



Moving our region forward, together.

# Task Force Meeting #2 Read-Ahead

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

### ***3. Advisory Group Recommendations***



# 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

# DMVMoves Community Survey

## Who we heard from:



**50%**

identify as women

**10%**

have a disability that  
impacts how they travel or  
use transit

**7%**

are students

**35%**

identify as Black,  
Indigenous, or People of  
Color (BIPOC)

**8%**

are younger than 24

**15%**

are older than 65

**71%**

are employed full-time



**20%**

earn household incomes  
less than \$75k

**39%** earn \$150k or more

**19%**

speak languages other  
than English at home,  
including Spanish (7%),  
French (3%), and Chinese  
(2%)

**2.49**

average household size

**29%**

live with people under the  
age of 18

**21%**

do *not* have a personal  
vehicle available for use



# Transit Aligned With That Vision

High-performance transit routes have several traits in common that drive success

## **Frequent Service:**

- 1 People can just walk up and go, don't need to plan based on schedules

## **Direct Route:**

- 2 The route serves major corridors without a lot of turns and deviations

## **Densities of People and Jobs:**

- 3 It serves areas with comparatively high concentrations of housing and businesses

## **Diverse Communities and Destinations:** It also serves areas with a mix of uses and diverse demographics

## **Urban Form and Walkability:**

- 5 Serves areas with good street grid and ped/bike connectivity

Metrobus 52/54/59  
14<sup>th</sup> Street NW, DC



Photo credit: User Swagging, WikiCommons

9 Routes (WMATA + ART)  
Columbia Pike, VA



Flash BRT  
US29, Montgomery County



Photo credit: Greater Greater Washington

Silver Spring Transit Center  
Hub connecting WMATA, MARC,  
bus routes, soon Purple Line



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

## *Customer-Experience Improvements*



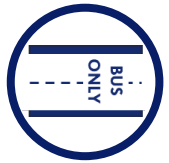
Integrate and align fare policies to provide consistent customer experience (e.g., transfers, youth fares, etc.)



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.**

# Recommendation: Adopt a Regional Fare Policy Framework

**What is it?** Develop and adopt a regional fare policy framework so customers can expect the same transfers, fare media, and fare discounts across the region.

## Benefits:

- Reduces barriers to transit use
- Increases transit ridership
- Reduces barriers stemming from income/affordability and simplicity

## Potential Topics:

- Transfers
- Youth fares
- Low-income fares
- Student / college passes

### Recent Local Example

VRE/MARC Cross-honor Program  
([August 2024](#))


- New collaborative agreement enables travelers to seamlessly transfer between MARC and VRE trains
- Promotes greater accessibility and affordability for the region's commuters

MARC travelers holding multi-trip passes can now travel on Virginia Railway Express on same ticket

Share   

WBALTV 

Updated: 3:00 PM EDT Aug 8, 2024

Infinite Scroll Enabled 

 **Hannah Hoffman**  
11 News Producer



Photo credit: Washington Post

# Recommendation: Implement Transit Priority on Key Corridors

**What is it?** Obtain commitments from state and local agencies and roadway owners to implement transit priority on high-frequency bus routes or key corridors with low bus speeds.

May include bus lanes, queue jumps, traffic signal priority, and/or off-board fare collection, depending on corridor context.

## Benefits:

- Faster customer trips
- Improves customer experience and satisfaction
- Improves reliability and potential for improved service frequencies
- Improves safety for bus operators
- Lower operating costs for same level of service

## Potential Topics:

- Selection of key corridors
- Bus priority action plan
- Commitments from state and local agencies, roadway owners

### Recent Local Example

Bus Lane Pilot Extension in Montgomery County ([August 2024](#))

- Almost seven miles of bus-only lanes on state roads – installed this summer for Red Line construction work – will stay in place through at least December as part of an extended pilot project agreement among the Maryland and Montgomery County Departments of Transportation, and WMATA

BUS > INFRASTRUCTURE

#### MDOT, Montgomery County Department of Transportation, WMATA to extend bus lane pilot through 2024

The bus-only lanes along Georgia Avenue and Colesville Road were installed this summer to help move shuttle bus customers along faster during the Red Line construction work.

Aug. 26, 2024

Related To: WMATA-Washington Metropolitan Area Transit Authority



# Recommendation: Regional Service Guidelines and Performance Reporting

**What is it?** Develop and adopt service guidelines that apply to all DMV transit providers while providing flexibility for local conditions. May include but not be limited to service days and hours, frequencies, stop spacing, and route productivity metrics. Standardized data and reporting of those metrics.

**Benefits:**

- Improves customer experience
- Provides a seamless experience across the entire region
- Allows customers to consider trips that require use of multiple operators; can help grow ridership

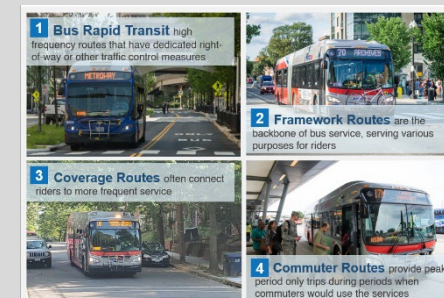
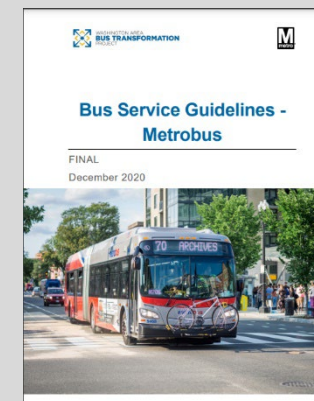
**Potential Topics:**

- Developing regional service guidelines
- Data standards and performance measures

Local Example

WMATA's Bus Service Guidelines

- Service standards that include service types/classifications, operating guidelines, and performance measures and targets
- Developed in 2020 and due for an update



[Link to Guidelines](#)



# Recommendation: Regional Stop Design and Wayfinding Guidelines

**What is it?** Develop regional guidelines for transit stations and stops, based on service type, that includes design, signage, and amenities such as customer information, seating, shelters.

## Benefits:

- Retains and even grows ridership
- Provides uniformity and easy navigation for customers, operators
- Ensures compliance with ADA regulations
- Enhances mobility and connectivity
- Streamlines maintenance for transit agency

## Potential Topics:

- Regional transit stop and sign design
- Customer information and wayfinding strategies/design

### Local Example

#### Better Bus Flags

- Better Bus Network Redesign will change route alignments and route names at 9,300 stops across the region in 2025
- Opportunity to update bus flag design to better meet customer needs and align regional designs



Current Bus Flags



Draft Bus Flag Design Concept

# Recommendation: Shared Use of Resources and Assets, Grouped Procurements

**What is it?** Maximize sharing of physical resources among all transit agencies for administrative, fiscal, procurement, technology, operations, and maintenance functions.

## Benefits:

- Realizes cost savings through increased buying power
- Potentially reduces number and level of assets for same service
- Improves performance and cross-training of technical staff
- More transparent customer and public information

## Potential Topics:

- Inventory of common/consistent transit agency purchases
- Trial group procurements for basic necessities
- Shared, regional bus procurement

### Local Examples

#### COG Cooperative Purchasing

- Baseline feature set for interoperable radios – gives agencies a clear list of what a radio needs to communicate with all their neighbors; discounts are historically between 25% - 40%; allows for other promotion and saving opportunities like trading in old equipment to get further savings.
- Diesel fuel procurement – about 20 jurisdictions using it, with a historical annual savings across the region of roughly \$500,000 per year (between 3 and 8% under market rates, depending on location)

# Recommendation: Consistent Training and Certification Requirements Across Region

**What is it?** Coordinate the provision of high-quality training programs for transit jobs. Streamline and make more consistent job qualifications for transit jobs and the requirements and certification processes for transit asset inspections and permits.

