

WMATA Updates

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WMATA's FY'25 Budget Deficit

Where have we been?

Where are we now?

What is next?

Where have we been?

- The WMATA Board was in recess during August.
- The WMATA Board meetings during July did not discuss the budget or the deficit.

- In the FY'24 WMATA Budget the COVID-19 Federal Relief monies will be fully expended.
- At the June 22nd WMATA Board meeting, the WMATA CFO made a presentation to the Board entitled “Future Financial Planning FY2025-2035”.
 - <https://www.wmata.com/about/board/meetings/board-pdfs/upload/3A-Future-Financial-Planning-0621.pdf>

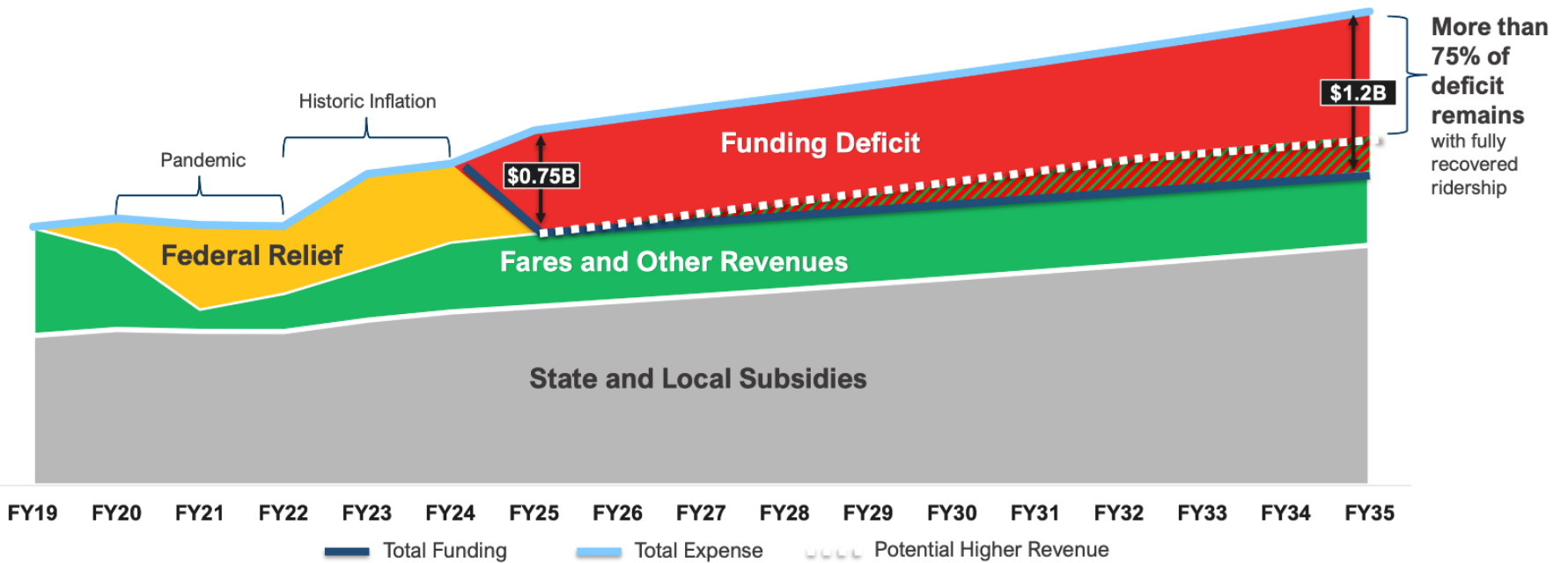
- During this presentation the CFO laid out the forecast of the deficit.
 - Metro expects a deficit of approximately \$750 million in FY2025 made up by three driving forces:

1.) **Jurisdiction Subsidy Credit:** At the onset of the pandemic, Metro provided support to jurisdictions in the form of a subsidy reduction and forgone three percent increases. Had Metro not provided this support, the jurisdictional subsidy would be \$196 million higher in FY2025.

