



Finance and Capital Committee

Information Item III-A

February 27, 2025

Revised FY2026 Proposed Budget and FY2027 Forecast



Board Document

OVERVIEW			
PRESENTATION NAME	Revised FY2026 Proposed Budget and FY2027 Forecast	DOCUMENT NO.	300017
ACTION OR INFORMATION	Information		
STP GOAL	Service excellence; Talented teams; Regional opportunity and partnership; Sustainability		
RESOLUTION	NO		
EXECUTIVE OWNER			
EXECUTIVE TEAM OWNER	Olumide, Yetunde		
DEPARTMENT	Finance		
DOCUMENT INITIATOR	Bridges, Cheryl L.		
OTHER INFORMATION			
COMMITTEE	FCC	COMMITTEE DATE	2/27/2025
PURPOSE/KEY HIGHLIGHTS	The Revised FY2026 Proposed Budget and FY2027 Forecast advances Metro’s Strategic Transformation Plan goals of service excellence, talented teams, regional opportunity and partnership , and sustainability , which serves as a guide for both long-term strategy and day-to-day decision making. The updates are detailed in the attached “WMATA Revised FY2026 Proposed Budget and FY2027 Forecast”.		
DISCUSSION	Ridership and Revenue Growth Metro’s ridership continues to show steady growth, with year-over-year gains driving higher-than-expected passenger revenue. The combination of sustained ridership recovery and reduced fare evasion has resulted in revenue growth exceeding budget expectations. Based on strong ridership results in the first half of fiscal year 2025, Metro revised its forecast to 257 million trips , an increase of 30 million riders over the FY2025 budget. Ridership grew 21 percent from FY2023 to FY2024 and continues to increase in FY2025 . This		

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sustained growth is a key driver of the revised FY2026 proposed budget and FY2027 forecast, with ridership now projected at **270 million trips in FY2026** and **275 million trips in FY2027**.

Alongside rising ridership, new revenue forecasts reflect higher average fares due to shifting travel patterns. As such, passenger revenue projections for FY2026 increased from **\$444 million to \$464 million**.

Proposed Budget Revisions: Revenue & Expenses

Metro's proposed revised budget reflects updated revenue and expense projections:

- FY2026 total revenue **increased from \$545 million to \$565 million**
- Total or gross operating expenses are unchanged at \$2,627 million, **while net expenses increased from \$2,498 million to \$2,518 million** reflecting less reliance on using capital funding to pay for operating preventive maintenance costs

Capital Program and Funding Adjustments

The FY2026-FY2031 Capital Improvement Program (CIP) now totals **\$12,969 million**, reflecting additional funding capacity and capital investments totaling \$443 million in prior year funds at the end of FY2025 and lower operating preventive maintenance costs.

Capital funding sources include:

- Dedicated state/local funding of **\$3,000 million**
- Federal formula funding of **\$2,974 million**
- System performance and formula funding of **\$2,012 million**
- PRIIA match from the District of Columbia, Maryland and Virginia of **\$891 million**
- Federal PRIIA funds of **\$861 million**
- Other and prior year funds of **\$723 million**
- Debt proceeds of **\$2,507 million**

While these updates add capacity to the six-year program that will enable additional investment in state of good repair projects, Metro continues to face a funding cliff during the six-year capital improvement program primarily due to limited debt capacity and funding that is not indexed to inflation. Metro will soon be unable to issue debt starting in FY2030, significantly decreasing capital funding in the later years of its six-year Capital Improvement Program. These funding constraints will force Metro to revert to a primarily reactive capital program that addresses infrastructure



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	<p>issues as they arise, rather than proactively. Capital funding streams that are indexed to inflation would maintain future purchasing power and enable Metro to make long-term improvements to the regional transit system.</p> <p>Decreased Reliance on Preventive Maintenance (PM) Transfers</p> <p>With higher-than-expected operating revenue, Metro is reducing its reliance on preventive maintenance (PM) transfers, preserving capital funding for infrastructure and state-of-good-repair projects and programs. The revised FY2026 PM transfer is now \$109 million, down from the December proposal of \$129 million, and FY2025 budget level of \$181 million, marking significant progress to improve operating efficiency and revenue recovery.</p> <p>FY2025 End-of-Year Projections</p> <p>Financial performance in fiscal year 2025 continues to reflect stronger-than-expected revenue and Metro expects to close FY2025 with a balanced operating budget due to strengthening ridership growth, the mix of trips, and strong revenue performance. FY2025 forecast adjustments have increased available funding for the FY2026-FY2031 Capital Improvement Program. Capital spending is aligned with revised forecasts, prioritizing essential maintenance while managing funding constraints.</p> <p>Metro remains committed to providing reliable, efficient, and sustainable transit service that aligns with regional priorities, supports economic growth, and ensures long-term financial stability.</p>
INTERESTED PARTIES	No interested parties identified.
RECOMMENDATION/NEXT STEPS	Informational Only. Staff will return to the Board of Directors to present the Public Hearing Staff Report and Title VI Analysis, and to propose adoption of the FY2026 Operating Budget and Capital Improvement Program.
FUNDING IMPACT	No funding impact from this presentation. The two-year business plan provides the framework for WMATA's FY Budget adoption and a plan and forecast for the following year.

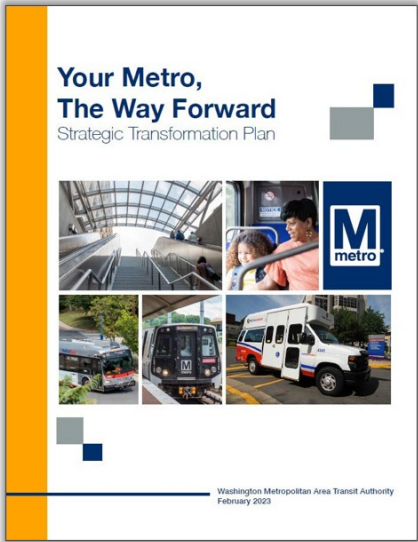
Revised FY2026 Proposed Budget and FY2027 Forecast

Finance and Capital Committee

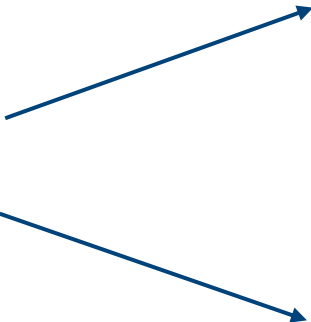


Strategic Transformation Plan: Guides long term strategy and day-to-day decision making of Metro over the next five + years

Revised FY2026 Proposed Budget
and FY2027 Forecast



Guiding



Day-to-day decisions

- Customer interactions
- Service schedules
- Communications

Long-term strategy

- Budget allocation
- Capital improvements
- Priority projects



Goals — Our priorities to achieve the vision

Service Excellence

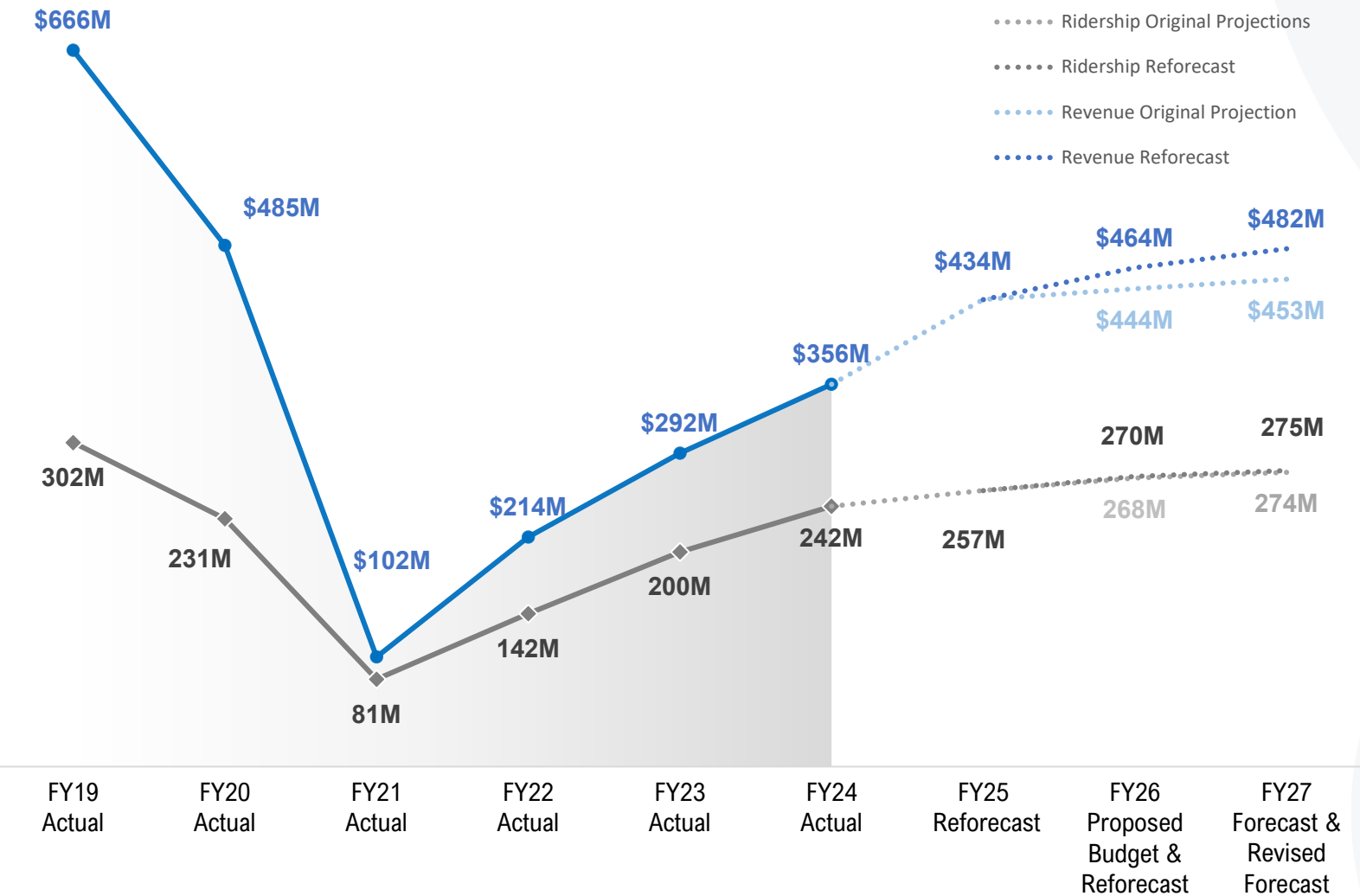
Talented Teams

Regional Opportunity and Partnership

Sustainability

Improved Ridership and Passenger Revenue Growth Compared to December Proposal

Revised FY2026 Proposed Budget
and FY2027 Forecast



Drivers of Revenue Growth

- Outlook revised based on FY25 Mid-Year Update
- Strengthening **ridership growth, trip mix, and revenue recovery**
- FY26 passenger revenue increased **\$20M**
- FY27 passenger revenue increased **\$29M**

