Washington Metropolitan Area Transit Authority

FY2018 Proposed Operating Budget

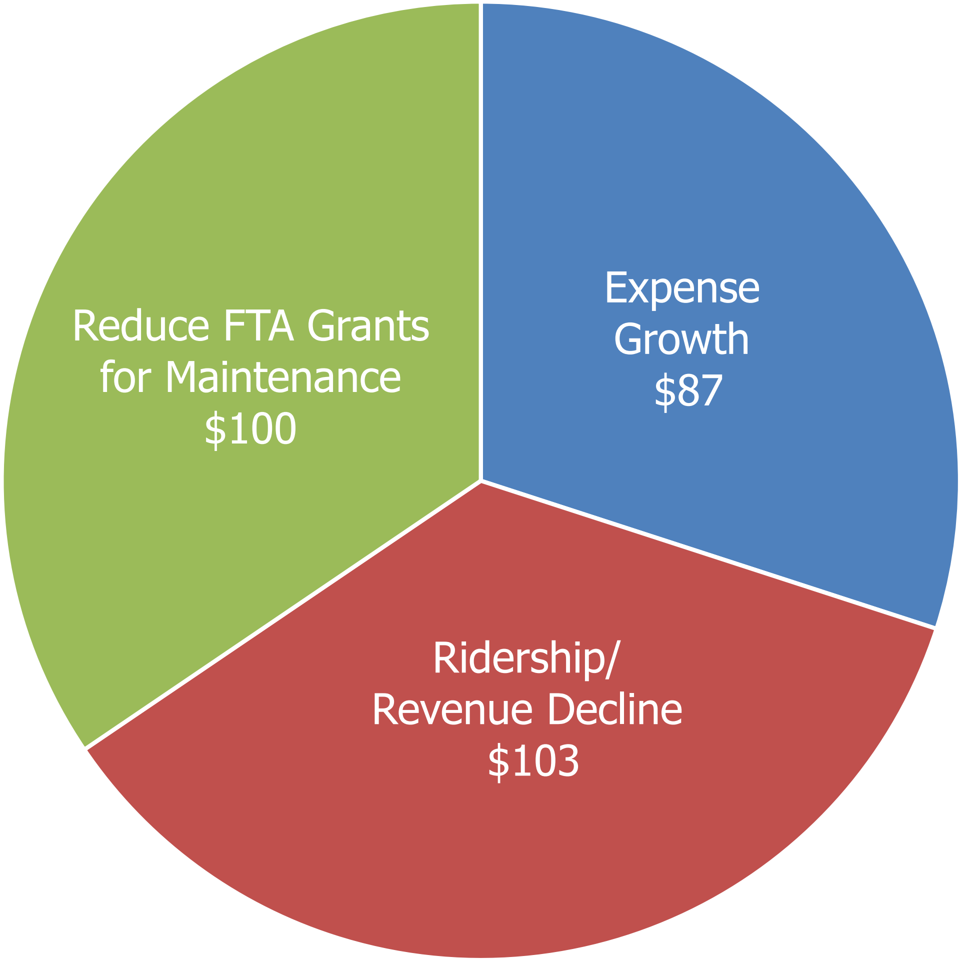
Enhancing Safety, Reliability and Financial Responsibility

Transportation Planning Board
February 15, 2017

“Reality Check” Budget Plan

- Fund key safety improvements
- Improve train and track reliability
- Cut management and labor costs
- Outsource where possible
- Improve personnel productivity
- Scale service to current ridership
- Reduce dependence on federal grants for maintenance
- Shared sacrifice to balance budget

