



Finance and Capital Committee

Information Item III-A

February 8, 2024

**Revised FY2025 Proposed Budget and
FY2026 Forecast**

Washington Metropolitan Area Transit Authority
Board Action/Information Summary

<input type="radio"/> Action <input checked="" type="radio"/> Information	Document Number: 205703	Resolution: <input type="radio"/> Yes <input checked="" type="radio"/> No
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Presentation Name:

Revised FY2025 Proposed Budget and FY2026 Forecast

Project Manager:

Yetunde Olumide

Project Department:

Finance

Purpose/Key Highlights:

The Revised FY2025 Proposed Budget and FY2026 Forecast advances our Strategic Transformation Plan goals of **service excellence, talented teams, regional opportunity and partnership, and sustainability**. In this presentation, staff will present our forward-looking plan with revised revenue and expense projections for the Revised FY2025 Proposed Budget and FY2026 Forecast.

- **Metro’s service and safety improvements are working.** In FY2024, service improved, crime decreased, and ridership grew as Metro continues toward the goal to deliver the modern, world-class transit system the region deserves
- **Metro is focused on optimizing service to deliver the most useful network within available resources.**

Interested Parties:

No interested parties identified.

Background:

Metro plays a pivotal role in the economic vitality of the National Capital Region, supporting revitalization and connecting customers to new activity centers. As the region grows, public transportation will be critical to local businesses, residents and visitors as indicated by recent ridership growth and increased customer satisfaction. Dedicated capital funding in 2018 enabled Metro to address long-neglected work, returning the system to state of good repair. However, the pandemic destabilized the existing operating model, both reducing ridership and triggering historic inflation.

In February 2023, Metro adopted its Strategic Transformation Plan *Your Metro, the Way Forward*. The plan identified four strategic goals: **Service Excellence, Talented Teams, Regional Opportunity & Partnership**, and **Sustainability**. This plan was developed by the Board of Directors and management to guide Metro's decision-making over the next five years. It is serving as our North Star and guides how we fund the Metro the region needs, wants and deserves. The plan establishes clear priorities for Metro, expands transparency around performance metrics, and promotes collaboration with our teams and partners.

Metro's goal is to provide the region with a world-class integrated transit system offering all-day, safe, customer focused service through modernized vehicles and infrastructure. While recent service improvements, simpler fares, and renewed emphasis on customer experience are growing ridership and customer satisfaction, additional targeted investments in transit are needed for the region Metro believes the region needs further transit improvements to grow and meet its economic, mobility, housing and environmental goals.

Discussion:

Currently, operations are funded by fares and other revenues, state and local subsidies, and temporary Covid-related federal relief funding. Since FY2020, along with other transit agencies, Metro sustained its operations through federal relief to offset lost revenue and increased costs resulting from the Covid-19 pandemic. Fundamental changes in post-pandemic travel patterns and unprecedented inflationary pressures have imposed fiscal constraints significantly impacting future operations and investments. Regardless of proactive management actions taken by Metro to control expenses, under the current subsidy model Metro faces a structural funding operating shortfall of \$750 million in FY2025, a deficit equal to more than 25 percent of the operating budget. Higher deficits are forecast in the out-years even if ridership fully recovers to pre-pandemic levels. Metro's \$750 million deficit is primarily driven in three categories: the jurisdictional subsidy credit provided in 2020, inflationary pressures driving higher labor and non-labor expenses, and the decline of revenue due to lower ridership.

Metro's ridership continues to recover from the impacts of COVID-19 demonstrating significant year-over-year gains, with ridership reaching approximately 70 percent of pre-pandemic levels; however, changes in the mix of trips has reduced average fares and passenger revenue below budgeted amounts.

Metro is closely managing its expenses and projects savings for the remainder of FY2024 to offset these revenue losses. Despite the reduced revenue outlook, Metro expects to end FY2024 with a balanced budget due to aggressive expense management and administrative efficiencies, allowing it to preserve \$95 million in one-time savings to apply to the FY2025 deficit.

The WMATA Compact requires Metro adopt a balanced budget annually. In December 2023, staff presented the GM/CEO's proposed budget to the Board of Directors that addressed the fiscal deficit within the current subsidy funding model through substantial service cuts and fare increases. Following coordination with jurisdictional partners, Metro has revised its FY2025 operating budget projections to include additional funding from the jurisdictions and avoid the severe service cuts in the initial FY2025 Proposed Budget. Metro's funding jurisdictions as of February 2, 2024 have communicated \$480 million in additional funding in FY2025 above the three percent cap. The Metro subsidy formula sets the level of subsidy for each jurisdiction proportionate to the other jurisdictions and the various commitments will need to be reconciled as the Board approves this year's budget.

The FY2026 Forecast assumes funding levels increase by three percent, plus each jurisdiction's share of the \$95 million of on-time savings from FY2025. These additional funding commitments in FY2025 and FY2026 will allow Metro to pursue service optimization rather than draconian service cuts, unsustainable fare increases and other actions that would decimate our transit system. Under this new funding structure which will increase the subsidy provided by jurisdictional partners, the Revised FY2025 Proposed Operating Budget is \$2,457 million and the FY2026 Forecasted Operating Budget is \$2,530 in gross expenses. Gross expenses are prior to the transfer of operating expenses for preventive maintenance to the capital budget.

Preventive maintenance expenses are expenses that originate in the operating budget but are eligible for reimbursement from the capital budget as preventive maintenance, subject to Federal Transit Administration (FTA) approval. The annual budget establishes the maximum amount of preventive maintenance costs to be transferred from the operating budget to the capital budget. In addition to the additional funding from the jurisdictions, Metro will increase the preventive maintenance amounts to close the operating deficits in FY2025 and FY2026. While this lever can provide relief on the operating budget, it decreases capital funding for infrastructure projects and will accelerate Metro's looming capital deficit.

