

**J00A0104**  
**Washington Metropolitan Area Transit Authority**  
**Maryland Department of Transportation**

***Executive Summary***

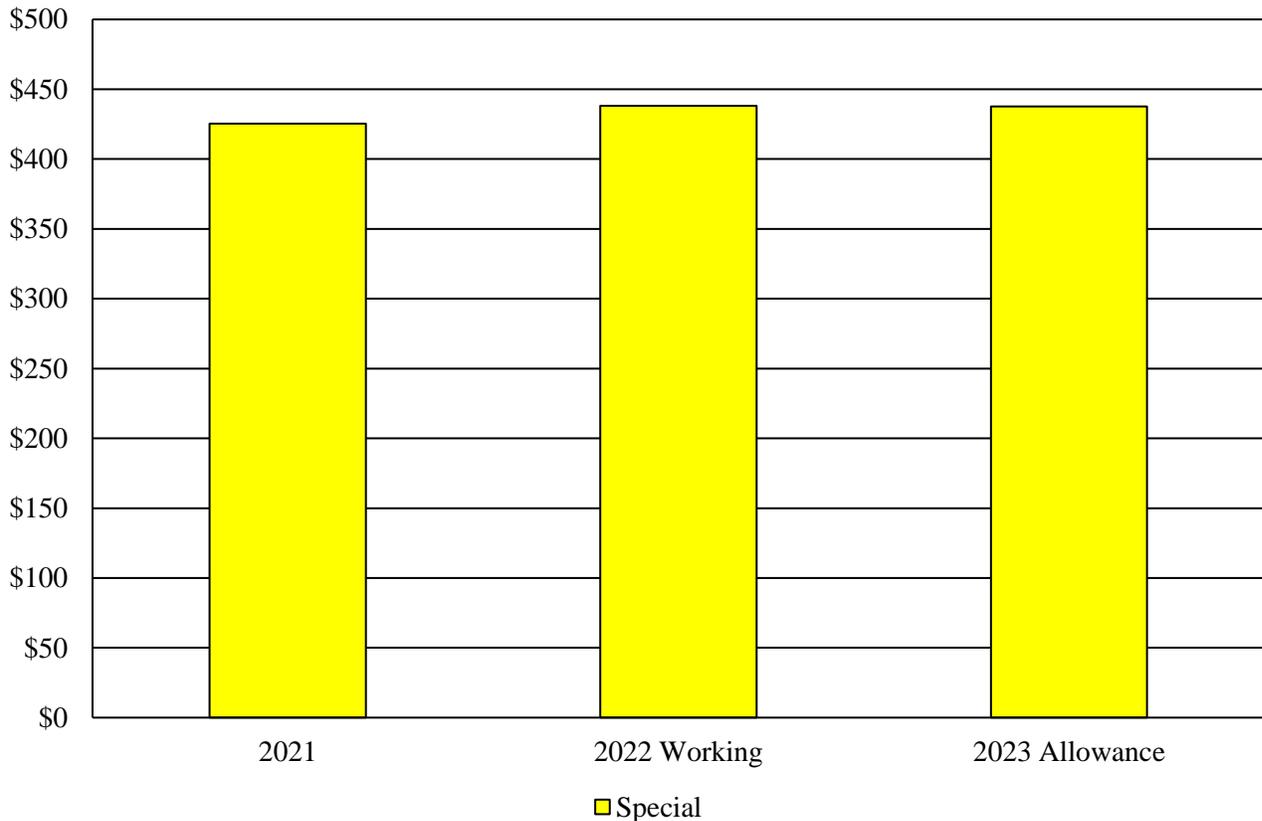
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The Washington Metropolitan Area Transit Authority (WMATA) provides bus, rail, and paratransit service for the Washington, DC metropolitan area. This analysis discusses WMATA's operating and capital budgets and the Maryland contribution toward each budget.

***Operating Budget Summary***

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**Fiscal 2023 Budget Decreases \$523,423, or 0.1%, to \$437.6 Million**  
**(\$ in Millions)**

