

# CHIEF ADMINISTRATIVE OFFICERS TECHNICAL PANEL ON METRO

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## Interim Report

COG Board of Directors  
October 26, 2016

# Technical Panel

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## **District of Columbia**

- Rashad Young, City Administrator, District of Columbia

## **Maryland**

- Tim Firestine, Chief Administrative Officer, Montgomery County
- Nicholas Majett, Chief Administrative Officer, Prince George's County

## **Virginia**

- Mark Jinks, City Manager, City of Alexandria
- Mark Schwartz, County Manager, Arlington County
- Ed Long, County Executive, Fairfax County
- Tim Hemstreet, County Administrator, Loudoun County

## **Office of the Chief Financial Officer, District of Columbia**

- Jeffrey DeWitt, Chief Financial Officer

## **Washington Metropolitan Area Transit Authority**

- Dennis Anosike, Chief Financial Officer
- Barbara Richardson, Chief External Affairs
- Andrea Burnside, Chief Performance Officer

# The Interim Report – An Overview

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- Background – COG Board asks for help
  - Resolution R39-2016, June 8, 2016
- Process for CAOs
  - Meetings – July 6, Aug. 3, Sept. 7, Sept. 28
  - Work with WMATA, Office of DC Chief Financial Officer
  - Coordinated with Board of Trade; convened info sessions March 30 and June 17
  - Reviewed many existing studies, data



# Four Key Technical Panel Focus Areas

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1. **Value of Metro to the region** – outlining many earlier reports; DC CFO updates
2. **Metrics** – tracking the public’s concerns
3. **WMATA funding needs** -- analyzing them through financial model developed by District of Columbia Chief Financial Officer
4. **Revenues** – reviewing data; looking at funding options

# 1. Value of Metro to the Region

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- Review of the many existing regional reports on the value of Metro have drawn similar conclusions
  - Metro spurs economic activity, jobs, incomes and sales that generate additional revenues for the region
  - Creates more efficient land use
  - Community and environmental benefits
  - Reduced traffic congestion
  - Enhances tax revenues to 3 major jurisdictions due to economic growth and increased land valuations



# Value of Metro to the Region

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- Regional benefits from Property Tax Revenue generated within half-mile of Metro Stations is estimate to bring in \$3.1 billion annually.
- In addition, an estimate 105 million square feet of development is planned within a half- mile. WMATA shows a rough estimate of this projected new construction of \$50 billion either under construction or planned.



# Damage to Economy of Not Supporting Metro

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- Cost of not supporting Metro
  - DC finance report suggests a conservative estimate of morning rush hour delays would cost the region \$51-\$61 million.
  - The second part of the study addresses the value of property around Metro stations where values are higher than a conservative 6-9% within  $\frac{1}{4}$  and  $\frac{1}{2}$  mile of a Metro station.  
**Without investment in Metro this “premium” would decrease.**
- Failure to invest in Metro to restore to a safe, reliable system in state of good repair could reduce regional economic growth by  $\frac{1}{4}$  to  $\frac{1}{2}$  % or more, reducing regional economy and tax revenues by \$1B to \$2B.

## 2. Metrics

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- **Safety**
  - How will Metro continue to make rider safety its first priority and ensure it will continue to significantly improve in a way that restores the trust of the public and regulators?
- **Reliability**
  - How will Metro ensure that riders will get to their destination on time and attract riders back to the system?
- **Customer Experience**
  - How is Metro measuring the system's ability to deliver a comfortable ride and trouble-free experience?





# Metrics: Safety

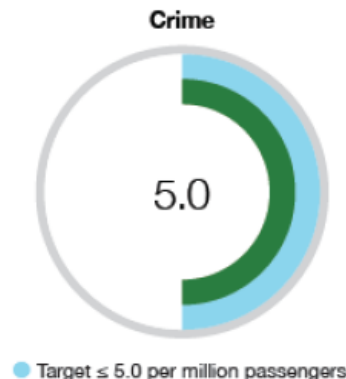
**Safety** - How Metro is making safety its first priority and ensuring it will continue to significantly improve in a way that restores the trust of the public and regulators

As measured by

- Crime rate ★
- Customer satisfaction (incl. perceptions of safety)

★The Panel focused on identifying metrics defining personal safety – these included crime rate, customer satisfaction which incorporates perceptions of personal safety, and passenger injuries and deaths per million miles. For the purpose of the Interim Report, the crime rate metric is provided.