Metro developed a revised budget and operations plan to outline changes since it presented its FY2025 Proposed Budget to the Board. The Revised FY2025 Proposed Budget and FY2026 Forecast adopts a regional approach that requires collaboration and contributions from all stakeholders:

Metro: Salary and wage adjustments, recurring administrative efficiencies, and other cost reductions resulting in \$119 million and \$174 million in savings in FY2025 and FY2026, respectively. For FY2026, FY2025 grows by 3 percent, plus each jurisdiction's share of the \$95 million one-time savings.

Customers: At least 12.5 percent fare increase on Metrobus, Metrorail, and MetroAccess beginning in FY2025, and up to 25 percent on late nights and weekends (\$2.50 cap).

Jurisdictions: Additional jurisdictional investment to replace prior reductions of jurisdictional funding to Metro and adjustments for ridership and inflation.

Metro's robust financial management oversight continues to identify operating and administrative efficiencies to ensure proactive expense control. Reductions in consulting services and related contracts, savings in digital transformation, improved asset management and administrative efficiencies have yielded an additional \$50 million in savings in FY2025 without impacting safety or direct services. In addition, Metro will implement a salary and wage freeze in FY2025 for represented (L-689 and L-922 employees subject to the collective bargaining) and non-represented employees.

As part of its forward-looking plan, Metro will optimize service through targeted rail service cuts and a redesigned bus network adjustments focused on delivering the most useful network with available resources. Metro is adapting rail and bus service frequency to how customers travel, increasing customer access to jobs and opportunity, and managing railcar and bus fleets to deliver high asset utilization. The sustainable fare policy will increase fares by at least 12.5 percent and reduce fare evasion with system-wide investment in new faregates and increased fare enforcement.

Metro advances capital projects and annual capital maintenance programs to restore, sustain, and modernize the system. The program also includes annual preventive maintenance transfers from the operating budget to the capital budget. Priorities of the six-year capital plan include:

- Investing in the system to modernize and provide safe, efficient, and reliable service for customers, employees and the region
- Addressing the backlog of overdue state of good repair needs
- Sustaining safety and reliability through recurring maintenance, rehabilitation, and replacement programs
- Maintaining financial stewardship and ensure audit compliance
- Reducing capital administrative expenses (by \$25 million annually)
- Supporting a sustainable and more equitable future for the region

Metro is currently projecting \$11 billion in capital funding for FY2025-FY2030, which is less than the \$17 billion in total identified program needs for that time period. While the proposed \$11 billion program addresses critical overdue needs, it results in a declining capacity for state of good repair and modernization investments especially when dedicated funding debt capacity is exhausted.

As the available capital funding decreases, Metro becomes unable to address more and more state of good repair needs, increasing the backlog and jeopardizing the safety and reliability of the system through recurring asset failures. Increased use of preventive maintenance transfers reduces capacity for other capital investments in the long-term, putting at risk priority investments such as the full-scale Heavy Repair and Overhaul Facility, the 8000-Series Fleet of the Future, Zero-Emission Buses and Garages, Next-

Gen Automation and Signaling, and the Blue/Orange/Silver Corridor. The revised FY2025 proposed capital budget is \$2,549 million, including debt service and revenue loss from capital projects. Although Metro's Proposed FY2025 Capital Budget is currently fully funded, future funding constraints will shrink the capital program, leaving state of good repair and modernization needs unmet, as well as reduce reliability.

Metro's Strategic Transformation Plan guides future planning across the organization through enterprise-wide and service specific programs. The Enterprise Action Program captures the roadmap of initiatives and project investments over the next one to two years that are delivering on the objectives of Metro's Strategic Transformation Plan, enhancing process efficiencies across the business groups that directly support our Operations and Delivery functions. Examples of programs included in the Enterprise Action Program are the Enterprise Resource Planning (ERP) Modernization Program, Digital Modernization, Enterprise Video Operations and Security System, and the Center of Excellence Training Academy.

In addition, Metro is prioritizing Bus, Access and Rail Action Programs to enhance customer experience and improve operational effectiveness. Metro's Better Bus initiative further enhances the customer experience for our customers. Better Bus is an initiative to rethink, redesign, and revitalize bus service to better serve the needs of customers in the region. The projects and initiatives represent multi-department coordination and cooperation to successfully implement. All the Better Bus projects deliver specifically on the objectives of Metro's strategic plan. In addition, replacements of the Bladensburg, Northern and Cinder Bed Garages will accommodate the transition of converting the fleet to zero-emission buses.

MetroAccess programs will enhance operational effectiveness by redesigning the business model to improve service and quality oversight. Additionally, MetroAccess and the Digital Transformation team will develop requirements to procure a new scheduling software that will enhance the complete trip experience to our Access customers.

To achieve world class rail service, Metro's Strategic Transformation Plan includes initiatives that will modernize fleet, signals, and staffing on trains, while improving safety and customer service. In the near term, Metro has contracted with Hitachi Rail to build 256 new rail cars that will retire the oldest cars in the fleet, provide new open gangway design for safe passage between cars, give passengers real time information and wayfinding through Metro's first all-digital onboard network, and begin design for driverless trains through architectural provisions of a new communications based train control system. Metro is already implementing automatic door operations on the Red Line and will activate auto doors systemwide this spring, as the agency advances automatic train control approval from the safety oversight commission. Like the current generation 7000-series trains, the fleet of the future includes onboard video providing real-time information to Metro's communications, command, and control center.

Our potential path forward incorporates targeted service adjustments and fare increases, as well as continued cost reductions and robust financial management.

Metro remains dedicated to providing the region with world class service that advances regional goals, meets our customers' needs and provides a sustainable future.

Funding Impact:

No funding impact from this presentation.

Previous Actions:

Staff presented the GM/CEO FY2025 Proposed Budget to the Board of Directors in December 2023.

In January 2024, the Board of Directors authorized Metro to conduct public hearings and public participation activities on the FY2025 Proposed Operating and Capital Budgets.

Next Steps:

Staff will conduct public engagement sessions and return to the Board of Directors to present the FY2025 Operating and Capital Budgets.