Higher Passenger Revenue Reduces Reliance on Capital Funds to Balance Operating Budget

Revised FY2026 Proposed Budget
and FY2027 Forecast

FY2026 Operating Budget and FY2027 Forecast	(\$M)	FY2025 Budget	FY2026 Proposed			FY2027 Forecast		
			December 2024	February 2025	Variance	December 2024	February 2025	Variance
	Gross Expense	\$2,516	\$2,627	\$2,627	\$0	\$2,698	\$2,698	\$0
	Total Preventive Maintenance	\$181	\$129	\$109	(\$20)	\$160	\$132	(\$29)
	Net Expense	\$2,335	\$2,498	\$2,518	\$20	\$2,537	\$2,566	\$29
	Revenue	(\$488)	(\$545)	(\$565)	(\$20)	(\$555)	(\$584)	(\$29)
	Gross Subsidy	\$1,848	\$1,953	\$1,953	\$0	\$1,982	\$1,982	\$0
	Federal Relief	(\$95)	\$0	\$0	\$0	\$0	\$0	\$0
	Prior Year Savings	\$0	(\$28)	(\$28)	\$0	\$0	\$0	\$0
	Subsidy	\$1,753	\$1,924	\$1,924	\$0	\$1,982	\$1,982	\$0
	District of Columbia	\$662	\$745	\$745	\$0	\$767	\$767	\$0
	Maryland	\$631	\$683	\$684	\$1	\$705	\$705	\$0
	Virginia	\$460	\$496	\$495	(\$1)	\$510	\$510	\$0

Note: amounts may not sum due to independent rounding; subsidy allocation may change due to changes in Revenue, Expenses, and Preventive Maintenance

Preventive Maintenance Reductions and Remaining FY25 Forecast Add Funding Capacity for FY26-31 CIP

Revised FY2026 Proposed Budget
and FY2027 Forecast

Sources of Funds

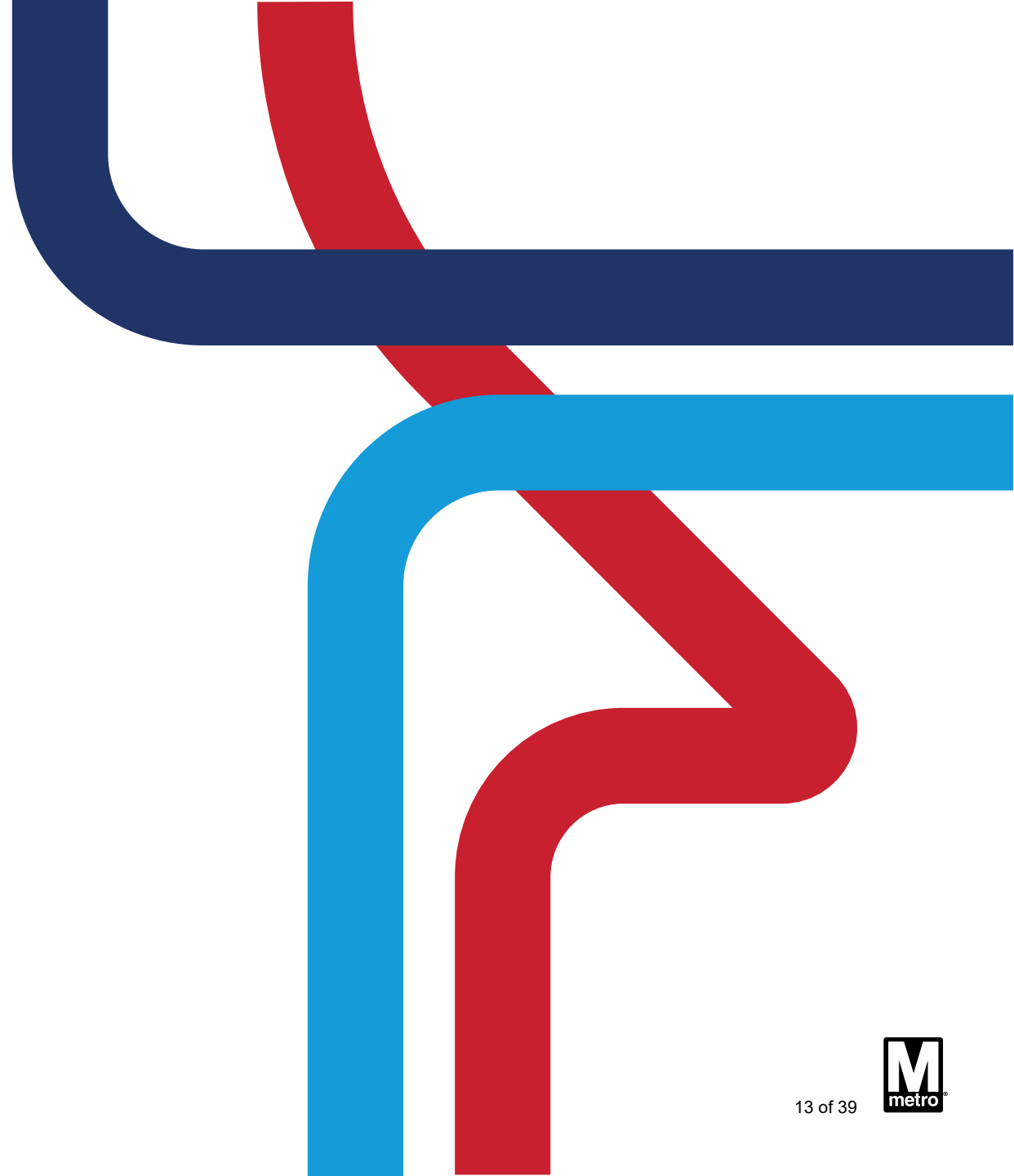
Capital Investment Program	FY2026 – FY2031 Proposed			
	Capital Funding Categories (\$M)	December 2024	February 2025	Variance
	Debt Proceeds	\$2,506	\$2,507	\$1
	Dedicated Funding from States	\$3,000	\$3,000	\$0
	Federal Formula Funds	\$2,974	\$2,974	\$0
	System Performance and Formula	\$2,012	\$2,012	\$0
	PRIIA Match from States	\$891	\$891	\$0
	Federal PRIIA Funds	\$861	\$861	\$0
	Other and Prior Year Funds	\$281	\$723	\$443
	Total Capital Program Cost	\$12,525	\$12,969	\$444

Uses of Funds

FY2026 – FY2031 Proposed			
Capital Investment Categories (\$M)	December 2024	February 2025	Variance
Railcars and Railcar Facilities	\$2,629	\$2,597	(\$32)
Rail Systems	\$1,366	\$1,491	\$125
Track and Structure Rehabilitation	\$1,426	\$1,571	\$145
Stations and Passenger Facilities	\$1,372	\$1,579	\$207
Bus, Bus Facilities, and Paratransit	\$2,297	\$2,297	\$0
Operations and Business Support	\$1,373	\$1,371	(\$2)
Total Capital Investments	\$10,463	\$10,906	\$444
Revenue Loss from Capital Projects	\$10	\$10	\$0
Debt Service - Dedicated Funding	\$2,053	\$2,053	\$0
Total Capital Program Cost	\$12,525	\$12,969	\$444