**Benefits:** Creates efficiencies by reducing costs to deliver service across the three jurisdictions.

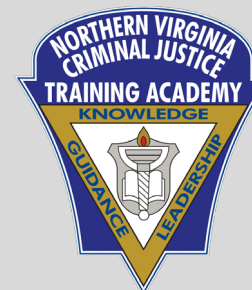
## Potential Topics:

- Inventory of transit asset inspection/certification requirements
- Potential for unified training program for rail and bus operators

### Local Example

Northern Virginia Criminal Justice Academy (NVCJA)

- A regional academy offering high quality, professional training to recruit officers who will go on to serve for agencies in Northern Virginia
- The Academy is host to 17 participating police and sheriff agencies from Northern Virginia and the District of Columbia



## 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:

from

Wondering when the bus or train will come



**MAKE TRANSIT THE EASY FIRST CHOICE**



to

Frequent and predictable

from

Slow and stuck in traffic



**PRIORITIZE TRANSIT ON MAJOR RIGHTS-OF-WAY**



to

Fast trips where you want to go

from

Confusing and inconvenient



**FOCUS ON THE CUSTOMER**



to

Appealing and desirable

from

A collection of 14 systems that prioritize local needs



**STRENGTHEN REGIONAL COLLABORATION AND EFFICIENCY TO STRENGTHEN TRANSIT SYSTEM**



to

A regional network that serves multiple needs and maximizes resources

## ***4. Regional Transit Funding***



# Typical Transit Budgets

Transit agencies generally have two types of budgets: an operating budget and a capital budget

## Operating Budget

Funds the day-to-day expenses of providing transit service, keeping trains and buses moving, making repairs, providing security, and helping customers



## Capital Budget

Funds ongoing state of good repair, modernization and replacement of assets and systems, and projects that expand system capacity and access



With limited exceptions, transit agencies **cannot spend capital funds on operating costs.**

With exceptions (like during emergencies), the **Federal government does not fund operations.**

Many of the sources our region uses are not indexed to inflation, so **they lose value over time.**

Federal competitive grants require local match funds. For larger projects, this funding is often not available.

# Transit Operating Budgets

The Operating Budget covers the day-to-day costs of running bus, rail, and paratransit service.

Those costs cover both the services used by customers **and** a wide range of support and administrative activities. For all transit agencies, the largest operating costs are wages and benefits.

## Transit Service



## Transit Support

### Operations & Maintenance

Bus Garages | Railyards | Track |  
Structures | Stations | Signals |  
Escalators/Elevators | Fare Collection |  
Maintenance Equipment and Vehicles

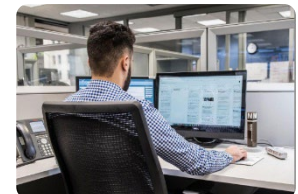


### Police & Security



### Administrative Support

Management | IT | Communications  
Human Resources | Planning | Finance  
| Safety, Oversight, and Compliance



# How Transit Operating Needs Are Funded

Operating budgets for transit agencies are sustained by a diverse range of funding sources, crucial for providing service and covering operational expenses.



## Passenger Fare Revenues

- Transit agencies collect revenue from passenger fares
- Dependent on ridership and the current fare/rate structure for each mode



## Non-Fare Revenues

Transit agencies can generate revenue from:

- Parking
- Advertising
- Joint development
- Fiber optic
- Reimbursable projects
- Miscellaneous items (e.g., machine companies, surplus asset disposal)



## State and Local Funding

- Financial support provided by governments at the state and local levels
- This support comes in various forms, such as direct grants, tax revenues, or dedicated funding streams.

### Examples of Existing Tax Revenues

Gasoline tax, sales tax, parking tax, payroll tax, property tax, ad valorem tax

Federal support for operations is generally only available to agencies serving areas with fewer than 200,000 residents and for emergencies like the pandemic.

# Budget Flexibility: Fixed and Variable Costs

Structural factors affect transit operating costs and productivity

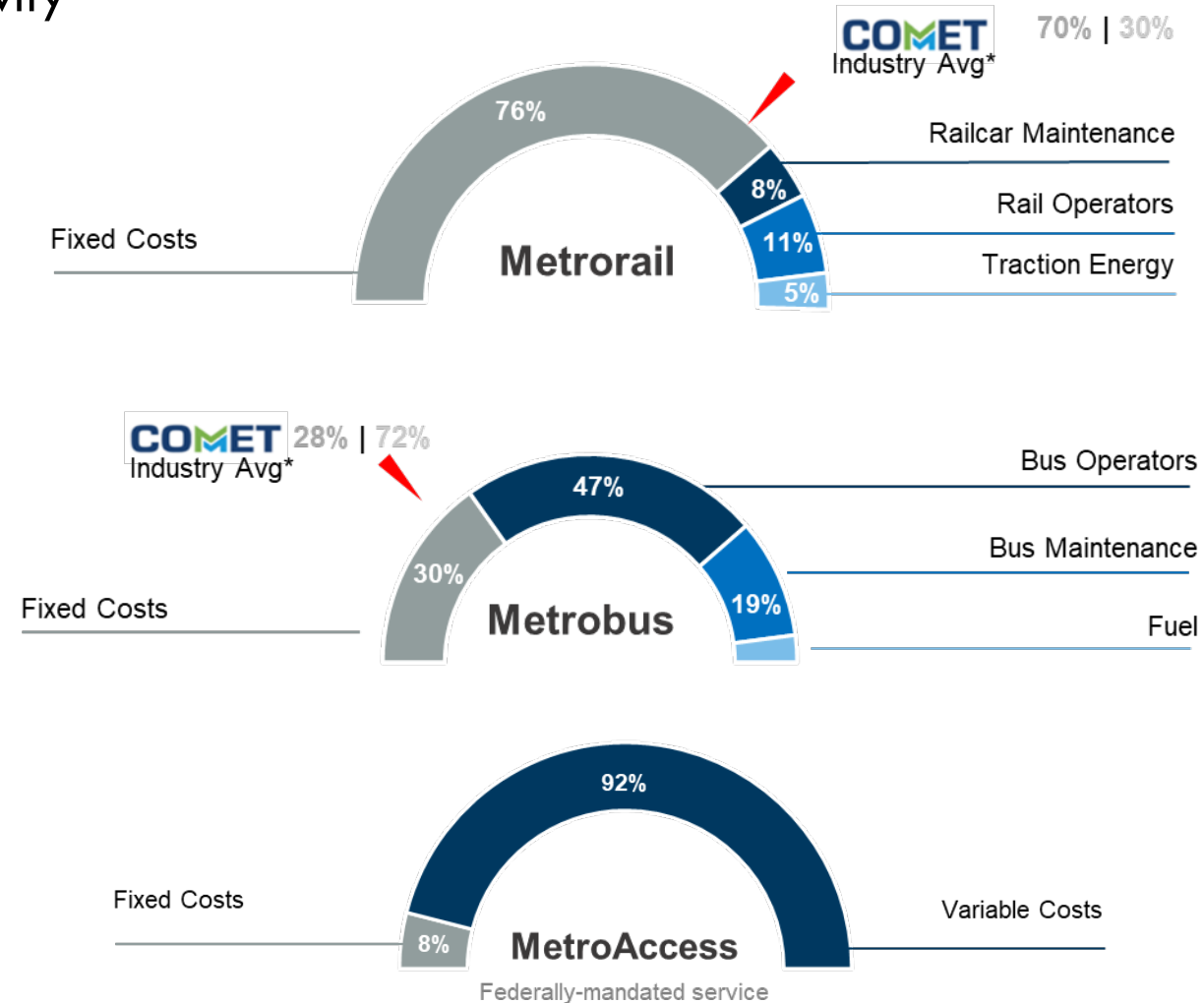
## Variable Costs can and do vary with service levels

Includes the staffing and resource costs of providing service, including the number of rail and bus operators and hours worked, fuel or power for vehicles, and maintenance for daily upkeep

## Fixed Costs do not vary with changes in service levels or fares, but can change for other reasons

Includes ongoing and consistent repair and replacement of assets that make up the region's investment in the transit network, such as vehicles, stations, garages, and rail tracks

Also includes support and customer services transit agencies provide regardless of service levels, such as police /safety services and information technology (IT)