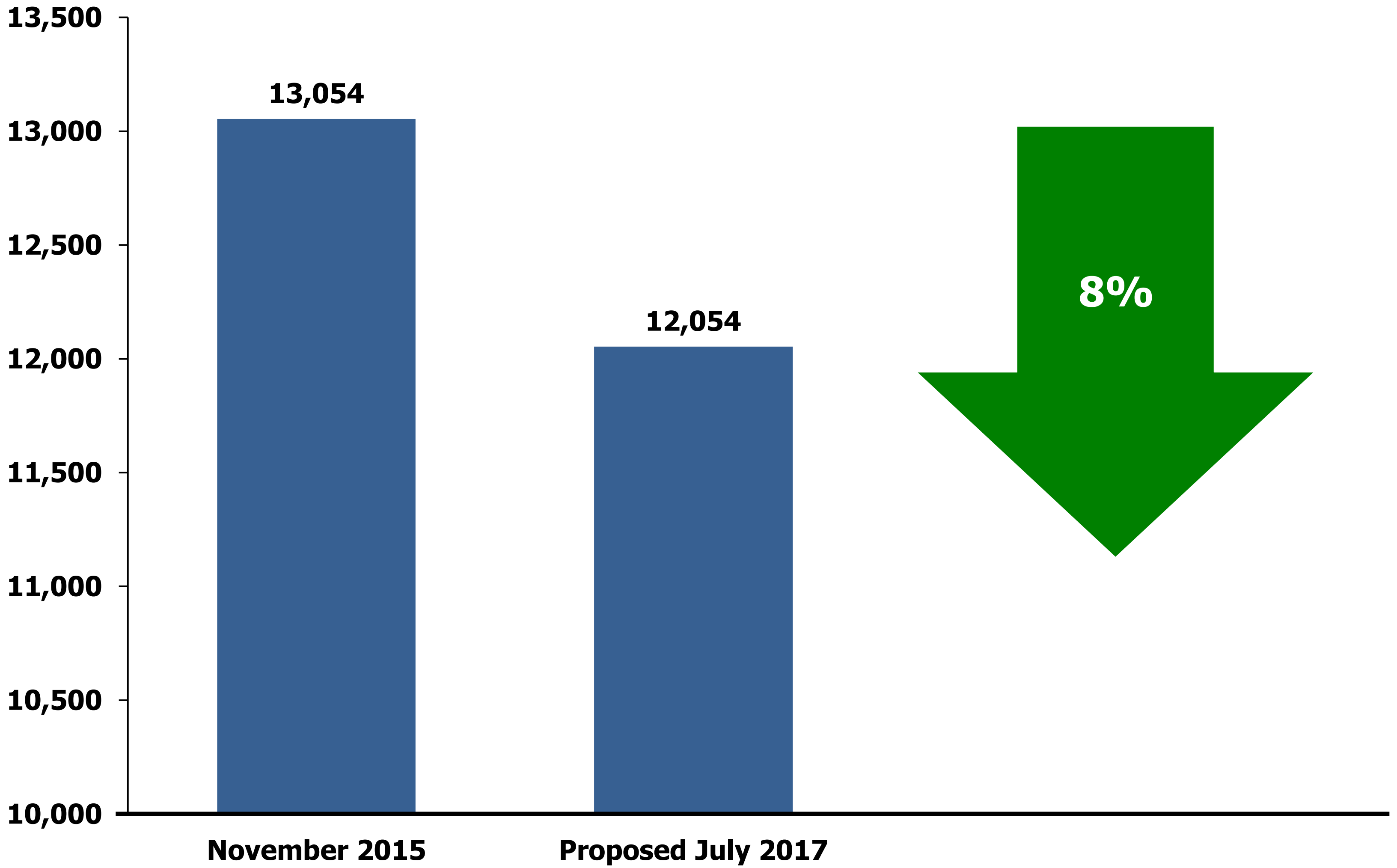
Budget Gap: $290 million



Financial Accountability: Management & Labor Actions

- Actions already underway, fully realized in FY2018:
  - ✓ Cut 500 positions, including closing sales offices
  - ✓ Reduce non-represented employee healthcare
- Assume no general wage increase
- Additional actions:
  - ✓ Consolidate functions and cut 200 more positions
  - ✓ Controls on absenteeism & workers' compensation
  - ✓ Privatize certain functions
  - ✓ Enhance advertising
  - ✓ Implement Abilities-Ride
  - ✓ Fair Fare Collection – increase enforcement

Elimination of 1,000 Positions



Fare Increases

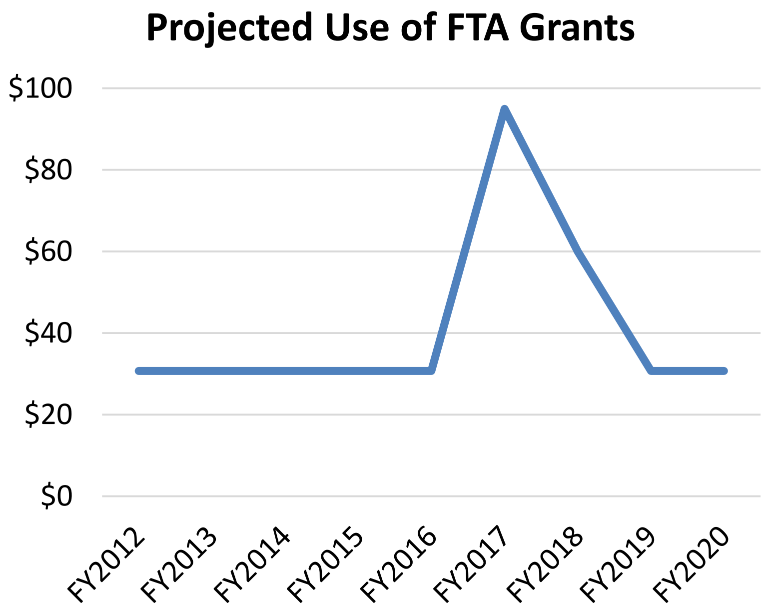
- Fares unchanged since July 2014
- Raise fares to generate $21 million net revenue:
  - ✓ All base fares increase to at least $2.00
  - ✓ Bus fare and minimum off-peak rail fare increase by $0.25
  - ✓ All peak rail fares increase $0.10 (base $2.25, max $6.00) and daily parking by $0.10
  - ✓ Access fare remain at 2x fastest fixed-route (capped at $6.50)
- Total ridership loss of ~10 million trips