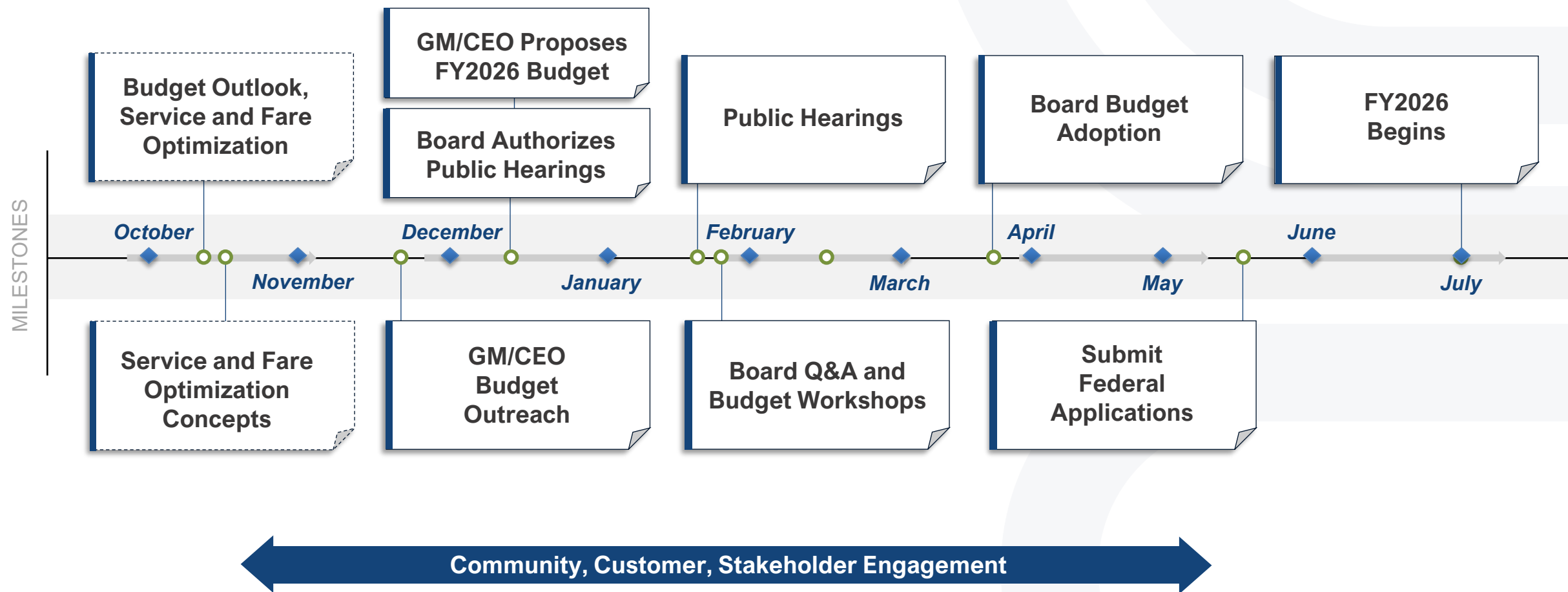
Note: Amounts may not sum due to independent rounding

Next Steps



Next Steps to Approve FY2026 Budget

Next Steps



Thank you!

Washington Metropolitan
Area Transit Authority

Washington Metropolitan Area Transit Authority

Revised FY2026 Proposed Budget and FY2027 Forecast

Advancing America's Metro System



February 2025



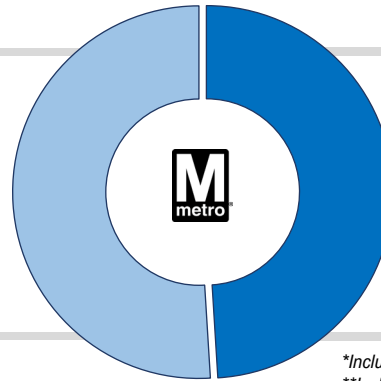


METRO | AT A GLANCE

FY2026 Revised Budget

Capital **\$2.5B***

Operating **\$2.6B****



\$5.1B
total budget

*Includes Debt Service and Revenue Loss from Capital Projects

**Includes reimbursables and debt service

Regional Investment



Metro station areas = **3%** of land

Metro repays
the **region's**
investment
many times
over

30%
of property value
65%
of new office developments



\$3.2B
Tax revenue

Transit customers
 **save** **\$2,800** **per year**

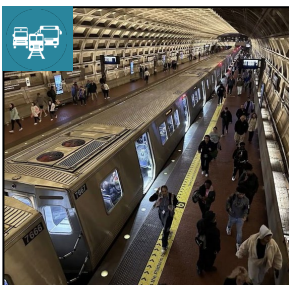
*on average, by not having
to pay for rideshares, taxis,
parking, and tolls*

Accomplishments



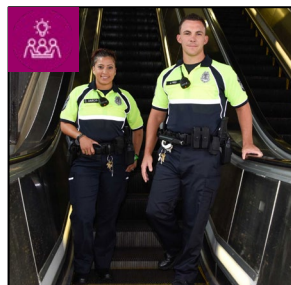
The **Strategic Transformation Plan** is our North Star to
Deliver a Modern, **World-Class Transit System**

Service Excellence



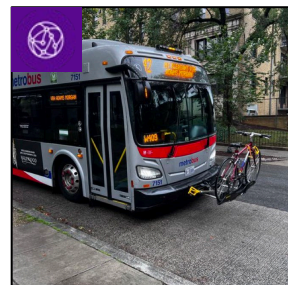
Activated Automatic Door Operations across all lines, a critical step in the rail automation program

Talented Teams



Welcomed the inaugural class of the new Metro Transit Police Department Criminal Justice Academy

Regional Opportunity & Partnership



Restructured the rail and bus operating subsidy allocation formulas to improve transparency and better align service costs with regional benefits

Sustainability



Completed installation of more-secure faregates at all 98 stations and fareboxes on 1,500 buses to reduce fare evasion

Randy Clarke

General Manager & Chief Executive Officer, WMATA

WMATA Board Members,

I'm incredibly proud of our talented team and all the accomplishments we've achieved the last few years. Ridership is growing and customer satisfaction is at an all-time historic high, driven by our commitment to deliver the best service this region deserves. Metro is pivotal to the region's success. This past year marked a key milestone in addressing the structural funding deficit that Metro has faced since its inception. Thanks to the hard work and dedication of our Board of Directors and collaboration with our jurisdictional partners, we successfully avoided severe service cuts and fare increases that would have decimated our ability to deliver the best service to this community. However, our work is not yet done.

We must continue to pursue sustainable funding, finding cost efficiencies in our business model. I'm happy to report that our continued efforts in strong financial management led to our ninth clean audit this year, which supports our Strategic Transformation priority of Sustainability. Efficiencies in the way we work with other transit partners in this region is also paramount for our future. For this reason, Metro remains a dedicated partner in DMVMoves, a regional initiative aimed at creating a unified transit vision. Through this partnership, Metro and the Washington Council of Governments have connected business, community, and government leaders to envision a more efficient, reliable and accessible transportation network that meets the needs of our region.

Our Strategic Transformation Plan, Your Metro, the Way Forward, guides Metro's financial, operational and strategic decisions by outlining our vision, mission, values and goals. The revised FY2026 proposed Budget of \$5.1 billion includes \$2.6 billion for operations and \$2.5 billion for capital projects. This budget not only supports our strategic goals of Service Excellence, Talented Teams, Regional Opportunity and Partnership, and Sustainability, but also responds to external economic and regional factors such as changes in commuting patterns and ongoing funding challenges.

Despite what may lie ahead, we continue put our customers first. The return of our entire 7000-series fleet and the arrival of our 8000-series cars will create an even more reliable Metro. For the first time in 15 years, we are back operating in Automatic Train Operations (ATO) on the Red Line with plans to fully return to ATO systemwide this year. This continuous improvement enhances the safety and reliability of our system, which is how it was originally designed to operate. I could not be prouder of this team for this commitment and hard work to reach this milestone.

Looking ahead to FY2026, we will build on recent service improvements and continue our emphasis on safety and the customer experience. The approval and implementation of the Better Bus Network Redesign will create a bus system that meets the region's travel needs, making service improvements and route adjustments for the first time in 50 years. Our investments in taller, more resilient faregates helped us significantly reduce rail fare evasion in our rail system by 82%. Metro Transit Police Department has enhanced presence at bus terminal stations to enforce fare payment ensuring all pay for the services being delivered. The dedication of our Metro Transit Police Department, Special Police Officers, Crisis Intervention Specialists, Ambassadors, and Community Services Bureau have reduced crime by 40% and is at its lowest level in five years.

My FY2026 proposed Budget continues this momentum and will advance service excellence as the leading transit agency in the country. Our pursuit of strategic initiatives to modernize our system will help the region meet its mobility, environmental, and economic goals. Now is the time to develop the world class regional vision we need by supporting predictable funding to make our future planning more thoughtful. As you travel throughout the National Capital Region, I hope you choose America's Metro System. As we move forward together, please let us know how we can better serve you.

See you on board,



Randy Clarke

General Manager and Chief Executive Officer

Context | *Your Metro, the Way Forward*

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 service the region needs, wants and deserves. The plan establishes clear priorities for Metro, expands transparency around performance metrics, and promotes collaboration with our partners. Metrics identified in the plan are used to drive performance and operational decisions at Metro and are transparently communicated in regular reports and our newly launched [Service Excellence Dashboard](#).



Service Excellence

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



Talented Teams

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



Regional Opportunity & Partnership

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



Sustainability

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

Metro's impact by the numbers


9

years of consecutive
clean audits

45

consecutive months
ridership growth

83%

record bus-customer
satisfaction

98.7%

uptime for escalators

40%

reduction in crime —
lowest level in five
years

14

LEED-certified
buildings

82%

reduction in fare
evasion at stations with
modified fare gates

1,240

new hires, including
123 bus operators and
406 student bus
operators

10,000

customers enrolled in
Metro Lift

33%

exceeded goal on
Federal Diverse
Business Enterprise

\$104M

grant to convert Cinder
Bed bus garage to
all-electric

92%

record rail-customer
satisfaction

54%

decrease in rail-safety
incidents over past two
years

\$100M

invested in partnership
for affordable housing

24/7

fourteen DC bus routes
operating overnight

33%

Metro electricity comes
from carbon-free
sources

13,000 employees.
Countless achievements.
One Metro.

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
- Employ bus lane & technology investments to increase bus speed and reduce costs
- Advance the rail modernization program to replace antiquated infrastructure, vehicles, and obsolete signaling system
- Implement responsible and affordable fares, with fare-capping and promotional opportunities



If we invest in transit, the region will:

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

If we don't invest in transit, the region will:

- Reduce economic development opportunities
- Experience worse traffic congestion
- Decrease in transportation safety

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 trip types. Disruptions are limited and predictable.

Modern Vehicles and Infrastructure. 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. Stations with clear wayfinding, real-time service information, and platform screen doors.

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.