WMATA's fixed costs are comparable to peers

# Example of Fixed vs. Variable Costs in Operating Budget

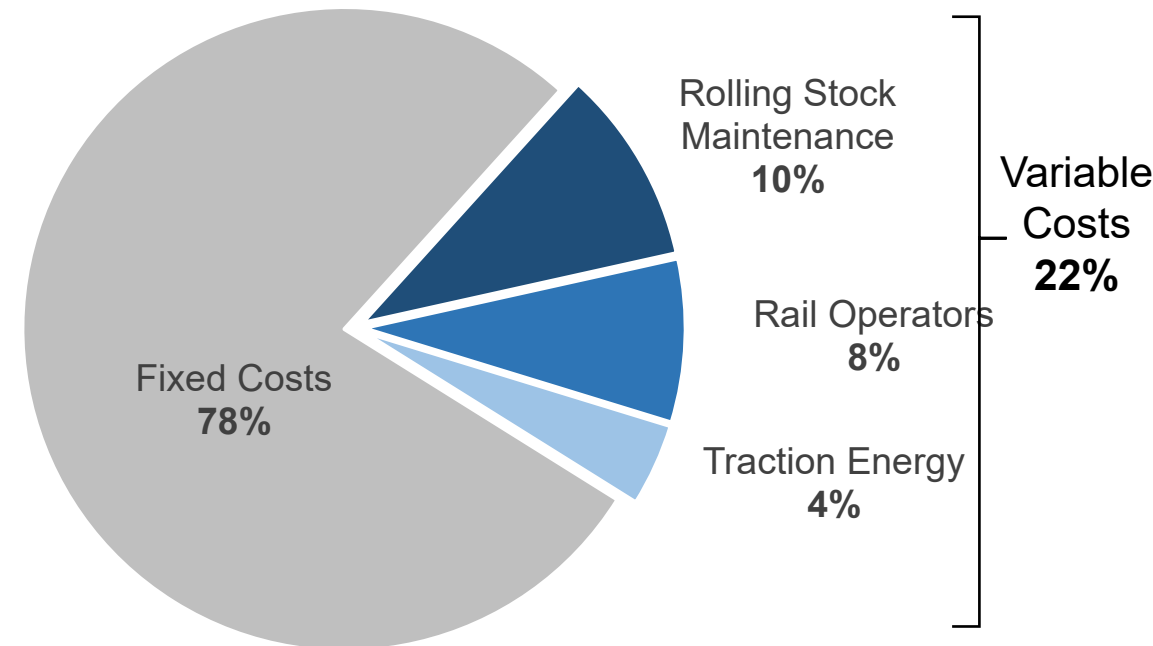
- Metrorail costs are primarily operating and maintaining system assets
- As a result, modifying service levels has relatively small budget impact
- Due to the high ratio of fixed costs, only a very large service reductions would achieve substantial cost savings. That scale of service reduction may be impossible to recover from.

## Example from FY2024 Budget Planning

- An 11% increase in rail service would have grown the budget by 1.4%
- Conversely, service cuts would contribute relatively small direct savings

### FY2023 Metrorail Costs

Share of \$1.3B Rail Operating Budget

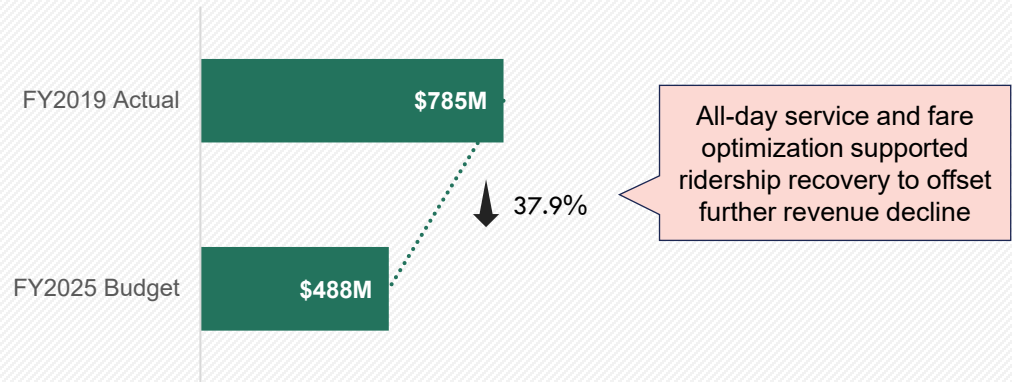







# WMATA Operating Cost and Revenue Drivers

## System-Generated Revenue

\$ in Millions

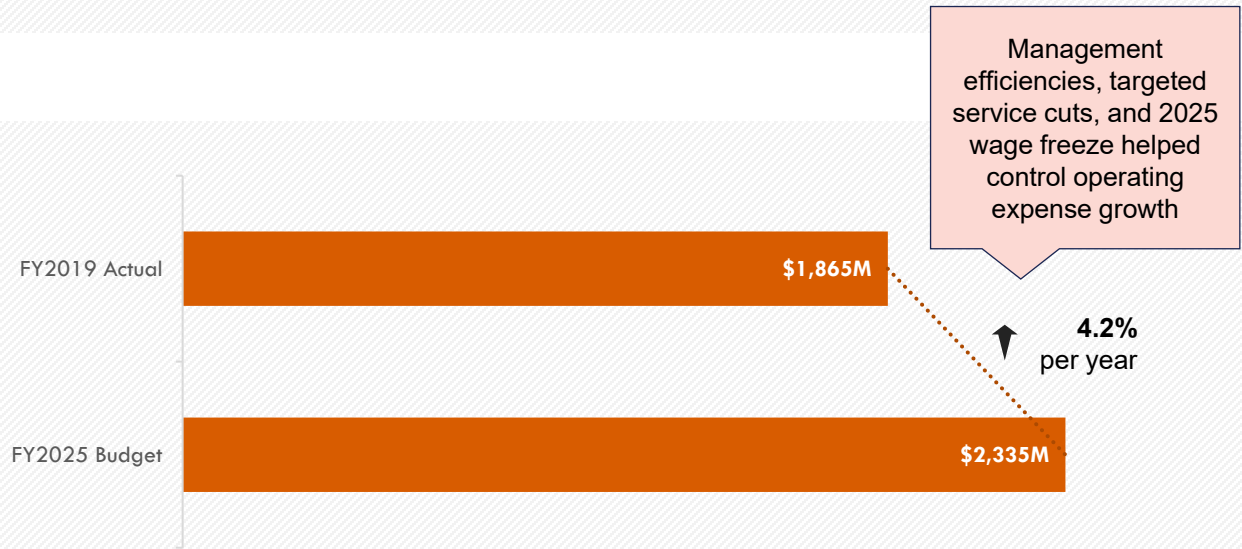





## Changes – 2019 to 2025 Budget

-  **Change in Ridership Patterns:** Passenger Revenue decreased **42%**
-  **Decrease in Parking:** Parking Revenue decreased **53%**
-  **Slowdown in Advertising:** Advertising Services decreased by **28%**

## Operating Expenses

\$ in Millions



-  **System Expansion:** Silver Line Phase 2 and addition of Potomac Yard Station account for more than **25%** of cost growth
-  **Contractual Commitments:** Personnel expenses increased by **30%** driven by collective bargaining agreements. Services expense increased by **25%**
-  **Historic Inflation:** Fuel expense increased by **44%**. Utilities expense increased by **28%**

FY2025 Budget estimates are based on the FY2025 Budget approved by the WMATA Board of Directors.  
 WMATA's FY2025 is July 1, 2024 to June 30, 2025

# Transit Capital Programs and Budgets

Capital programs include projects and rehabilitation programs to enhance the safety of transit systems for customers and employees; improve the customer experience; and expand, modernize, and maintain infrastructure in a state of good repair.

## Investing in New, Modern Vehicles



## Maintenance Facilities



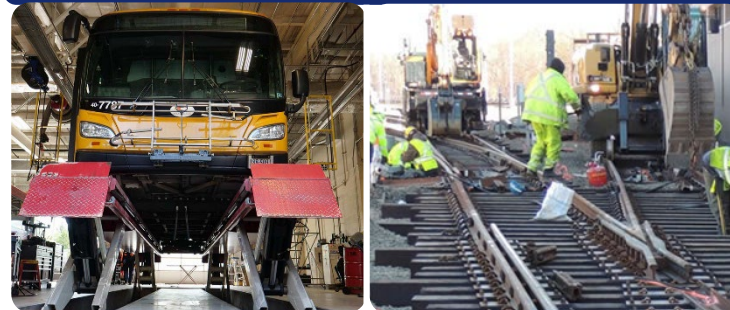
## Modernization



## Improving Stations and Bus Shelters



## State of Good Repair



## Expansion



# How Transit Capital Needs Are Funded

Capital budgets are funded through a variety of sources to support the necessary investments and improvements in transit infrastructure.