CURRENT QUARTER PERFORMANCE



2-YEAR TREND IN PERFORMANCE



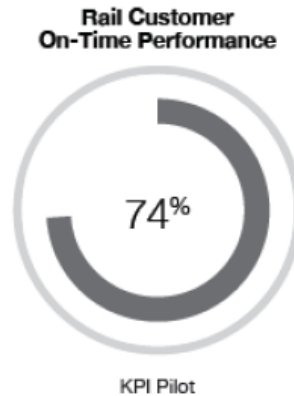
# Metrics: Reliability

**Reliability** - How Metro is ensuring riders will get to destinations on time

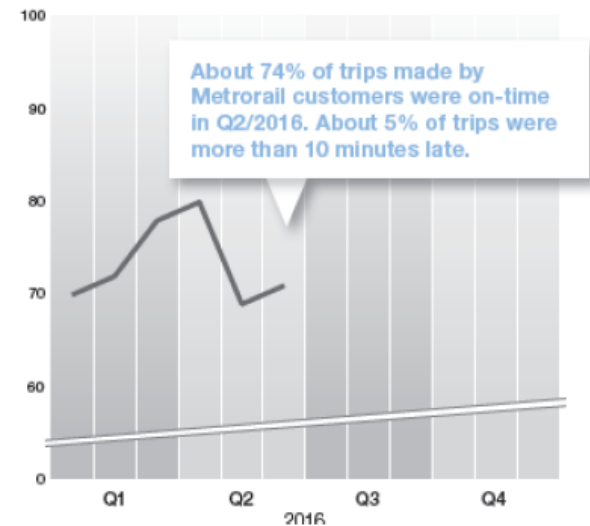
As measured by

- Rail customers on time
- Customer satisfaction (incl. perceptions of reliability)

CURRENT QUARTER PERFORMANCE



1-YEAR TREND IN PERFORMANCE



As of this writing, a performance target has not been established by the WMATA Board for reliability, but the Panel expects that the target once set will be considerably higher than the current 74% for Metrorail to meet the public's expectations for a dependable system.

# Metrics: Customer Experience

## Customer Experience -

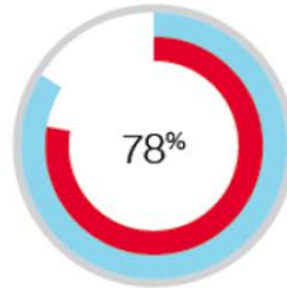
How Metro is providing quality customer service

As measured by

- Customer satisfaction

CURRENT QUARTER PERFORMANCE

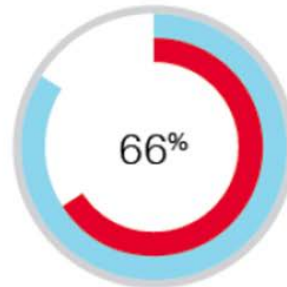
### Customer Satisfaction—Bus



● Target ≥ 85% of surveyed customers

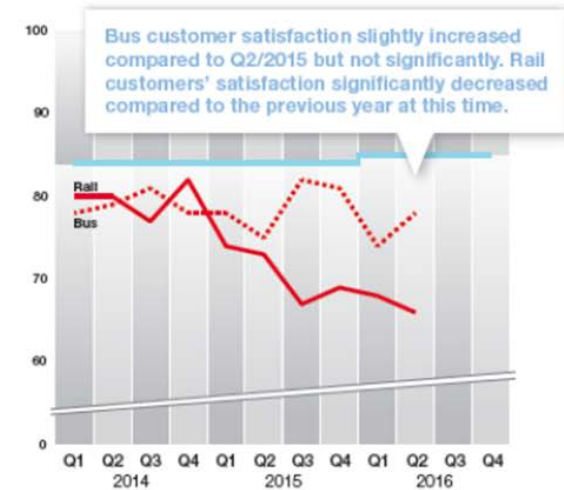
CURRENT QUARTER PERFORMANCE

### Customer Satisfaction—Rail



● Target ≥ 85% of surveyed customers

3-YEAR TREND IN PERFORMANCE



### 3. Financial Model to Evaluate WMATA's Funding Needs

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- District of Columbia Chief Financial Officer prepared financial model to provide rough order of magnitude of WMATA's funding needs for the region.
- Model “tested” using existing WMATA FY 2017 budget, existing 6 year CIP and Metro 2025 CIP.
- COG CAOs Technical Panel and financial/transportation staff and WMATA CFO reviewed the DC CFO model and concluded it was a robust tool that can be readily applied for supporting regional policy decisions on WMATA funding.