Passeig de Colom
Barcelona



Châtelet Station – Métro Line 14
Paris



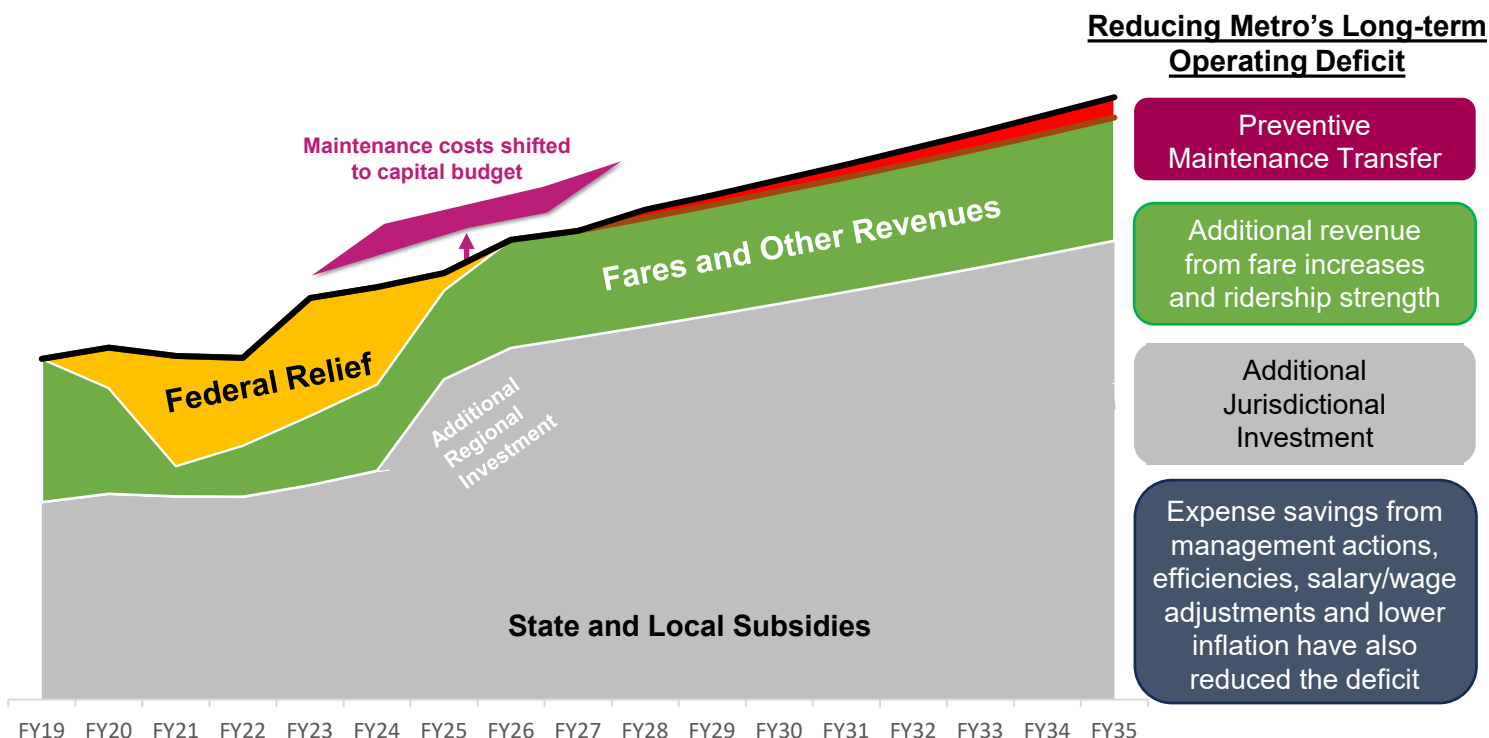
Elizabeth Line Train—Class 345
London



Yishun MRT Station
Singapore









Operating Budget Outlook

Thanks to collaboration with jurisdictional partners, higher fares paid by riders, growing ridership and administrative cost savings, Metro reduced its \$750 million operating deficit and avoided draconian cuts in FY2025 that would have harmed the region. In recent years, Metro has relied on shifting operating preventive maintenance costs to the capital budget. Due to strengthening ridership and revenue, the revised FY2026 operating budget can begin reducing this reliance on the capital budget.



Risks and Challenges

Despite the positive momentum, key structural risks and challenges remain. Metro and its jurisdictional partners continue to proactively pursue solutions to support the region's emerging transit needs. Ongoing risks and challenges include:

-  Major state and federal sources not indexed to inflation
-  Operating funding that relies on jurisdictional sources not dedicated to Metro
-  Lack of clarity on long-term operating subsidy commitment
-  Over reliance on using capital funding to balance the operating budget
-  Fare evasion on Metrobus
-  No rainy-day fund
-  Loss of federal pandemic relief
-  No federal operating funding provided to large transit systems

FY2025 Mid-Year Progress

Strong Ridership Growth Coupled with Aggressive Management of Expenses Continues to Drive Budget Favorability

Metro's ridership continues to show steady growth, with year-over-year gains contributing to higher passenger revenue through increased ridership. The combination of sustained ridership recovery and reduced fare evasion is driving revenue growth above budget expectations.

Metro is closely managing its expenses. Despite anticipated unbudgeted costs in the second half of the fiscal year, Metro expects to end FY2025 with a balanced budget due to strong revenue performance and ongoing expense management.

(\$M)	FY2025 Q2 YTD		Variance	
	Budget	Actual	\$	%
Passenger Revenue	\$192.3	\$214.6	\$22.3	11.6%
Non-Passenger Revenue	\$48.0	\$63.0	\$14.9	31.0%
Total Revenue	\$240.3	\$277.5	\$37.2	15.5%
Personnel	\$855.0	\$888.7	(\$33.7)	(3.9%)
Non-Personnel	\$356.6	\$351.4	\$5.2	1.5%
Total Expenses	\$1,211.6	\$1,240.1	(\$28.5)	(2.4%)
Gross Subsidy*	\$971.3	\$962.6	\$8.7	0.9%

* 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

Ridership

Strong Ridership Growth

Ridership continues to demonstrate strong year-over-year gains and is a key driver of the Revised FY2026 Proposed Budget and FY2027 Forecast. Ridership increased 21 percent from FY2023 to FY2024 and continues to grow in FY2025.

Metro Success Continues in FY2025



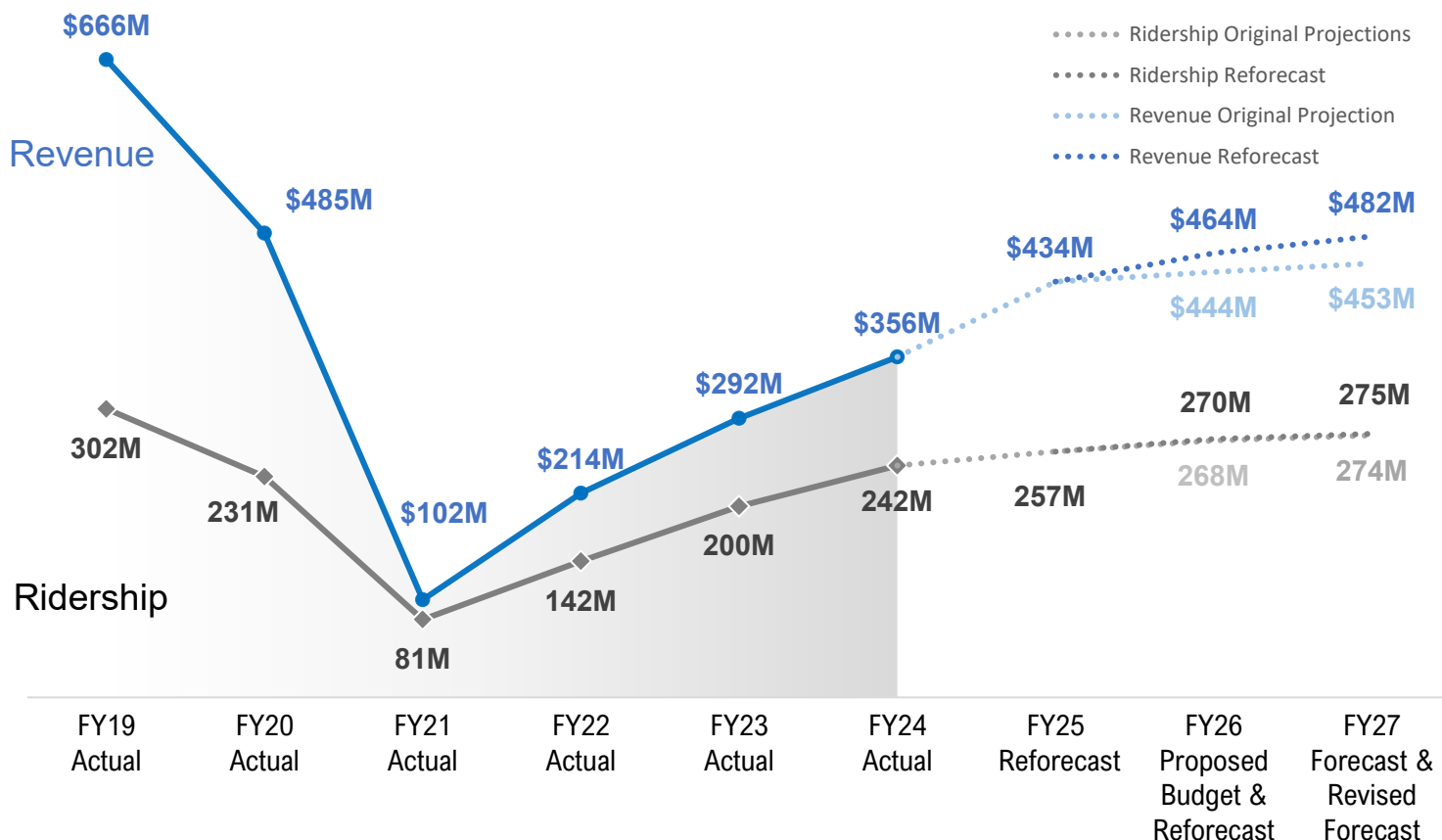
Ridership grew by 8% in FY2025 Q2, compared to FY2024 Q2



Revenue grew by 28% in FY2025 Q2, compared to FY2024 Q2

Based on the strength of ridership growth in the first and second quarters of FY2025, Metro revised its FY2025 forecasted ridership to 257 million trips, an increase of 30 million riders from the FY2025 Budget. Metro anticipates this growth to continue for FY2026 and FY2027 and has revised its ridership projections to reflect these changes. In addition, new revenue forecasts reflect higher average fares due to changes in ridership patterns.