## Federal Funding

- Annual federal funding through Bus and Bus Facilities (5339), Urbanized Area (5307), State of Good Repair (5337) programs
- DOT Passenger Rail Investment and Improvement Act (PRIIA) provides a fixed amount of capital funding each year (WMATA)



## State and Local Funding

- Financial support provided by governments at the state and local levels
- These subsidies can come in various forms, such as direct grants, tax revenues, or dedicated funding streams



## Competitive and Project Specific Sources

- Competitive programs include DOT RAISE and FTA Low- or No- Emission Vehicle
- FTA Capital Investment Grants (New Starts, Small Starts, and Core Capacity)
- Third-party sponsored projects



## Debt Financing

- Transit agencies can utilize debt financing by issuing bonds or securing loans to raise capital for large-scale infrastructure projects
- Requires a funding stream to support debt repayment

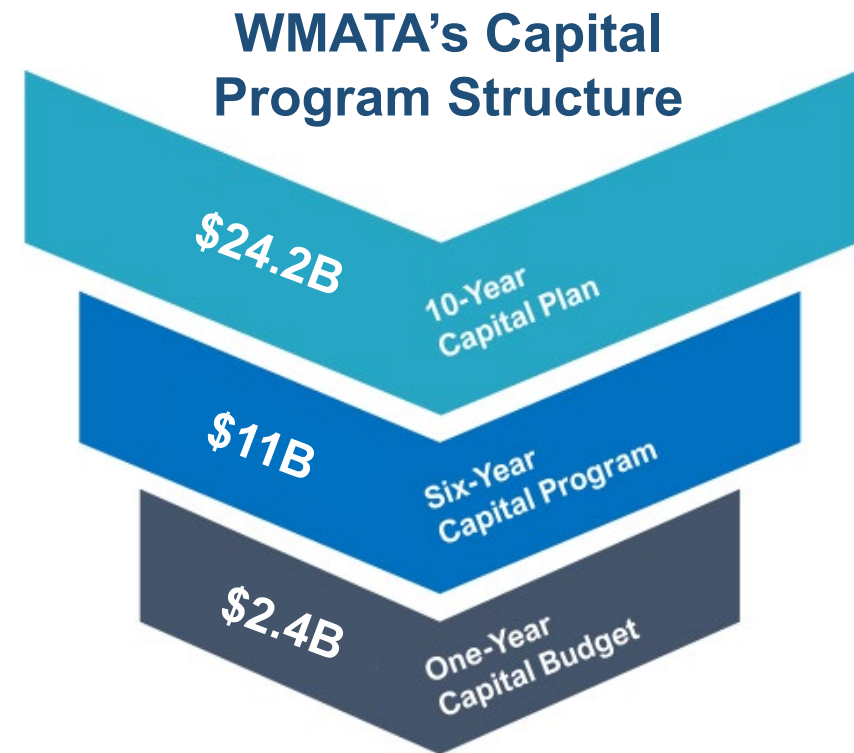
Federal funding, an important capital funding source, requires a non-federal match and compliance with applicable regulations.



## WMATA's Capital Program

WMATA 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.

- Invest in the system to modernize and provide safe, efficient, and reliable service for customers, employees and the region
- Address the backlog of overdue state of good repair needs
- Sustain safety and reliability through recurring maintenance, rehabilitation, and replacement programs
- Maintain financial stewardship and ensure audit compliance
- Reduce capital administrative expenses (by \$25 million annually)
- Support a sustainable and more equitable future for the region



### 10-Year Capital Plan

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

### Six-Year Capital Improvement Program

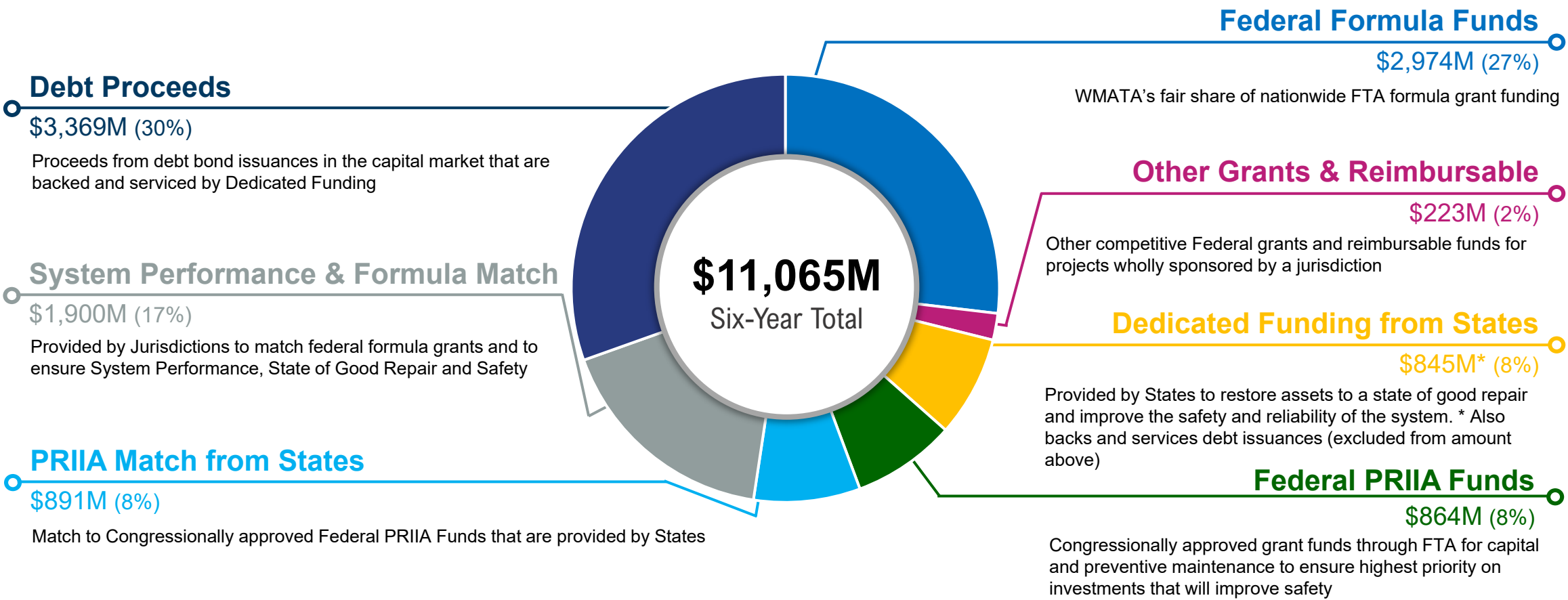
Capital investments anticipated for, or continuing in, six-year capital program

### One-Year Capital Budget

Expenditure forecast for capital projects and programs in current budget year

# WMATA’s Estimated \$11 Billion Capital Funding Investment for FY2025 – FY2030

Declining capacity for capital projects, state of good repair programs, and preventive maintenance transfers





# The Critical Value of State of Good Repair

- State of Good Repair investments replace obsolete assets and infrastructure
- Improves safety and reliability
- Adequate funding is **essential** to meeting customer needs and keeping transit – and the region – moving

