



Washington Metropolitan Area Transit Authority

FY2018 Operating Budget Prep Session

Finance Committee
October 13, 2016



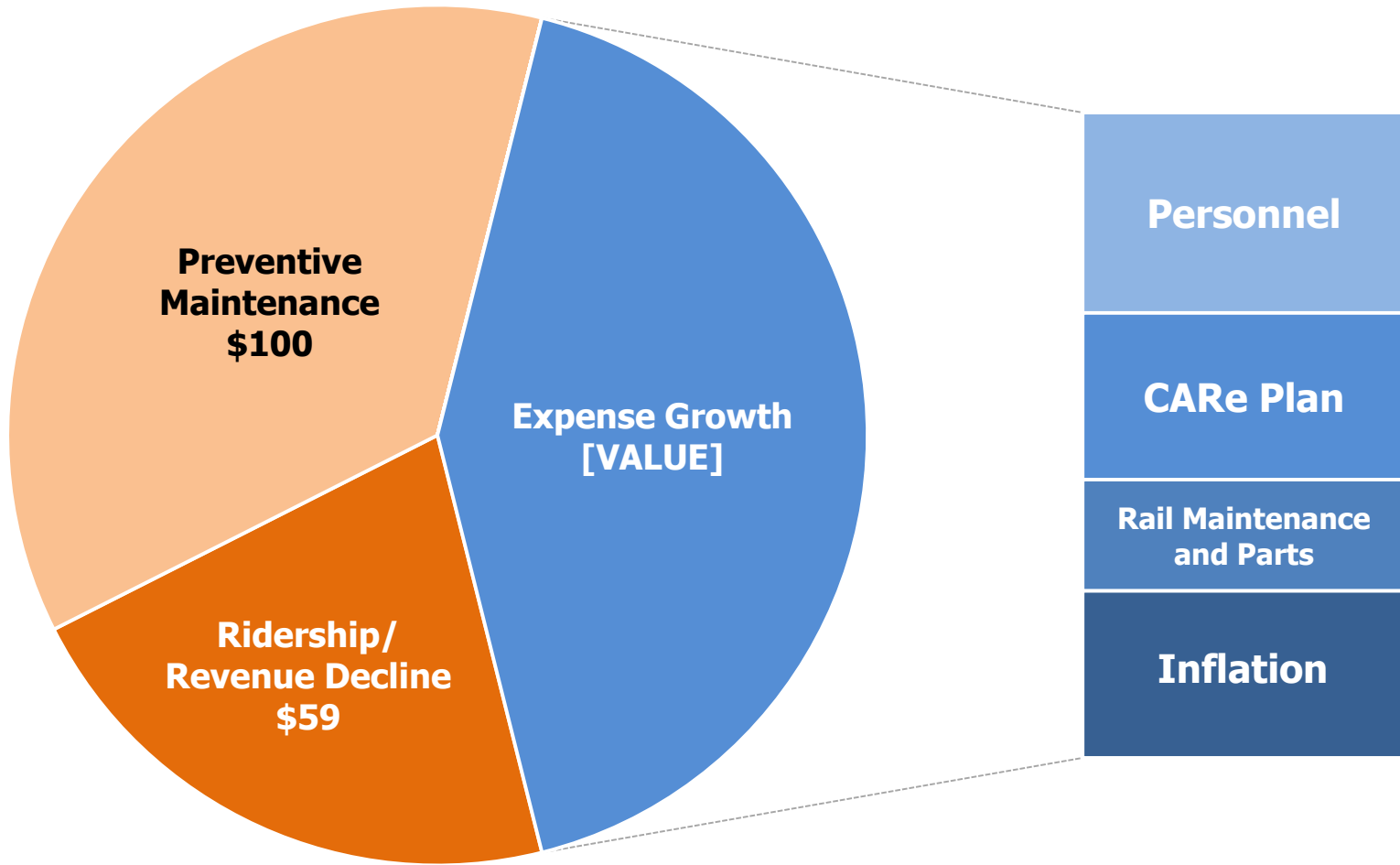
FY2017 Operating Budget Recap

- No fare increase, no service cuts, flat subsidy
- Increased FTA grant funding for preventive maintenance to \$95 million
- Lower rail and bus ridership due to:
 - ✓ Service/reliability
 - ✓ Changing demand
 - ✓ Market competition