Ridership and Passenger Revenue by Year



Jurisdictional Operating Investment

In FY2025, jurisdictional partners committed an additional \$463 million above the three percent operating subsidy cap to help address the structural operating deficit. The FY2026 Operating Subsidy includes three percent annual growth and \$95 million to replace one-time savings from FY2025. In addition, Metro's FY2026 Proposed Budget includes additional investment in Metrobus service sponsored by the District of Columbia and Arlington that are included in the Year 1 Better Bus Network.

To improve clarity and transparency, the Board of Directors approved restructuring the Metrorail and Metrobus operating subsidy allocation formulas during FY2025 to address challenges with the legacy formulas and better align service costs with regional benefits while incentivizing ridership and revenue growth. The FY2026 and FY2027 operating subsidies are based on these new formulas. The FY2027 Forecast is for planning purposes and is subject to change as assumptions for revenue and expenses are further refined.

Operating Subsidy by Jurisdiction

(\$M)	FY2025 Budget	FY2026 Proposed	FY2026 Revised	FY2027 Forecast
Expense	\$2,335	\$2,498	\$2,518	\$2,566
Revenue	(\$488)	(\$545)	(\$565)	(\$584)
Gross Subsidy	\$1,848	\$1,953	\$1,953	\$1,982
Federal Relief	(\$95)	\$0	\$0	\$0
Prior Year Savings	\$0	(\$28)	(\$28)	\$0
Subsidy	\$1,753	\$1,924	\$1,924	\$1,982
District of Columbia	\$662	\$745	\$745	\$767
Maryland	\$631	\$683	\$684	\$705
Virginia	\$460	\$496	\$495	\$510

Note: Amounts may not sum due to independent rounding; subsidy allocation may change due to changes in revenue, expenses, and Preventive Maintenance.

Funding Requirements Beyond Metro's Operating Subsidy

Subsidy amounts exclude student programs, reimbursable agreements, Safety and Security grant programs, joint development projects, and any other programs separately agreed upon.

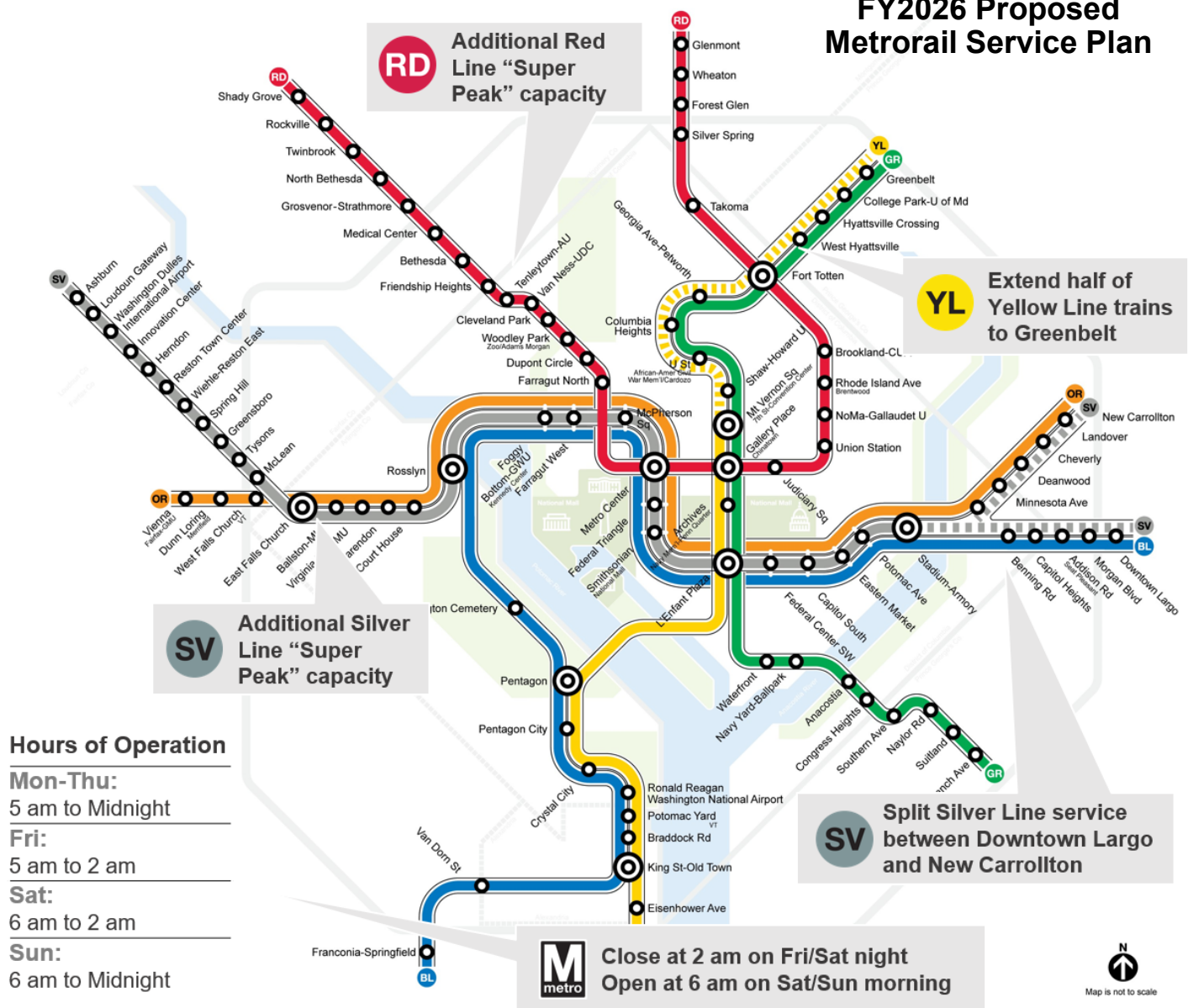
Rail Service Optimization

Restoring Metro's original design capabilities with Automatic Train Operation presents a unique opportunity in FY2026 to improve service with existing resources.

Rail automation enables the rail system to operate more efficiently. The proposed FY2026 service plan uses faster trains and more frequent service to speed travel for customers and reduce wait times.

- **Add Peak Capacity.** Address growing ridership during peak hours with targeted “Super Peak” capacity increases on the Red and Silver lines.
- **Provide Access to More Destinations.** Drive ridership growth with a 5% increase in jobs accessible in 30 minutes, new service patterns on the Yellow and Silver Lines and expanded hours of operation.
- **Efficient Use of Metro's Assets.** Use efficiencies from a return to automatic operations and train length optimization to enable approximately 3% more service with the same level of resources.

FY2026 Proposed Metrorail Service Plan



Better Bus Network

Metro's FY2026 Proposed Budget includes implementation of the **2025 Better Bus Network**, the product of Metro's multi-year process to create a faster, more frequent, more reliable, and easier to use bus network.

- **More Frequent and Consistent Service.** Expand Frequent Service network by 30%. The new network is expected to attract 13,000 additional weekday trips.
- **Connect to Where Customers Want to Go.** Make the network easier to understand and provide access to more destinations like hospitals, groceries, and entertainment. The average resident gains access to at least 5% more key destinations.
- **Grow Ridership and Improve Efficiency.** Simplify the network from more than 185 different bus routes pre-pandemic to about 125 routes in the Better Bus network, with more frequent service and a higher utilization of assets.



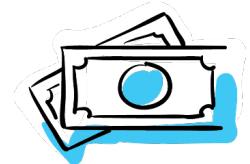
Our region is growing



People's travel patterns are changing



Need to prioritize the customer experience



Need to use limited resources efficiently



Prepared for the Future: The 2025 Better Bus Network also provides the framework for future service improvements in a Visionary Network. With additional investment, the Visionary Network can provide service at least every 30 minutes all day for most routes, add new routes to connect new destinations, and create a regionwide 24-hour service network.

2025 Better Bus Network: Following 23 weeks of public engagement, including more than 21,000 total comments, The Board of Directors approved the 2025 Better Bus Network in November 2024 to transform the region's bus network... ***all within existing resources***



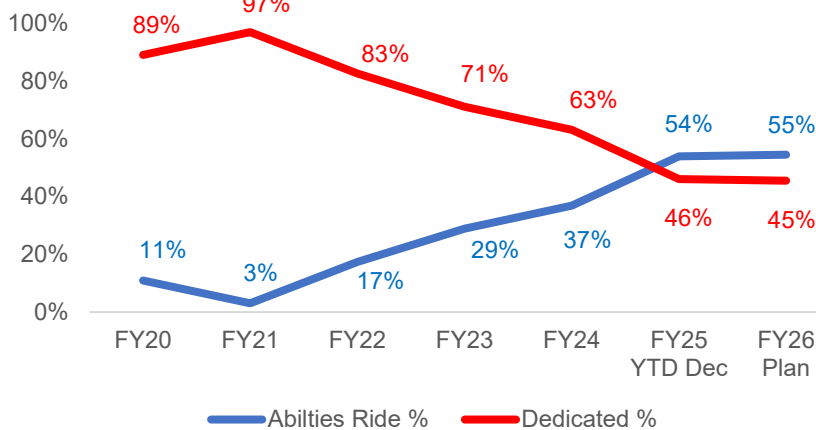
MetroAccess Operating Model

The operating model to deliver essential paratransit services offers more flexibly and efficiently.