2.) Decreased revenue since the pandemic: Overall ridership is forecasted to be approximately 25 percent below pre-pandemic levels in FY2025. In addition, shorter distance and weekend trips, which result in less revenue than long-distance weekday trips, have seen the fastest recovery. These changes and related impacts to parking and advertising revenues are expected to continue to keep revenue below pre-pandemic levels in the short and medium term. FY2025 total revenue is expected to be approximately \$288 million below pre-pandemic levels.

3.) Inflation and collective bargaining agreements: Historic inflation caused by the pandemic and related supply chain impacts made everything more expensive, raising Metro's personnel and non-personnel costs. The vast majority of Metro's workforce which operates and maintains the system participates in collective bargaining. Metro must comply with mandated annual increases under the terms of the respective collective bargaining agreements, which indexes compensation levels to inflation. This cost growth is responsible for \$266 million.

FY2025: Unprecedented Operating Deficits Begin



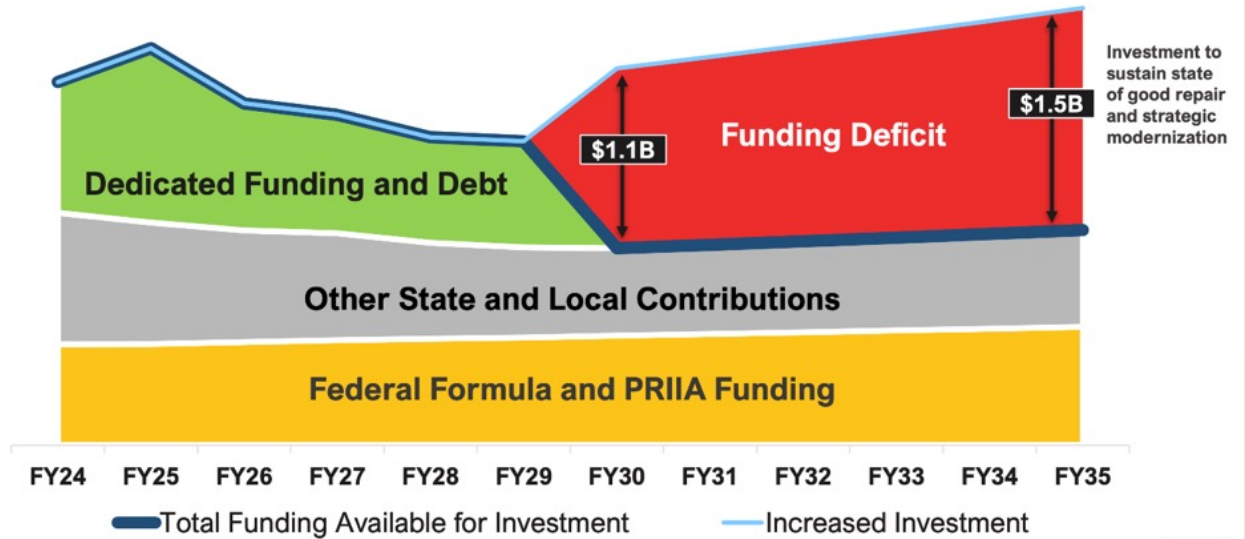
Projection as of June 2023



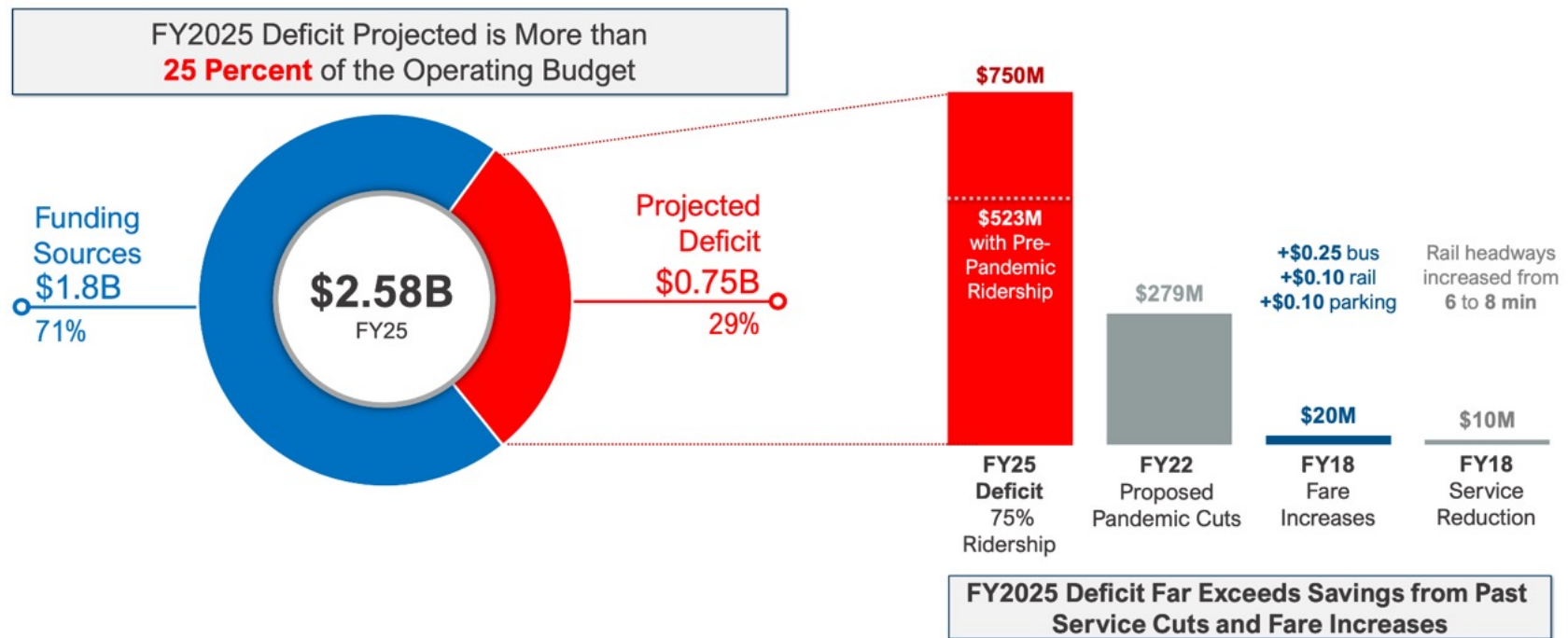
Capital Funding Deficit Approaching

Dedicated capital funding borrowing capacity projected to be exhausted in FY2029 and new capital funding will be needed to address ongoing system safety, renewal and modernization needs

Projected Capital Investment Needs and Funding (\$M)



Metro Can't Close FY2025 Deficit by Itself



Where are we now?

- The Northern Virginia Transportation Commission (NVTC) has created a WMATA Operating Funding and Reform working group to identify possible funding sources to generate transit monies for Virginia's share of the deficit.
- Virginia's Department of Rail and Public Transportation (DRPT) has stated that DRPT does not anticipate that a large, new, dedicated revenue source will be addressed in the upcoming General Assembly session, and local jurisdictions should plan accordingly.

- DRPT strongly encourages NVTC to fully develop a “bridge” scenario to address the FY25 and FY26 deficits and believes a permanent solution may take at least two years to implement.
- NVTC is currently working on “bridge scenarios” at the suggestion of DRPT.

What is next?

- At the September 28th WMATA Board meeting, there is anticipated to be an informational presentation on “Budgetary Matters”, which is slated to be presented by the CFO, the Executive Vice President of Strategy, Planning and Program Management, and the Vice President of Government Relations.