

MDOT RESPONSE TO DLS ANALYSIS

DLS Budget Analysis Issues

1. Revenues (Page 11)

MDOT and WMATA should brief the committees on how funding for the new initiative will be accommodated within the subsidy so as to not trigger the 35% withholding provisions required under Chapters 351 and 352.

MDOT Response:

In March 2018, when the WMATA budget was originally approved, Maryland’s operating subsidy was \$380 million. This amount was amended three times prior to the introduction of the General Manager’s proposed FY 2020 budget, including additions for State of Good Operations bus service increases and the elimination of the “Grosvenor Turnback”, adjustments to accommodate WMATA’s new collective bargaining agreements, and a newly negotiated contract for the provision of paratransit services. Combined, these amendments increased Maryland’s base operating subsidy by over \$34 million, bringing the FY 2019 operating contribution to \$413 million. This represents an 8.9% increase in the operating subsidy over the originally authorized amount.

Beyond the 3% cap, calculated for Maryland at approximately \$13 million using \$413 million as the amended base, WMATA included additional costs which it deemed justifiable as Legislative Exclusions. These exclusions total \$51 million, to which Maryland has been assigned approximately \$22 million. This brings the total increase to \$35 million over the adjusted FY 2019 base, or 8.5%.

Approving the General Manager’s New Service Initiatives would add almost \$20 million to WMATA’s operating budget, for which Maryland would be charged approximately \$9 million. At this cost, Maryland’s operating subsidy would increase to \$456.7 million. This represents a 10.7% increase over the amended FY 2019 base subsidy, and a 20.3% increase over the originally authorized FY 2019 operating cost. Unless WMATA and the General Manager are able to find cost-neutral options for funding the new service initiatives, the Department does not intend to support the implementation of these programs in this budget.

WMATA Response:

To not trigger the 35% withholding provision, there are a number of options that MDOT and WMATA could consider including: (1) not approving the new initiatives; (2) reducing the scope of the new service initiatives and identifying savings within the base budget; (3) approving the new initiatives and identifying additional portions of the budget that could be excluded from subsidy increase calculations.

The WMATA Board of Directors will review feedback from WMATA’s public hearing process and will consider these potential options before approving the final FY 2020 operating budget.

MDOT RESPONSE TO DLS ANALYSIS

DLS Budget Analysis Issues (Continued)

2. WMATA Six-year *Capital Improvement Program* (Page 12)

WMATA should brief the committee on how it envisions closing the gap between programmed spending and identified funding in the CIP.

WMATA Response:

Within WMATA's \$9.3 billion CIP for FY 2020-2025, approximately \$326 million is not funded by a specific source of funds. WMATA plans to issue debt, backed by the new dedicated funding from Maryland, the District of Columbia and Virginia, to fund any portion of the capital program that is not funded by an existing source of funds.

MDOT RESPONSE TO DLS ANALYSIS

DLS Budget Analysis Issues (Continued)

3. Fiscal 2020 Capital Program (Page 15)

A recommendation is included in the Reserve Fund analysis to reduce the appropriation to the Dedicated Purpose Account supporting the WMATA capital grant by \$15 million.

MDOT Response:

MDOT respectfully does not agree. The total funding budgeted for WMATA's capital program is \$350.1 million, including \$225.1 million in funding from the Transportation Trust Fund and \$125.0 million from the State's General Fund. Required funding for WMATA's capital program includes WMATA's capital request of \$309.0 million and \$31.1 million in debt service payments for prior authorized debt. Since the time that MDOT first submitted its budget request, WMATA has continued to refine its budget numbers. Although the capital request decreased by \$10.0 million, there remains a significant funding gap on the operating side. MDOT requests that the funding from the State's General Fund remain at \$125.0 million to help offset the up to \$63.1 million in additional Transportation Trust Fund funds needed in fiscal year 2020 for WMATA's operating expenses.

MDOT RESPONSE TO DLS ANALYSIS

DLS Budget Analysis Issues (Continued)

4. Reporting Requirements in the Maryland Metro/Transit Funding Act of 2018 May Need to Be Clarified (Page 16)

WMATA and MDOT should comment on the reporting requirements and identify which items, if any, should be clarified in statute.

MDOT Response:

MDOT and WMATA are working together to establish a process to meet all of the reporting requirements. The requirements are new and there has been a learning curve to find the best way to prepare and present the required information. The certification process for the FY 2020 allowance was also hindered by ambiguous language in the bill relating to the bill's effective date and deadlines for certain reports. MDOT and WMATA do not see the need for any statutory clarifications at this time.

WMATA Response:

WMATA and MDOT are working to confirm that all ongoing reporting requirements are met with the latest available reports provided prior to the conclusion of each fiscal year.