- **Shift trips to lower-cost providers.** Facilitate the use of flexible alternatives offering lower cost and more convenience to customers.
- **Reduce and optimize vehicle fleet.** Reduce the directly-owned vehicle fleet and add lower-cost sedans for customers not requiring vans equipped for wheelchairs.



MetroAccess Network Trips
FY2020-FY2025 Dec. YTD Actual, FY2026 Plan



Abilities-Ride. MetroAccess customers can opt-in to the Abilities-Ride program, which will allow some of their trips to be assigned to publicly available transportation services, such as local taxicab, van companies and national ride-hail providers for a discounted fare, currently free. A growing share of total trips delivered are through Abilities-Ride, a more convenient and lower-cost alternative to dedicated paratransit service.

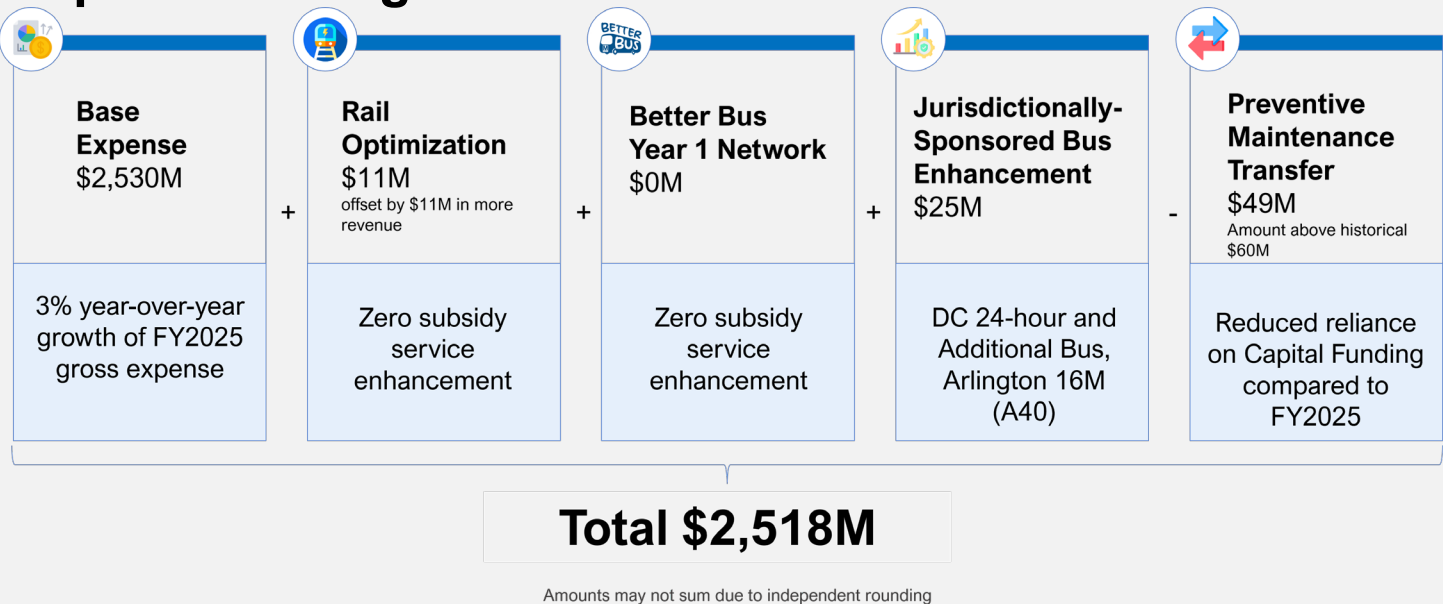
MetroAccess Fleet Optimization. Metro procures paratransit vehicles to be operated and maintained by contracted service providers. Following a successful pilot, MetroAccess incorporated sedans into the fleet as a lower-cost way to serve customers who do not need a fully-equipped paratransit van. The increased use of Abilities-Ride has enabled an overall fleet size reduction of approximately 100 vehicles, saving capital expenses for fleet acquisition and ongoing maintenance expenses.

	FY2020 Actual	FY2021 Actual	FY2022 Actual	FY2023 Actual	FY2024 Actual	FY2025 Budget	FY2026 Proposed
Vans	786	589	539	532	527	434	484
Sedans	0	177	227	227	227	227	177
Total	786	766	766	759	754	661	681

Operating Budget

Metro's FY2026 Revised Operating Budget maintains three percent growth over FY2025 gross expenses, while improving service, efficiency and financial sustainability. Service enhancements such as rail optimization and the implementation of the Year 1 Better Bus Network are incorporated into the FY2026 Service Plan with no impact to the jurisdictional subsidy.

Expense Management



Improved Service and Collaboration

Pay and Go

- Introduce an Open Payment fare system to Metrorail, Metrobus, and parking facilities
- Allow customers to use their contactless credit/debit card, mobile wallet, or linked smartwatch for fare payment

New Subsidy Formula

- Restructured the Metrorail and Metrobus operating subsidy allocation formulas
- Addressed challenges with the legacy formula to improve clarity and transparency
- Better align services costs with regional benefits

Better Bus Network

- Implement the 2025 Better Bus Network, using existing resources
- Add 30 percent more routes (11 more) to the Frequent Service Network (12-minute and 20-minute)

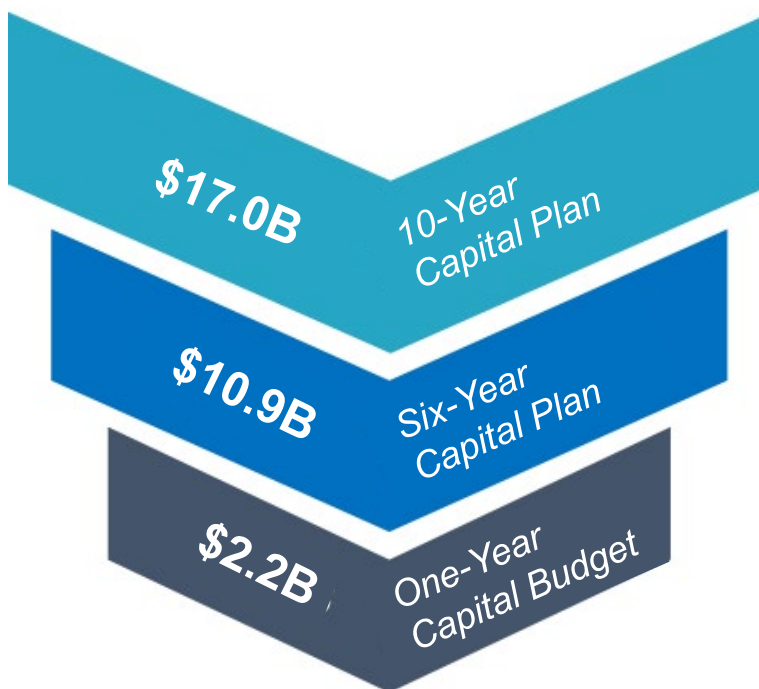
Rail Service Optimization

- Use efficiencies from rail automation and train length optimization to enable approximately 3% more rail service with the same FY2026 resources
- Provide additional peak capacity at key bottlenecks

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 which have been reduced from the December FY2026 Proposed Budget. The Six-Year Capital Improvement Program will:

- Invest in efforts to improve cost efficiency of operations
- Address state of good repair needs and address the backlog of overdue state of good repair needs
- Invest in the system to provide safe, efficient, and reliable service for customers, employees and the region
- Sustain safety and reliability through recurring maintenance, rehabilitation, and replacement programs



10-Year Capital Plan*

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

Six-Year Capital Improvement Program*

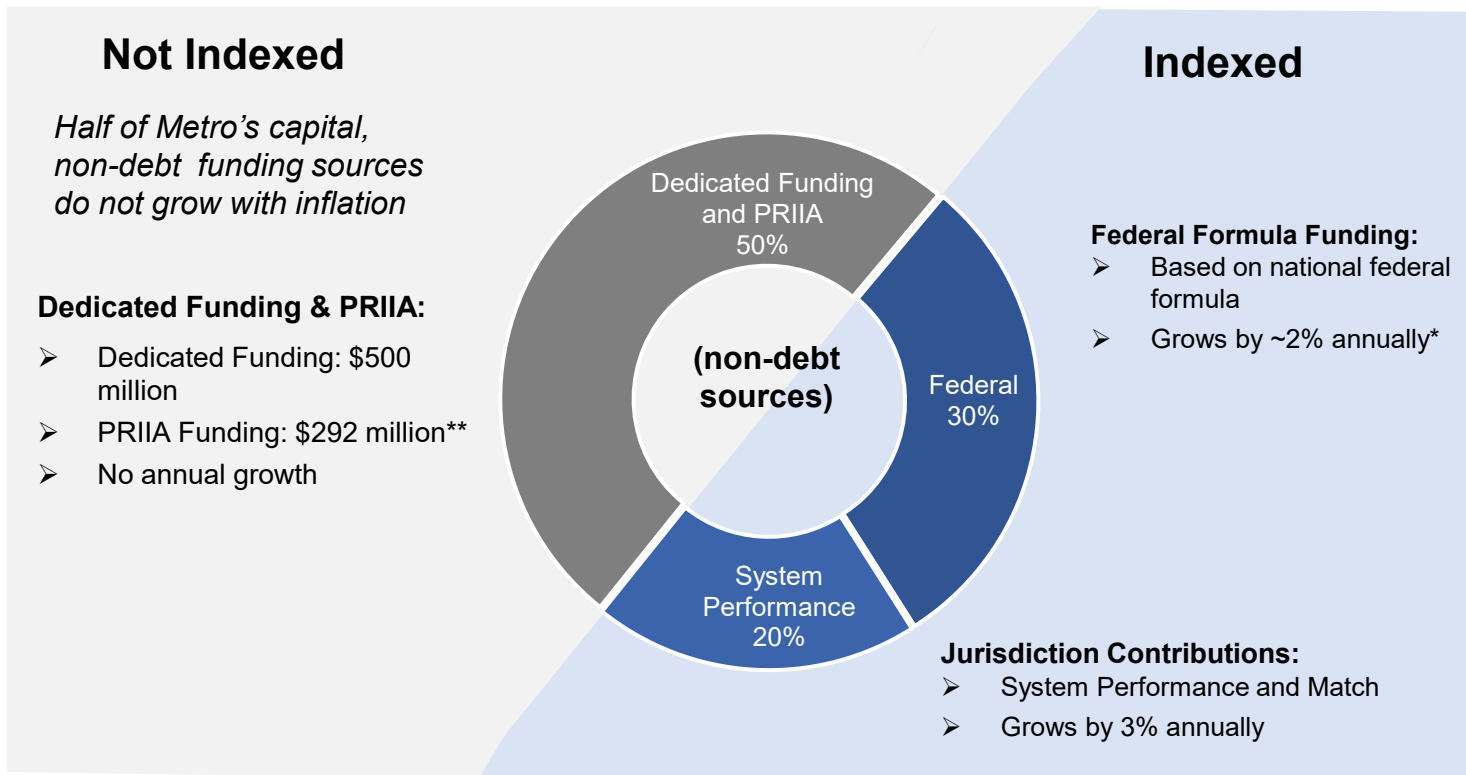
Capital investments anticipated for, or continuing in, six-year capital program

