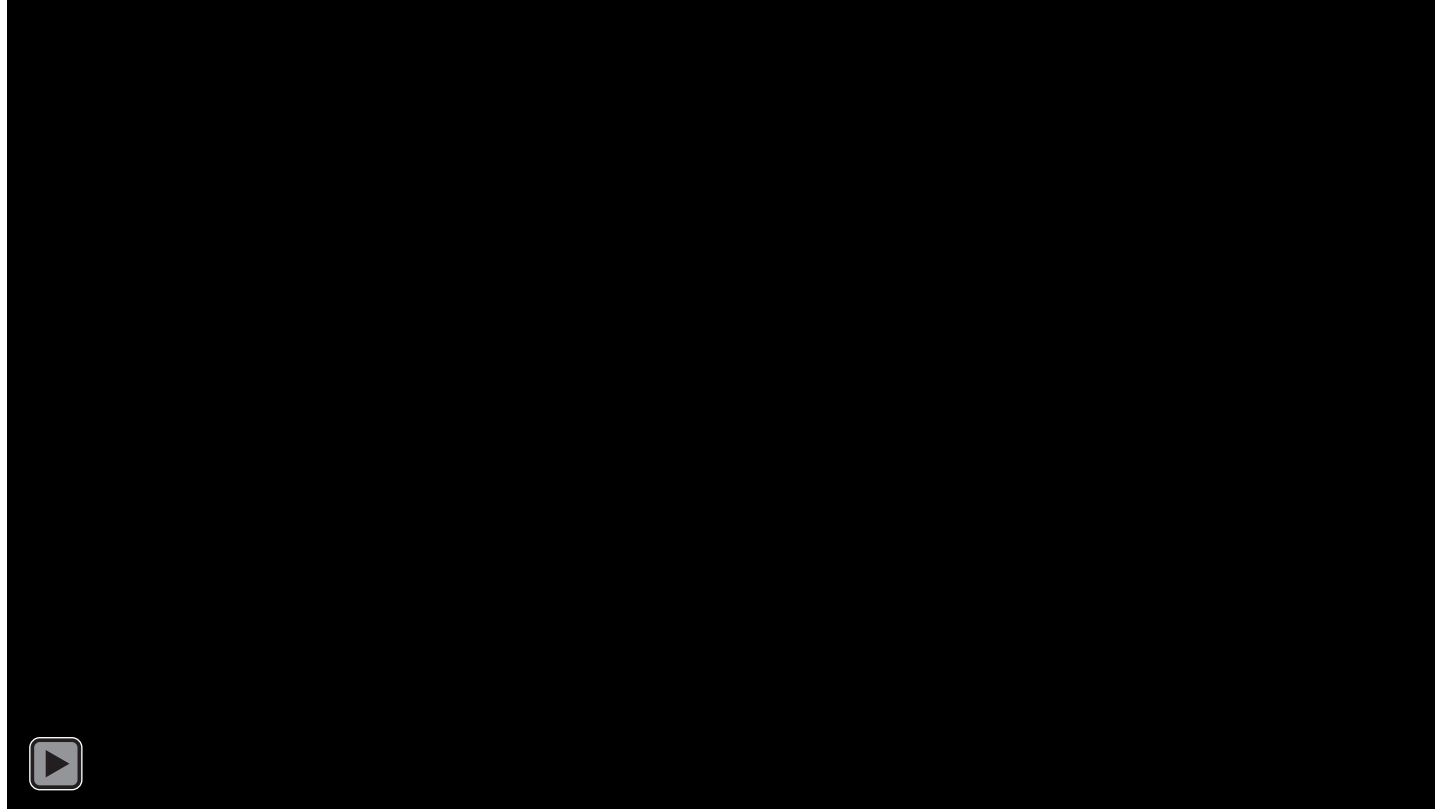


Investment Reducing State of Good Repair Backlog (\$B)



