



Moving our region forward, together.

# Task Force Meeting #2

September 23, 2024

WMATA New Carrollton Office Building



# Agenda

1. Welcome
2. Advisory Group Reports
3. Advisory Group Recommendations
  - a) DMVMoves Vision & Goals
  - b) Initial Action Steps
4. Regional Transit Funding
  - a) Current Transit Expenditures and Funding Sources
  - b) Forecasted Unmet Funding Needs
5. Potential Mechanisms to Generate Dedicated Transit Funding
6. Next Steps

# Welcome



Co-Chair: Charles Allen  
Councilmember, District of Columbia  
and Board Chair, Council of  
Governments (COG)



Co-Chair: Paul Smedberg  
Director, Washington Metropolitan  
Area Transit Authority (WMATA)

# Advisory Group Chair Reports

## Community Partners Advisory Group



*Chair: Jack McDougale,  
President & CEO, Greater Washington  
Board of Trade*

## Government Partners Advisory Group



*Chair: Bryan Hill  
County Executive, Fairfax County*



# Advisory Groups Work to Date Summary

## Topics Already Reviewed:

- Frequency and quality of service
- Maximized use and value of existing system
- An integrated and seamless network
- Improved customer experience
- Opportunities for shared transit services
- Efficiencies in transit operations

## Future Topics (including but not limited to):

- System coverage and expansion
- Transit-supportive land use
- Transit administration and delivery
- Potential: additional recommendations on service improvements, cost efficiencies, and seamless customer experience

# DMVMoves Vision

Transit is the backbone of an integrated, world-class mobility network that makes the National Capital Region a thriving global economy, a preferred home, and a leader in innovation, environmental sustainability, and social equity.



# DMVMoves Goals

1. Make transit a preferred travel choice by delivering safe, frequent, reliable, accessible, and affordable service that takes people where they want to travel, when they want to travel
2. Provide a seamless, connected, and convenient customer experience that is intuitive, easily understandable, and consistent across operators and areas of the region
3. Grow ridership by focusing development near transit, expanding and improving transit connections to economic opportunities, and establishing other supportive land use policies
4. Enhance quality of life and advance economic development, regional environmental sustainability, climate resilience, and equity goals through innovative and inclusive transit solutions
5. Ensure long-term, predictable, and sustainable transit funding with accountability and transparency for all providers
6. Establish standard, best-in-class transit workforce policies and skills training that ensures a robust labor force and helps transit better compete in the labor market

# What We Heard From the Public

Survey conducted regionwide June-August 2024. Over 5,000 respondents.



Over 80% of respondents support more and better transit services, even if it requires higher investment by the region



## Main Challenges:

1. Not frequent enough
2. Too many transfers
3. Lack of real-time information



## Top Priorities

1. More frequent off-peak and late-night service
2. Bus-only lanes
3. New transit connections/routes



## Main Challenges:

1. Stops too far away from home and/or destination
2. Not frequent enough



## Top Priorities

1. More frequent off-peak and late-night service
2. New transit connections/routes
3. Longer operating hours



# Advisory Group Initial Recommendations for Advancing to World-Class Transit

## Customer-Experience Improvements



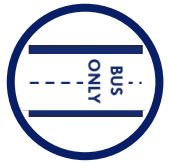
Integrate and align fare policies to provide consistent customer experience (e.g., transfers, youth fares, etc.)



Adopt shared service guidelines for when and how often transit operates and measure performance



Improve wayfinding, customer information, and amenities at transit stops



Implement bus priority strategies to get best value from high-frequency routes

## Administrative & Cost Efficiencies



Explore shared use of resources and assets and grouped procurements



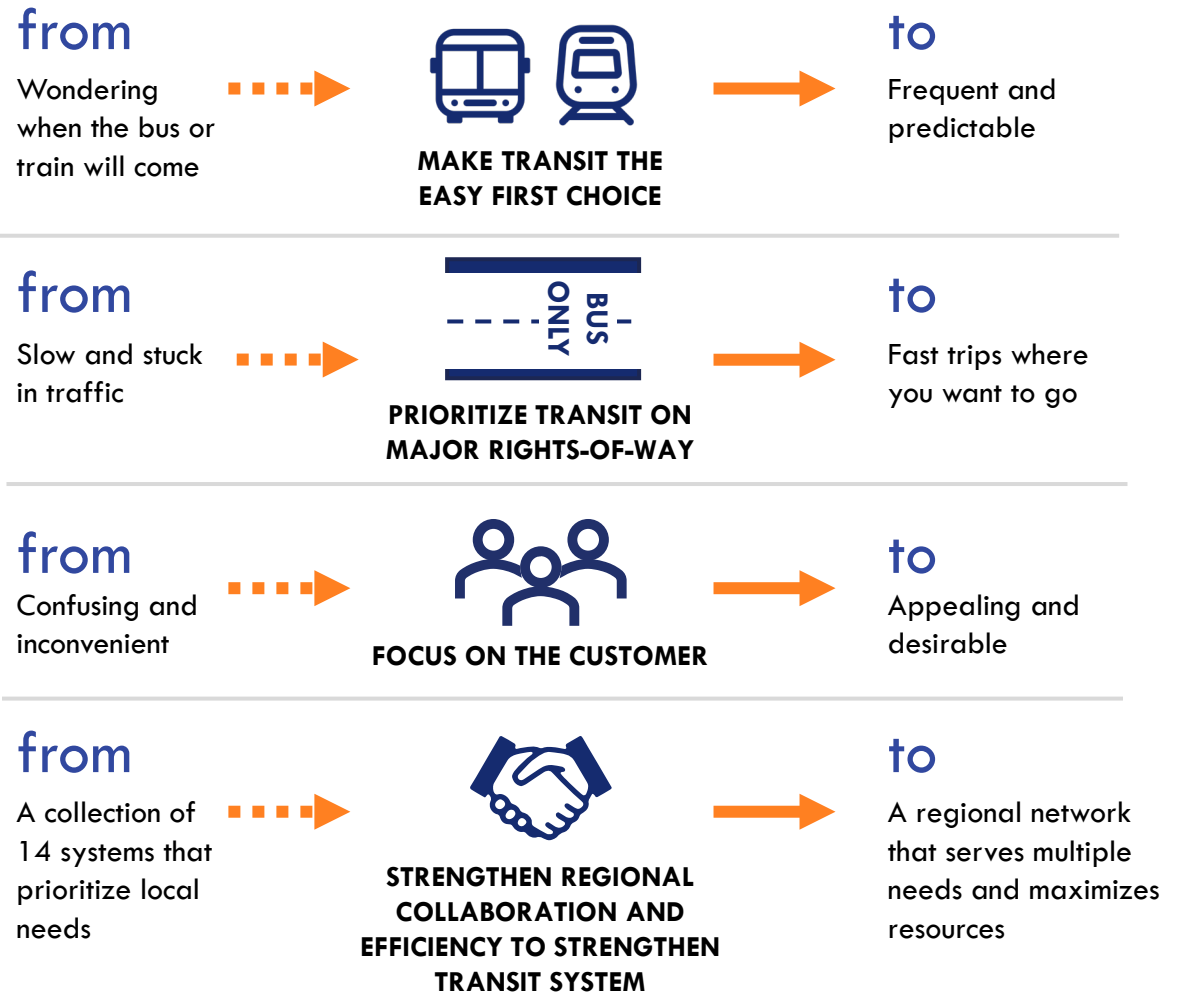
Make training, certification, and inspection programs more consistent across the region