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 Funding Sources

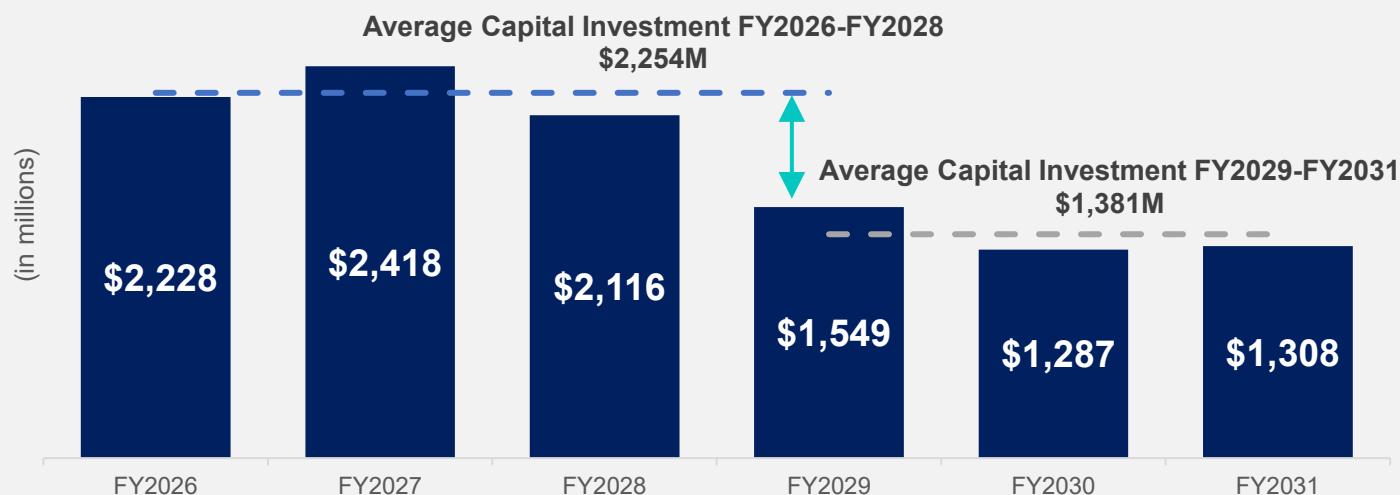


*Subject to appropriation, authorization, and apportionment

**Includes local match

The Capital Challenge

Funding constraints due to overreliance on preventive maintenance to address the operating deficit and capital funding that is not indexed to inflation threaten future capital investments. Metro will soon be unable to issue debt, significantly decreasing capital funding in the later years of its six-year Capital Improvement Plan. These funding constraints will force Metro to revert to a primarily reactive capital plan that addresses infrastructure issues as they arise, rather than proactively. Indexing all capital funding sources to inflation would maintain future purchasing power and maximize the value and utilization of the region's investment in transit.



Excludes debt service and revenue loss from capital projects

Capital Investment Categories

Although Metro's Revised Proposed FY2026 – FY2031 Capital Improvement Program totals almost \$13 billion, future funding constraints will shrink the capital program, leaving state of good repair and modernization needs unmet as well as reducing asset reliability.

Sources of Funds

Capital Investment Categories (\$M)	FY2026 – FY2031 Revised
Debt Proceeds	\$2,507
Dedicated Funding from States	\$3,000
Federal Formula Funds	\$2,974
System Performance and Formula	\$2,012
PRIIA Match from States	\$891
Federal PRIIA Funds	\$861
Other and Prior Year Funds	\$723
Total Capital Program	\$12,969

Uses of Funds

Capital Investment Categories (\$M)	FY2026 – FY2031 Revised
Railcars and Railcar Facilities	\$2,597
Rail Systems	\$1,491
Track and Structure Rehabilitation	\$1,571
Stations and Passenger Facilities	\$1,579
Bus, Bus Facilities, and Paratransit	\$2,297
Operations and Business Support	\$1,371
Total Capital Investments	\$10,906
Revenue Loss from Capital Projects	\$10
Debt Service - Dedicated Funding	\$2,053
Total Capital Program	\$12,969

Note: Amounts may not sum due to independent rounding

Action Programs

Metro's Strategic Transformation Plan (the Plan), *Your Metro, The Way Forward*, was adopted in February 2023 and outlines Metro's mission and vision. The Plan identifies four strategic goals: **Service Excellence**, **Talented Teams**, **Regional Opportunity & Partnership**, and **Sustainability** in support of Metro's values, mission, and vision. The Plan was developed by the Board of Directors and senior management to guide Metro's decision making. It serves as our North Star, guiding how we fund the Metro the region needs, wants, and deserves. As part of the Plan, Metro developed and incorporated performance metrics to monitor plan progress. These Key Performance Indicators (KPIs) are critical to the Plan, ensuring goals and objectives are data-driven and employees remain accountable for and transparent about progress.

The Plan establishes clear priorities, expands transparency around performance metrics, and promotes collaboration within our teams and with partners. Metrics identified in the Plan are used to drive performance and operational decisions. Metro reports on these metrics to the Board and its committees regularly—including through our Annual Transformation Report found at wmata.com—with metric progress and success evaluated based on targets to identify and track areas of improvement.

Each goal within the Plan identifies supporting objectives and associated KPIs. Metro executes the business initiatives necessary to advance our strategic goals and objectives through several key initiatives, which are broken into two categories: **Administration** and **Operations**. These initiatives span multiple years, providing a long-term strategy for business continuity, with milestones to align Metro's day-to-day decision making with its strategic outlook. The graphic below outlines the initiatives within each category.

These high-level initiatives are often cross-departmental and will help Metro achieve our strategic goals. This section highlights the need to be addressed and the importance of addressing it. Each of these key initiatives are associated with KPIs from the Plan and various sub-projects.



Administration

- Financial Sustainability
- Environmentally Sustainable
- Employee Development
- Employee Engagement and Performance
- Workforce Planning and Acquisition



Operations

- Safety and Security
- Fare System Modernization
- Data & Information Strategy
- Customer 360: Modernized Customer Experience
- System Automation
- Better Bus Program
- Rail Modernization
- Proactive Maintenance Program

Administration

The initiatives in the Administration category will transform the workforce culture by focusing on talented teams and improving core business functions to enable better-informed decisions. These initiatives aim to reduce costs and further develop environmental sustainability efforts, while advancing strong working relations with external partners.



Financial Sustainability

Establishing partnerships across the region will help to enhance coordination, develop long-term regional plans, and secure long-term funding. We are also improving core business functions to ensure efficiency and implement best practices and technologies.

Metro does not have a sufficient dedicated funding stream, which contributes to budget uncertainty and the risk of service cuts. Streamlining business processes can help reduce costs and produce a more efficient organization, while increasing ridership and revenues.



Environmental Sustainability

Efforts under this initiative will establish plans and processes to reduce environmental impact. This includes converting the bus fleet to 100% zero-emissions vehicles.

Metro's Board has set a goal of achieving carbon-neutral operations by 2050. Achieving targets will require moving to a zero-emission fleet of vehicles and tools, as well as sourcing electricity from renewable sources (currently at 33%). Metro also plays a major role in helping the region meet its goals to reduce greenhouse gas emissions. In addition, the transition to a zero-emission fleet reduces noise experienced by communities on bus routes and improves the customer experience.



Employee Development

Metro is working to deliver best-in-class training, particularly through our Metro Training Center. As Metro continues to transform and advance, it is critical that the workforce is prepared for new procedures and tasks. Metro set a target of having 75% of staff agree that "I receive the help I need to learn and grow professionally". Employee development efforts will continue to drive progress toward this target.



Employee Engagement and Performance

This initiative includes efforts to increase job satisfaction and productivity through enhancing and strengthening organizational culture. Engaged employees are more productive and less likely to leave Metro. Retaining top talent for all types of jobs, and ensuring staff feel empowered to excel and innovate within their area of responsibility will help Metro be a more nimble and cost-effective organization ready to support transformations throughout the organization.