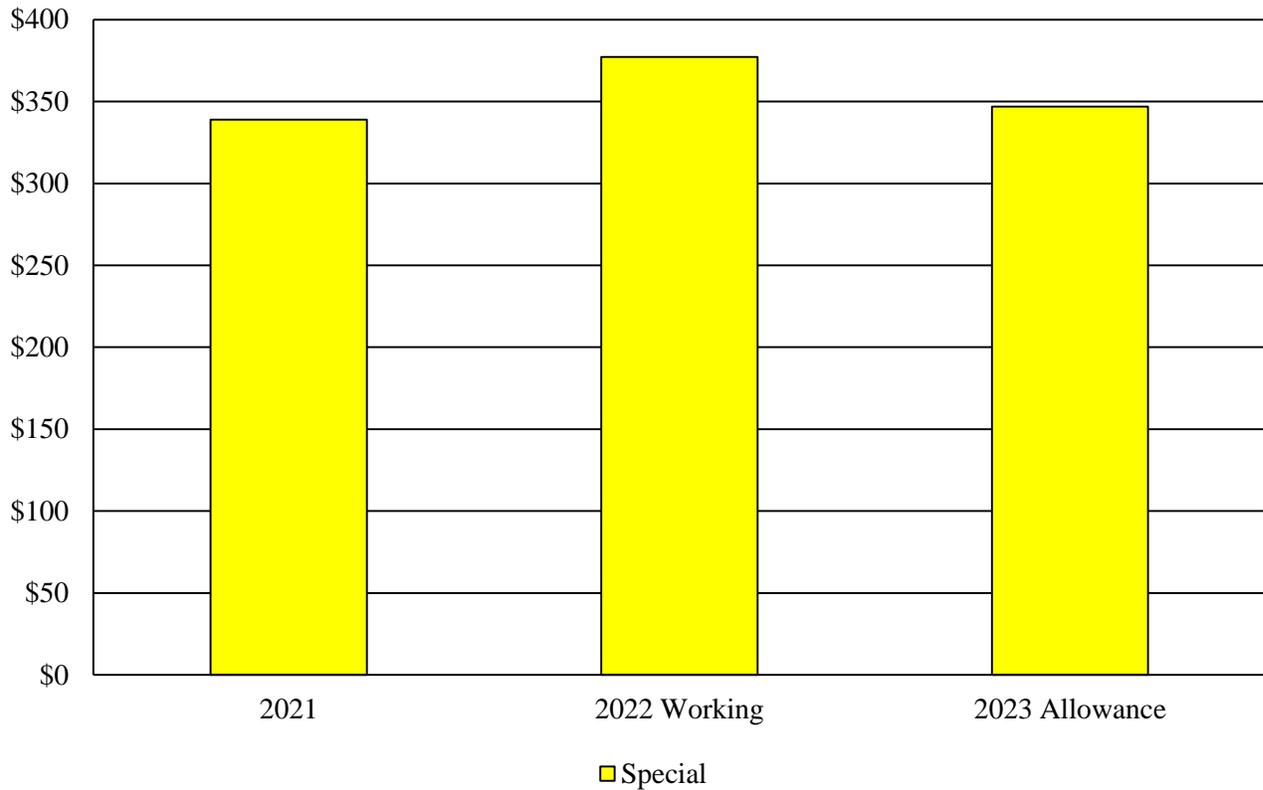


Note: Funding in this program is provided as a grant to WMATA and is not subject to statewide personnel actions noted in most other budget analyses.

## ***PAYGO Capital Budget Summary***

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**Fiscal 2023 Budget Decreases \$30.4 Million, or 8.0%, to \$346.9 Million  
(\$ in Millions)**



Note: Funding in this program is provided as a grant to WMATA and is not subject to statewide personnel actions noted in most other budget analyses.

## ***Key Observations***

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- The COVID-19 pandemic continues to have a significant impact on WMATA’s ridership and budget.
- ***Return to Service of 7000-Series Railcars Paused as WMATA Seeks Root Causes of Derailment:*** The 7000-series railcars, which comprise 60% of WMATA’s rail car fleet, were removed from service following a derailment in October 2021. Plans to return the railcars to service have been paused as the agency focuses on identifying the root causes of the derailment.

## **Operating Budget Recommended Actions**

1. Concur with Governor’s allowance.

## **PAYGO Budget Recommended Actions**

1. Concur with Governor’s allowance.

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## ***Budget Analysis***

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### **Program Description**

WMATA operates the third largest rail transit system and the sixth largest bus network in the United States. WMATA was created in 1967 by an interstate compact in which Maryland, Virginia, and Washington, DC participate. Subsequently, two federal representatives were added to the Board of Directors. Each signatory jurisdiction provides two directors to WMATA's eight-member board. Construction of WMATA's originally planned 103-mile Metrorail system began in 1969 and was completed in 2001. In 2004, the system was expanded to 86 stations and 106 miles with the opening of the Blue Line extension to Largo Town Center and the New York Avenue/Florida Avenue/Gallaudet University station on the Red Line. In 2009, construction started on a 23.1-mile rail extension to Dulles, Virginia dubbed the Silver Line. The first 11.6 miles with 5 stations opened in July 2014. The second phase, consisting of 11.5 miles and 6 stations, is scheduled to open in calendar 2022. Also opening in 2022 will be the new Potomac Yard in-fill station on the Blue and Yellow Lines. Once the Silver Line is fully open and the Potomac Yard station is operational, the Metrorail system will comprise 130 miles of track and 98 stations. The system now serves 26 stations in Maryland.

Maryland provides an annual operating grant to the Washington Suburban Transit Commission (WSTC) through the Maryland Department of Transportation's (MDOT) Secretary's Office budget. WSTC authorizes MDOT to provide funding to WMATA for the operation of the Metrorail, Metrobus, and MetroAccess programs. These operating grants are based on numerous factors, including miles of service, number of stations, number of passengers, and population density in each jurisdiction and are offset by the fare revenues generated by each service.

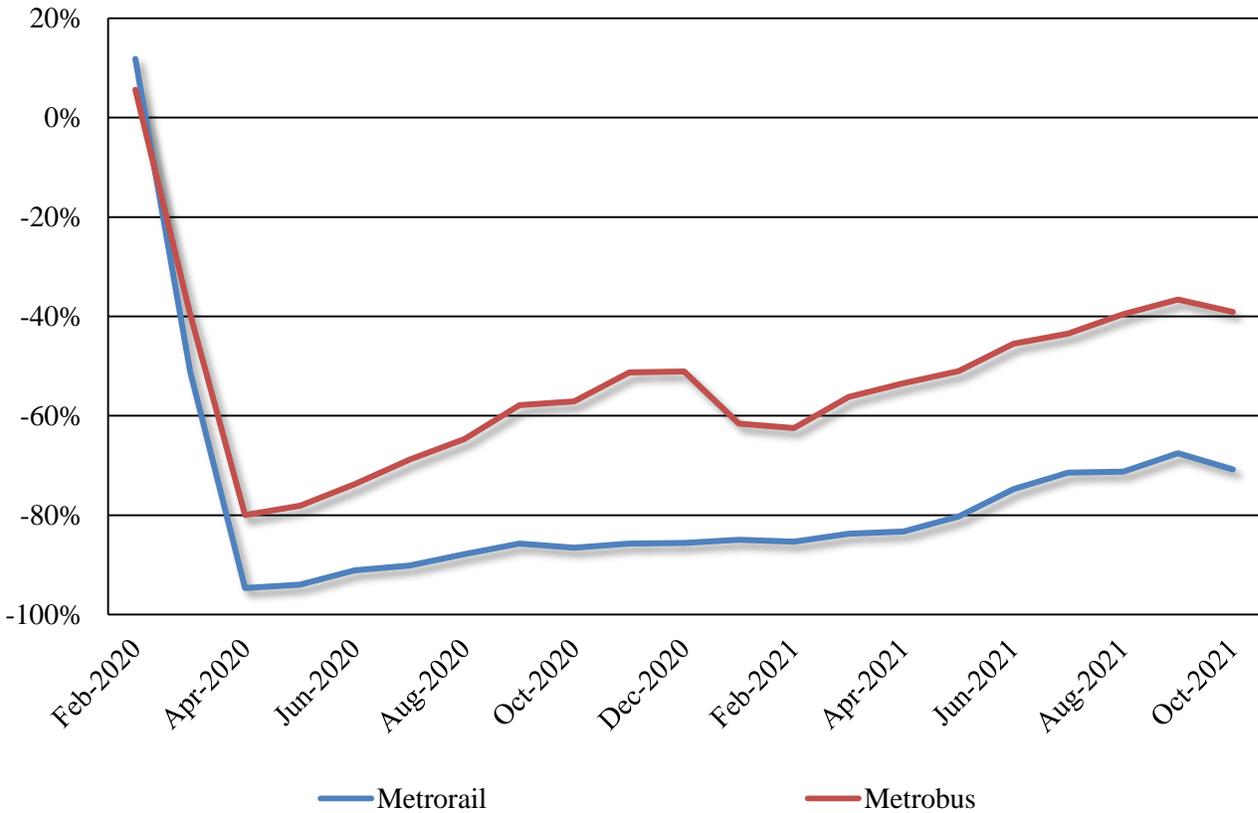
WMATA's mission is to ensure the best in safe, reliable, cost-effective, and responsive transit services by promoting regional mobility and contributing toward the social, economic, and environmental well-being of the community.