**Action plans will be provided in November for Task Force adoption. Advisory Groups will provide more recommendations as the project progresses.**

## Acting on DMVMoves recommendations will transform the region's transit system by...

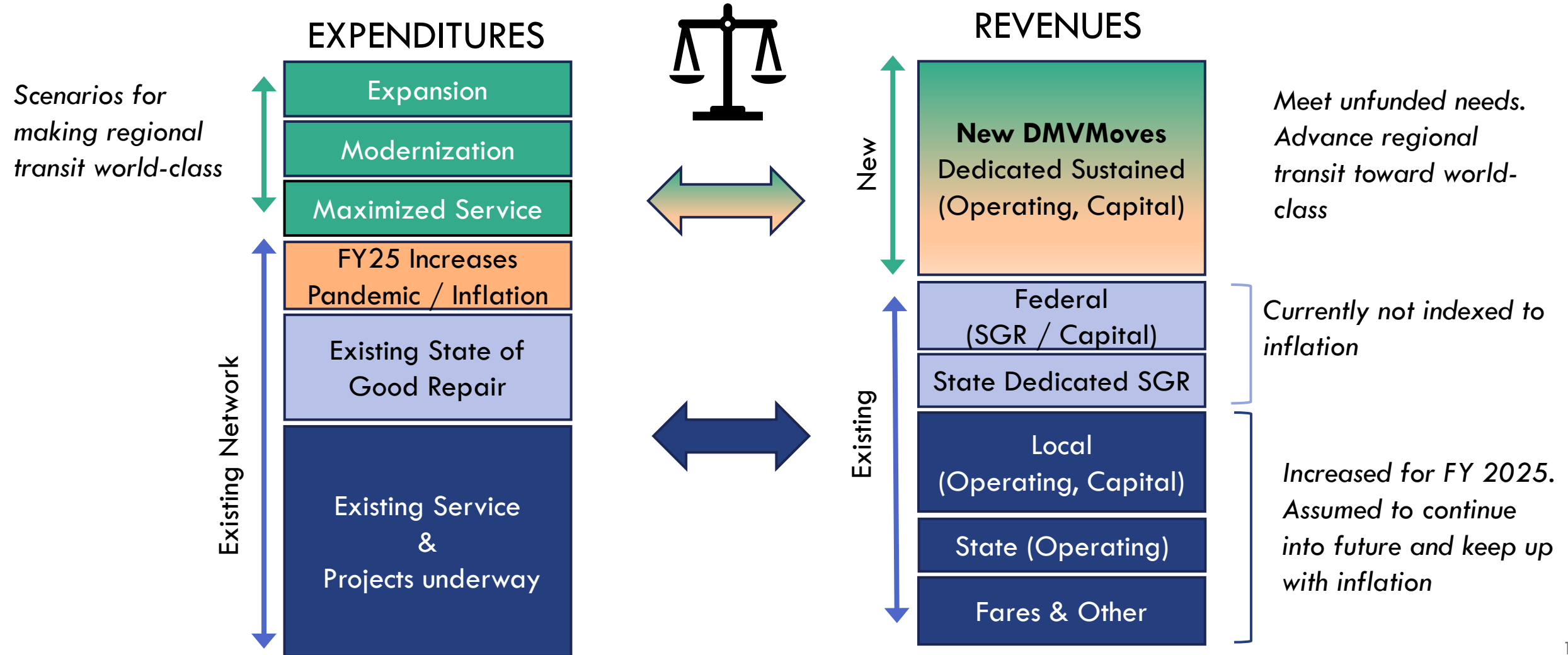
- Focusing on what customers want – fast, frequent, reliable, affordable transit service that is easy to use
- Maximizing utilization of existing roadways, bus routes, and rail lines to increase service availability and reliability
- Achieving service and cost efficiencies by making bus trips faster, coordinating service planning, and sharing resources
- Providing a seamless and consistently excellent customer experience
- Better achieving regional goals and maximizing the benefits of transit by providing the right type of service in the right places and the right times

...resulting in real changes for the users of the system:



# What DMVMoves Funding is Intended to Cover

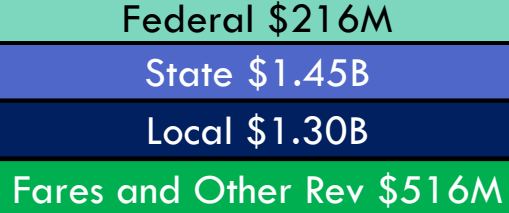
The transit services and capital needs of all transit operators that cannot be covered by existing funding structures.