(millions)	FY2016	FY2017	Chg.
Revenues	\$938	\$900	-4%
Expenses	\$1,783	\$1,745	-2%
Subsidy	\$845	\$845	0%



Estimated Budget Gap for FY2018: \$275 million





Closing the Gap: Extreme Options

- **Management Reductions:** 2000-2500 positions in addition to 500 in process – 20-23% of all employees
- **Fares:** 35% increase on all modes including Access and parking with no ridership loss
- **Service:** 20-25% elimination of service on all modes plus associated personnel reductions
- **Use FTA Grants:** Utilize over 70% of formula grant funding (including match) for PM
- **Subsidy:** Additional \$100+ million each for DC and MD, \$70 million for VA



Closing the Gap: Proportional Scenario

- **\$55 million from each option to generate \$275 million in total:**
 - ✓ **Management Reductions:** 300-400 positions in addition to 500 in process – 6-7% of all employees
 - ✓ **Fares:** 10% increase on all modes including Access and parking, loss of ~10 million trips
 - ✓ **Service:** 5-10% service reduction plus associated personnel reductions, loss of 15-30 million trips
 - ✓ **Use FTA Grants:** Utilize \$55 million of formula grant funding (including match) for PM
 - ✓ **Subsidy:** Additional \$20-21 million each for DC and MD, \$14 million for VA

Management Actions

- Actions already underway, fully realized in FY2018:
 - ✓ Elimination of 500 positions (\$25 million)
 - ✓ Changes to non-rep healthcare (\$3 million)
- Additional actions under consideration (\$12 million):
 - ✓ Staffing reductions
 - ✓ Parking privatization
 - ✓ Absenteeism and workers comp
 - ✓ Work consolidations and efficiencies
 - ✓ Contracting out





Increase Fares

- Bus fares low relative to peers – \$0.25 increase to \$2.00 (14%) would generate ~\$15 million
- \$0.04 to \$0.05 increase on per-mile charge for rail would raise ~\$20 million (increase of 5-10% for most trips)
- Access would increase with rail/bus
- No change to parking pending RFP outcome
- Increased fare enforcement