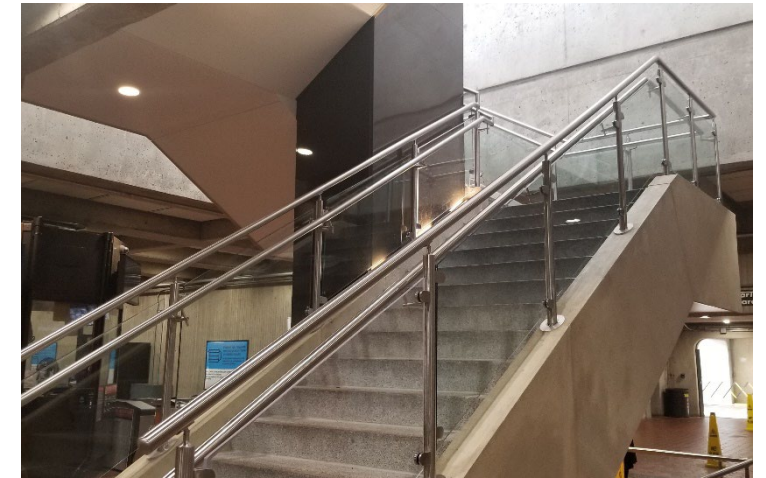
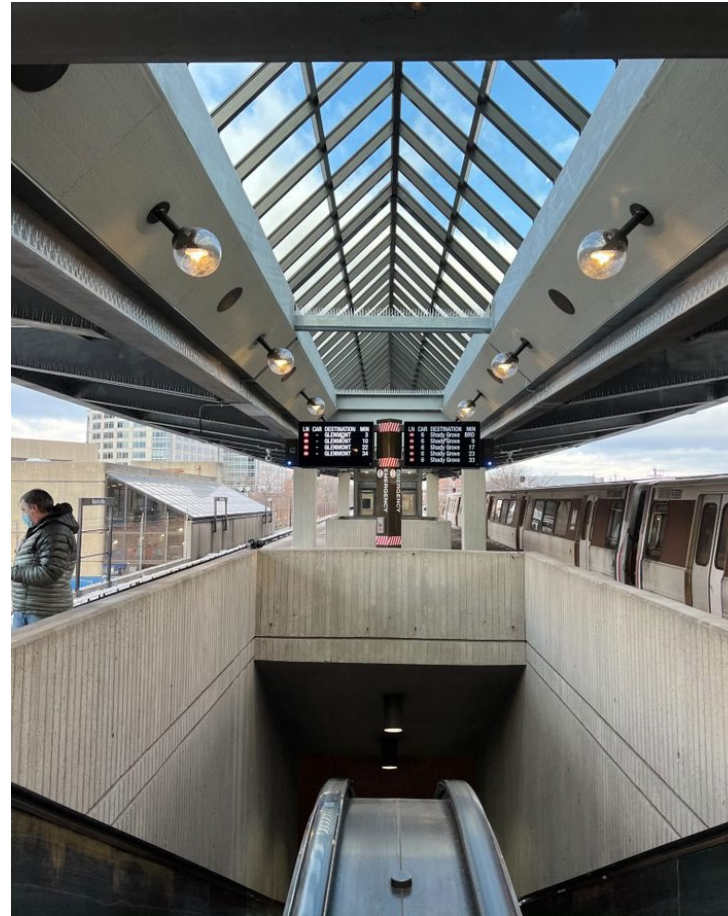
- Regional and Federal investment improving safety and reliability and addressing overdue needs
- ~\$1.2B - \$1.5B investment is needed annually to prevent assets from going into a state of disrepair