# DMV Transit Spending FY2025

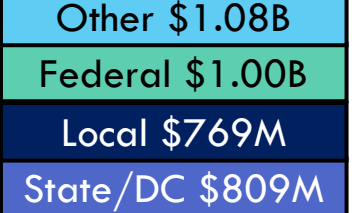
## FY2025 Operating

Total Regional<sup>1</sup>: ~\$3.5B  
 WMATA = ~70% (\$2.5B)



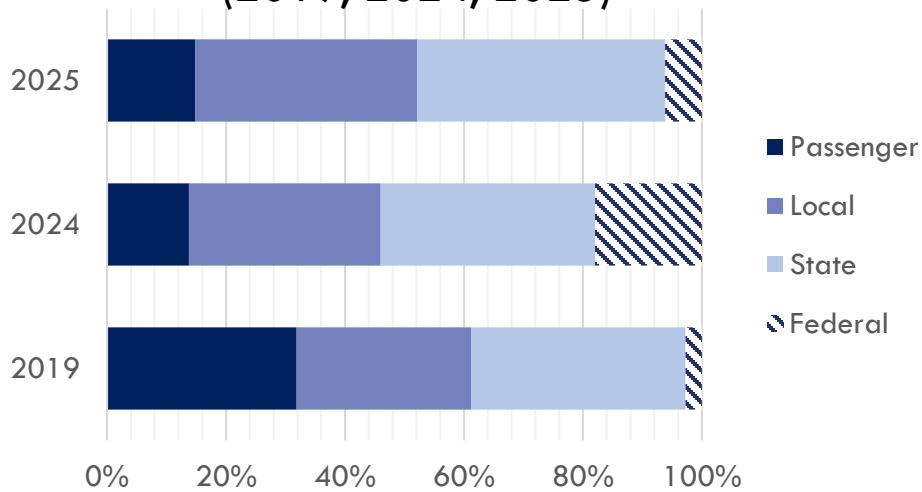
## FY2025 Capital

Total Regional<sup>1</sup>: ~\$3.6B  
 WMATA = ~70% (\$2.5B)

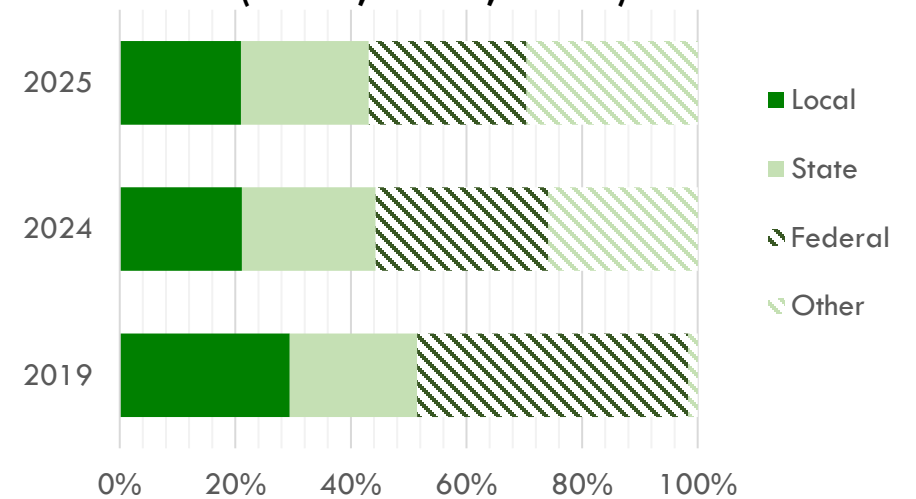


## Historic Funding Sources

Regional Operating Funding Sources<sup>1</sup>  
 (2019, 2024, 2025)



Regional Capital Funding Sources<sup>1</sup>  
 (2019, 2024, 2025)