### ***Impact of COVID-19***

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The impact of the COVID-19 pandemic continues to affect WMATA's ridership, as shown in **Exhibit 1**, which compares ridership by month to the same month in 2019. Even though ridership has been trending upward since the low in April 2020, Metrobus and Metrorail ridership was still down approximately 40% and 70%, respectively, as of October 2021.

**Exhibit 1**  
**Percent Change in Ridership Compared to 2019**  
**February 2020 to October 2021**



Source: Washington Metropolitan Area Transit Authority; Department of Legislative Services

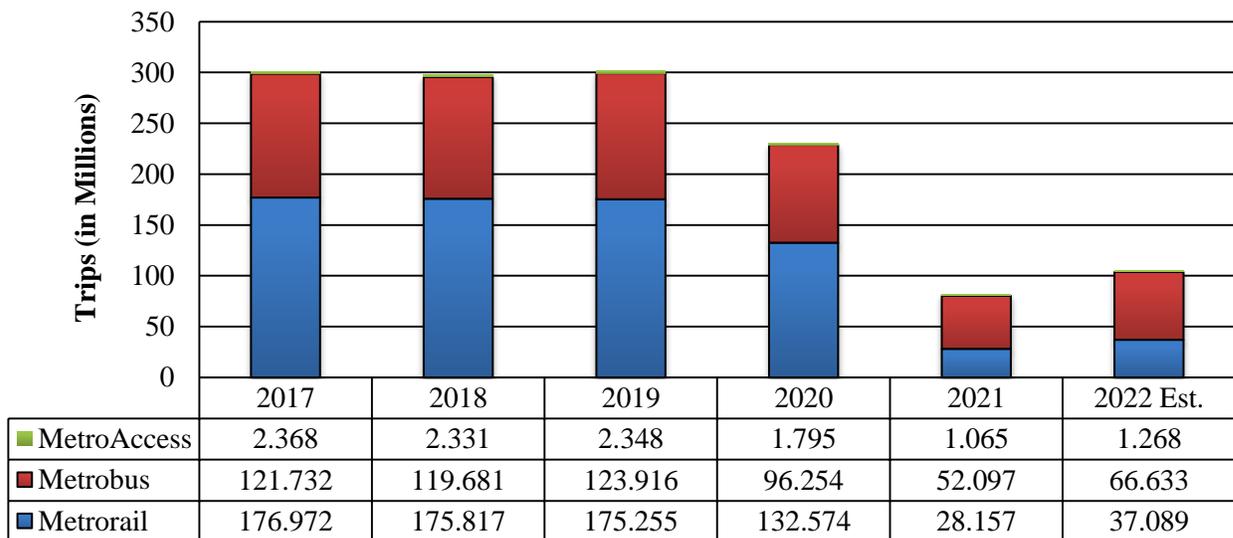
Depressed ridership results in reduced fare revenue. Federal relief funding has been and continues to be a significant support for WMATA during the pandemic. WMATA used \$704.7 million of federal relief funding to support operations during fiscal 2021, has \$762.6 million allocated in the current year, and will use \$715.8 million in relief funding in fiscal 2023 to offset the revenue losses and to fund additional expenses incurred due to the ongoing pandemic.

## Performance Analysis: Managing for Results

### 1. Ridership

**Exhibit 2** shows ridership for the WMATA system from fiscal 2017 to 2022 estimated. Ridership in fiscal 2021 decreased by 64.7%, which is a decrease of over 149 million trips from the prior year due to the pandemic. Ridership in the current year is projected to see a 29% increase (23.7 million trips) but remains well below prepandemic levels.

**Exhibit 2**  
**Annual Ridership**  
**Fiscal 2017-2022 Est.**



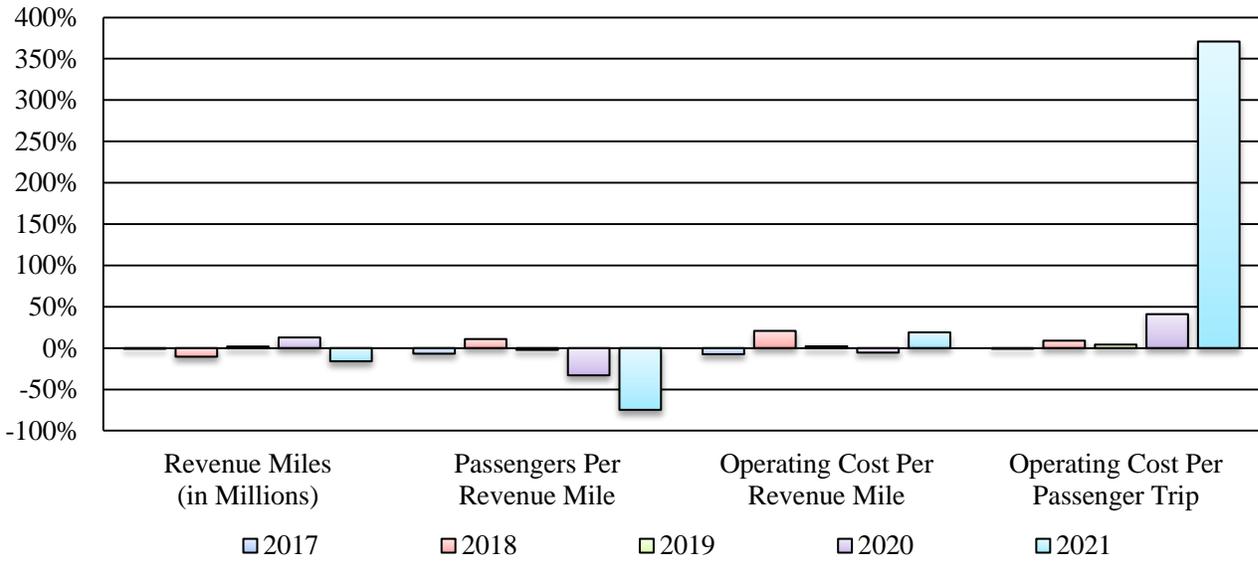
Source: Fiscal 2023 Managing for Results