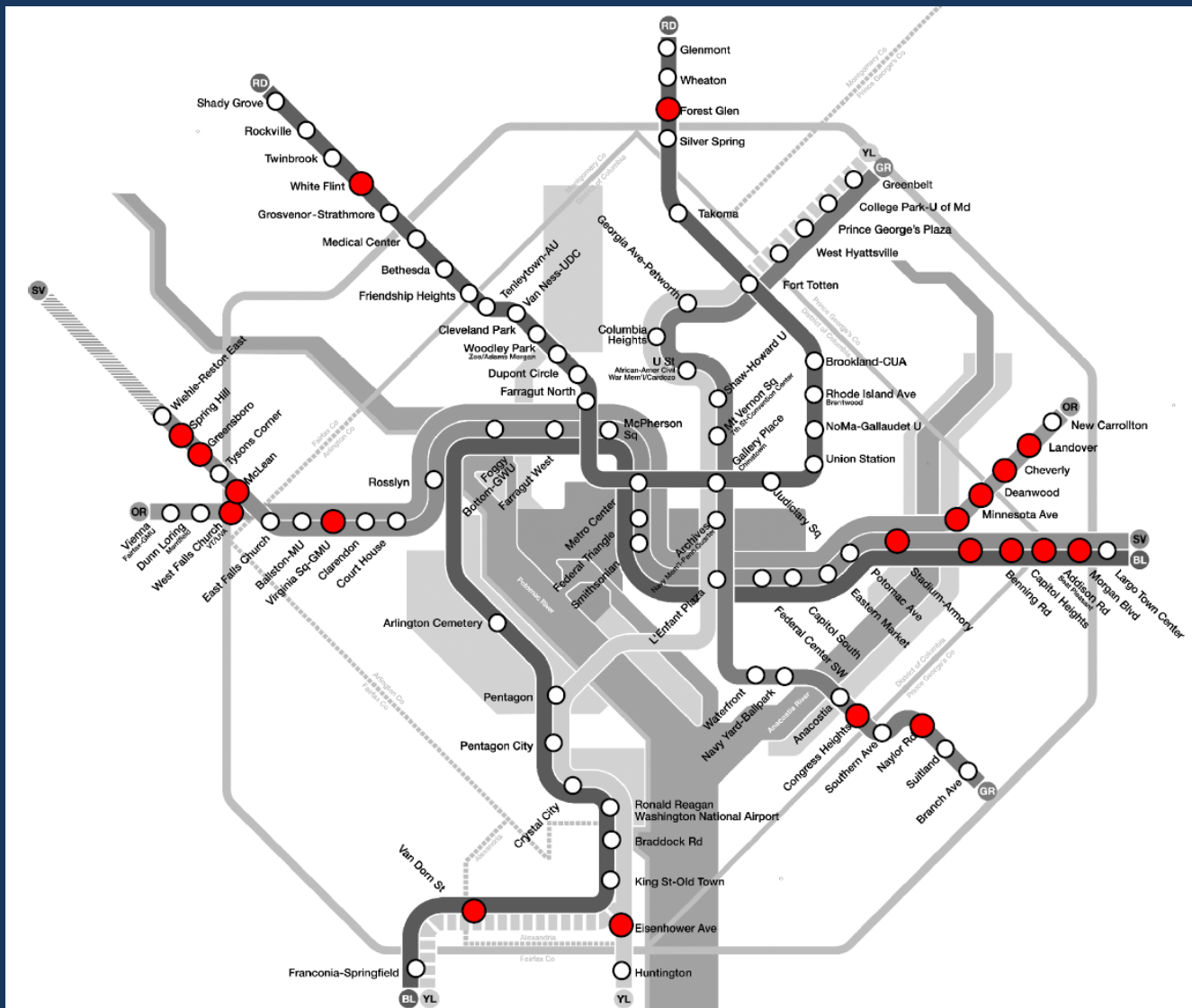


Reduce Service

- Rail options (est. \$15 million):
 - ✓ Increase max peak headway from 6 to 8 minutes
 - ✓ Reduce scheduled off-peak service (already a reality on most weekends), close station entrances, etc.
- Bus options (est. \$10 million):
 - ✓ Inefficient service (far from garage, too much deadhead): transfer to locals or eliminate
 - ✓ Unproductive service (few riders): restructure or eliminate
 - ✓ High peak-to-base ratio: thin out, eliminate most expensive operator shifts