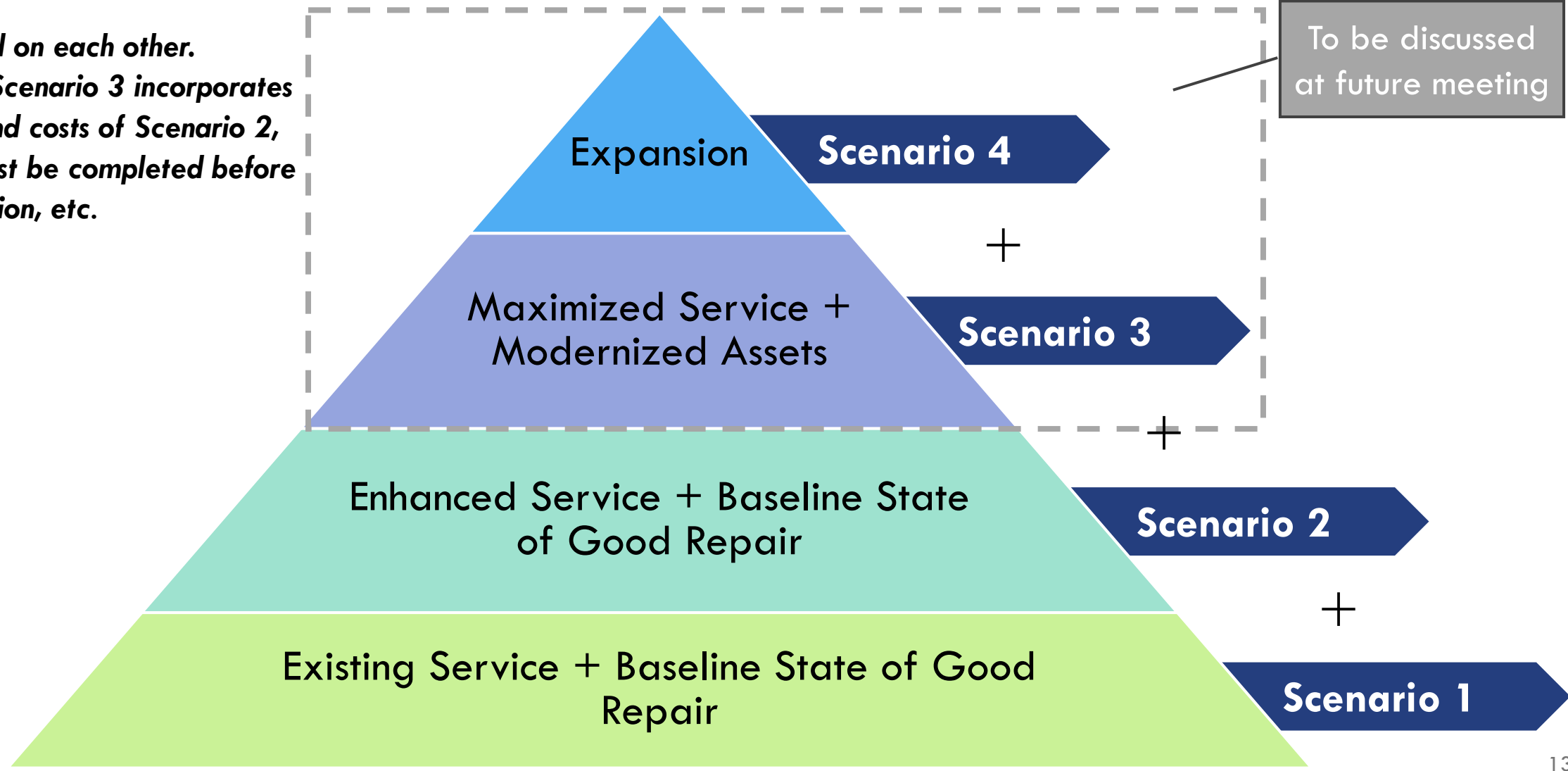


<sup>1</sup>Financial estimates developed by COG staff and consultants  
 Sources: Questionnaire responses, published budget books and National Transit Database.

# Potential Transit System and Funding Scenarios

Four scenarios for the Task Force to consider:

*Scenarios build on each other.  
For example, Scenario 3 incorporates the changes and costs of Scenario 2, Scenario 3 must be completed before system expansion, etc.*



# Scenario 1: Existing Service + Baseline State of Good Repair

## Description:

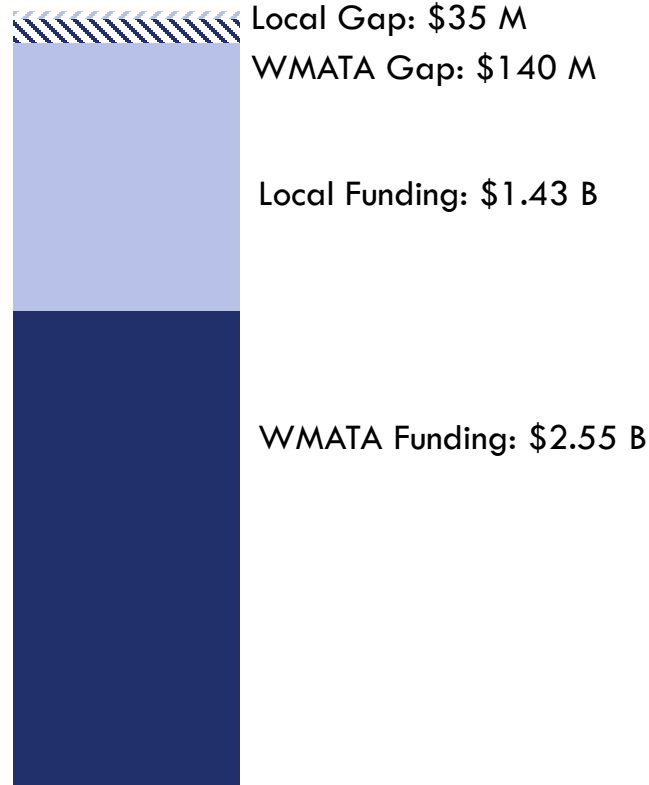
- All providers continue existing (FY2025) service levels
- Capital investments limited to necessary State of Good Repair
  - Not all SGR currently funded, primarily WMATA and VRE