Rightsizing Rail and Bus Service

- Rationalize services for today's ridership
- Metrorail (net subsidy savings of $12 million):
  - ✓ Peak: Widen headways to 8 min on each line (vs 6 min today); service at core stations every 2-4 min
  - ✓ Off-peak: Reduce off-peak frequency (midday/evening/Saturday) and turnback Red Line
- Metrobus (net subsidy savings of $17 million):
  - ✓ Eliminate most inefficient routes, with option to transfer to local service providers
- Total ridership loss of ~5 million trips
- Estimated headcount reduction of 300 (operators, mechanics, supervisors, etc.)

Reduce Dependence on FTA Grants for Maintenance

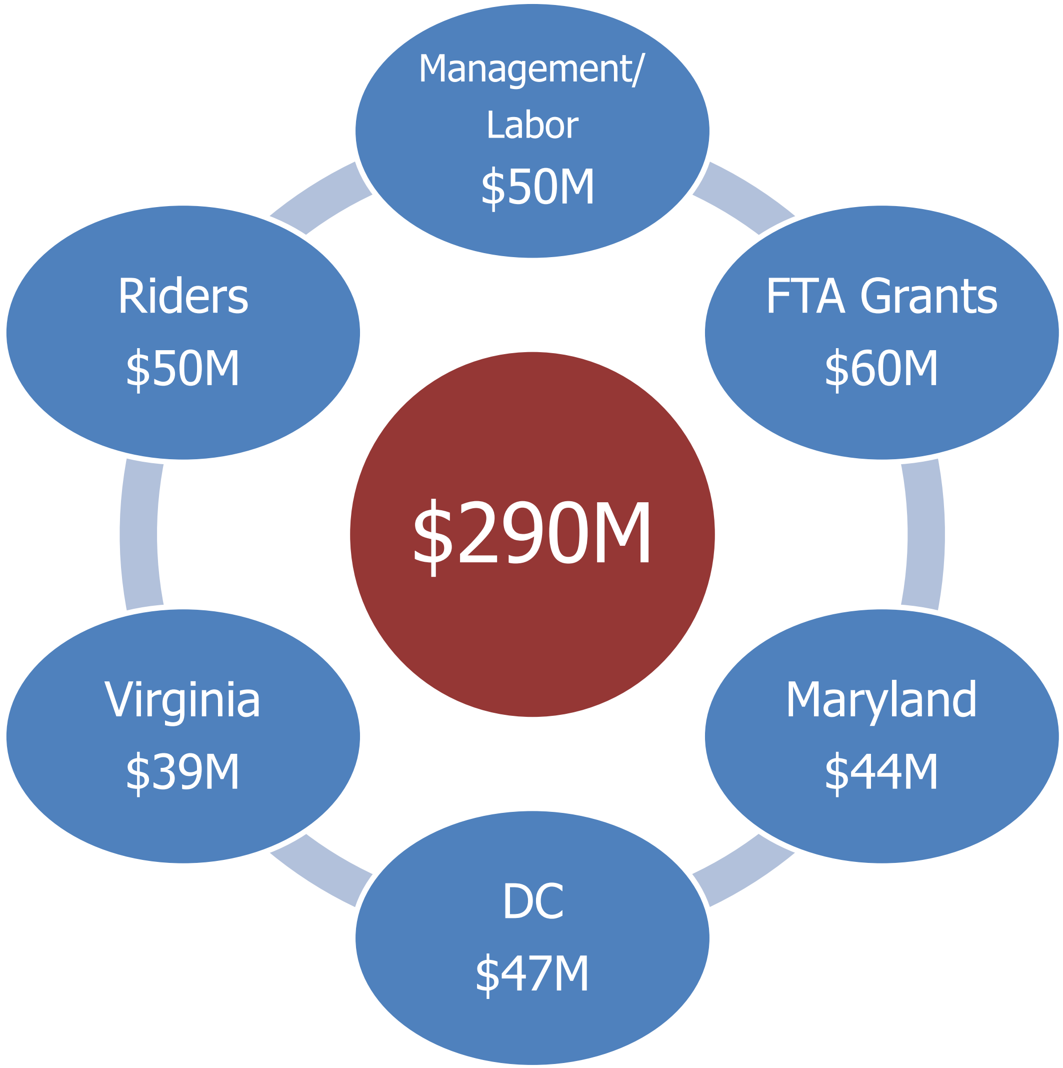
- Reduce use of FTA grants for maintenance from $95 million in FY2017 to $60 million in FY2018
- Ramp down to previous Board policy level of $31 million over two years