Illustrative: Close 20 Lowest Ridership Stations During Off-Peak





Illustrative: Eliminate Bus Routes with Highest Subsidy per Rider

Bus Line Descriptions				Performance Criteria Ranking					Annual Data	
Line Name	Route(s)	Regional/ Non-Regional	State	Weekday Daily Riders	Cost Recovery	Subsidy/ Rider	Riders per Rev Trip	Riders per Rev Mile	Riders	Subsidy
Springfield Circulator	S80,91	Non-Reg	VA	420	1.4%	\$14.11	5.7	0.9	106,804	\$1,506,757
George Mason Univ-Tysons Corner	15M	Reg	VA	267	8.2%	\$13.10	8.9	0.8	67,356	\$882,146
Pimmit Hills-Falls Church	3T	Reg	VA	616	8.2%	\$13.04	8.9	1.0	166,018	\$2,165,018
Arlington-Union Station	13Y	Reg	VA	0	8.4%	\$12.72	8.4	1.1	6,726	\$85,582
Indian Head Express	W19	Non-Reg	MD	311	20.5%	\$12.34	11.4	0.5	78,933	\$974,110
Kings Park	17A,B,F,M	Non-Reg	VA	417	20.6%	\$12.27	9.0	0.5	105,423	\$1,293,904
South Capitol St Limited	W9	Reg	DC	161	10.3%	\$10.18	8.9	2.0	40,512	\$412,346
Greenbelt-BWI Airport Express	B30	Non-Reg	MD	370	40.3%	\$9.14	7.6	0.3	132,250	\$1,209,160
Springfield	18E,F	Non-Reg	VA	200	26.0%	\$9.09	11.1	0.8	50,460	\$458,767
Tysons Corner-Dunn Loring	2T	Reg	VA	505	11.8%	\$8.78	9.9	1.2	161,831	\$1,421,585
I-270 Express	J7,9	Non-Reg	MD	326	26.8%	\$8.73	9.9	0.6	82,080	\$716,616
Burke Centre	18P,R,S	Non-Reg	VA	676	27.1%	\$8.58	11.2	0.9	170,709	\$1,464,804
Greenbelt-Prince George's Plaza	R3	Non-Reg	MD	235	12.8%	\$7.98	9.4	1.1	59,268	\$473,106
Metroway - Potomac Yard	MW1	Non-Reg	VA	1,633	13.1%	\$7.74	6.4	2.0	453,382	\$3,507,693
Wisconsin Avenue Limited	37	Reg	DC	599	13.7%	\$7.37	27.2	4.1	150,900	\$1,112,008
Bock Road	W13,14	Reg	MD	658	32.0%	\$6.77	19.2	1.3	167,541	\$1,133,613
Oxon Hill-Fort Washington	P17,18,19	Reg	MD	1,167	32.3%	\$6.68	21.3	1.3	296,228	\$1,977,655
Fair Oaks-Fairfax Blvd	1C	Reg	VA	973	15.1%	\$6.57	18.5	1.3	320,729	\$2,107,075
Chain Bridge Road	15K,L	Reg	VA	486	15.2%	\$6.51	16.8	1.3	122,580	\$798,091
Fair Oaks-Jermantown Rd	2B	Reg	VA	916	15.3%	\$6.48	18.0	1.3	257,612	\$1,668,943