## Estimated Funding Needs FY28 (\$YOE)

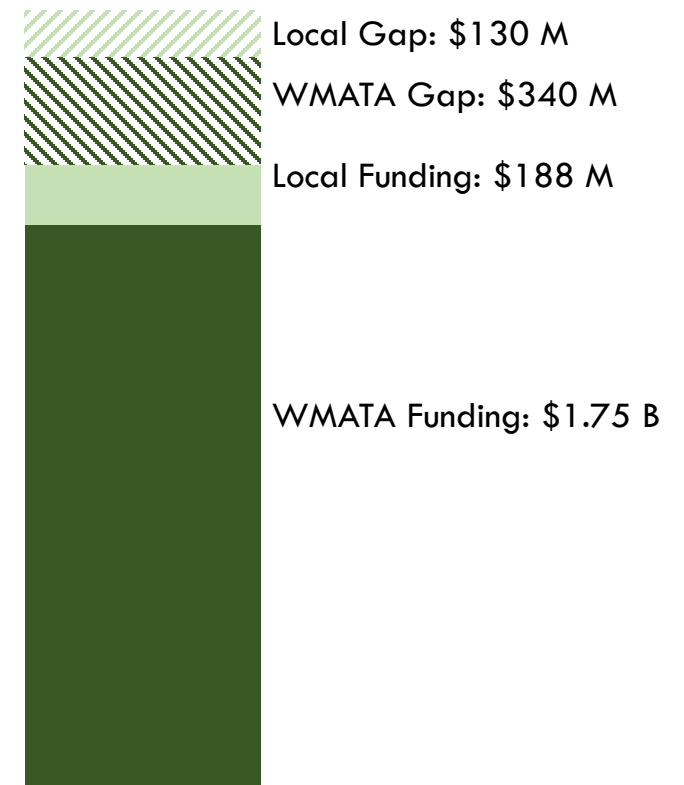
**FY28 Funding Gap:** ~\$645 million (~\$480M WMATA, \$165M local)

**Average Annual Funding Gap FY26-FY35:** ~\$818 million (\$2025)

**Total Operating: ~\$4.15 billion**



**Total Capital: ~\$2.42 billion**



# Scenario 2: Improved Service + Baseline State of Good Repair

## Description:

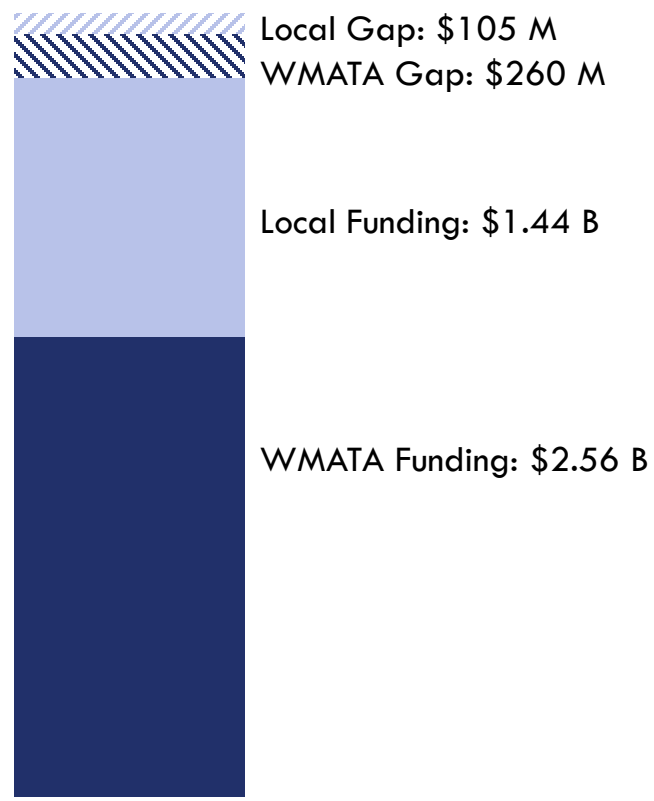
Scenario 1 State of Good Repair plus service improvements supported by existing infrastructure and vehicles:

- WMATA and the region implement Better Bus Visionary Network Phase 1
- MARC and MTA commuter bus
- Other increases in local bus service
- Optimized Metrorail service:
  - Increase service frequency
  - Increase use of 8-car trains
  - Expand weekend operating hours

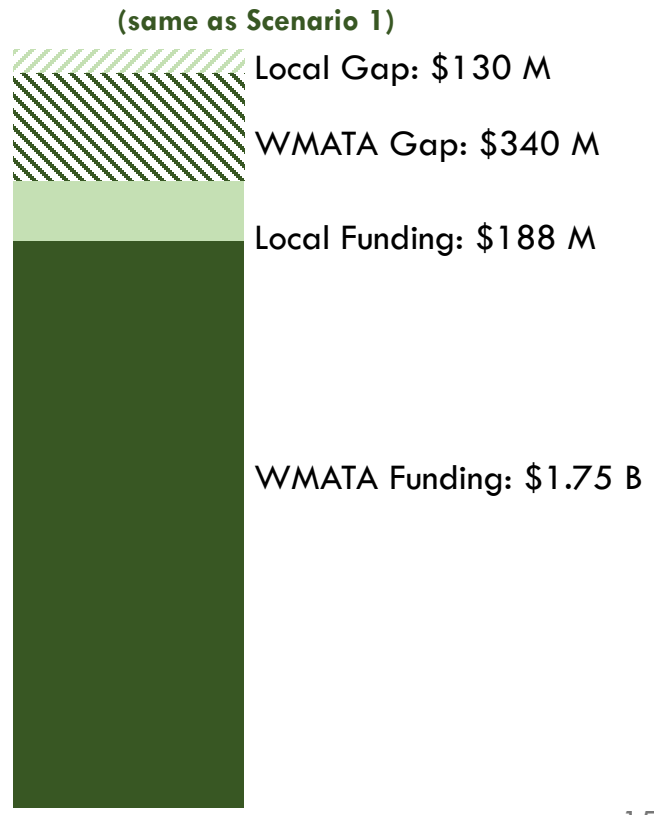
## Estimated Funding Needs FY28 (\$YOE)

**FY28 Funding Gap:** ~\$835 million (~\$600M WMATA, ~\$235M local)  
**Average Annual Funding Gap FY26-FY35:** ~\$1.01 billion (\$2025)