The specific rail ridership requirement for ridership by line is a requirement that WMATA had not provided previously. Due to the nature of the Metrorail system, with many stations serving multiple lines and some trips feasible using different line combinations, WMATA needed to develop a methodology to address this new data requirement. This new methodology accounts for the most logical trip patterns and apportions system ridership accordingly. MDOT agrees with the methodology developed by WMATA.

MDOT RESPONSE TO DLS ANALYSIS

Operating Budget Recommended Actions

- 1. Concur with Governor's Allowance (Page 20)**

MDOT Response:

The Department concurs with the DLS recommendation.

Paygo Capital Budget Recommended Actions

- 1. Concur with Governor's Allowance (Page 21)**

MDOT Response:

The Department concurs with the DLS recommendation.



WMATA FY2020 Budget Overview

Background

- Created in 1967 by interstate compact
- Multi-jurisdictional: DC, MD, VA
- Federal and regional partnership
- 8 Principal Board Members
 - 2 from each jurisdiction and 2 federal members
 - 8 Alternate Board members – alternate members serve in absence of principal member
- 2018 MD legislation – MDOT Secretary or designee will be one of Maryland's Principal Board members
- WMATA employs ~11,500 people. Approximately 72% (~8,200) of workforce resides in Maryland.

Metro is a powerful economic engine for the region

SECOND BUSIEST RAIL TRANSIT SYSTEM; SIXTH BUSIEST BUS NETWORK IN THE U.S.



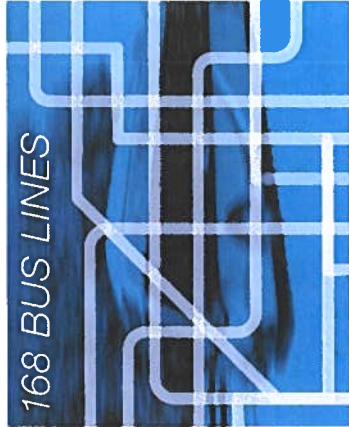
\$235 BILLION OF PROPERTY VALUE IS WITHIN A HALF-MILE OF METRO RAIL STATIONS



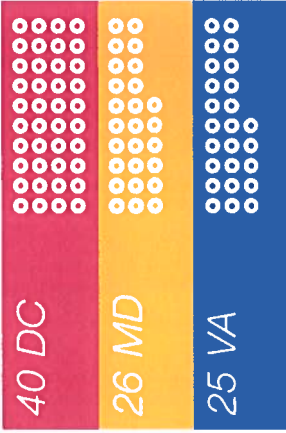
1 MILLION AVERAGE WEEKDAY PASSENGER TRIPS



168 BUS LINES



91 RAIL STATIONS

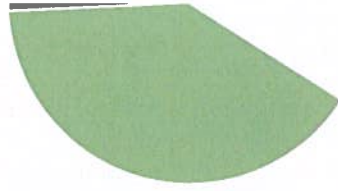


118 MILES OF RAILS



FY2017 Ridership Summary

301 million trips



Metrorail ■ MetroBus ■ MetroAccess

Ridership by Residence

In Millions	Rail	Bus	Access	Total	Percent
DC	59.4	63.7	0.6	123.7	41%
MD	63.1	40.1	1.5	104.7	35%
VA	54.4	18.0	0.3	72.7	24%
Total	177.0	121.7	2.4	301.1	100%
Percent	58.8%	40.4%	0.8%	100.0%	

- Annually, Marylanders take over 100 million trips on Metrorail and Metrobus.
- MetroAccess provides 1.5 million trips to Maryland residents, accounting for 60% of all MetroAccess trips in the region.
- There are 26 Metrorail stations (38.3 miles of rail line) in Maryland - 15 stations in Prince George's County and 11 in Montgomery County.

Metro is a critical regional asset

- Businesses near Metro - better access to employees and customers
- Job growth: four times higher at Metro stations than region
- Proximity to Metrorail increases property value by 7-9%



Drives economic growth in the region

- 28% of the region's property tax base located within 1/2 mile of a Metrorail stations
- 54% of the region's jobs are within 1/2 mile of Metro stations or bus stops



Federal Relationship

- More than half of Metrorail stations serve federal facilities
- Approximately 1/3 of Metrorail's peak period commuters are federal employees



- Metro moves visitors to the capital and for national events such as presidential inaugurations, state funerals, celebrations and festivals on or near the National Mall
- Metro also serves a unique vital security role for the federal government and is essential for public safety and emergency preparedness

BACK2GOOD



SAFETY

- Major crime on Metro last year dropped to the lowest level since 1999
- Insulator fire incidents in 2018 dropped to lowest level in years – 66% fewer than 2016 – due to new preventive maintenance and tunnel waterproofing
- Two major capital projects completed in late 2018:
 - Completed first major reconstruction project for 40-year-old Yellow Line Bridge
 - Upgraded several switches that allow trains to change tracks at Reagan National Airport Station



SERVICE

- Metrorail on-time performance in 2018 reached the highest level in seven years.
- Doubled rush-hour service at four Red Line stations by eliminating the “Grosvenor Turnback”
- Work underway to install traffic signal priority technology on all 1,500 buses this year to speed up bus trips

For more information visit wmata.com/back2good

Update Published: January 8, 2019

More new trains: 7000-series trains now make up more than 50 percent of the Metrorail fleet.