Use FTA Grants

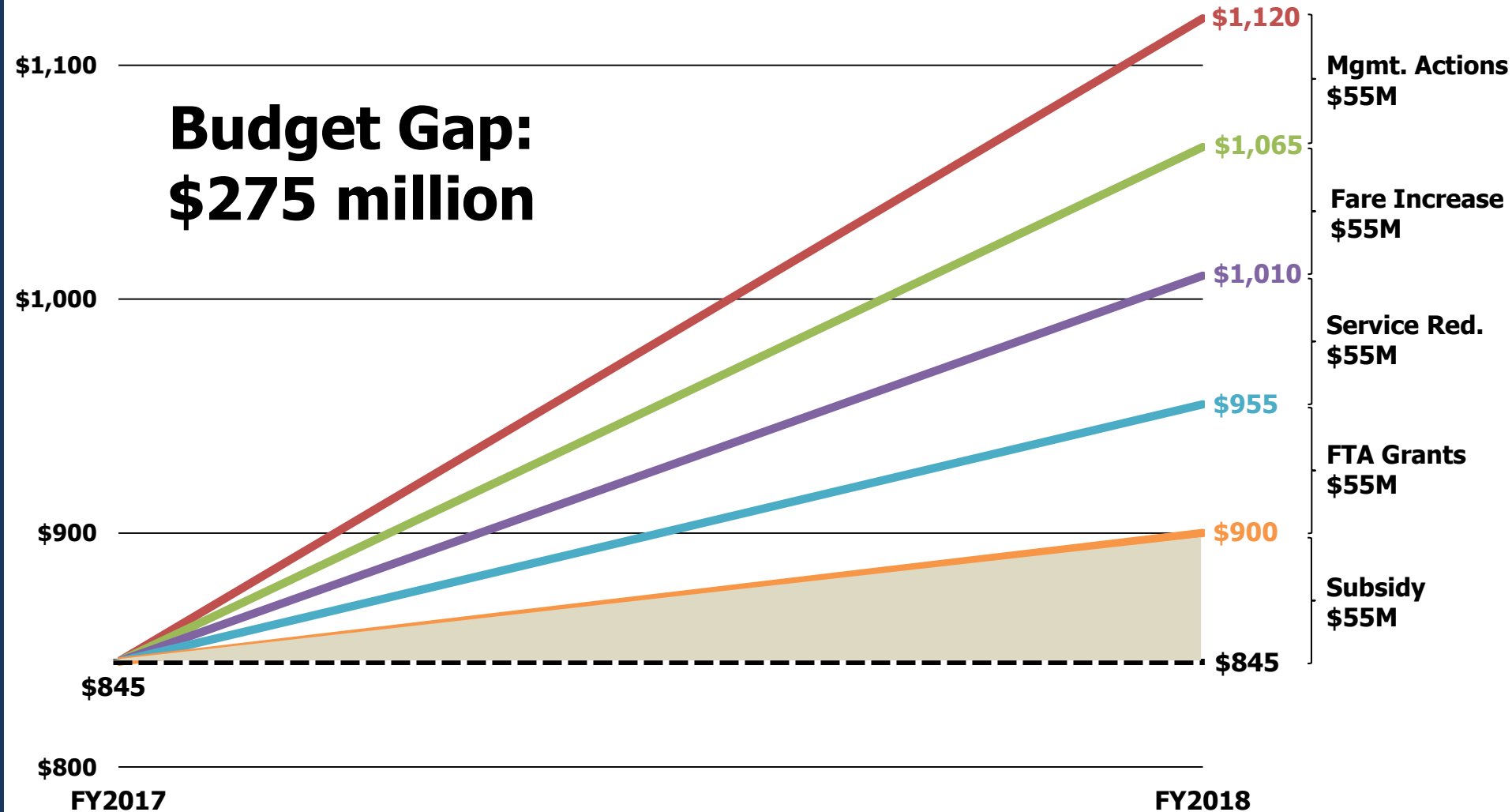
- Pre-FY2017 – Board limited use of FTA grants for eligible preventive maintenance (PM) expenses to \$31 million
- FY2017 – increased to \$95 million
- FY2018 – return to \$31 million of PM expense unless Board provides alternative guidance