### Total Operating: ~\$4.37 billion



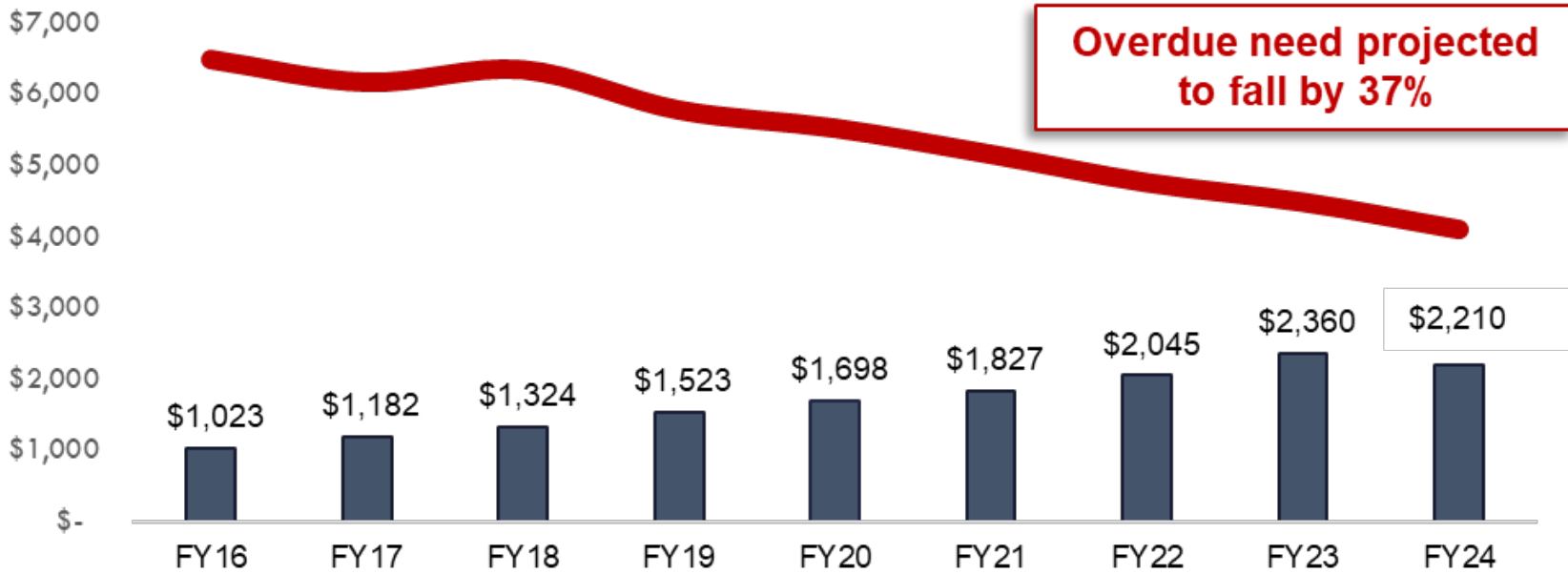
### Total Capital: ~\$2.42 billion



# WMATA's State of Good Repair Progress

## Dedicated Funding Allowed State of Good Repair Investment to Rise

Overdue State of Good Repair Need (\$m) & Total Capital Investment

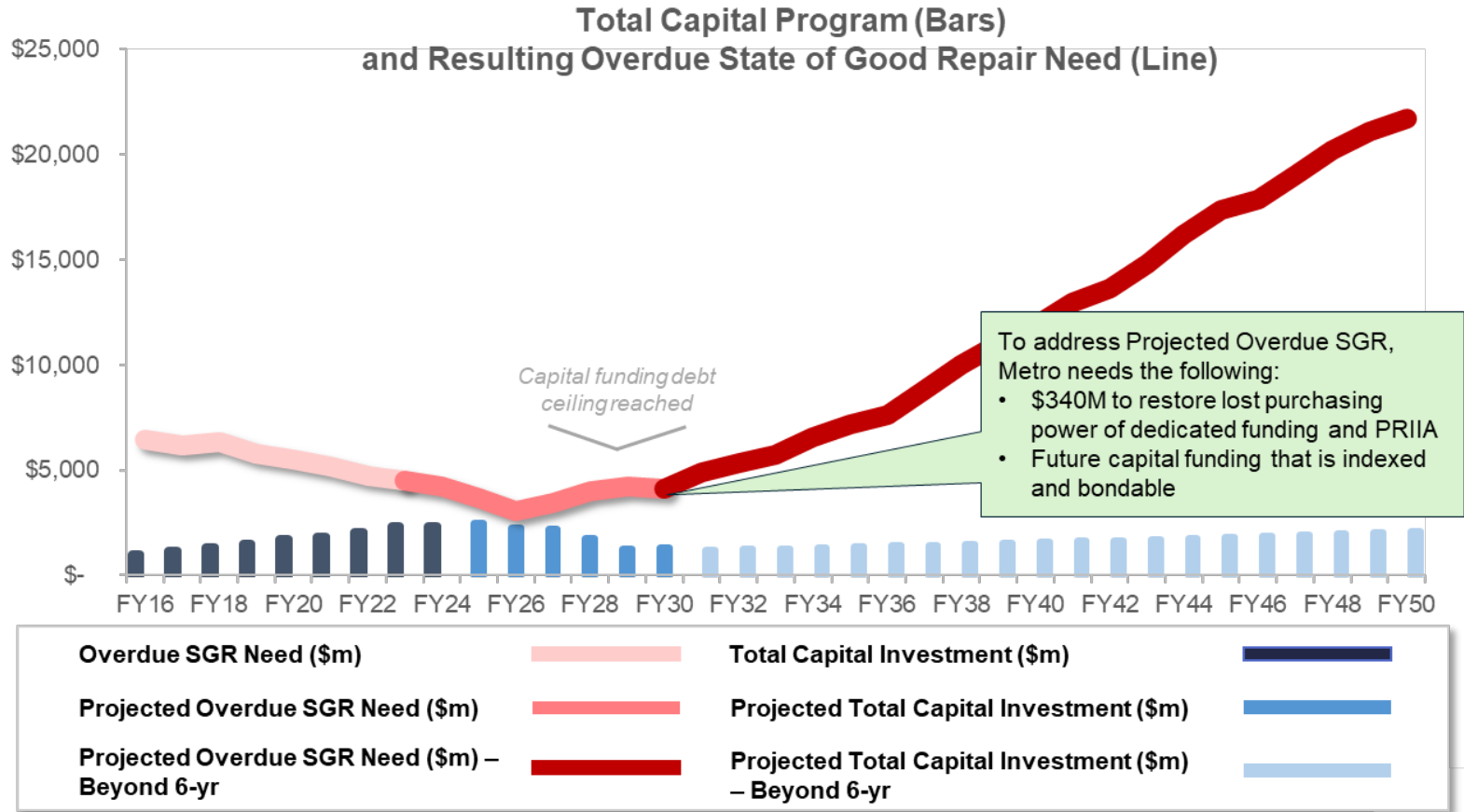


Overdue SGR Need (\$m) — Total Capital Investment\* (\$m) —



# Deficit Threatens Progress Made on State of Good Repair at WMATA

- Causes of WMATA’s deficit:
  - PRIIA and Dedicated Funding were not indexed to inflation
  - Unusually high inflation has reduced WMATA’s purchasing power
  - Capital funds are being used for preventive maintenance operating costs
- Borrowing capacity anticipated to run out by ~FY2028
- As backlog SOGR grows, performance and reliability decreases and risk increases
- WMATA must maintain essential SOGR programs to avoid asset failure, as experienced prior to SafeTrack and Platform Improvement projects
- Inadequate funding will result in declining reliability, worsening customer experience, and increased safety risk



# Addressing Overdue Needs and Sustaining Safety & SOGR at WMATA

*Predictable, Sustainable Investment Required to Address Overdue Needs & Support Safety and SOGR Programs*

## ADDRESSING OVERDUE CAPITAL NEEDS

### Substantial Progress (Highlights)

- Replacement of Legacy Railcars
- Track Rehabilitation
- Platform Program – 20 Stations Complete
- Yellow Line Tunnel Liner

### More To Do to Catch Up (Priority Needs)

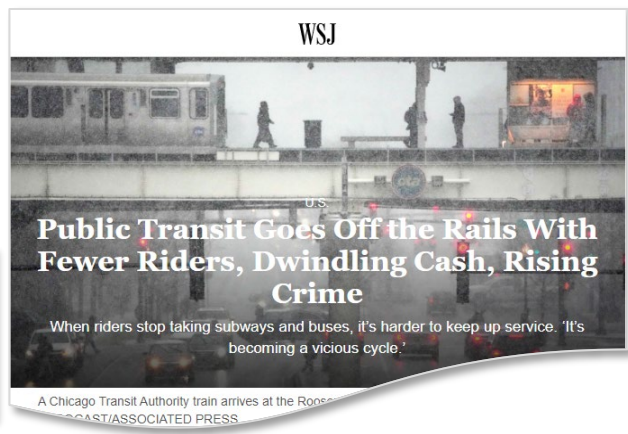
- Structures - Bridges, Platforms, Tunnels
- Systems - Train Control, Radio and Comms, Power
- Facilities - Bus Divisions, Rail Maintenance








## INVESTING IN ONGOING PROGRAMS TO SUSTAIN SAFETY & SOGR

### Recurring & Cyclical Maintenance, Rehabilitation & Replacement Programs

- |                        |                          |                    |                           |