Recommendation:

Information Only



Revised FY2025 Proposed Budget and FY2026 Forecast

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February 8, 2024



Purpose

The Challenge – Unprecedented Deficits Begin

FY2024 Mid-Year Progress

FY2025 and FY2026 Path Forward

Jurisdictional Operating Investments

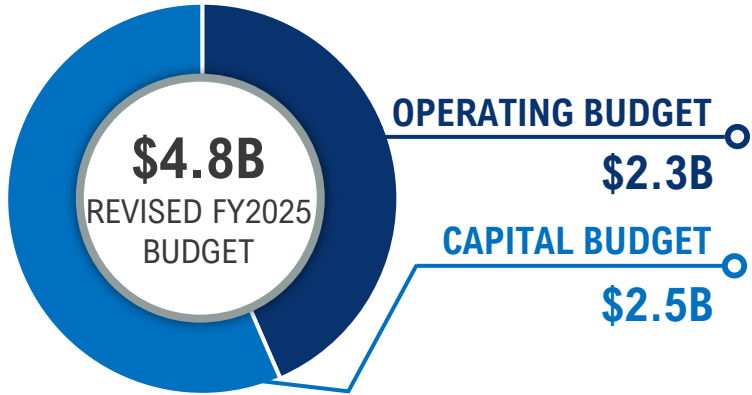
Targeted Service and Fare Optimization

Administrative Efficiency

Metro's Capital Program

Metro's Strategic Transformation Program

Metro At-A-Glance



BUSIEST RAIL TRANSIT SYSTEM;



BUSIEST BUS NETWORK IN THE U.S.

METROBUS

40.7M
SCHEDULED REVENUE MILES

METRORAIL

117.2M
SCHEDULED REVENUE MILES

METROACCESS

28.5M
SCHEDULED REVENUE MILES

Within ½ mile of Metrorail stations and bus stops in the Compact area:

- 60% of population (2.8M people)
- 70% of jobs (1.7M jobs)
- 50% of employers (134,400 businesses)

The ½ mile around Metrorail stations is just 3% of the region's land but contains:

- 30% of property value (\$328B)
- 40% of jobs
- 65% of new office development
- 50% of new apartments
- 25% of affordable housing
- 13 Fortune 500 headquarters

98 RAIL STATIONS



DC

40
STATIONS



MD

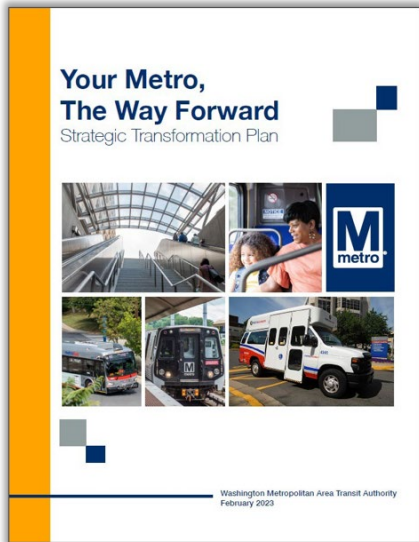
26
STATIONS



VA

32
STATIONS

Metro's Strategic Transformation Plan is North Star to *Deliver* a Modern, World-Class Transit System



In February 2023, Metro adopted its Strategic Transformation Plan [Your Metro, the Way Forward](#). The plan identified four strategic goals: Service Excellence, Talented Teams, Regional Opportunity & Partnership, and Sustainability. This plan was developed by the Board of Directors and management to guide Metro's decision-making over the next five years. It is serving as our North Star and guides how we fund the Metro the region needs, wants and deserves. The plan establishes clear priorities for Metro, expands transparency around performance metrics, and promotes collaboration with our teams and partners. Metrics identified in the plan are used to drive performance and operational decisions at Metro and are transparently measured in regular reports and our newly launched [Service Excellence Dashboard](#).



Deliver safer and more reliable service to customers, progressing Metro's automation efforts.



Design transit service to move more people and equitably connect a growing region.



Attract, develop, and retain top talent where individuals feel valued, supported, and proud of their contribution.



Manage resources responsibly to achieve a sustainable operating, capital, and environmental model.

A Healthy Region Needs Great Transit

Metro’s goal is to provide the region with a world-class integrated transit system offering all-day, safe, customer-focused service through modernized vehicles and infrastructure.

Good service is the key to generating ridership. While recent service improvements, simpler fares, and renewed emphasis on customer experience are growing ridership and customer satisfaction, additional targeted investments in transit are needed for the region to grow and meet its economic, mobility, housing and environmental goals.

Opportunities include:

- Adjust service to demand and regional goals
- Implement the Better Bus network redesign
- Bus lane & technology investments to increase bus speed and reduce costs
- Rail modernization program to replace antiquated infrastructure, vehicles, and obsolete signaling system
- Responsible and affordable fares, with fare-capping and promotional opportunities

Today’s Standard of World-Class Transit

Metro’s original mandate was to “set an example for the Nation” of world-class public transit. Today, the standard set by the best transit systems has evolved to include:

All-Day Service. Fast and frequent service throughout the day and week, with safe, on-time operation. Service focused on providing travel needs for all kinds of trips. Disruptions are limited and predictable.

Modern Vehicles and Infrastructure. Stations with clear wayfinding, real-time service information, and platform screen doors. Trains feature open gangways and efficient, communication-based train control, capable of Grade of Automation 3/4. Bus service built around a network of rapid bus routes with high-capacity buses, and a zero-emission bus fleet.

Integrated System. Customers experience transit as a unified system, with seamless connections between rail, bus, bike and pedestrian networks. Fares are integrated across the region with easy payment for customers.