Summary: Proportional Scenario

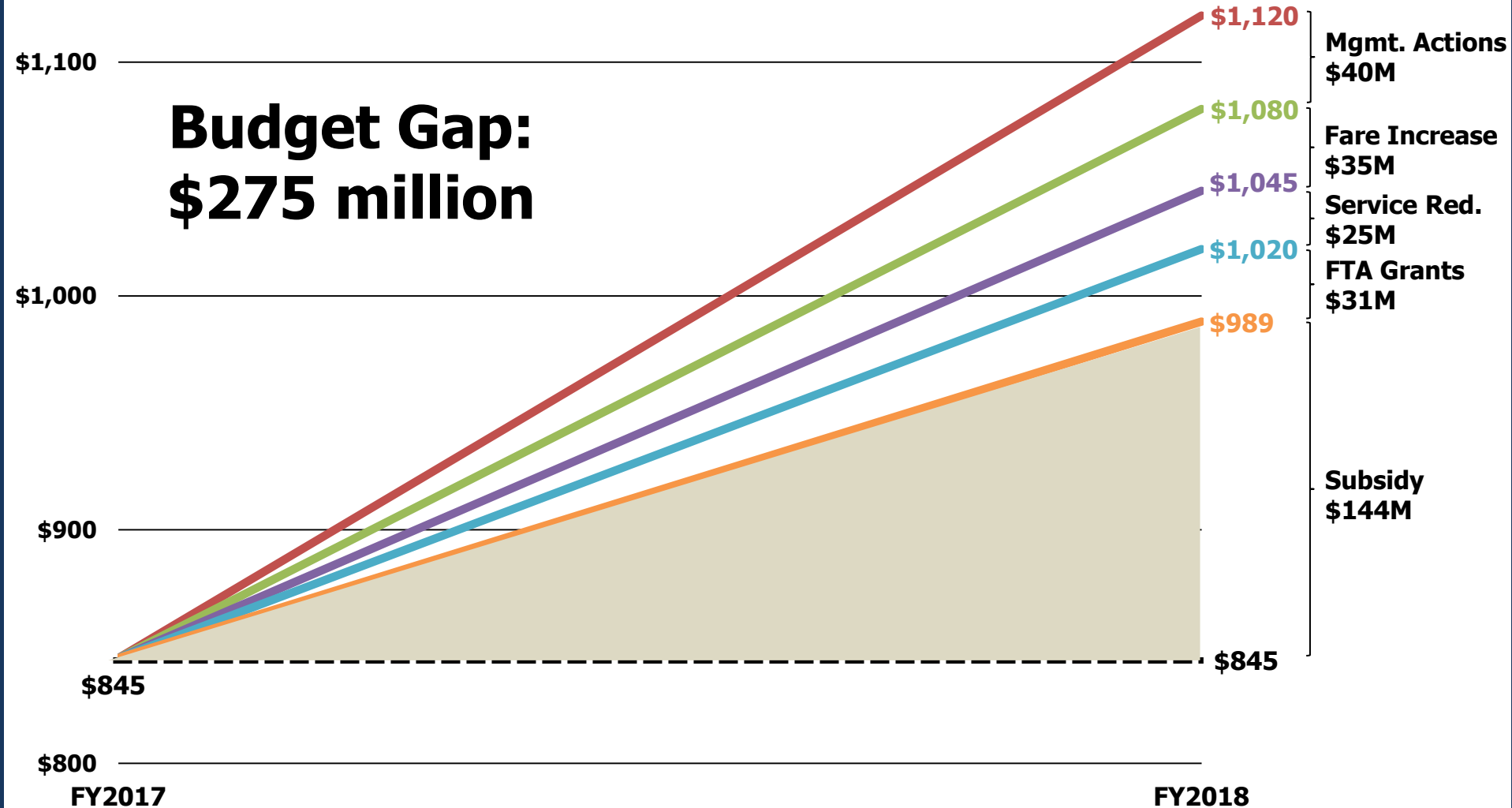
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\$275 million**





