

# CHIEF ADMINISTRATIVE OFFICERS (CAOs) TECHNICAL PANEL

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## Report to National Capital Region Transportation Planning Board

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Transportation Planning Board  
May 17, 2017

# CAOs Technical Panel - Overview

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- **COG Board identified restoring Metro as its #1 priority in 2016**
  - COG Convened 2 workshops with Board of Trade in 2016
    - ❑ March 30, 2016 – 40<sup>th</sup> Anniversary of Metro/Restoring a World Class System
    - ❑ June 13, 2016 – International Transit System Best Practices
- COG Board determined need to create Technical Panel to
  - Define WMATA funding needs
  - Explore revenue options to fund any gap
  - Quantify economic value of Metro
  - Identify performance metrics for safety, reliability and financial management
- Panel established in June, 2016
- Panel mission defined/refined in COG Board Resolutions R36-2016, R63-2016, R19-2017
- Panel issued Interim Report 10/2016, Final Report 4/2017
- Panel continues to be on-call to support elected officials

# Technical Panel Membership

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## District of Columbia

- Rashad Young, City Administrator, District of Columbia
- Jeffrey DeWitt, Chief Financial Officer

## Maryland

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

## Virginia

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

## Washington Metropolitan Area Transit Authority

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

# Technical Panel Final Report

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- Issued to COG Board on April 26, 2017
- Major updates to Interim Report focused on Funding Needs and Revenue Options
- Summarized cost of delay, economic value and consequences of not acting
- COG Board has asked the Panel to remain available to support policy officials with ongoing analytical needs

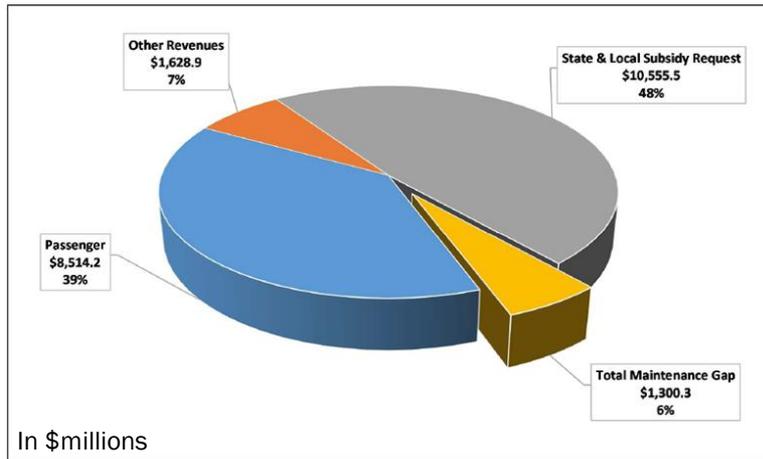
# WMATA 10 Year Funding Needs Analysis

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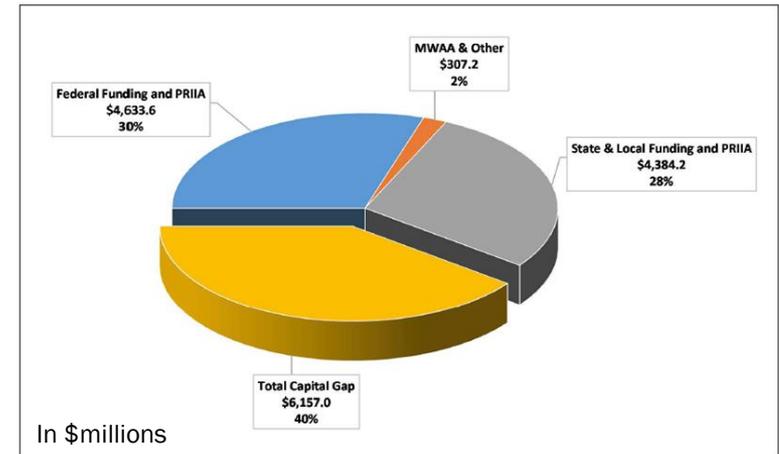
- Prepared by DC CFO in consultation with WMATA; validated by jurisdiction CAOs and senior financial staff
  - Determined Metro's 10-year capital and maintenance needs.
  - Key assumptions:
    - Federal PRIIA and FTA grants continue at current levels
    - FY 2017 capital funding base; FY 2018 operating funding base for jurisdictional subsidies; escalated 3% annually
    - Personnel costs escalated at 3% annually; other costs 2%
    - Ridership flat until 2020, then passenger revenues increase 3% annually due to increased ridership/fare increases
    - Achieve State of Good Repair plus begin to address additional critical capital needs (Rosslyn connection, major station capacity increases, heavy overhaul rail facility, relining Red Line tunnels)

# Maintenance and Capital Funding Gap

Operating Revenue and Maintenance Funding Gap



Capital Budget Revenue and Funding Gap



## Total 10-Year Funding Gap Summary

Funding Category	Estimated Revenues	Estimated Cost	Gap
Capital Improvements – State of Good Repair	\$9,474,952,000	\$15,632,000,000	(\$6,157,048,000)
Operating & Maintenance	\$20,097,755,000	\$21,398,042,000	(\$1,300,287,000)
Total	\$29,572,707,000	\$37,030,042,000	(\$7,457,336,000)
Annual Average (10 years – FY 2017-FY 2026)			(\$745,733,600)

# Analysis of How to Fund Gap

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- Debt finance capital needs
- Dedicated revenue source required to support debt financing for capital needs (state of good repair and additional critical capital needs)
- Dedicated revenue source to fund maintenance gap
- Dedicated revenue options analyzed:
  - Sales tax, property tax, gas tax, value added tax, commuter and income tax
  - All designed to raise \$650 million annually with 3% annual increase from growth in the economy
  - All options require actions by state legislatures/Council of the District of Columbia
- Dedicated revenue assumed to be in place by January, 2019

# Our Regional Economy

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- Important to consider Metro's capital needs in context of regional economy.
  - Failure to invest in Metro could result in regional tax revenue reduction of \$1-2 billion annually.
  - Cost of delay (rush hour) \$150M-\$250M annually.
  - \$50+ billion in planned and proposed development near Metro and future regional economic growth depend on a well-functioning, safe and reliable Metro system.
- Metro benefits everyone, whether you take Metro or not – e.g., congestion relief, less need for additional roads, bridges and parking, environmental benefits

# Next Steps

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- COG Board established elected official “Metro Strategy Group” to take the baton from the Technical Panel
  - Members include TPB Chair and additional TPB representatives
- Metro Strategy Group coordinating with the business community; Virginia (Secretary LaHood); District of Columbia, Maryland, Virginia governors/mayor, DOTs, and legislatures; congressional delegation; WMATA, NVTC, NVRTA and other stakeholders on path forward for dedicated funding
- Technical Panel requested to examine additional revenue options by COG Board
- Overall goal is introduction of funding legislation in January 2018 legislative sessions

# Discussion

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- Questions?