### 2. System Performance

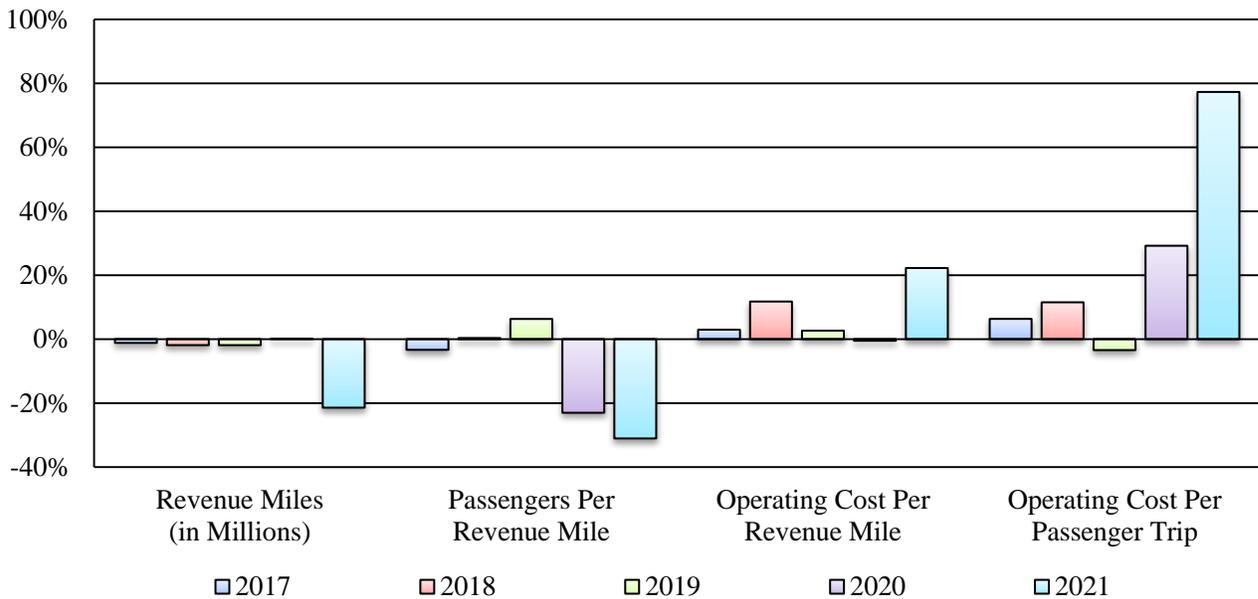
One method of measuring the performance of transit systems is to look at the relationship between the service provided and used, as measured by revenue miles and passenger trips, relative to expenditures. **Exhibit 3** shows the percent change from the prior year for revenue miles, passengers per revenue mile, operating cost per revenue mile, and operating cost per passenger trip for both Metrorail and Metrobus service for fiscal 2017 through 2021. The sharp decline in passengers per revenue mile for both rail and bus service in fiscal 2021 directly contributes to the large increases in the operating cost per passenger trip due to the fixed cost of running these services.

**Exhibit 3  
Metrorail and Metrobus Performance Measures  
Fiscal 2017-2021**

**Metrorail**



**Metrobus**

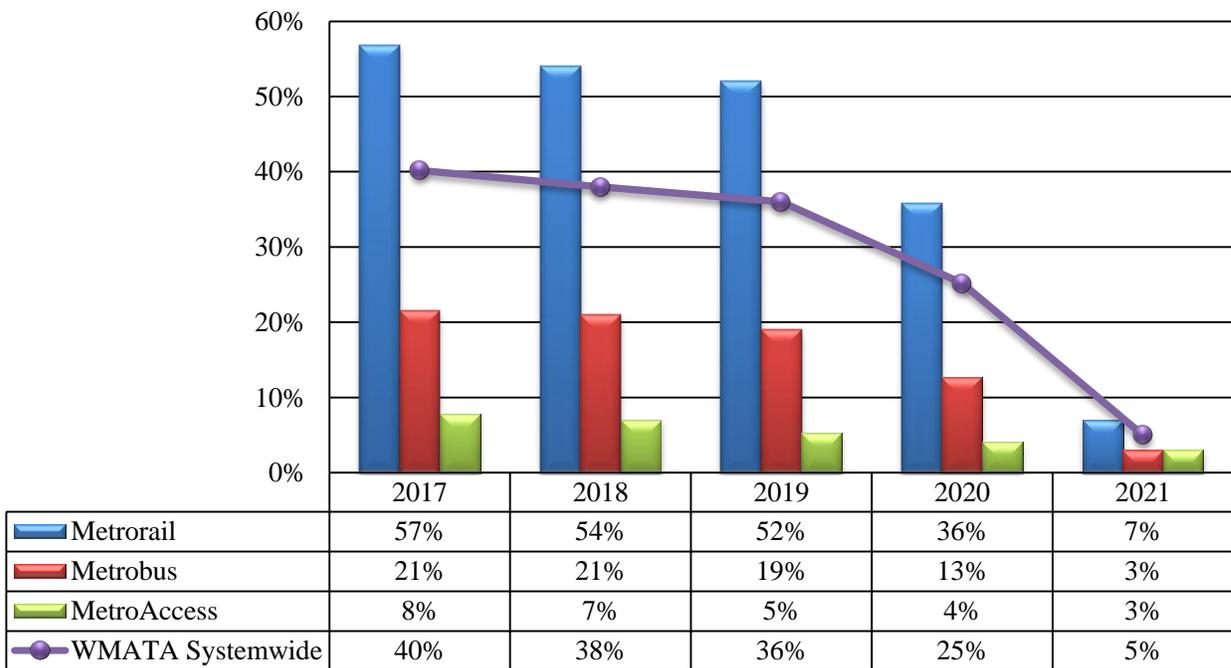


Source: Fiscal 2023 Managing for Results

### 3. Farebox Recoveries

The farebox recovery ratio measures the percent of operating expenses covered by fares collected. **Exhibit 4** shows WMATA’s farebox recovery ratios from fiscal 2017 to 2021 by service and systemwide. While rates had been declining slightly since fiscal 2017, the impact of the pandemic is apparent in the large decline in fiscal 2020 and even larger decline in fiscal 2021.