Jurisdictional Contribution

	FY2016 Budget	FY2017 Budget	FY2018 Proposed	Change ('17 – '18)	%
District of Columbia	**$322.9**	**$323.1**	**$370.3**	**$47.1**	**15%**
Montgomery County	144.1	145.0	168.1	23.1	16%
Prince George's County	185.2	185.9	207.3	21.4	11%
Maryland Subtotal	**329.2**	**330.9**	**375.4**	**44.5**	**13%**
City of Alexandria	33.8	33.0	39.5	6.5	20%
Arlington County	58.2	56.6	68.4	11.9	21%
City of Fairfax	1.8	1.8	2.2	0.4	20%
Fairfax County	118.1	118.7	138.6	19.9	17%
City of Falls Church	2.3	2.4	2.7	0.2	10%
Virginia Subtotal	**214.4**	**212.5**	**251.4**	**38.9**	**18%**
TOTAL	**$866.5**	**$866.5**	**$997.0**	**$130.5**	**15%**

Shared Sacrifice: Closing the Gap



FY2018 Proposed Operating Budget

REVENUES	FY2017 Budget	FY2018 Proposed	Change	%
Fare Revenue	$774,891	$690,073	($84,818)	-11%
Other Passenger Revenue	17,043	19,215	2,172	13%
Parking	47,103	42,164	(4,939)	-10%
Advertising	23,500	24,000	500	2%
Joint Development	7,000	8,000	1,000	14%
Fiber Optics	16,500	15,600	(900)	-5%
Other	13,989	11,278	(2,711)	-19%
Reimbursables	34,196	30,767	(3,429)	-10%
TOTAL	**$934,222**	**$841,096**	**($93,126)**	**-10%**

EXPENSES	FY2017 Budget	FY2018 Proposed	Change	%
Personnel	$1,315,144	$1,288,643	($26,501)	-2%
Services	241,772	290,141	48,369	20%
Materials & Supplies	87,026	122,529	35,503	41%
Fuel (Gas/Diesel/CNG)	39,227	31,759	(7,468)	-19%
Utilities & Propulsion	90,924	82,324	(8,600)	-9%
Casualty & Liability	34,895	28,560	($6,335)	-18%
Leases & Rentals	6,725	8,329	$1,604	24%
Miscellaneous	6,829	5,046	(1,783)	-26%
Capital Allocation	(43,000)	(40,493)	2,507	-6%
TOTAL	**$1,779,542**	**$1,816,837**	**$37,295**	**2%**

	FY2017 Budget	FY2018 Proposed	Change	%
NET SUBSIDY	**$845,320**	**$975,740**	**$130,420**	**15%**

Expense Growth Drivers: Non-Personnel

- Non-personnel costs projected to increase by $64 million or 14 percent, including:
  - ✓ $48 million increase in Services including safety and reliability improvements, contract cost inflation, paratransit, NTSB/FTA and audit/financial compliance requirements, reimbursable operating activities, and new facility maintenance
  - ✓ $36 million increase in Materials & Supplies including railcar parts and safety and reliability improvements
  - ✓ $16 million decrease in energy due to lower rates and service reductions
  - ✓ $6 million decrease in casualty and liability insurance premiums
  - ✓ $3 million decrease in capital indirect cost allocation credit

Risks and Contingencies

- Ridership uncertainty due to SafeTrack, fare increase, and service reductions
- Continued changes in rider behavior, trip-making and transportation market (telework, alternate modes, gas prices, etc.)
- Collective bargaining outcome
- Pension and OPEB liabilities
- Safety needs, additional system maintenance efforts and CARe Plan actions

Public Hearing and Outreach

- Board Adoption of Budget expected in March
- Provides three months to implement fare/service changes
- Surveys- Metrorail stations/Metrobus stops
- Stakeholder outreach
- Targeted Media outreach
- Open House/Public hearing