

# *City of Alexandria, Virginia*

---

## **MEMORANDUM**

DATE: JANUARY 20, 2016

TO: MEMBERS OF THE TRANSPORTATION COMMISSION

FROM: CARRIE SANDERS, ACTING DEPUTY DIRECTOR, TRANSPORTATION & ENVIRONMENTAL SERVICES

SUBJECT: AGENDA ITEM #5 – WASHINGTON METROPOLITAN AREA TRANSIT AUTHORITY FY 2017 BUDGET UPDATE

---

**ISSUE:** Provide an update to the Transportation Commission on the WMATA FY 2017 proposed budget.

**RECOMMENDATION:** That the Commission receive the update.

**BACKGROUND:** The WMATA FY 2017 budget development process kicked off in September 2015 with a “preview” of the structural challenges facing the Washington Metropolitan Transit Authority. The primary challenge described in the budget development process is related to expense growth, particularly wage and fringe benefits growth for personnel, which is outpacing revenue growth. This expense growth is leading to significant year-over-year increases in the required jurisdictional operating subsidy. Closing this gap will be critical to ensuring the long-term financial stability of WMATA.

**DISCUSSION:** Compared to its peak in FY 2009, Metrorail average weekday ridership in FY 2015 declined by approximately five percent due to a number of external challenges, including growth in telecommuting, reductions in the federal transit benefit, and new competitors in the transportation market. In the first quarter of FY 2016, ridership has dropped further, and this drop appears to be linked to customer service issues, including declining service reliability. These trends are taken into consideration with WMATA’s proposed budget.

At the November 5, 2015 WMATA Board Meeting, staff introduced WMATA's top priorities for FY 2017, which are in three major categories:

- Critical safety and security investments: Ensuring the safety and security of customers and employees is WMATA's highest priority.
- Customer service initiatives: To regain the trust and satisfaction of current customers and to draw new customers to the system.

- Efficiency enhancements: In order to reduce costs, bring expense growth in line with expected revenues, and reduce jurisdictional subsidy requirements.

In December 2015, the General Manager/Chief Executive Officer (GM/CEO) proposed an FY 2017 Operating Budget and FY 2017-2022 Capital Improvement Program (CIP) at \$1.13 billion to the Board of Directors for the Board's review and consideration. The proposed budget funds important safety investments, including full compliance with the 91 corrective actions required by the Federal Transit Administration's (FTA) Safety Management Inspection (SMI) report, as well as National Transportation Safety Board (NTSB) recommended projects and other key safety investments such as the installation of a new rail radio system and continuation of Metro's fatigue management system for safety. The budget also continues Metro's ongoing investment in state of good repair projects to ensure the reliable and effective performance of the Metrobus, Metrorail, and MetroAccess services.

Many of the key investments are continuations of projects already underway, including railcar, bus, and MetroAccess vehicle replacements, track and structure rehabilitation, rail power system rehabilitation, replacement bus facilities, and elevator / escalator rehabilitation and replacement.

The proposed FY 2017 capital program is the only part of the proposed FY 2017 budget that requires a formal public hearing. All the proposed fare changes are decreases that do not require a formal public hearing. However, additional public outreach and Title VI analysis will be conducted when necessary on the fare proposals, such as the new pass products and changes to SmarTrip® loading on bus.

Another step in the budget process is the renewal of the six-year Capital Funding Agreement (CFA). The CFA is the multijurisdictional agreement for WMATA's Capital Improvement Program (CIP). Currently the CFA Capital Funding Agreement (CFA) is proposed to operate in FY 2017 under the existing agreement. During FY 2017, WMATA and jurisdictions will negotiate a new six year CIP for the years FY 2018- FY 2023.

As the FY 2017 budget process moves forward, staff will continue to provide the Transportation Commission with updates.