If we invest in transit:

- Attract and retain businesses, talented workers
- Reduced carbon footprint
- Grow tourism and leisure sectors

If we don't invest in transit:

- Reduced economic development opportunities
- Traffic congestion will get even worse
- Increase in safety risks



FY2024 Mid-Year Progress

Aggressive Management of Expenses Continues

Metro’s ridership continues to recover from the impacts of Covid-19 demonstrating significant year-over-year gains, with ridership reaching approximately 70 percent of pre-pandemic levels; however, changes in the mix of trips has reduced average fares and passenger revenue below budgeted amounts.

Metro is closely managing its expenses and projects savings for the remainder of the year to offset these revenue losses. Despite the reduced revenue outlook, Metro expects to end FY2024 with a balanced budget due to aggressive expense management, allowing it to preserve \$95 million in one-time savings to apply to the FY2025 deficit.

(\$M)	FY2024 Q2 YTD		Variance	
	Budget	Actual	\$	%
Passenger Revenue	\$194.2	\$167.8	- \$26.4	- 13.6
Non-Passenger Revenue	\$51.1	\$56.1	\$5.1	9.9%
Total Revenue	\$245.3	\$223.9	- \$21.4	- 8.7%
Personnel	\$782.8	\$783.2	- \$0.4	- 0.0%
Non-Personnel	\$376.2	\$340.3	\$36.0	9.6%
Total Expenses	\$1,159.1	\$1,123.5	\$35.6	3.1%
Gross Subsidy*	\$913.8	\$899.6	- \$14.2	- 1.6%
Federal Relief	\$287.7	\$272.8	- \$14.9	- 5.2%

* Gross Subsidy refers to operating expense less operating revenues and Federal relief and does not reflect/equal actual jurisdictional subsidy payments.

Note: Amounts may not sum due to independent rounding

FY2025 and FY2026 Path Forward

Regional Framework for a Balanced Budget

The revised proposed budget adopts a regional approach that requires collaboration and contributions from all stakeholders. Aggressive expense management by Metro would keep FY2025 **gross expenses** at FY2024 levels (0% growth).

Metro: Salary and wage adjustments, recurring administrative efficiencies, and other cost reductions resulting in **\$119 million** and **\$174 million** in savings in FY2025 and FY2026, respectively.

Customers: At least 12.5 percent fare increase on Metrobus, Metrorail, and MetroAccess beginning in FY2025, and up to 25 percent on late nights and weekends (with \$2.50 cap).

Jurisdictions: Additional jurisdictional investment to replace prior reductions of jurisdictional funding to Metro and adjustments for ridership and inflation.

Use of Funds		Budget	2- Year Regional Transformation Framework	
		FY2024	Revised FY2025 Proposed Budget	FY2026 Forecast
Expense	Initial Expenses	\$2,459	\$2,575	\$2,704
	Administrative Efficiency		- 50	- 52
	Salary and Wage Adjustment		- 38	- 77
	Inflation Reduction		- 11	- 25
	Target Service Cuts		- 20	- 20
	Total Savings		- 119	- 174
	Gross Expenses	\$2,459	\$2,457	\$2,530
	Additional PM (above \$60M)	- 139	- 104	- 114
	Expense after PM Transfer	2,320	2,352	2,416

Note: Amounts may not sum due to independent rounding

Assumptions

Personnel & Non-personnel: 0% salary and wage increase in FY2025 for L689, L922 and non-represented employees subject to the collective bargaining; CPI reduced from 5% to 3.5% in FY2025 and from 5.0 to 3.0% in FY2026



Source of Funds

Revenue

Proposed fare increase of least 12.5 percent on Metrobus, Metrorail, and MetroAccess beginning in FY2025, and up to 25 percent on late nights and weekends (with \$2.50 cap) would increase revenue by **\$24 million** and efforts to improve fare collection recovery result in additional **\$12 million** for a net increase of **\$36 million** in FY2025. Continued ridership growth increases FY2026 revenue by **\$10 million**.

	Full-Year Forecast	2- Year Regional Transformation Framework	
	FY2024	Revised FY2025 Proposed Budget	FY2026 Forecast
(\$M)			
Revenue			
Initial Revenue	\$452	\$452	\$488
Revenue Recovery*		\$12	\$10
Fare Increase		\$24	
Subtotal		\$36	\$10
Total Revenue	\$452	\$488	\$498

* E.g., ridership growth, long distance trip recovery, new fareboxes and faregates



Targeted Service and Fare Optimization



More Targeted Rail Service. Efficiently deliver frequent all-day service to drive ridership and revenue growth. Schedule **peak service** periods to align with ridership levels. Operate more **six-car trains** where shorter trains provide sufficient capacity. Considering reduced service levels on holidays with low ridership.



Redesigned Bus Network. Maintain bus service levels and begin Better Bus implementation. The Year One Network reallocates existing resources to deliver more value to the region, adapting to how customers travel now.



More Fare Revenue. Increase fares by 12.5% to keep pace with inflation. Reduce fare evasion with system-wide high-barrier faregate installation and increased fare enforcement. Make it easier to pay with increased use of Metro Lift and Senior reduced fare programs.

Optimize service to deliver the most useful network with available resources:

- **Adapt Service.** Adapt rail and bus service capacity with targeted changes while sustaining good frequency to grow ridership.
- **Provide Access to More Destinations.** Reduce customer travel times and increase access to jobs and opportunity.
- **Optimize Use of Metro’s Assets.** Manage railcar and bus fleets to deliver high asset utilization and provide good service at low marginal cost.

Fare Increase Scenario	Revenue Impact (M)	Ridership Impact (M)
Baseline	\$362.2	233.3
5%	\$10.0	-4.1
12.5%	\$22.2	-10.2
12.5% + up to 25% late-night/weekend (with \$2.50 cap)	\$23.9	-11.3
20%	\$33.9	-15.2
25%	\$40.4	-19.0

Parking Rates

- Keep parking rates unchanged to encourage use of available capacity at parking facilities; raising parking rates would be expected to reduce growth in long-distance Metro commutes, lessening future fare revenue

Fares

- Balance increasing revenue and continuing to grow ridership
- Considering modifying weekend and late-night fares for additional revenue in response to strong ridership

Jurisdictional Operating Investment

Metro’s funding jurisdictions as of February 2, 2024 have communicated **\$480** million in additional funding in FY2025 above the 3 percent cap. These respective additional contributions for FY2025 are reflected below. Maryland’s budget includes \$150 million in its FY2025 budget; there are budget amendments moving through both Houses of the Virginia legislature which reflect the \$130 million funding level. On February 1, 2024 District of Columbia leadership sent a letter indicating their commitment to \$200 million in additional subsidy.