**Exhibit 4**  
**Farebox Recovery Rates**  
**Fiscal 2017-2021**



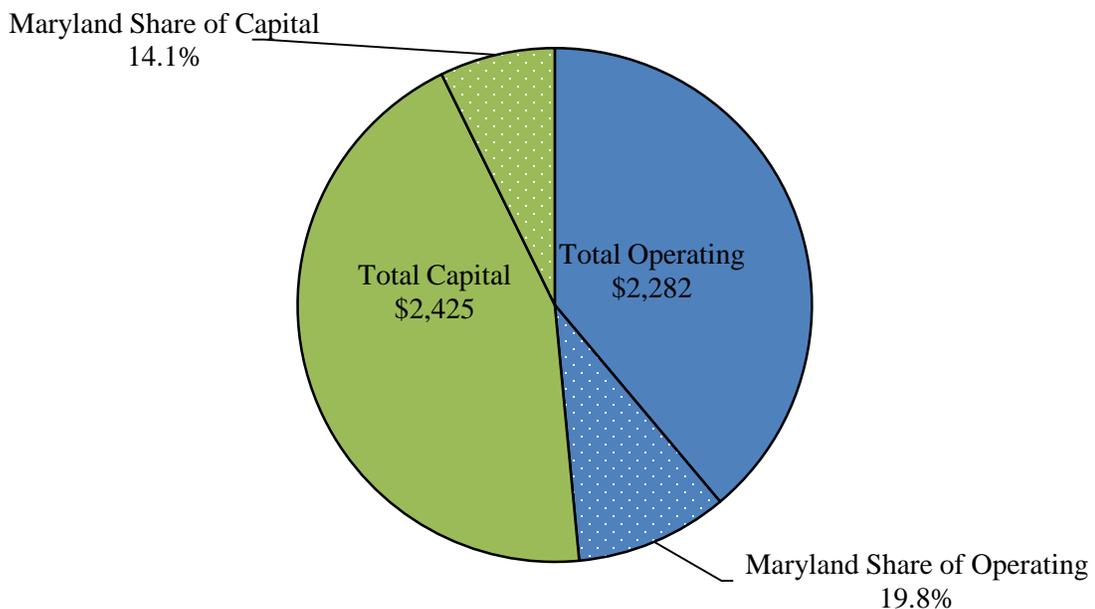
WMATA: Washington Metropolitan Area Transit Authority

Source: Fiscal 2023 Managing for Results

## Fiscal 2023 Overview of Agency Spending

The combined operating and capital budgets for WMATA total \$4.7 billion. As shown in **Exhibit 5**, the Maryland share of the operating budget is 19.8%, and the Maryland share of the capital budget is 14.1%.

**Exhibit 5**  
**Overview of Agency Spending**  
**Fiscal 2023 Allowance**  
**(\$ in Thousands)**



Source: Washington Metropolitan Area Transit Authority; Department of Legislative Services

## Proposed Budget Change

The proposed fiscal 2023 budget assumes:

- the use of \$715.8 million in federal stimulus funding;
- no increase in the capped subsidy amount that is allowed to increase up to 3% under the funding changes adopted in 2018;

*J00A0104 – MDOT – Washington Metropolitan Area Transit Authority*

- the beginning of service on the second phase of the Silver Line, which adds \$40.8 million to the subsidy requirements (Maryland’s share equals \$13.5 million);
- the continuation of the \$2 bus/rail transfer discount, \$2 weekend flat fare on rail, and \$12 seven-day regional bus pass;
- the additional options of a \$2 late-night rail fare, discounted passes that are priced for riders who may no longer be commuting five days a week, and an add value bonus that rewards customers for loading funds to their SmarTrip card; and
- service operated at or near prepandemic levels.

### **Expenditures**

As shown in **Exhibit 6**, WMATA’s proposed fiscal 2023 operating budget totals \$2.3 billion, an increase of \$182.1 million over the current year. Personnel expenses, which comprise nearly 68% of the operating expenses, account for the majority of the change and are increasing due to reinstatement of service levels reduced due to the pandemic.

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**Exhibit 6**  
**Operating Expenses by Category**  
**Fiscal 2022-2023**  
**(\$ Millions)**

	<u>2022</u>	<u>Proposed 2023</u>	<u>\$ Change</u>	<u>Percent Change</u>
Personnel	\$1,414.2	\$1,545.4	\$131.1	9.3%
Services	397.3	416.9	19.7	5.0%
Materials and Supplies	109.7	125.3	15.6	14.2%
Fuel (Gas/Diesel/Compressed Natural Gas)	31.8	33.7	2.0	6.2%
Utilities and Propulsion	87.8	96.9	9.1	10.4%
Casualty and Liability	40.4	43.6	3.1	7.7%
Leases and Rentals	10.6	11.0	0.4	3.8%
Miscellaneous	8.4	9.5	1.1	12.7%
<b>Total</b>	<b>\$2,100.2</b>	<b>\$2,282.2</b>	<b>\$182.1</b>	<b>8.7%</b>

