

ITEM 9 – Information
February 15, 2017
Discussion on WMATA’s Proposed 2018 Budget

Staff

Recommendation: Approve transmittal letter.

Issues: None

Background: WMATA’s proposed 2018 Budget closes the identified gap through a significant reduction in Metro employee headcount and other management actions; rightsizing of bus and rail service to current ridership levels; a fare increase; and an increase in the funding contribution from the local jurisdictions. The TPB will discuss the proposal from a regional perspective as it relates to the duties of the TPB. TPB staff will document the discussion and forward the highlights to WMATA for their consideration.



MEMORANDUM

TO: Transportation Planning Board
FROM: Kanti Srikanth, TPB Staff Director
SUBJECT: Solicitation of Board Comments on WMATA FY 2018 Operating and Capital Budget and associated Service and Fare Changes
DATE: February 9, 2017

The TPB Chairman seeks a regional perspective from the Board on the Washington Metropolitan Area Transportation Authority's (WMATA's) proposed Fiscal Year 2018 Operating and Capital Budget. The proposed budgets include reduced frequency of service on Metrorail, elimination or reductions of bus service, increases in fares, and increased financial contributions from funding agencies.

At the February 15 meeting, the board will be provided the opportunity to discuss WMATA's proposed budgets and associated impacts from a regional perspective. Comments that reflect the goals and objectives of the TPB's Vision and Regional Transportation Priorities Plan (RTPP) are requested.

Board members are encouraged to provide any written comments on the WMATA budget and associated impacts by Tuesday, February 14 for distribution during the Board meeting on February 15.

Following discussion at the board meeting, staff will collect the comments and a sense of the board's discussion and transmit them in a letter to WMATA.

OVERVIEW OF WMATA'S PROPOSED FY 2018 BUDGET

The following is an overview of WMATA's proposed budget for Fiscal Year 2018, both Operating and Capital. A public comment period took place from January 14 to February 6, with a public hearing on January 30. The WMATA board is scheduled to approve the budget in March.

It should be emphasized that the draft budget made available for public comment includes service changes and fare increases that are the "maximum potential" limits of what the board can then approve. In their final approval, the board can approve lesser but not more severe changes to service or fares.

Proposed Fare Increases

- The Metrorail peak period base fare could increase by \$0.10, from \$2.15 to \$2.25.
- The Metrorail maximum fare could also increase by \$0.10, from \$5.90 to \$6.00
- The off-peak Metrorail fares could increase by \$0.25, to \$2.00 (base) and \$3.85 (maximum).
- Regular Metrobus fares could increase by \$0.25, from \$1.75 to \$2.00
- Based on the primary fare changes, other fare changes would occur for senior/disabled fares, MetroAccess fares, passes, etc.

Proposed Service Changes

- Metrobus: Twenty-five routes could be eliminated, with up to twenty others reduced in frequency or route coverage. In some cases, other bus routes could be then extended to compensate for the reductions.
- Metrorail: Weekday peak headways could be changed to 8 minutes. Red Line service between Grosvenor and Silver Spring could have 4 minute headways. Blue Line service could be improved by this change; but Rush Plus Yellow Line could be discontinued. Off-peak service headways could also be reduced.

Financial Contributions

- The Operating Budget is proposed at \$1.82 billion, a 2 percent increase from the FY 2017 budget. Net State and local subsidy could increase by \$130 million or 15.4 percent from FY 2017 to FY 2018.
- The Capital Budget is proposed at \$1.25 billion, an increase of 25% over the approved FY 2017 budget of \$1.0 billion. Of the FY 2018 budget, \$695 million will be invested in Safety & State of Good Repair investments, \$534 million will support Major Projects, and \$21 million will advance Development and Evaluation activities.
- Capital expenditures for FY 2018 would also include \$150 million of planned repayment of short-term debt planned to be used in the ongoing FY 2017 capital program. Net State and local investment and debt for capital expenditures could increase from \$411 million in FY 2017 to \$815 million in FY 2018, an increase of 98 percent.

REGIONAL POLICY CONTEXT

The first goal of the TPB's Vision is that "the Washington metropolitan region's transportation system will provide reasonable access at reasonable cost to everyone in the region." Other Vision goals support transportation investments that promote a dynamic economy as well as give priority to management, performance, maintenance, and safety. Developed from the Vision, the TPB's Regional Transportation Priorities Plan (RTPP) emphasizes the essential role that Metro plays in our regional transportation system. According to the RTPP: "So much depends on whether Metro and other transit systems in the region can handle the challenges they will face over the next decade. The new transportation systems that we have planned, including investments of \$7 billion currently in the CLRP, will not perform as expected if the existing transit system does not rise to the challenge of anticipated growth."

The RTPP noted that although our existing transit system is quite robust, we are facing serious challenges. The RTPP called attention to continuing concerns about the maintenance, preservation, and safety of the Metro system. It further noted that the Metrorail system is close to capacity during peak hours in many locations and bus services are too limited in coverage, frequently, and reliability— and these deficiencies are of particular concern to individuals who are transit-dependent.

While calling attention to maintenance requirements and the need to strategically expand services, the RTPP also highlighted the financial shortfalls that have beleaguered transportation systems throughout the region, including regional transit. These directly impact the affordability of and access to multimodal transportation options, critical concerns for many travelers and especially low-income groups. The RTPP called for dedicated, reliable sources of funding for transit maintenance, and further called upon the region to fund capacity improvements on the existing transit system, including the Metro 2025 component of WMATA's Momentum Plan.

As board members consider whether and how to develop comments regarding the WMATA budget, they are encouraged to consider this regional policy context.

ADDITIONAL INFORMATION

The WMATA webpage for the proposed FY 2018 Budget is:

<https://www.wmata.com/initiatives/budget/>

Overview WMATA board briefing on the proposed FY 2018 Budget

<https://www.wmata.com/about/board/meetings/board-pdfs/upload/11C-FIN-Approval-of-FY2018-Budget-PH-FINALIZED.pdf>

As background, the WMATA board had staff provide additional in-depth briefings on specific areas of the budget at three work sessions. Documents on these can be found at the following links.

FY2018 Operating Budget Work Session: Ridership and Revenue.

https://www.wmata.com/about/board/meetings/board-pdfs/upload/120116_4BFY2018BudgetWorkSessionTOPOST.pdf

FY2018 Operating Budget Work Session: Personnel Expenses

<https://www.wmata.com/about/board/meetings/board-pdfs/upload/3A-FY2018-Budget-Workshop-Personnel-Expenses.pdf>

FY2018 Operating Budget Work Session: Non-Personnel Expenses

<https://www.wmata.com/about/board/meetings/board-pdfs/upload/3A-Work-Session-Non-Personnel-REV-01-25.pdf>