RUSH HOUR PROMISE

- 89% of all Metrorail rush-hour trips have arrived on-time since the start of Rush Hour Promise
- Improving our promise: Now through June, customers can receive a travel credit if they are delayed by 10 minutes or more during rush-hour, reduced from 15 minutes in 2018
- Register your SmartTrip card at wmata.com to be eligible for the Rush Hour Promise



STATIONS AND TUNNELS

- Cell service now available in more than half of Metro’s tunnels
- Brighter stations: New LED lighting installed in 15 underground stations, making them an average of 6x brighter. All 48 underground stations will receive lighting upgrades over 2-3 years

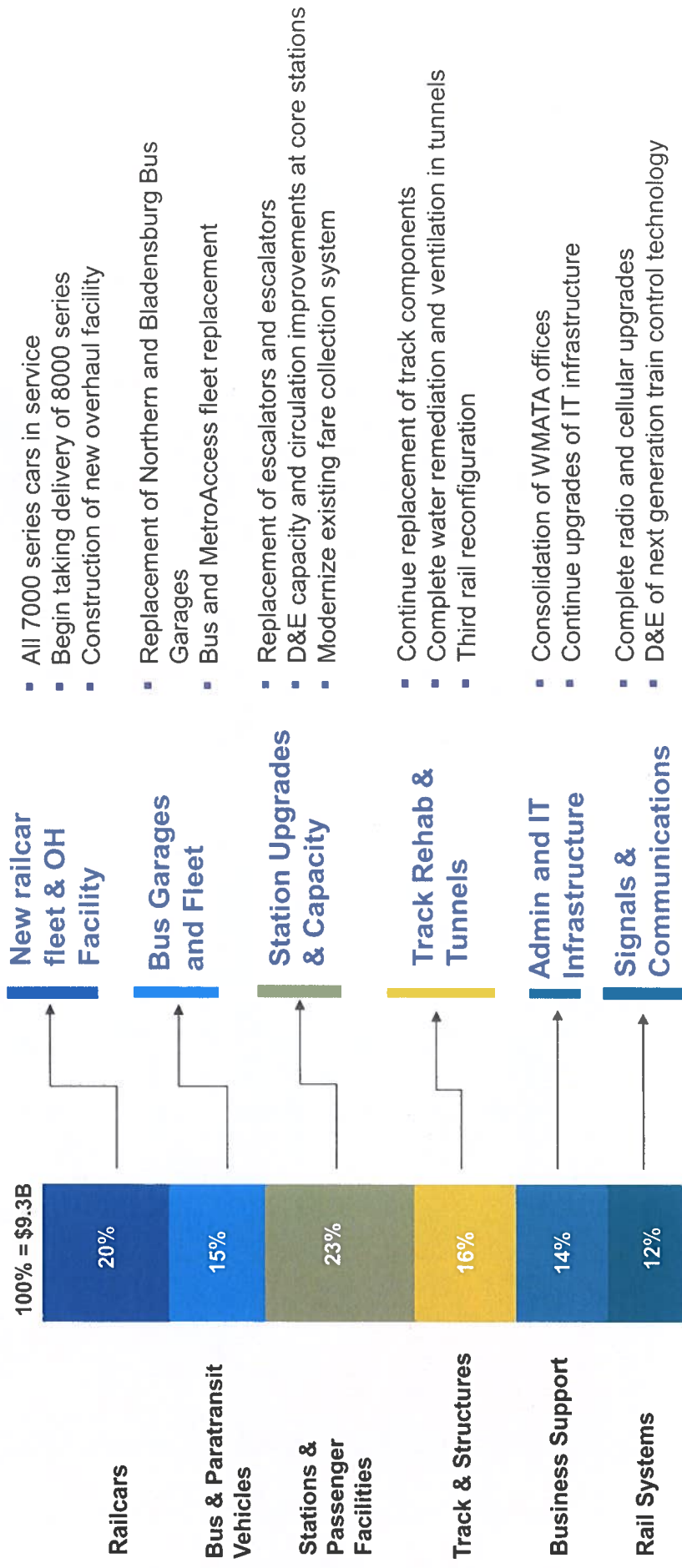


FINANCIAL MANAGEMENT

- Clean financial audit for 4th straight year
- Purchased new DC headquarters, the 1st major step in a broader office consolidation strategy projected to save \$130 million over 20 years