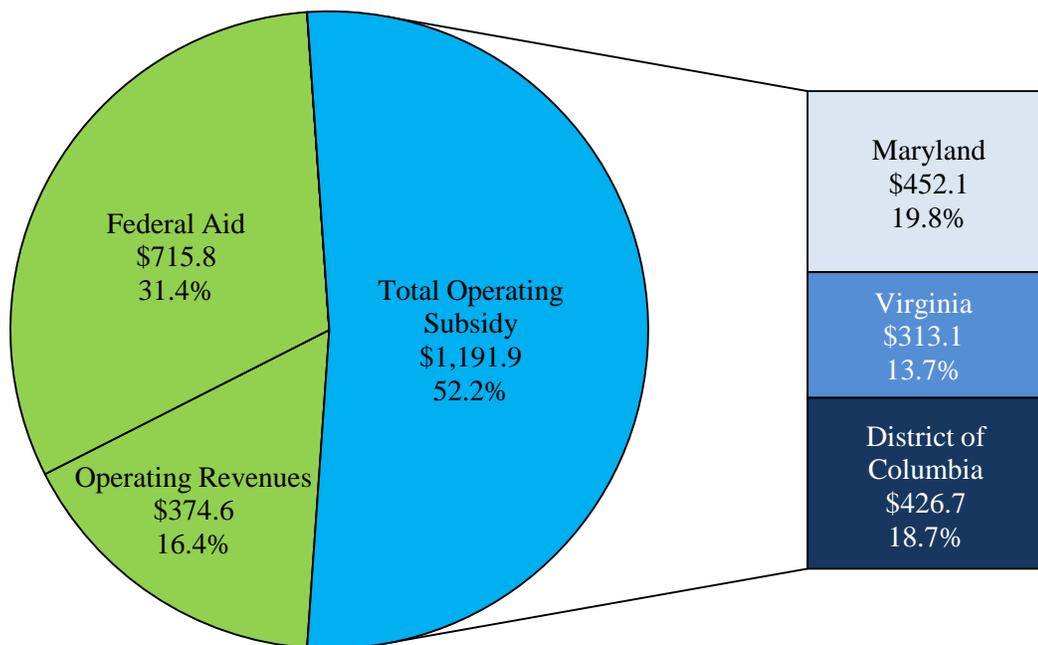
Source: Washington Metropolitan Area Transit Authority; Department of Legislative Services

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## Revenues

WMATA’s operations are generally funded through operating revenues (fares being the largest source) and subsidies provided by Maryland, Virginia, and the District of Columbia. To help address revenue declines caused by the COVID-19 pandemic, the fiscal 2023 budget continues to rely on federal pandemic-related aid to support operations. **Exhibit 7** shows that operating revenues and federal aid will only support 47.8% of operating expenses, with the local subsidy providing the majority of the funding. The proposed fiscal 2023 WMATA budget assumes an operating grant from Maryland of \$452.1 million.

**Exhibit 7**  
**Proposed Fiscal 2023 Revenues**  
(\$ in Millions)



**Total: \$2.3 Billion**

Source: Washington Metropolitan Area Transit Authority; Department of Legislative Services

## **PAYGO Capital Program**

### **Program Description**

MDOT’s Office of the Secretary provides a grant to support WMATA’s capital program, including the design, construction, and rehabilitation of the Metrorail, Metrobus, and MetroAccess systems and debt service for bonds issued in lieu of a larger upfront capital grant. General parameters on capital funding levels are typically established in a six-year Capital Funding Agreement developed through negotiations between WMATA and its local funding partners. The current six-year agreement is in its first year having taken effect as of July 1, 2021.

Chapters 351 and 352 of 2018 require the Governor to include an appropriation of \$167 million in the budget as a dedicated capital grant that is in addition to the base capital grant that the State provides each year. Combined with similar mandated appropriations in Virginia and the District of Columbia, these funds provide WMATA with \$500 million per year to address a projected need for \$15.5 billion in additional capital funding at the time that these mandates were enacted.

If WMATA has provided certain reports and data, subject to certification by MDOT, Chapters 351 and 352 contain provisions that:

- establish a mandated level of funding for the base WMATA capital grant (which does not include the dedicated capital grant nor WMATA debt service); and
- require the base capital funding to increase by 3% each year that WMATA complies with the reporting requirements thereafter.

These provisions are triggered for the first time in the fiscal 2023 budget. The mandated amount for the base capital grant is \$147.5 million, which matches the fiscal 2019 funding in the budget as introduced.

### ***Fiscal 2022 to 2027 Consolidated Transportation Program***

The Maryland *Consolidated Transportation Program* (CTP) includes six project information forms detailing the uses for the Maryland capital grant to WMATA. **Exhibit 8** shows the amounts programmed in the CTP for fiscal 2022 to 2027 and the fund sources that support the grant. For informational purposes, the CTP shows federal funds received directly by WMATA that are not included in the MDOT budget.

**Exhibit 8**  
**Capital Grant Components**  
**Fiscal 2022-2027**  
**(\$ in Millions)**

	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>	<u>2026</u>	<u>2027</u>	<u>Six-year Total</u>
WMATA Capital Investment Program	\$248.4	\$209.6	\$213.7	\$216.0	\$221.4	\$225.9	\$1,335.0
Project Development	1.0	1.0	1.0	1.0	1.0	1.0	6.0
Matching Funding for PRIIA of 2008	50.0	50.0	50.0	50.0	50.0	50.0	300.0
WMATA Debt Service	31.2	31.2	31.2	31.2	31.3	31.3	187.5
Governor’s Capital Dedicated Funding	167.0	167.0	167.0	167.0	167.0	167.0	1,002.0
Resolution of Audit	34.6	0.0	0.0	0.0	0.0	0.0	34.6
<b>Total</b>	<b>\$532.3</b>	<b>\$458.8</b>	<b>\$462.9</b>	<b>\$465.3</b>	<b>\$470.6</b>	<b>\$475.2</b>	<b>\$2,865.1</b>
Special Funds	\$251.0	\$178.7	\$183.2	\$187.7	\$192.4	\$197.3	\$1,190.3
Other State Funds	125.0	167.0	167.0	167.0	167.0	167.0	960.0
<b>Subtotal – Appropriated</b>	<b>\$376.0</b>	<b>\$345.7</b>	<b>\$350.2</b>	<b>\$354.7</b>	<b>\$359.4</b>	<b>\$364.3</b>	<b>\$2,150.3</b>
Federal Funds – WMATA*	\$156.3	\$113.1	\$112.7	\$110.6	\$111.2	\$110.9	\$714.8
<b>Total</b>	<b>\$532.3</b>	<b>\$458.8</b>	<b>\$462.9</b>	<b>\$465.3</b>	<b>\$470.6</b>	<b>\$475.1</b>	<b>\$2,865.1</b>
Mandated Base Capital (Beginning Fiscal 2023)	\$143.2	\$147.5	\$152.0	\$156.5	\$161.1	\$166.0	\$926.2
Base Capital – Percent Increase		3.0%	3.0%	3.0%	3.0%	3.0%	

PRIIA: Passenger Rail Investment and Improvement Act  
 WMATA: Washington Metropolitan Area Transit Authority

\*Federal funds received directly by WMATA and not included in the Maryland Department of Transportation budget.