Summary: Alternate Approach

**Budget Gap:
\$275 million**



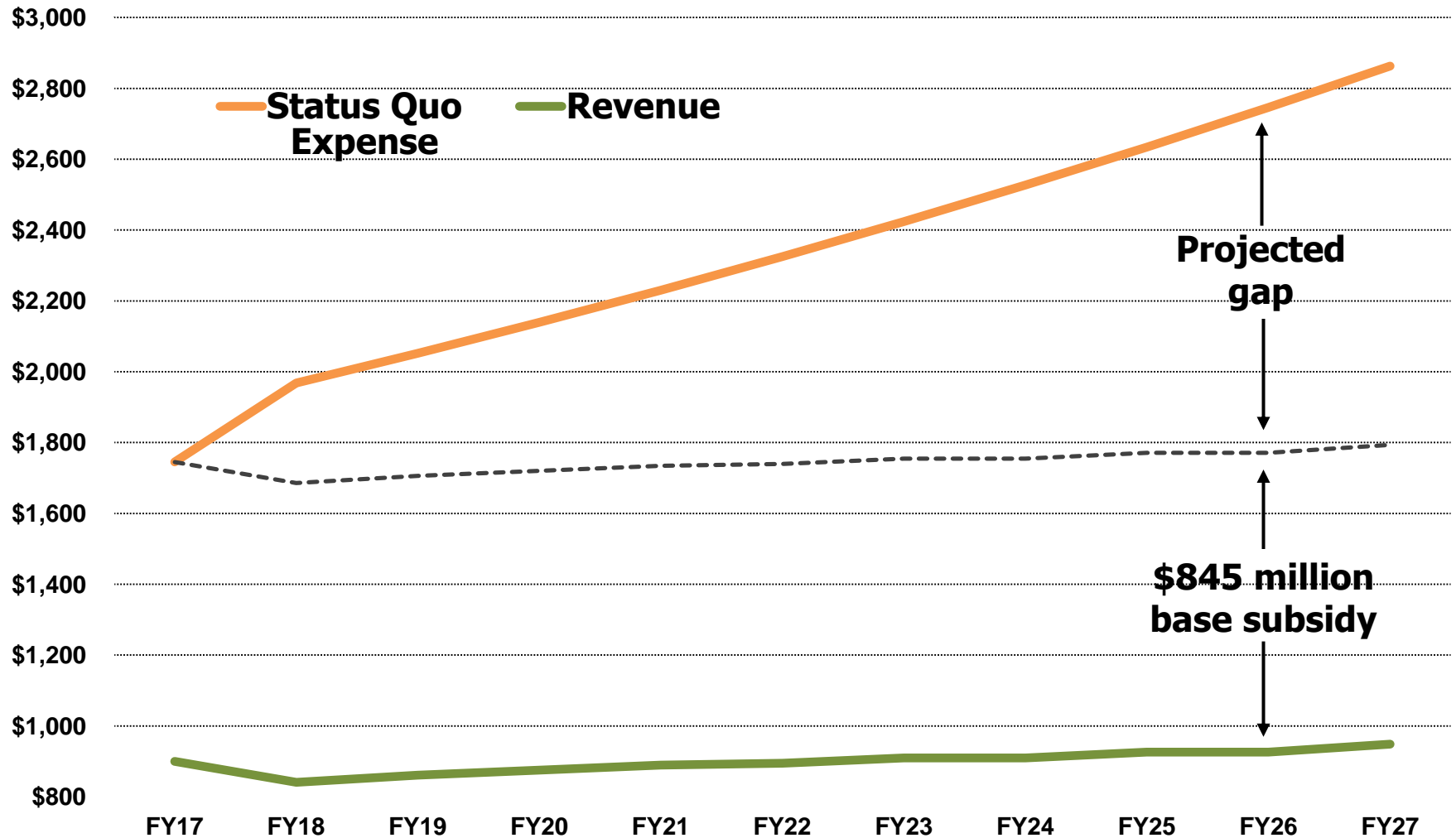


Risks and Contingencies

- Ridership return following SafeTrack and service impacts from ongoing maintenance
- Safety directives
- Collective bargaining outcome
- Continued changes in rider behavior, trip-making and transportation market (telework, alternate modes, gas prices, etc.)
- Budget contingencies for additional track maintenance efforts and CARE Plan actions