The Metro subsidy formula sets the level of subsidy for each jurisdiction proportionate to the other jurisdictions and the various commitments will need to be reconciled as the Board approves this year’s budget.

For FY2026, the forecast assumes funding levels increase by 3 percent, plus each jurisdiction’s share of the \$95 million of one-time savings from FY2025. FY2026 amounts are forecast estimates and may change as a result of Metro’s FY2026 budget process and Board direction.

(\$M)	FY2025 Base	Additional Regional Investment	Revised FY2025 Proposed Budget*	FY2026 3% Growth*	One-Time Savings Expiration*	FY2026 Forecast*
Expense			\$2,352			\$2,416
Revenue			(\$488)			(\$498)
Gross Subsidy			\$1,865			\$1,918
One-Time Savings			(\$95)			\$0
Subsidy	\$1,290	\$480	\$1,770	\$53	\$95	\$1,918
District of Columbia	\$462	\$200	\$662	\$20	\$36	\$717
Maryland	\$488	\$150	\$638	\$19	\$34	\$691
Virginia	\$340	\$130	\$470	\$14	\$25	\$510

Note: amounts may not sum due to independent rounding

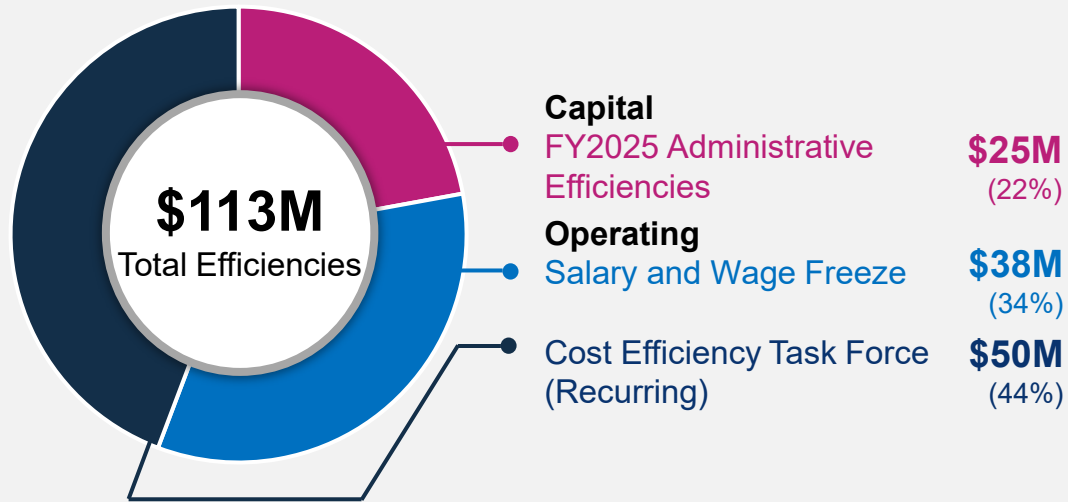
**The subsidy amounts reflect additional contributions, are inconsistent with Metro’s historical subsidy formula, and will need to be reconciled*

Funding Requirements Beyond Metro’s Operating Subsidy

Amounts exclude 24-Hour Overnight Bus, student programs, reimbursable agreements, Safety and Security grant programs, Joint development projects, and any other programs separately agreed upon.

Administrative Efficiency

Metro Has Identified Over \$113M of Efficiencies



Capital (\$25M)

FY2025 Capital Administrative Efficiencies (\$25M)

- Right-size administrative and consultant support costs for capital program management.
- Modernize standards, requirements, and practices for longer-term structural savings.

Operating Budget Efficiencies (\$88M)

Salary and Wage Freeze (\$38M)

Freeze wages of all non-represented employees and for two of Metro’s largest collective bargaining units.

Cost Efficiency Task Force (\$50M)

Identified an additional \$50 million across the Authority in ongoing expense reductions and savings for FY25 and beyond. These savings will not impact safety or service levels:

1. **Administrative efficiencies:** Call center consolidation, paratransit alternative service delivery.
2. **Reduced consulting service:** Transition Metro Transit Police Department (MTPD) training to in-house, staff augmentations reductions and right sizing cleaning contracts.
3. **Digital Transformation:** Elimination of duplicative licenses, laptop/mobile phone efficiencies, digital media efficiency & rightsizing of IT-related contracts.
4. **Improved asset management:** drone usage for automated inspections, fuel savings and repair cost reduction on elevator and escalators.