Highlights from the past year



2021 Accomplishments

Rockville Canopy Project



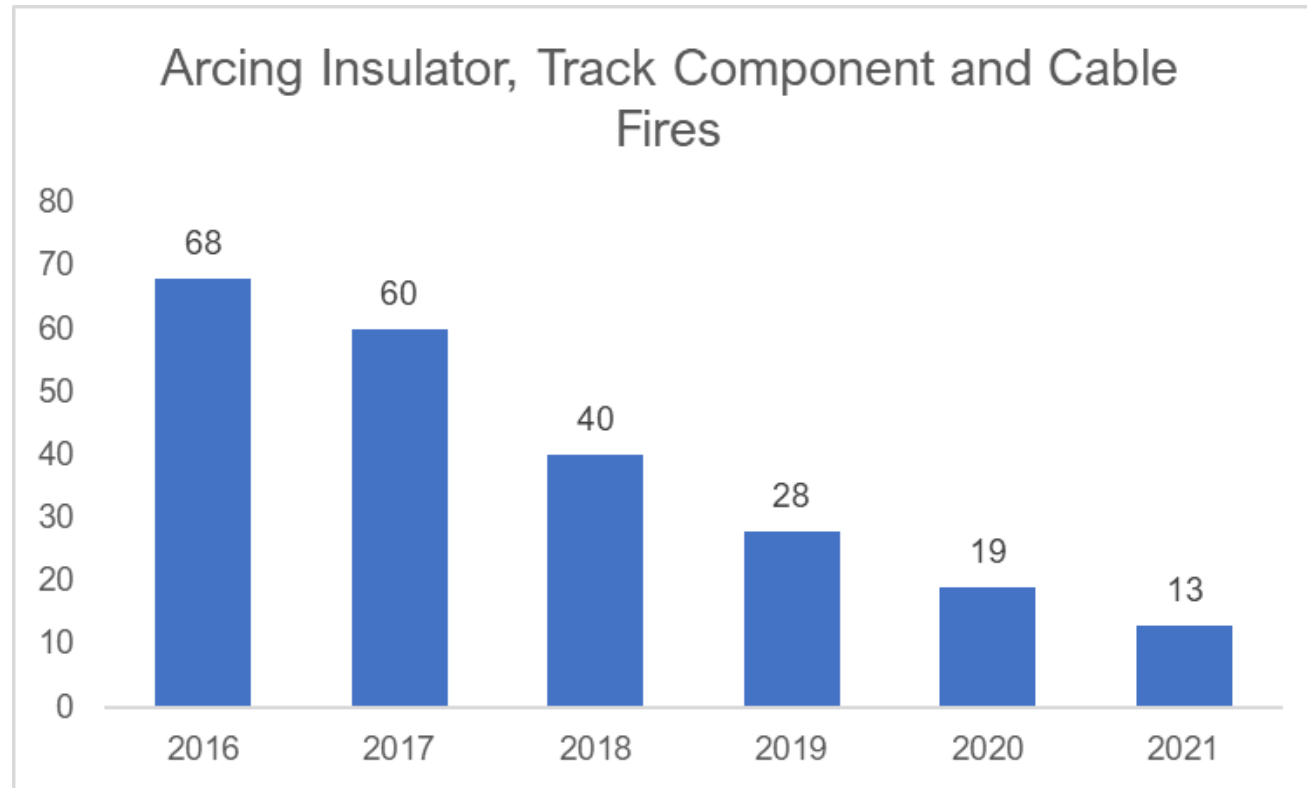
New Stairs at Shady Grove also completed during station closure

FY23 Capital Budget builds upon recent progress

- \$2.3B budget, part of \$12.4B FY23-28 CIP
- Complete Phase 4 of Platform Improvement Program
- Major Repairs to Yellow Line Bridge/Tunnel
- Advance rebuild of Northern and Bladensburg Bus Divisions
- Fourth year of capital program supported by regional dedicated funding