BEFORE



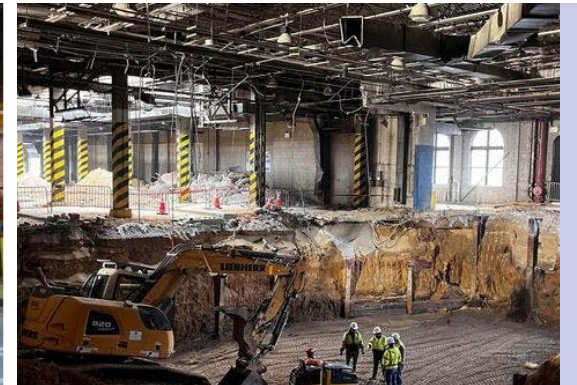
AFTER

Example: Platform Improvement Project

BEFORE



Example: Northern Bus Garage

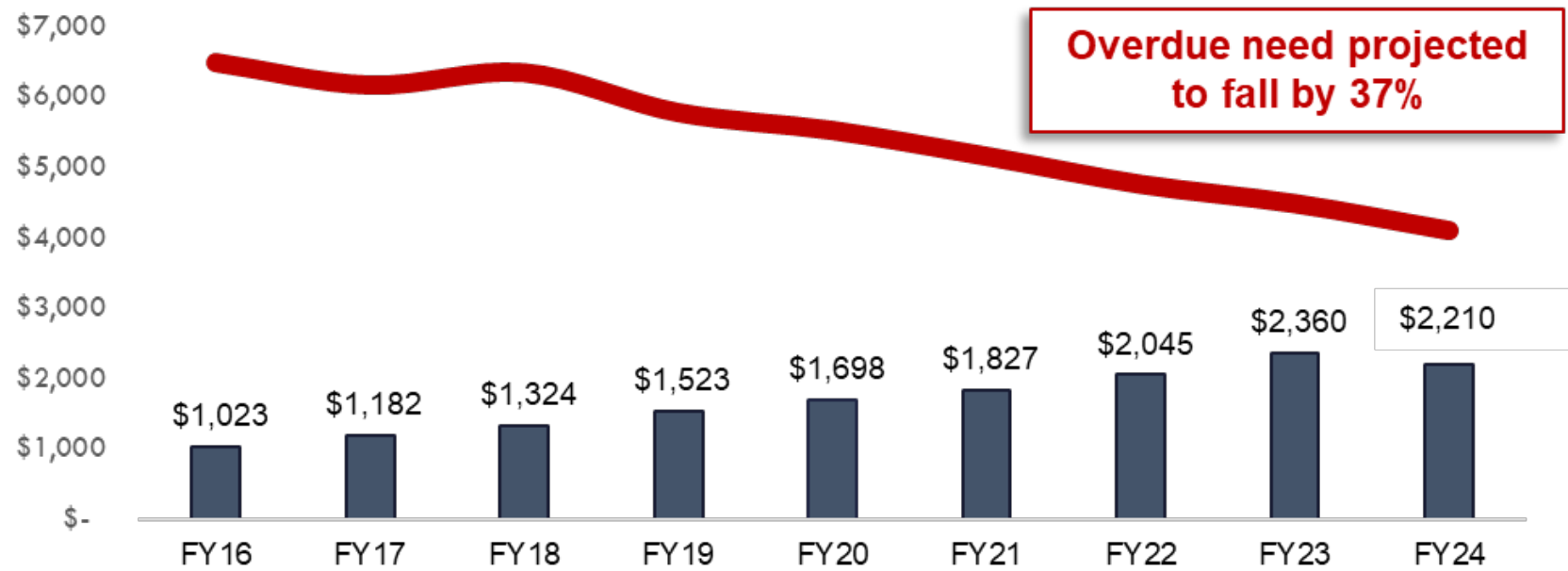


UNDER CONSTRUCTION

# WMATA's State of Good Repair Progress

Dedicated Funding Allowed State of Good Repair Investment to Rise

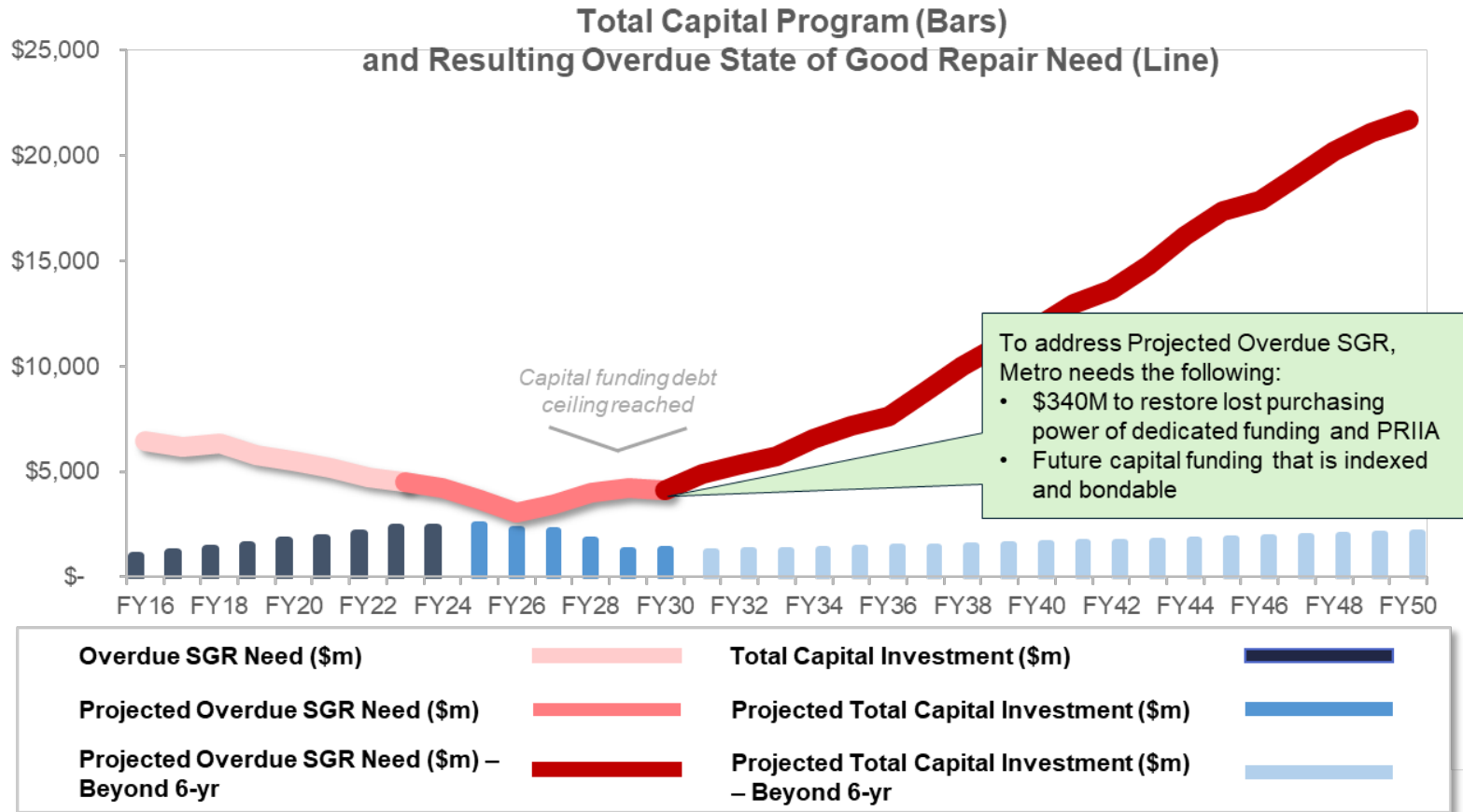
Overdue State of Good Repair Need (\$m) & Total Capital Investment