FY2025 Cost Efficiency Task Force Savings – \$50 Million

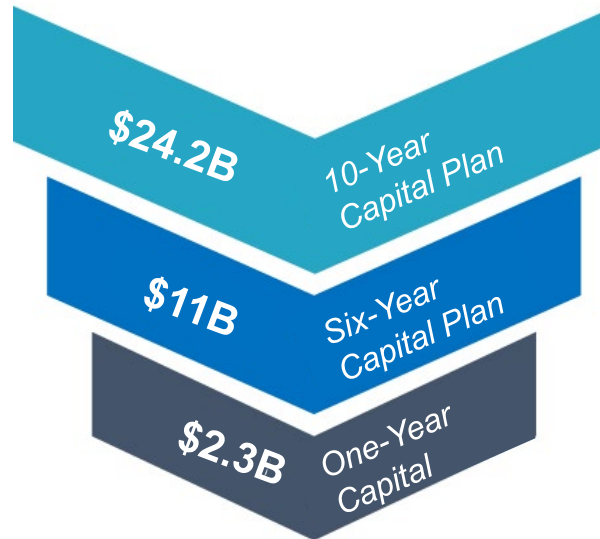
Category	Title	Marketing/ Revised Description	Impact
	Call Center Consolidation	Merging two call centers to streamline operations.	\$1.8
	Paratransit Alternative Service Delivery	Reduce MetroAccess expenses by offering customers the option to utilize alternative (ride share) services.	\$14.8
	Building Consolidation and Streamlining of Facility Related Services	Streamline efforts in warehouse sharing between rail services and facilities departments in Maryland, storage space sharing in Alexandria, VA..	\$13.7
	Non-Revenue Vehicle Fleet Reduction	Reduce non-revenue fleet vehicles by December 2023.	\$0.2
Administrative Efficiencies			\$30.5
	Metro Transit Police Academy	In-house police commissioning training eliminates fees paid to Northern Virginia Criminal Justice Academy.	\$0.6
	Alignment of consulting services	Reduce On-Call Legal Services contract.	\$1.5
	Reduction of Staff Augmentation	Prioritize hiring in departments with high staff shortages such as Rail Transportation, Track & Structures and Car Maintenance.	\$2.0
	Right-size cleaning contracts	Replace current cloth seats on buses with vinyl seats, eliminating the need for more frequent cleaning.	\$3.7
Reduce Consulting Services			\$7.8
Total			\$50.6

Category	Title	Marketing/ Revised Description	Impact
	Eliminate Duplicative Application Licenses	Consolidate certain duplicative or outdated software/systems.	\$2.0
	Laptop and mobile phones efficiencies	Implement one-device policy and suspension of low-usage devices.	\$0.3
	Digital Media efficiencies	Optimize resources, improve market targeting, and enhance the overall effectiveness of digital marketing with less waste and effort.	\$0.2
	Right-size IT-related contracts	Review cloud strategy to eliminate on-the-ground footprint; shift operations & management expenses in-house.	\$3.0
Digital Transformation			\$5.5
	Preventive track rehabilitation resulting in parts and materials savings	Ultrasonic maintenance, software, and training are serviced by DPR Ultrasonic Technology, enabling Metro to optimize equipment.	\$4.5
	Expansion of automated inspection technologies: Drones	Inspecting structures with drones compliments hands-on access requirements.	\$0.3
	Gasoline fuel savings	Fuel-efficient, on-demand taxi service alternative to MetroAccess service, also provides riders discounts.	\$0.4
	Elevator/Escalator improved life-cycle management	Elevator and Escalator Acquisition Replacement plan allows for less preventive maintenance requirements, resulting in reduced repairs and certain spare parts.	\$1.6
Improved Asset Management			\$6.8
Total			\$50.6

Metro's Capital Program

Metro advances capital projects and annual capital maintenance programs to restore, sustain, and modernize the system. The program also includes annual preventive maintenance transfers from the operating budget.

- Invest in the system to modernize and provide safe, efficient, and reliable service for customers, employees and the region
- Address the backlog of overdue state of good repair needs
- Sustain safety and reliability through recurring maintenance, rehabilitation, and replacement programs
- Maintain financial stewardship and ensure audit compliance
- Reduce capital administrative expenses (by \$25 million annually)
- Support a sustainable and more equitable future for the region



10-Year Capital Plan

Identifies viable initiatives to address needs identified for next ~10 years; financially unconstrained

Six-Year Capital Improvement Program

Capital investments anticipated for, or continuing in, six-year capital program

One-Year Capital Budget*

Expenditure forecast for capital projects and programs in current budget year

*Does not include debt service and revenue loss from capital projects

Capital Investment Categories

Although Metro’s Proposed FY2025 Capital Budget is fully funded, future funding constraints will shrink the capital program, leaving state of good repair and modernization needs unmet as well as reduce reliability.

Sources of Funds

Capital Investment Categories (\$M)	Revised FY2025 Proposed Budget
Debt Proceeds	\$946
Dedicated Funding from States	\$500
Federal Formula Funds	\$470
System Performance and Formula	\$303
PRIIA Match from States	\$149
Federal PRIIA Funds	\$144
Other	\$38
Total Capital Program Cost	\$2,549

Uses of Funds

Capital Investment Categories (\$M)	Revised FY2025 Proposed Budget
Railcars and Railcar Facilities	\$457
Rail Systems	\$386
Track and Structure Rehabilitation	\$297
Stations and Passenger Facilities	\$371
Bus, Bus Facilities, and Paratransit	\$470
Operations and Business Support	\$319
Total Capital Investments	\$2,300
Revenue Loss from Capital Projects	\$10
Debt Service - Dedicated Funding	\$239
Total Capital Program Cost	\$2,549

Debt Financing to Support the Six-Year Capital Improvement Program (CIP)

- Through FY2023, Metro has issued approximately \$2.95 billion in debt proceeds, including premiums
- Metro **currently holds AA credit ratings** on issuing dedicated funding backed-debt
- Remaining debt issuance capacity is estimated at approximately \$3.4 billion over six-year CIP (FY2025-2030)
 - Debt issuance is almost 30% of the \$11 billion of total funding capacity over six-year period
 - Depending on the forecast for preventive maintenance transfers, Metro may not be able to issue new debt starting in FY2029 if the debt limit is reached in FY2028



Enterprise Action Program

The Enterprise Action Program captures the roadmap of initiatives and project investments over the next one to two years that are delivering on the objectives of Metro’s Strategic Transformation Plan. Through these efforts, we are enhancing process efficiencies across the business groups that directly support our Operations and Delivery functions. These programs are innovating processes across Metro to drive down costs, modernize our capabilities, and enhance public safety of the overall system.