|------------------------|--------------------------|--------------------|---------------------------|
| • Buses                | • Track                  | • Traction Power   | • Bus Customer Facilities |
| • Railcars             | • Parking Facilities     | • Signal Systems   | • Bus, Rail & Admin       |
| • Paratransit Vehicles | • Elevators & Escalators | • Lighting Systems | Maintenance Facilities    |
| • Service Vehicles     | • Mechanical Systems     | • Cooling Systems  |                           |

# Transit Funding Shortfalls Are a Nationwide Problem



Operating Deficits faced by U.S. Transit Agencies	 MBTA	 CTA	 LA Metro	 NJ Transit	 NY MTA	 BART	 Muni
<b>Deficit</b>	\$475 Million	\$400 Million	\$1 Billion	\$958 Million	\$3 Billion	\$340 Million	\$234 Million
<b>Year</b>	2026	2026	2026	2027	2025	2027	2028

Based on 2023 Bloomberg Study: [U.S. Public Transit Faces Funding Crisis Amid Remote Work](#)

# Success Requires Regional Leadership, Partnership, and Commitment

## Transit Agencies

- Grow ridership and fare revenue
- Contain cost growth
- Report performance, costs, efficiency using consistent approach and data
- Identify opportunities to share resources and unify technologies for cost efficiencies

## Jurisdictions

*State, counties, cities*

- Prioritize existing and create new revenue resources for transit to better align with goals
- Implement transit supportive land use policies

## Regional Approach

- Support new public dedicated revenues indexed to inflation for transit

## Federal Government

- Index PRIIA to inflation
- Federal support for operations

## Transit Users

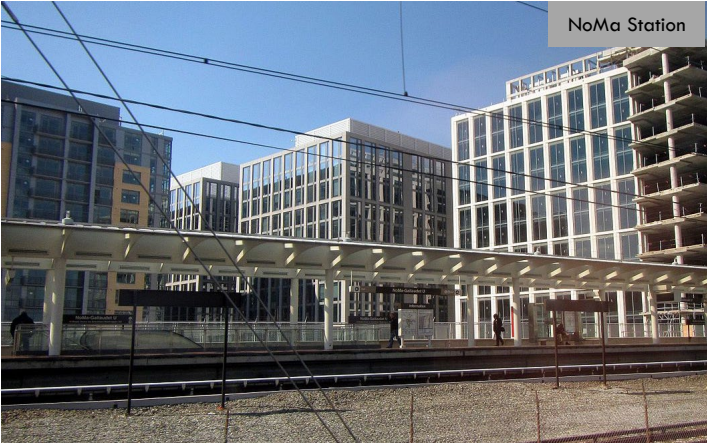
- Pay modestly increased fares to reflect inflation over time