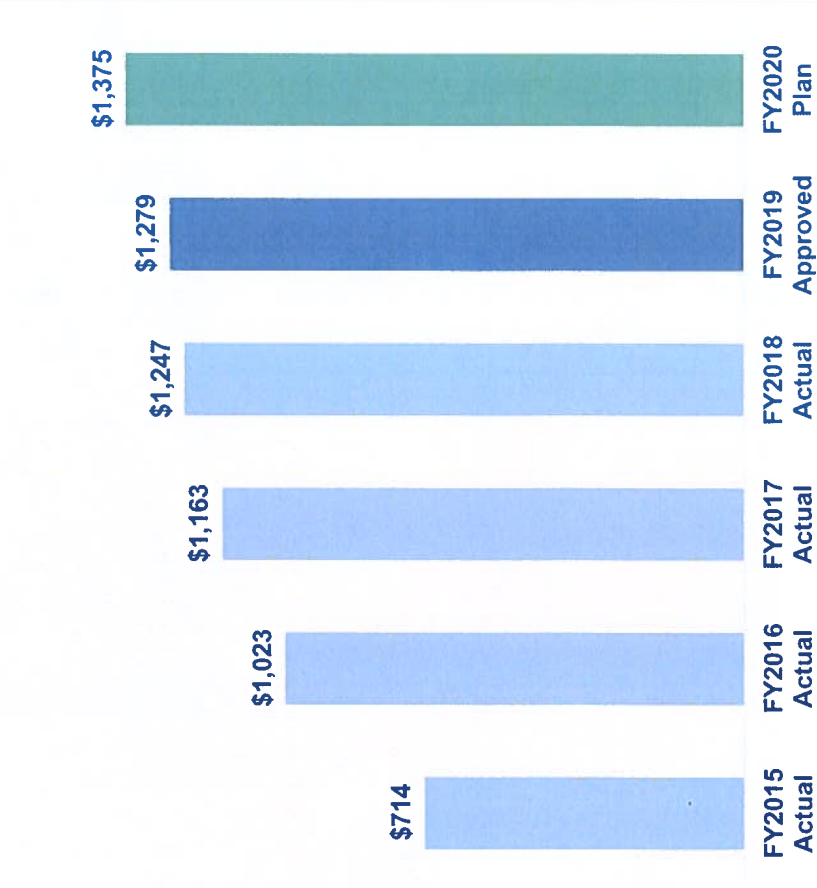
FY2020-2025 Proposed Capital Improvement Program

FY2020-2025 Capital investments will drive safety, reliability, and efficiency



Improving Capital Program Delivery and Service Reliability

Capital Program Investment Ramp-Up



Resulting Improvements in FY2020

- **Fleet Renewal**
 - ✓ Complete delivery of final 7000 Series Railcars
 - ✓ Award contract for 8000 Series Railcars
 - ✓ Replace 100 standard 40' buses and 22 60' articulated buses
 - ✓ Purchase 275 MetroAccess vans
- **Underground Tunnel Cell Service on Green and Red Lines**
- **Fare Collection**
 - ✓ Mobile Payment App
 - ✓ Faregate power and communications
- **Stations**
 - ✓ Lighting improvements at more than 20 stations
 - ✓ Testing and commissioning of six new stations for Silver Line Phase 2
 - ✓ Begin construction at Potomac Yard
 - ✓ Station Platform Rehabilitation at 6 stations
 - ✓ Parking Garage Rehabilitation at 8 stations
- **Vertical Transportation**
 - ✓ 15 elevator rehabilitations
 - ✓ 20 escalator replacements

Notes: FY2019 expenditure forecast as of December 2018. \$ in millions.



Ridership Growth Proposals within 3% Subsidy Cap

- Service and Fares
 - ✓ No Fare Increase
 - ✓ Automatic Train Operations
 - ✓ No Service Cut
 - ✓ Peak Fares for New Peak Service
 - ✓ Better Rush Hour Promise
 - ✓ Late Night Service Partnerships

- Fare Changes
 - ✓ \$2 Weekend Flat Fare
 - ✓ Price Break on Passes
 - ✓ 7-Day Regional Bus Pass - ~~\$17.50~~ \$15
 - ✓ Visitor Passes
 - ✓ 1-Day - ~~\$14.75~~ \$13
 - ✓ 3-Day - \$28
 - ✓ 7-Day - ~~\$38.50~~ \$38 (Short), \$60 \$58 (Systemwide)
 - ✓ Add unlimited bus in all Visitor and Select Passes

FY20 Proposed Customer Service Improvements

Expand All Trains to the Maximum Length of Eight Cars

Extend Yellow Line Service to Greenbelt

Run More Red Line Trains to Glenmont

**Expand Peak Service and Fare Periods
Weekend Flat Fare**