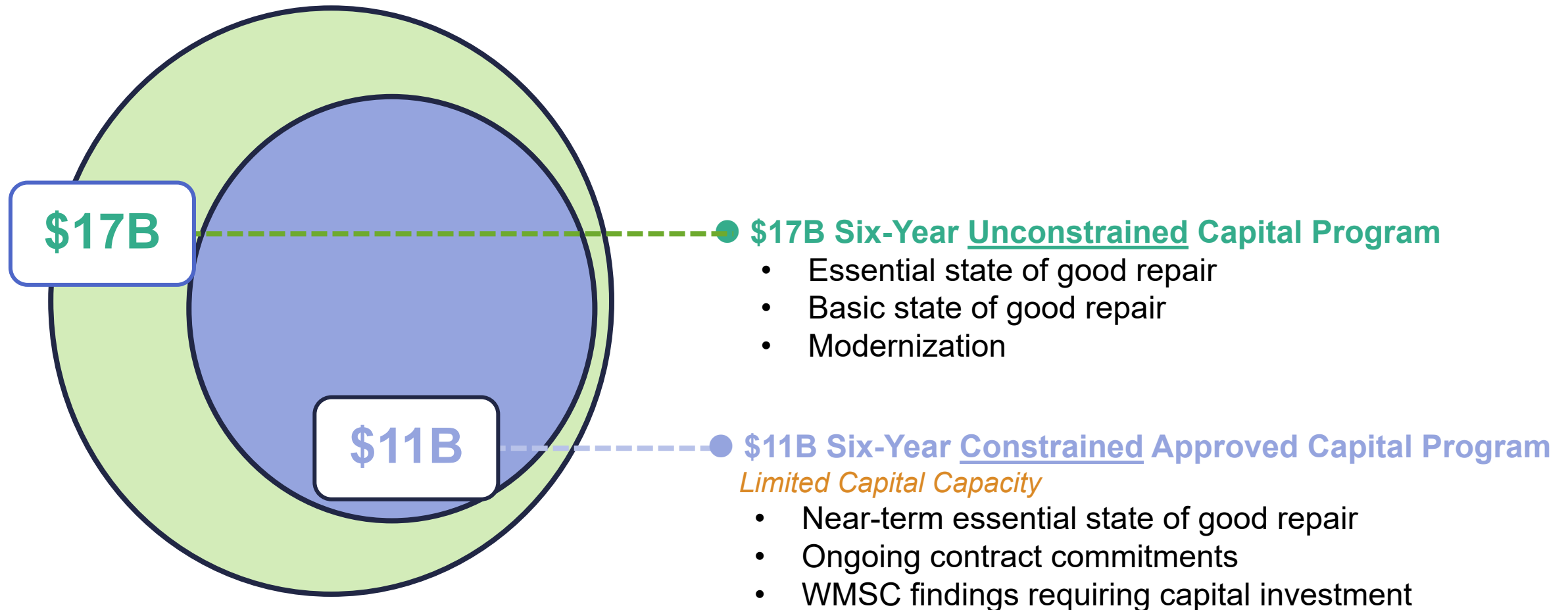
Overdue SGR Need (\$m) — Total Capital Investment\* (\$m) —

# 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



# Shrinking Resources at WMATA Means Deferring State of Good Repair, Modernization, and Reliability Needs





# 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

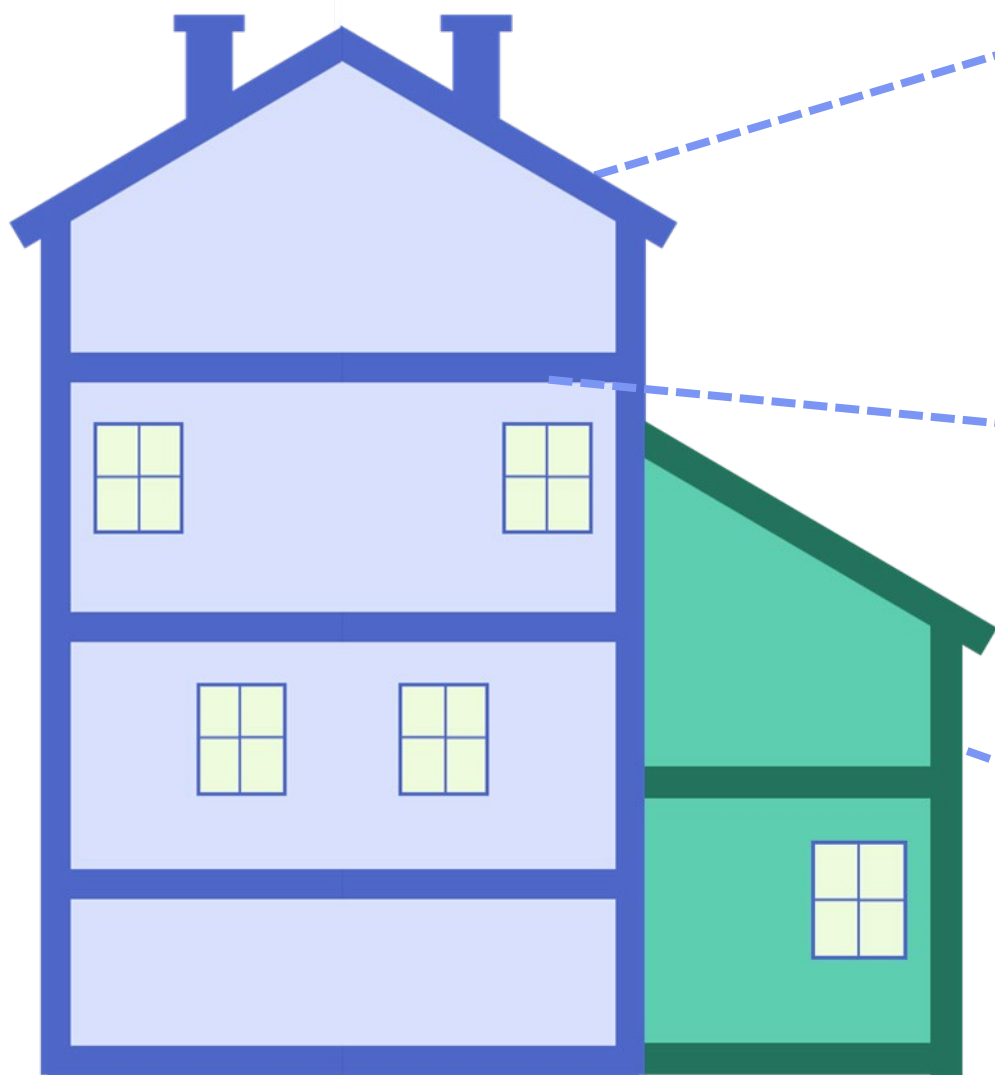
## INVESTING IN ONGOING PROGRAMS TO SUSTAIN SAFETY & SOGR

### 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  |                           |



# General Types of Capital Investments (Similar to a House)



**State of Good Repair:** Repairing and replacing assets to make them safer and more reliable, or to improve efficiency

House: Repairing the roof, replacing the water heater with a modern tankless water heater, fixing flood damage and installing a basement sump pump to mitigate future risks

Transit: Repairing track, replacing old buses with new ones that have latest safety technology, digital train control

**Modernization:** Enhancements that make existing structures and systems work better, achieve cost efficiencies, and/or reduce environmental impacts.

House: Retrofit older home with a whole-home fire sprinkler system, installing solar panels, installing “green” HVAC, etc.

Transit: Zero-emissions buses, bus lanes, platform screen doors

**Expansion:** Projects that expand the size, reach, access, and/or capacity of a system.

House: Adding new rooms, garages, sun porches, or other common areas to your home

Transit: New rail lines, BRT, and bus routes

# Examples of Capital Investment Types in WMATA's Capital Program

## Major Investment Programs & Needs

### State of Good Repair

*Reinvestment in Metro system  
& existing assets*

- Infrastructure and systems renewal
- Vehicle replacements and rehabilitations
- Maintenance and support facility replacement and rehabilitations

### Modernization

*Modernize, optimize & maximize  
existing Metro system*

- Zero emission bus transition
- Better Bus Visionary Network
- Additional railcars for service frequency and capacity improvements