Ten-Year Operating Outlook

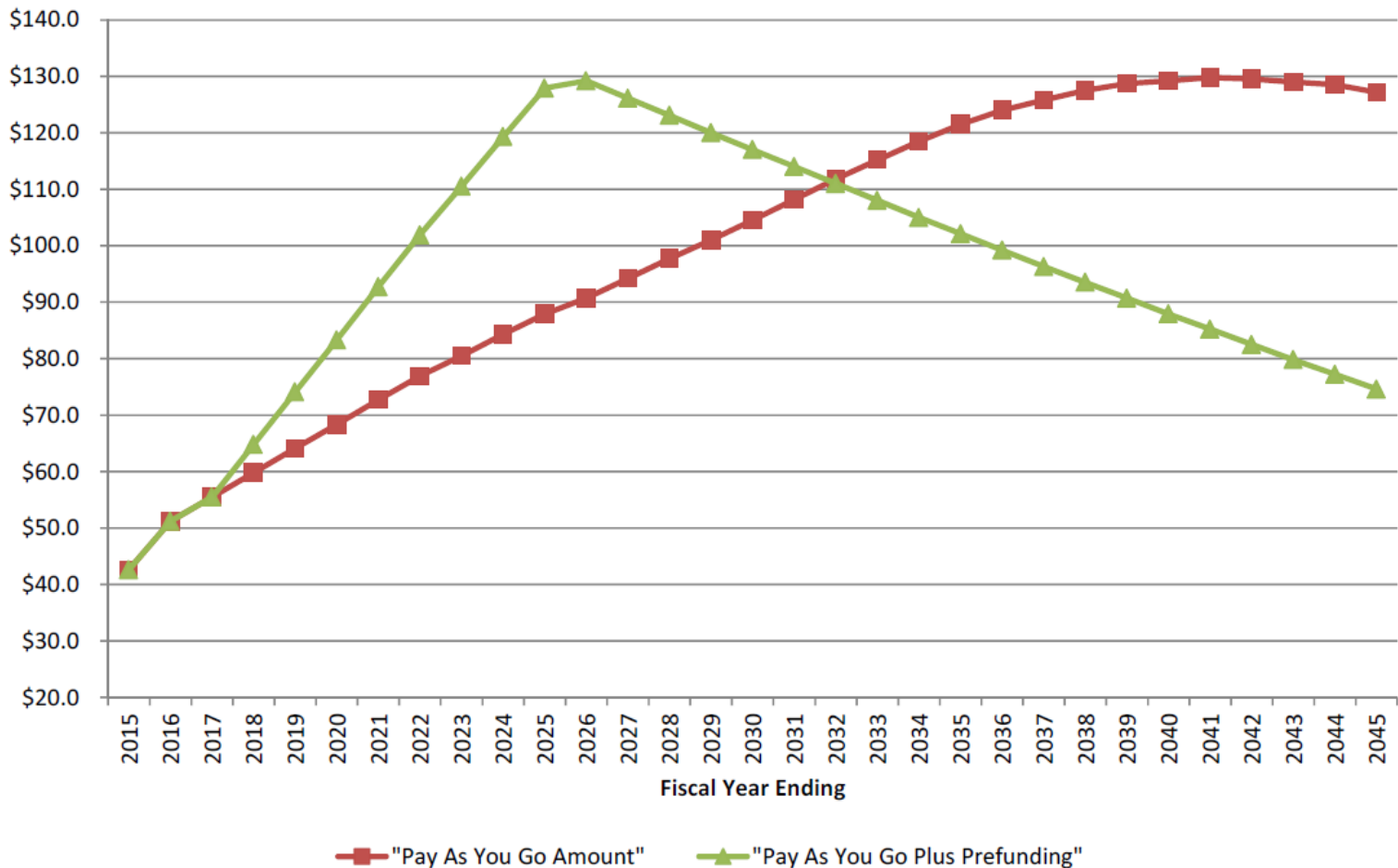




OPEB Pre-Funding Strategy

Funding Strategies

Expected Annual Contributions With and Without Prefunding





Next Steps

- **November:** GM/CEO Proposal of FY2018 Operating Budget
- **December:** GM/CEO Proposal of FY2018 Capital Budget and Six-Year CIP; Request for Budget Public Hearings
- **January/February:** Public Hearings and Outreach
- **March:** Adoption of FY2018 Budget