Note: Numbers may not sum to totals due to rounding.

Source: Maryland Department of Transportation, 2022-2027 *Consolidated Transportation Program*; Department of Legislative Services

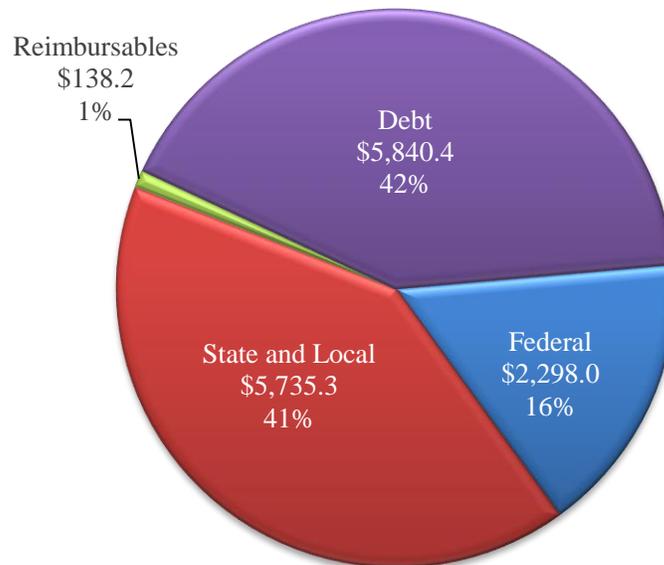
Total six-year State funding for the WMATA capital grant is \$2.2 billion, which includes general obligation bond premium funding of \$125 million and general funds totaling \$835 million over the six-year program. Over the six-year period, special funds from the Transportation Trust Fund comprise 55.4% of State funding for the WMATA capital grant, general funds account for an additional 38.8%, and bond premiums comprise the remaining 5.8%. The base capital grant, comprising the first three items in Exhibit 8, becomes a mandated appropriation beginning in fiscal 2023 and increases by 3% per year thereafter as required.

**WMATA’s Six-year *Capital Improvement Program***

WMATA’s fiscal 2023 to 2028 *Capital Improvement Program* (CIP) totals \$14.0 billion. **Exhibit 9** shows the sources of revenues supporting the capital program assumed in the CIP. Contributions from the funding jurisdictions and debt provide almost equal shares of six-year funding and combine for 83% of the total funding. Federal funds, not including new and enhanced funding expected due to passage of the Infrastructure Investment and Jobs Act (IIJA), comprise 16% of the six-year total.

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**Exhibit 9**  
**Six-year Capital Program Funding Sources**  
**Fiscal 2023-2028**  
**(\$ in Millions)**



**Total: \$14.0 Billion**

Source: Washington Metropolitan Area Transit Authority, Fiscal 2023 Proposed Budget; Department of Legislative Services

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The CIP assumes no federal funding beyond fiscal 2023 through the Passenger Rail Investment and Improvement Act of 2008, which authorized \$150 million in federal grants per year for 10 years matched by \$50 million each from Maryland, Virginia, and the District of Columbia, because the program had not been reauthorized at the time the fiscal 2023 proposed budget was developed. Funding at the same level was reauthorized for eight more years, however, through the IIIA.

### **Fiscal 2023 Capital Program**

WMATA’s proposed fiscal 2023 capital program totals \$2.4 billion when revenue losses from construction activity (such as station shutdowns) are included. **Exhibit 10** shows the planned spending by category.

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**Exhibit 10**  
**Fiscal 2023 Capital Spending by Category**  
**(\$ in Millions)**

**Category**

Railcar and Railcar Facilities	\$303.4
Rail Systems	203.1
Track and Structures Rehabilitation	459.2
Stations and Passenger Facilities	524.6
Bus, Bus Facilities, and Paratransit	441.3
Business and Operations Support	379.8
<b><i>Subtotal</i></b>	<b><i>\$2,311.4</i></b>
Revenue Loss from Capital Projects	\$12.0
Debt service – Dedicated Funding	101.2
<b>Total</b>	<b>\$2,424.7</b>

Note: Numbers may not sum to total due to rounding.

Source: Washington Metropolitan Area Transit Authority, Fiscal 2023 Proposed Budget; Department of Legislative Services

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**Exhibit 11** shows the total funding by source for WMATA’s fiscal 2023 capital program along with the amount that Maryland is expected to contribute based on the proposed budget.

**Exhibit 11**  
**Fiscal 2023 WMATA Capital Program**  
**Funding Sources**  
(\$ in Millions)

	<u>Total</u>	<u>Maryland</u>
<b>Federal</b>		
Federal Formula Programs	\$331	
Federal Passenger Rail Investment and Improvement Act	149	
Other Federal Grants	12	
<b><i>Subtotal – Federal</i></b>	<b><i>\$491</i></b>	
<b>State and Local</b>		
Federal Formula Programs Match and System Performance	\$285	\$97
Federal Passenger Rail Investment and Improvement Act Match	149	50
Dedicated Funding	500	167
<b><i>Subtotal – State and Local</i></b>	<b><i>\$934</i></b>	<b><i>\$313</i></b>
<b>Other Sources</b>		
Jurisdictional Reimbursable Projects	\$50	
Metropolitan Washington Airports Authority	0	
Debt	949	
Debt Service Payments Included in Capital Grant	0	\$31
<b><i>Subtotal – Other Sources</i></b>	<b><i>\$999</i></b>	<b><i>\$31</i></b>
<b>Total</b>	<b>\$2,425</b>	<b>\$343</b>
Maryland Allowance for WMATA Capital Grant		\$347
Variance		4

WMATA: Washington Metropolitan Area Transit Authority

Note: Numbers may not sum to total due to rounding.