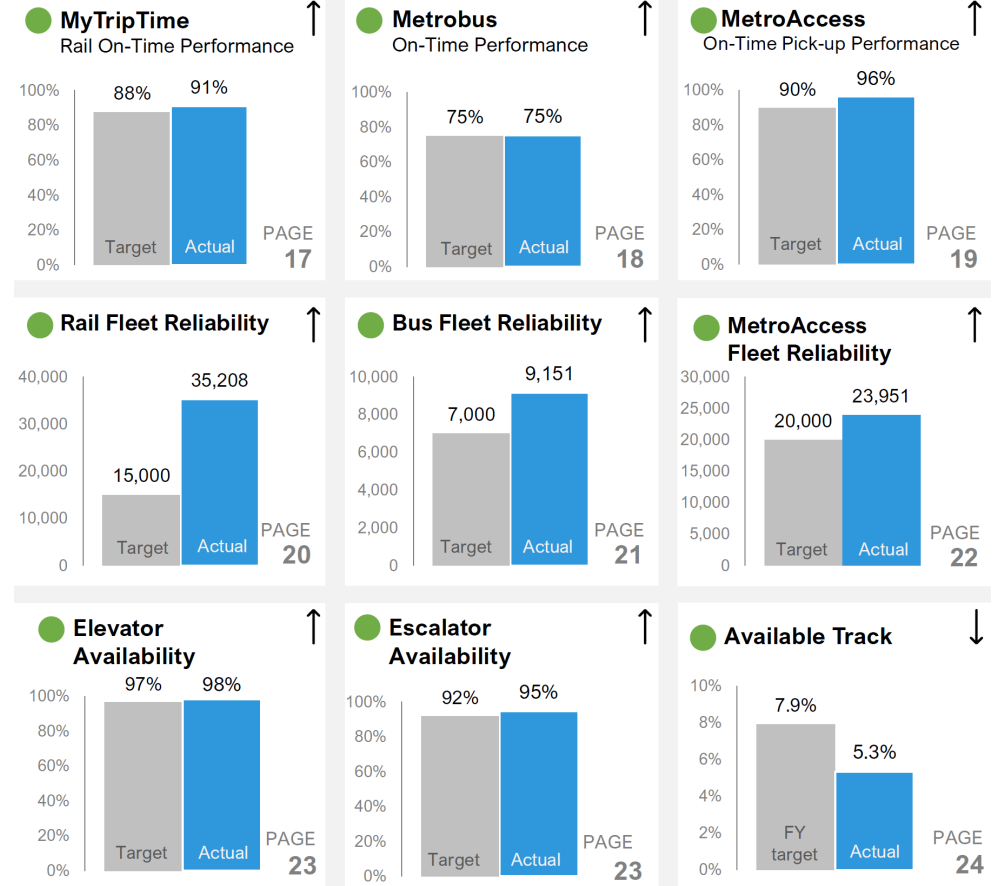
Investments Yield Improved Safety and Reliability



QUALITY SERVICE



The following highlights Metro's system-wide service quality performance through the end of FY21.



Legend

● Met or above target | ● Near target | ● Target not met | ● No target | ↑↓ Desired direction



Challenges and Opportunities Facing Metro and Region



Challenges and Opportunities Facing Metro and Region

- Pandemic has changed travel patterns and increased focus on transit-dependent riders
- Rail ridership and fare revenue = backbone of Metro's operating budget – with changes in telework and travel, the current funding model is broken
- Pre-Pandemic financial model for Metro is no longer sustainable
- Before COVID, access to high quality, frequent transit was not consistent across region
- Pandemic put focus on essential workers and critical role of transit
- Communities with high proportions of low-income and minority residents need and deserve quality transit service
- Looking forward, region needs to fund and deliver an affordable and seamless network of bus and rail transit services that benefits all

Questions?

Christopher Zappi was appointed to the WMATA Board of Directors as an Alternate Director representing the State of Maryland in November 2021. Chris serves on the Washington Suburban Transit Commission and is a Director at Amtrak focused on transportation policy strategy and partnerships. In prior roles at Amtrak, he managed a team responsible for improving the on-time performance of Amtrak trains operating on host railroads, which account for 97% of Amtrak's route network. In addition, he led the development and implementation of a successful bid to operate the MARC Penn Line commuter rail service in Maryland, launched Amtrak's partnership with Lyft, and advised the CEO and executive team on corporate strategy. Previously, he worked in infrastructure investing at Goldman Sachs and strategy and operations roles at GE Energy and Accenture.

Chris has an economics degree from Cornell and MBA from Yale. He lives in Kensington, MD with his wife and son and is active in community efforts to improve pedestrian and bicyclist safety.