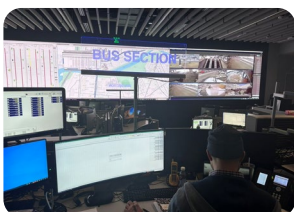
Workforce Planning and Acquisition

Metro is working to improve the process for hiring new employees to increase efficiency and decrease the time it takes to hire. This initiative also includes efforts to improve the overall planning for agency-wide hiring and succession planning to have a more proactive process for hiring and maintaining a skilled and professional workforce. It is important that Metro has the necessary workforce in place throughout all levels of the organization to continue best-in-class operations and meet the demands of the system.

Operations

The initiatives in the Operations category aim to improve customer communications; modernize fleet, signals, staffing, and fare technology; and maximize connectivity and accessibility; all while improving safety and customer service.

Safety & Security



Continued research and implementation of current and future technology enhances security throughout the system for both customers and staff, with a focus on real-time video surveillance. Safety is one of Metro's core values, and safety from crime is one of the top three drivers of customer satisfaction. A safe system is critical to improving ridership and customer satisfaction.

Fare System Modernization



This initiative will modernize Metro's fare systems, including optimizing the fare strategy, providing new and more reliable equipment, and implementing contactless, cashless fare systems and software. It also includes continued efforts to reduce fare evasion and provides easier ways for customers to pay for their travel.

Metro's fare collection software and hardware, especially the vending machine program, is at the end of its useful life. Obsolete parts and more frequent breakdowns are increasing costs of maintaining the current equipment. Moving towards open payment platforms will reduce the amount of hardware and software in our system permanently.

Data & Information Strategy



Efforts under this initiative seek to transform Metro into a fully digital enterprise with processes for collecting, analyzing, and using data to inform decision making. To be a leader in the industry, Metro needs to better manage our data and use that data to make informed decisions.

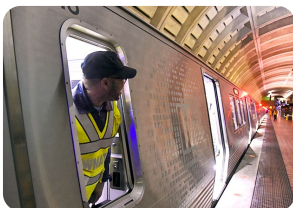
Customer 360: Modernized Customer Experience



Metro is working to produce consistent, streamlined, high-quality customer communications and engagement across all channels and modalities – including the in-station experience – to ensure a best-in-class transit experience and wayfinding. Customer 360 builds digital experiences that allow customers to determine the fastest route, provides estimated times of arrival and opens easy pathways to get questions answered quickly.

Operations (continued)

System Automation



This initiative works towards fully automating rail operations and prepares for bus automation, including automation in bus yards.

Automation provides for safer vehicle movements, more reliable service, and reduced costs. Rail automation increases safety and reliability while reducing travel times, leading to increased customer satisfaction. It will help Metro achieve the 95% rail on-time performance goal established in the Strategic Transformation Plan. Yard automation increases the efficient use of space and prepares Metro for future automated on-street operations.

Better Bus Program



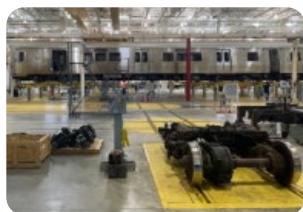
Metro is working internally and with its regional partners to deliver a full redesign of the bus network and implement a technology-driven bus priority program. Over 50% of customer trips are on bus, and on-time performance and bus speeds have declined in recent years due to traffic congestion. This program will help provide more frequent and reliable service, create new connections, and reduce travel times to meet its goals of achieving 85% customer satisfaction and 80% on-time performance.

Rail Car Modernization



Modernizing our rail fleet with the latest technology ensures the full fleet of 6000- and 7000- series railcars are digitized and in-service. This modernization will improve safety and help provide more reliable service to meet on-time performance target. At the same time, the new 8000-series will incorporate design elements that improve the customer experience, such as open gangways, storage for luggage and bikes, and additional digital information screens.

Proactive Maintenance Program



This initiative includes a variety of sub-projects to develop and implement processes to ensure Metro is using the most advanced techniques and efficient processes available. These efforts will ensure staff have the tools and information needed to plan and execute preventive maintenance.

Proactive maintenance strategies ensure our system can support the service our customers want and deserve, including maximizing on-time performance while minimizing costs. Maintenance activities comprise approximately 33% of Metro's operating expenses annually.

Summary Metrics

FY2023 to FY2027

	FY2023 Actual	FY2024 Actual	FY2025 Projected	FY2026 Revised	FY2027 Forecast
Metro Overview					
Ridership	199.7M	242.1M	256.7M	270.0M	275.4M
Passenger Revenue	\$291.6M	\$355.6M	\$434.4M	\$464.2M	\$481.7M
Operating Budget % YoY Change	7.0%	3.2%	0.7%	7.8%	1.9%
Operating Budget % YoY Change (Gross Expense)	7.0%	9.4%	0.0%	4.5%	2.8%
Crime Rate (Part 1 Crimes per Million Trips)	7.7	6.6	4.6	4.4	4.2
Metrorail Statistics					
Rail Ridership	95.8M	123.2M	129.1M	135.7M	138.4M
Railcar Revenue Miles	72.5M	98.7M	104.1M	118.7M	118.7M
Rail Customer Satisfaction	84%	90%	89%	85%	85%
On-Time Performance	90%	87%	89%	92%	92%
Escalator Availability	93.6%	94.5%	94.8%	93%	93%
Elevator Availability	98.3%	98.2%	98%	98%	98%
Average Fare	\$2.42	\$2.67	\$3.01	\$3.04	\$3.07
Customer Trips with 6 Minutes or Better Service	17%	60%	70%	75%	75%
Passengers per Train Trip (Average)	284	267	280	284	290
Operating Expense per Vehicle Revenue Mile (\$)	\$20.48	\$13.23	\$12.68	\$12.38	\$12.61
Railcar Mean Distance Between Failure (mi)	26,350	31,925	27,300	29,000	29,000
Metrobus Statistics					
Bus Ridership	102.5M	117.5M	126.3M	133.1M	135.7M
Bus Revenue Miles	38.0M	38.5M	38.1M	38.6M	38.6M
Bus Customer Satisfaction	71%	79%	75%	80%	82%
On-Time Performance	77%	76%	76%	78%	79%
Average Fare	\$0.54	\$0.43	\$0.42	\$0.45	\$0.48
Customer Trips with 12 Minutes or Better Service	41%	45%	45%	50%	50%
Passengers per Bus Trip (Average)	19	21	25	26	27
Operating Expense per Vehicle Revenue Mile	\$25.47	\$20.19	\$22.39	\$22.54	\$22.97
Bus Mean Distance Between Failure (mi)	7,770	6,350	5,800	7,300	7,300
MetroAccess Statistics					
MetroAccess Ridership	1.4M	1.4M	1.2M	1.2M	1.2M
MetroAccess Customer Satisfaction	77%	84%	71%	80%	82%
On-Time Performance	93%	91%	88%	92%	92%
Average Fare	\$3.27	\$2.92	\$3.32	\$3.32	\$3.32

Note: Ridership includes tap and non-tap ridership. Some expense categories may differ from National Transit Database (NTD) reporting due to differences in timing, expense classification, and reporting standards.

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

Summary

Revised FY2026 Proposed Budget and FY2027 Forecast

Metro presented the FY2026 Proposed Budget and FY2027 Forecast in December 2024. Based on ridership strength, Metro has revised its revenue and expense projections for FY2026 and FY2027 as shown below.

Operating Budget – Revenue and Expenses

(\$M)		FY2026 Proposed Budget	FY2026 Revised Budget	FY2027 Forecast ²
Revenues	Passenger Revenue	\$ 444.5	\$ 464.2	\$ 481.7
	Non-Passenger Revenue	\$ 100.8	\$ 100.8	\$ 102.0
	Parking	\$ 24.1	\$ 24.1	\$ 24.6
	Advertising	\$ 20.5	\$ 20.5	\$ 20.7
	Joint Development	\$ 15.9	\$ 15.9	\$ 16.0
	Fiber Optics	\$ 17.2	\$ 17.2	\$ 17.3
	Other Non-Transit Sources	\$ 23.2	\$ 23.2	\$ 23.4
	Total Revenue	\$ 545.3	\$ 565.0	\$ 583.7
Expenses	Gross Expense¹	\$ 2,566.7	\$ 2,566.7	\$ 2,638.4
	Preventive Maintenance Transfer (above \$60M)	(\$68.5)	(\$48.8)	(\$72.6)
	Personnel Expense	\$ 1,746.5	\$ 1,766.2	\$ 1,796.8
	Non-Personnel Expense	\$ 751.7	\$ 751.7	\$ 769.0
	Services	\$ 419.7	\$ 419.7	\$ 429.0
	Materials & Supplies	\$ 95.6	\$ 95.6	\$ 97.5
	Fuel (Gas/Diesel/Natural Gas)	\$ 44.1	\$ 44.1	\$ 45.2
	Utilities and Propulsion Power	\$ 119.3	\$ 119.3	\$ 122.4
	Casualty and Liability	\$ 51.2	\$ 51.2	\$ 52.5
	Leases and Rental	\$ 9.0	\$ 9.0	\$ 9.2
	Miscellaneous	\$ 12.9	\$ 12.9	\$ 13.0
	Total Expense	\$ 2,498.2	\$ 2,517.9	\$ 2,565.8
Subsidy	Gross Subsidy	\$1,952.9	\$1,952.9	\$1,982.1
	Prior Year Savings	(\$28.4)	(\$28.4)	\$0.0
	Net Subsidy	\$ 1,924.5	\$ 1,924.5	\$ 1,982.1

¹FY2026 has 3% gross expense growth from FY2025 Budget. Total Expense includes preventive maintenance (PM) transfer of operating expenses to the capital budget.

²The FY2027 Forecast is for planning purposes only and is **subject to change**.

Note: Amounts may not sum due to independent rounding