# Strategy: Creating New Public Revenues

- Primary actors: States, counties, localities
- Potential mechanisms:
  - General sales tax
  - Motor vehicle sales tax
  - Fuel (gasoline and diesel) tax
  - Land value tax
  - Transit station area property tax
  - Real estate transfer fee
  - Hotel fee and Surcharges on for-hire vehicles (e.g. taxis, limos, Uber/Lyft)
  - Vehicle registration fee
  - Payroll tax
  - Tolls/congestion charge
  - Local assessments
  - Other

**The region has the economic resources:**

**\$1.38 trillion\***  
in Annual Regional Economic Activity  
(Gross Domestic Product) 2025-2050



\*CY2024 Gross Regional Product in current-year dollars. 2024 estimated based on applying average growth rate 2002-2022 to 2021 actual. Source: Bureau of Economic Analysis, County and MSA gross domestic product (GDP) summary

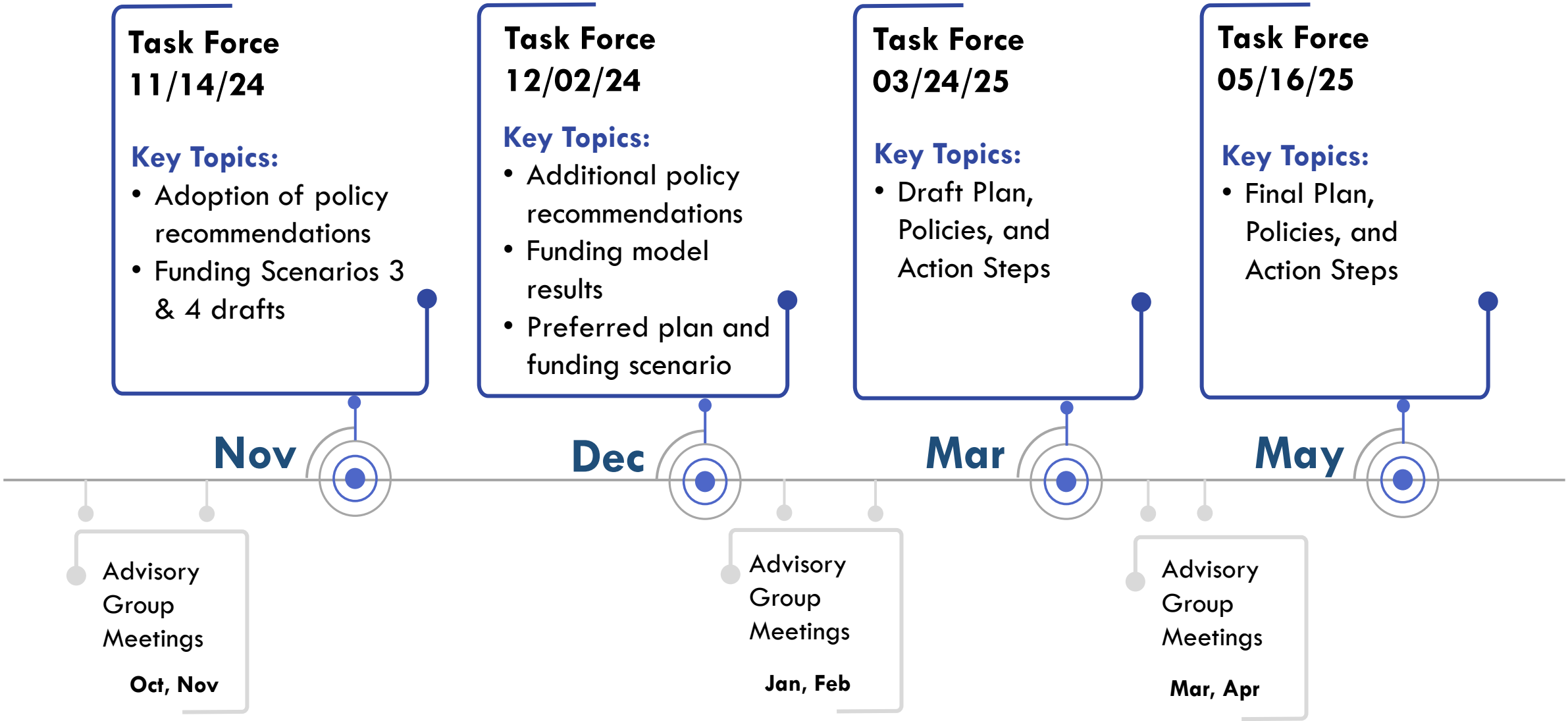
# Questions for Task Force Discussion

1. What **criteria** should the region prioritize when selecting a **reliable, sustainable funding** mechanism for transit?
2. Should the region aim for a **regional funding mechanism or a collection of state and/or local mechanisms** that address the need?

## Considerations:

- Likely to produce amounts needed
- Cost of borrowing, i.e., ability to bond
- Ability to maintain buying power over time, e.g., indexed to inflation and economic growth
- Who pays? E.g., residents, tourists, businesses
- Revenue volatility (sensitivity to economic conditions)
- Alignment with DMVMoves goals

# Project Schedule Look-Ahead



***THANK YOU***