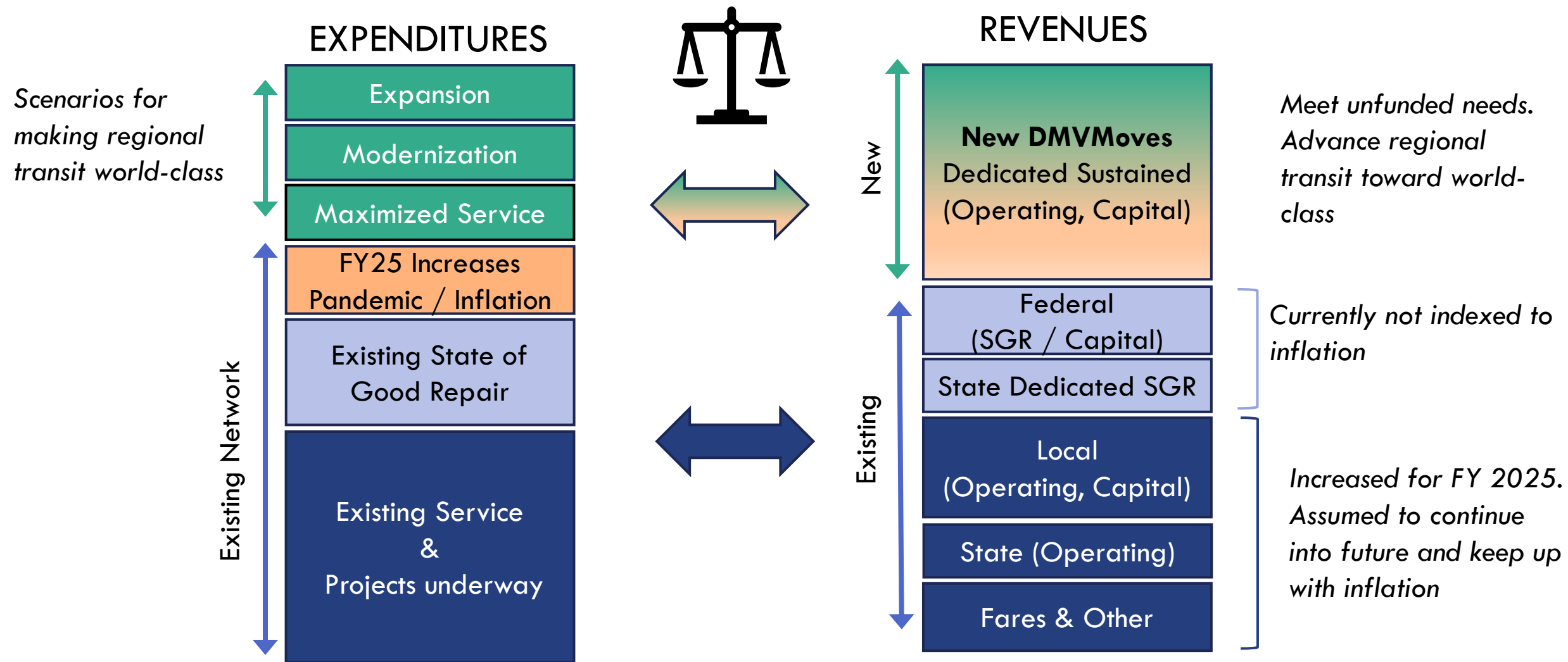
### Expansion

*Potential additions to  
Metro system*

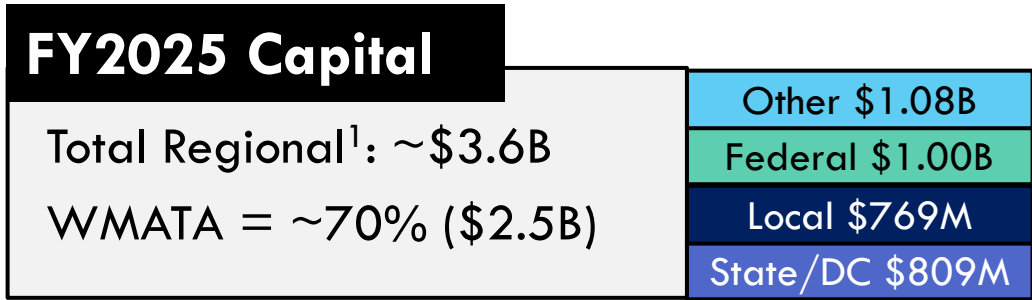
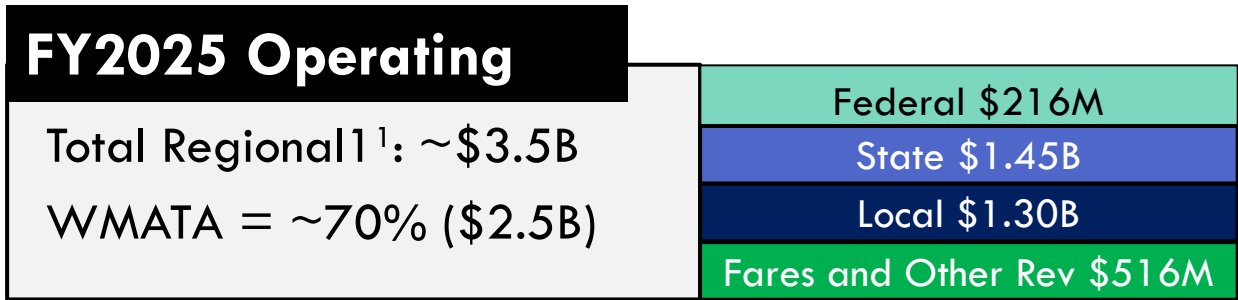
- New station entrances and infill stations
- Core and east-west capacity and reliability transit expansions
- Bus rapid transit

# What DMVMoves Funding is Intended to Cover

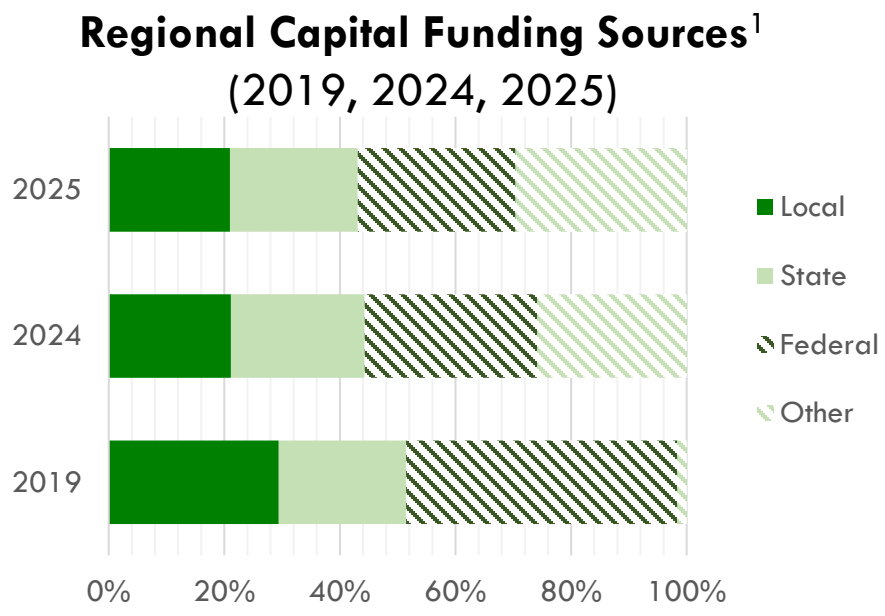
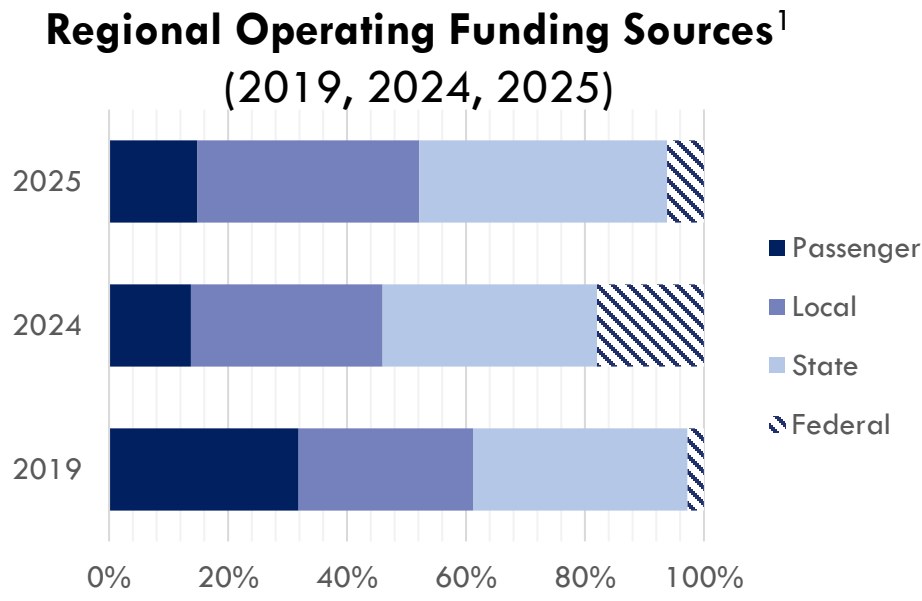
The transit services and capital needs of all transit operators that cannot be covered by existing funding structures.