# DC CFO Model: Key Revenue Inputs

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- State and local capital funding contributions and future year growth rates
- State and local operating subsidy levels and future year growth rates
- Federal “PRIIA” (capital) funding and associated DC-MD-VA match
- Federal FTA grants
- Federal operating subsidy contribution
- Passenger revenues (fare box recovery)
- Miscellaneous other revenues (parking, advertising, etc.)

# DC CFO Model: Key Capital Needs Inputs

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## Capital assumptions

- Timing of major capital expenditures over next 10 years, for example:
  - Replacement rate of 7000 series rail cars
  - Power supply needs for 8 car trains
  - Blue Line connections
  - Pocket tracks
  - Bus fleet size
  - Constructing additional maintenance facility
  - Metrorail system expansion



# DC CFO Model: Key Operating Cost Inputs

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## Operating assumptions

- Personnel costs
- Materials, supplies, electric power, other utilities, insurance
- Preventative maintenance costs (extended Safetrack)
- Inflation
- OPEB (Other post-retirement benefits), such as retiree healthcare

## Additional model elements

- Operating efficiencies
- Annual funding for capital projects (WMATA project engineering and management capacity)
- Pay-as-you-go vs. debt financing
- Interest rate on long-term debt
- Length of long-term bonds
- Allocation of costs to federal, state and local governments

# WMATA Funding Needs: Application of DC CFO Model

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- WMATA presenting its FY 2018 operating budget to WMATA and community (mid-October).
- WMATA capital needs inventory will be completed by the end of 2016. Will inform WMATA capital budget and longer-term capital funding needs.
- Once WMATA data is available, it will be input into DC CFO funding model to provide foundational data for policy makers on additional funding needs and financing alternatives (pay-go vs. debt financing).



# 4. Exploring Revenue Options

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- Tax base work has been compiled by the DC CFO to identify the types of revenues that could be used to help meet the funding gap for Metro.
- A regional study was completed in 2005; comprehensively reviewed revenue options to support Metro.
- These are challenging times for the region, with many competing jurisdictional needs.
- This revenue discussion will be part of the later phase of the report.
- Also, many trade-offs must be factored into the discussion before funding is put in place.

# Technical Panel: Next Steps

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- Coordinate with WMATA General Manager and WMATA Board.
- Input updated operating and capital data into DC CFO financial model.
- Coordinate with Board of Trade/private sector on strategy for supporting WMATA.
- By March 2017: Technical Panel provides updated report to the COG Board of Directors covering metrics, economic value of Metro, funding needs and financing/revenue options.
- Adopt Resolution R63-2016 (in packet) supporting the continued work of the CAO technical panel.

# Resolution R63-2016

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MOTION: NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE METROPOLITAN WASHINGTON COUNCIL OF GOVERNMENTS THAT:

1. The Board accepts the Technical Panel's Interim Report and expresses its gratitude to its members for their support to date, and for continuing its work on this critical priority for the region.
2. The Board directs the Executive Director and the Technical Panel to coordinate with the WMATA General Manager to complete its technical foundation work and provide a final report to the COG Board of Directors by the end of the first quarter of 2017, consistent with the focus areas in R39-2016, plus the addition of analysis of the economic value of Metro.

## COG Staff:

- Chuck Bean, Executive Director
- Stuart Freudberg, Deputy Executive Director and Project Manager
- Kanti Srikanth, Director, Transportation Planning
- Eric Randall, Principal Transportation Engineer
- Monica Beyrouti, Government Relations and Member Services Coordinator

## Consultant:

- Barbara M. Donnellan, President, Castle Gray Associates

[mwcog.org](http://mwcog.org)

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Metropolitan Washington  
Council of Governments