Enterprise Action Program FY2025-2026			
INITIATIVE	SCOPE	MILESTONES	BENEFITS
Enterprise Resource Planning (ERP) Modernization Program	Software system to automate and streamline core business processes by linking multiple systems and reporting on an integrated digital platform.	<ul style="list-style-type: none"> Fall 2024: System design & Development Summer 2025: Deployment and Support of core systems Spring 2026: Change management & communications 	Cost savings & efficiencies will be recognized from consolidating 35 systems to one, saving licensing fees, as well as transitioning from on-premise to a cloud structure, saving over \$8M annually once implemented.
Digital Modernization	Establish secure, modernized infrastructure and processes to digitally activate the Strategic Transformation Plan.	<ul style="list-style-type: none"> Spring 2025: Tech-enabled frontline enhancement Spring 2025: Enterprise Asset Management System Upgrade Fall 2025: Modernization of web and content management 	This will reduce staff hours, external risk, and standardize systems and document control.
Enterprise Video Operations & Security System	Integrating all 30K cameras across Metro’s fleets, station facilities, administrative buildings to fully support the Metro Integrated Command and Communications Center, enhancing safety and mitigating risk.	<ul style="list-style-type: none"> Fall 2024: Onboard integrator to stand up Enterprise Video System Install cameras on 6k train fleet and enhance recording on 7k trains 	A cultural shift in operationalizing an enterprise video system will reduce crime, enable faster response times, and enable proactive decision-making during incident response.
Center of Excellence Training Academy	The Training Academy will be a centralized program to train personnel, store information, track data, create reporting, organize and upskill our teams.	<ul style="list-style-type: none"> Develop Center of Excellence Training vision and strategy (short, medium, and long-term) Implement Center of Excellence Training Academy 	This initiative will reduce redundancy, improve productivity, increase employee retention, and reduce risk of failures.



Bus & Access Action Program

The Better Bus initiative rethinks, redesigns, and revitalizes bus service to better serve the needs of the region. This regional effort requires cooperation across Metro and its jurisdictional partners to successfully implement enhanced bus service while delivering specifically on the objectives of Metro’s strategic plan.

We are awarding a multi-year contract that includes up to 250 battery-electric buses (BEB) to operate out of three newly-redesigned bus garages that offer the infrastructure to charge our BEB fleet. The new buses feature new fareboxes, live camera access, and customer information screens alerting riders to next stops.

Additionally, MetroAccess will be undergoing changes to improve operational effectiveness by redesigning the business model to improve service and quality oversight. Access and the Digital Modernization team will develop requirements to procure a new scheduling software that will allow employees and customers access to real-time arrival and tracking data.

Bus Action Program FY2025-2026

INITIATIVE	SCOPE	MILESTONES	BENEFITS
Bus Network Redesign	Develop and implement a transformative year one bus network within existing resources that straightens out bus routes, connects to places people want to go at times they want to travel, and balances bus stop spacing.	<ul style="list-style-type: none"> FY2025: Finalize and adopt new Metrobus network and formula FY26: Implement new network with jurisdictional partners 	This initiative will increase ridership providing more frequent service and making new connections
Bus Priority Program	Improve bus service and equity by allowing buses to travel efficiently and reliably with the aid of new technology and intelligent roadway design.	<ul style="list-style-type: none"> FY2025 fully rollout Clear Lanes program in coordination with DDOT FY2026 develop requirements for Transit Signal Priority 	<p>Increase ridership by making buses more reliable and reducing travel time.</p> <p>Investment will reduce daily operation hours, fuel costs, and emissions.</p>
Bladensburg, Northern & Cinder Bed Garage Replacement	Replace and rebuild to accommodate the transition of converting the fleet to zero-emission buses.	<p>FY2025 and FY2026:</p> <ul style="list-style-type: none"> Advance design and construction 	Utilizing a \$104M FTA grant to modernize our infrastructure and deliver on regional sustainability goals.
MetroAccess AI Pilot	Intelligent booking by a digital assistant of one-way or round trips, and digital assistant support for incoming calls.	Launched in Q2 of FY2024	This will reduce extended wait times and improve the customer experience.
MetroAccess Service Model Changes	Service delivery awarded by zone reducing providers from four to one or two. Re-launch non-dedicated service through micro-zone allocation.	Starts in FY2025	This will help manage expenses and provide better quality control and oversight.



Rail Action Program

To achieve world-class rail service befitting the National Capital Region, Metro’s Strategic Transformation Plan includes initiatives that modernize fleet, signals, staffing, and fare technology, while improving safety and customer service. Metro is already implementing automatic door operations on the Red Line and will activate auto doors systemwide this spring. The agency will also advance automatic train operations coordinating with the safety oversight commission. Customer-facing staff have begun using tablets to move from paper to electronic forms, driving operational improvements and better customer support.

Hitachi Rail will build 256 railcars in Maryland that will retire Metro’s oldest fleets, increasing reliability and decreasing vehicle maintenance costs. The introduction of open gangways will increase safety, security and passenger capacity. The use of aluminum car bodies instead of steel reduced the production costs and production time. In addition, the trains will be automation-ready in preparation for Metro’s advanced signaling system.

Metro is preparing for future implementation of next-generation rail service through communication-based train control (CBTC). This world-class standard will increase efficiency by implementing GoA 3/4. This technology will be paired with platform screen doors, which increases safety for passengers and improves service reliability.

Rail Action Program FY2025-2026			
INITIATIVE	SCOPE	MILESTONES	BENEFITS
Rail Program	Restore automatic door operations and resume automatic train operations. Resume maximum authorized speeds per safe system design criteria. Create design specifications to advance GoA 3/4 train operations through modernization of signal system and addition of platform screen doors.	<ul style="list-style-type: none"> Red Line door automation implemented FY2024, systemwide on track for spring Revised speed-related rules under system safety review Auto train operation concept of operations under review by safety commission 	This program will save up to \$20M annually.
Fleet of the future	256, 8000-series railcars ordered to retire oldest cars in fleet and improve reliability.	<ul style="list-style-type: none"> Starting final design phase Finalize soft mock-up and show in public 	This program will improve reliability, increase capacity, and drive down risk allowing us to retire antiquated vehicles.
Track access efficiency	Increase productivity of overnight railroad maintenance through streamlined processes to track access.	<ul style="list-style-type: none"> Launch revised procedures in Summer 2024 	This initiative will save up to \$64M annually
Improve fare technology	Make fare purchases more convenient and reliable through technology improvements and i	<ul style="list-style-type: none"> Installing taller faregate doors system-wide by Fall 2024 New mobile functions Replace back-office fare system 	Retrofitting faregates will reduce fare evasion and capture \$15M annually. Other investments will maintain state of good repair and improve system reliability.