Source: Washington Metropolitan Area Transit Authority, Fiscal 2023 Proposed Budget; Department of Legislative Services

## WMATA Allowance vs. Proposed Budget

Because the Maryland and WMATA budget preparation timelines do not precisely coincide, the appropriations included for the WMATA operating and capital grants in the Governor’s allowance generally vary slightly from the amounts identified in the WMATA proposed budget as needed from Maryland. **Exhibit 12** shows the variance between the Maryland allowance and the proposed WMATA fiscal 2023 budget for both the operating and capital grants.

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**Exhibit 12**  
**Variance between Maryland and WMATA Contribution Projections**  
**Fiscal 2023**  
**(\$ in Millions)**

	<u>WMATA Proposed Budget</u>	<u>Maryland Budget</u>	<u>Variance</u>
Operating Grant	\$452	\$438	-\$14
Capital Grant	343	347	4
<b>Total</b>	<b>\$795</b>	<b>\$785</b>	<b>-\$10</b>

WMATA: Washington Metropolitan Area Transit Authority

Source: Washington Metropolitan Area Transit Authority, Fiscal 2023 Proposed Budget; Department of Legislative Services

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The amount in the Maryland budget for WMATA’s operating grant includes funding based on the capped subsidy contribution, which is allowed to increase by up to 3% each year, but does not include funding for legislative exclusions that are delineated in statute and comprise:

- the cost of any service, equipment, or facility that is required by law;
- a capital project approved by the Board of Directors of WMATA; and
- any payments or obligations arising from or related to legal disputes or proceedings between or among WMATA and any other person.

WMATA’s proposed fiscal 2023 budget includes legislative exclusions totaling \$49 million for the Juneteenth holiday (\$3.2 million), for increased safety measures in support of the Washington Metrorail Safety Commission (\$3.4 million), for the launch of Silver Line Phase 2 service (\$40.8 million), and for the opening of the Potomac Yard Station (\$1.5 million). Maryland’s share of these exclusions is \$16.3 million. MDOT advises that the review of legislative exclusions is part of the WMATA board’s deliberations on the budget, which conclude after the Maryland legislative session has ended. When a final operating budget is approved by the WMATA board, MDOT will make any necessary adjustments to the operating grant.

## ***Issues***

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### **1. Return to Service of 7000-Series Railcars Paused as WMATA Seeks Root Causes of Derailment**

On October 12, 2021, a Blue Line train consisting of eight 7000-series railcars derailed just south of the Rosslyn Metrorail Station in Virginia. A National Transportation Safety Board investigation determined that a two-inch outward movement of both wheels on one wheelset of one of the railcars, which increased the gage (the linear distance between the wheels on an axle) beyond design specifications, caused the derailment. Subsequent examinations of the 7000-series railcar fleet identified an additional 20 wheelsets that did not meet specifications due to outward movement of the wheels on the axles. Prior to the completion of the fleet inspection, as a precautionary measure, the Washington Metrorail Safety Commission ordered WMATA to remove the 7000-series railcars from revenue service. Because the 748 railcar 7000-series fleet represents approximately 60% of WMATA’s overall rail fleet, the removal has had a significant impact and required WMATA to modify its service schedule with increased wait times between trains.

Efforts to return the 7000-series cars to service began in December 2021, but these plans were modified several times as judgements on inspection frequencies changed and questions on gage measurement thresholds arose. On January 13, 2022, WMATA announced that the placement of 7000-series trains into service would not resume for about 90 days to allow the agency to focus on root cause analysis and to acquire technology to measure 7000-series wheelsets.

To help improve rail service while the 7000-series is sidelined, WMATA has increased efforts to restore 6000-series railcars to service. With only one-quarter of the number of the 7000-series railcars, however, the 6000-series will not be sufficient to fully restore the level of service. The 6000-series had been out of service for approximately 10 months, having been taken out of service in November 2020 to address issues that led to railcars detaching.

The reduced ridership being experienced due to the pandemic has meant that trains have not been overcrowded despite the reduction in the level of service with fewer trains operating. The increased wait times, however, could have a negative impact on ridership that lasts beyond restoration of service levels once the 7000-series is back in service.

**WMATA should brief the committees on the status of efforts to procure and install wheel measurement technology, what the long-term impact of the service reductions related to removing the 7000-series from service might be, and what actions it can take to address these negative impacts.**

## ***Operating Budget Recommended Actions***

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1. Concur with Governor's allowance.

## ***PAYGO Budget Recommended Actions***

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1. Concur with Governor's allowance.

**Appendix 1**  
**Budget Amendments for Fiscal 2022**  
**Maryland Department of Transportation**  
**WMATA – Capital**

<u>Status</u>	<u>Amendment</u>	<u>Fund</u>	<u>Justification</u>
Pending	\$35,800,000	Special	Adjusts the amended appropriation to agree with the fiscal 2022-2027 CTP

**Appendix 2  
Fiscal Summary  
Maryland Department of Transportation – Washington Metropolitan Area Transit Authority**

<u>Program/Unit</u>	<u>FY 21 Actual</u>	<u>FY 22 Wrk Approp</u>	<u>FY 23 Allowance</u>	<u>Change</u>	<u>FY 22 - FY 23 % Change</u>
04 Washington Metropolitan Area Transit – Operating	\$ 425,303,491	\$ 438,123,423	\$ 437,600,000	-\$ 523,423	-0.1%
05 Washington Metropolitan Area Transit – Capital	338,881,560	377,262,000	346,900,000	-30,362,000	-8.0%
<b>Total Expenditures</b>	<b>\$ 764,185,051</b>	<b>\$ 815,385,423</b>	<b>\$ 784,500,000</b>	<b>-\$ 30,885,423</b>	<b>-3.8%</b>
Special Fund	\$ 764,185,051	\$ 815,385,423	\$ 784,500,000	-\$ 30,885,423	-3.8%
<b>Total Appropriations</b>	<b>\$ 764,185,051</b>	<b>\$ 815,385,423</b>	<b>\$ 784,500,000</b>	<b>-\$ 30,885,423</b>	<b>-3.8%</b>