Summary Metrics

FY2022 to FY2026

Note: Ridership includes tap and non-tap ridership. Rail tap ridership is projected higher in FY2025 compared to FY2024. Total projected ridership is lower due to reduced non-tap ridership and expected ridership loss due to fare increase and targeted service cuts. If we do not implement targeted service cuts and fare increase in FY25, ridership would be 238M trips.

More information is available at Metro's Open Data Hub, <https://www.wmata.com/initiatives/open-data-hub/>

	FY2022 Actual	FY2023 Actual	FY2024 Projected	FY2025 Revised	FY2026 Forecast
Metro Overview					
Ridership	142.2M	199.7M	232.5M	226.6M	234.6M
Passenger Revenue	\$213.5M	\$291.6M	\$343.7M	\$387.1M	\$396.5M
Operating Budget % YoY Change	8.6%	7.0%	3.2%	1.4%	2.7%
Operating Budget % YoY Change (Gross Expense)	8.6%	7.0%	9.4%	0.0%	3.0%
Crime Rate (Part 1 Crimes per Million Trips)	5.8	7.7	7.9	7.5	7.1
Metrorail Statistics					
Rail Ridership	60.1M	95.8M	120.3M	113.7M	115.6M
Railcar Miles	103.8M	110.2M	134.0M	117.2M	117.2M
Rail Customer Satisfaction	69%	84%	88%	85%	85%
On-Time Performance	79%	90%	87%	90%	90%
Escalator Availability	92.9%	93.6%	94.2%	94%	94%
Elevator Availability	97.8%	98.3%	98.4%	98%	98%
Average Fare	\$2.69	\$2.42	\$2.67	\$3.00	\$3.00
Customer Trips with 6 Minutes or Better Service	0%	36%	81%	75%	75%
Passengers per Train Trip (Average)	251	284	267	280	286
Operating Expense per Vehicle Revenue Mile (\$)	\$23.00	\$19.87	\$12.66	\$11.81	\$11.94
Railcar Mean Distance Between Failure (mi)	24,900	26,350	30,520	39,700	39,700
Metrobus Statistics					
Bus Ridership	80.8M	102.5M	110.8M	111.4M	117.5M
Total Bus Miles	48.3M	49.8M	50.9M	52.4M	52.4M
Bus Revenue Miles	37.8M	38.2M	39.6M	40.7M	40.7M
Bus Customer Satisfaction	69%	71%	77%	80%	85%
On-Time Performance	77%	77%	76%	77%	78%
Average Fare	\$0.59	\$0.54	\$0.44	\$0.48	\$0.48
Customer Trips with 12 Minutes or Better Service	39%	39%	45%	50%	50%
Passengers per Bus Trip (Average)	16	19	21	25	26
Operating Expense per Vehicle Revenue Mile	\$23.60	\$25.18	\$20.19	\$20.80	\$21.85
Bus Mean Distance Between Failure (mi)	8,910	7,770	6,720	7,000	8,000
MetroAccess Statistics					
MetroAccess Ridership	1.3M	1.4M	1.5M	1.5M	1.5M
MetroAccess Customer Satisfaction	83%	77%	81%	83%	85%
On-Time Performance	94%	93%	91%	93%	93%
Average Fare	\$3.37	\$3.27	\$2.82	\$3.03	\$3.03

Summary

Revised FY2025 Proposed Budget and FY2026 Forecast

Operating Budget – Revenue and Expenses

		Revised FY2025 Proposed Budget	FY2026 Forecast	\$ Variance
(\$M)				
Revenues	Passenger Revenue	\$387.1	\$396.5	\$9.4
	Non-Passenger Revenue	\$100.5	\$101.5	\$1.0
	Parking	\$20.7	\$20.9	\$0.2
	Advertising	\$23.7	\$24.0	\$0.2
	Joint Development	\$15.9	\$16.0	\$0.2
	Fiber Optics	\$18.5	\$18.7	\$0.2
	Other Non-Transit Sources	\$21.7	\$21.9	\$0.2
	Total Revenue	\$487.6	\$497.96	\$10.4
Expenses	Gross Expense	\$2,456.6	\$2,530.3	\$73.7
	Preventive Maintenance Transfer	(\$164.2)	(\$174.4)	(\$10.2)
	Personnel Expense	\$1,629.2	\$1,671.0	\$41.8
	Non-Personnel Expense	\$723.2	\$744.9	\$21.7
	Services	\$374.3	\$385.5	\$11.2
	Materials & Supplies	\$123.9	\$127.6	\$3.7
	Fuel (Gas/Diesel/Natural Gas)	\$41.7	\$43.0	\$1.3
	Utilities and Propulsion Power	\$113.2	\$116.6	\$3.4
	Casualty and Liability	\$45.2	\$46.5	\$1.4
	Leases and Rental	\$11.9	\$12.2	\$0.4
	Miscellaneous	\$12.9	\$13.3	\$0.4
	Total Expense	\$2,352.4	\$2,415.9	\$63.5
Subsidy	Gross Subsidy	\$1,864.8	\$1,917.9	\$53.1
	Federal Relief	(\$95.0)	\$0.0	\$95.0
	Net Subsidy	\$1,769.8	\$1,917.9	\$148.1

*FY2025 has 0% gross expense growth from FY2024 Budget. Total Expenses includes preventive maintenance (PM) transfer of operating expenses to the capital budget.
Note: Amounts may not sum due to independent rounding