# DMV Transit Spending FY2025



## Historic Funding Sources

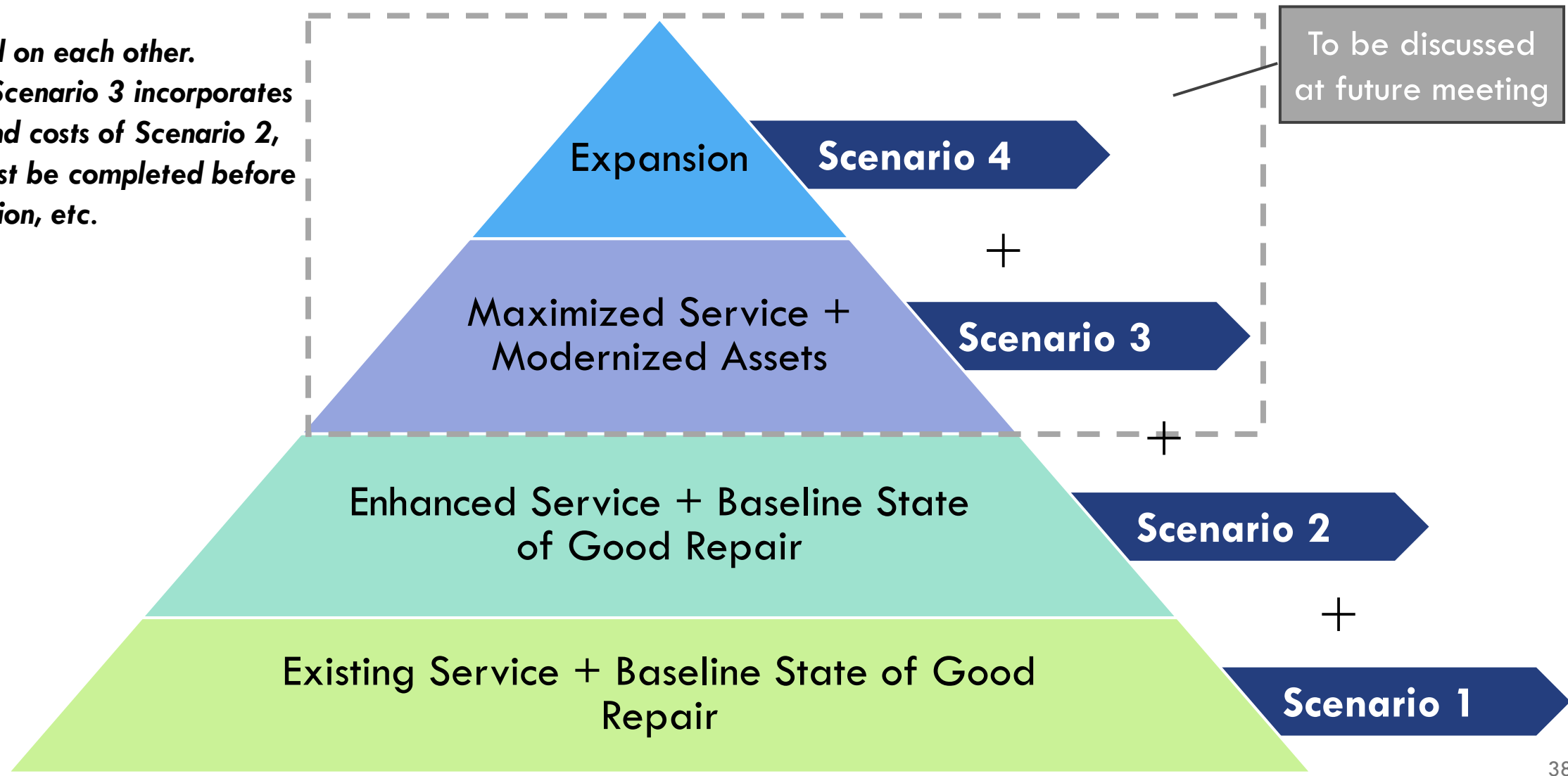


<sup>1</sup>Financial estimates developed by COG staff and consultants  
Sources: Questionnaire responses, published budget books and National Transit Database.

# 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

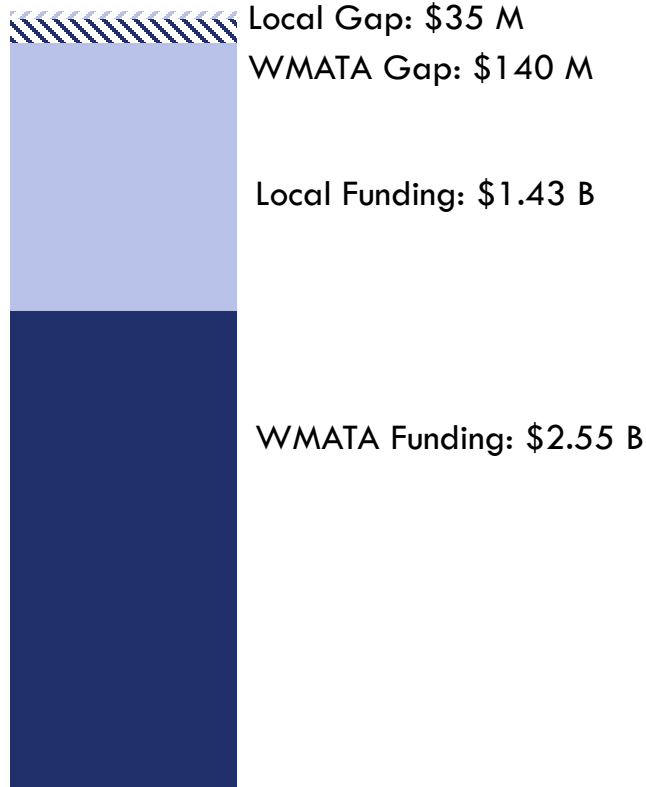
## Description:

- 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

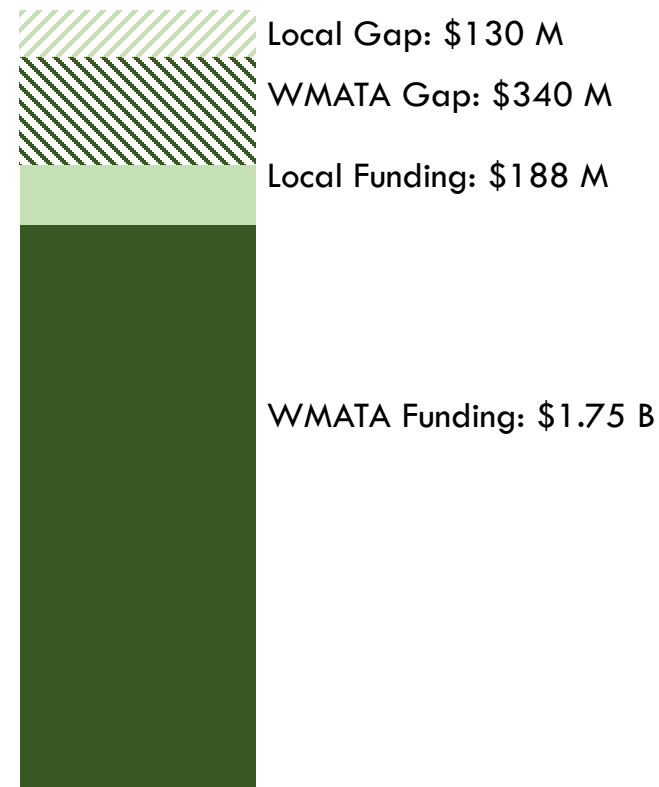
## Estimated Funding Needs FY28 (\$YOE)

**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:

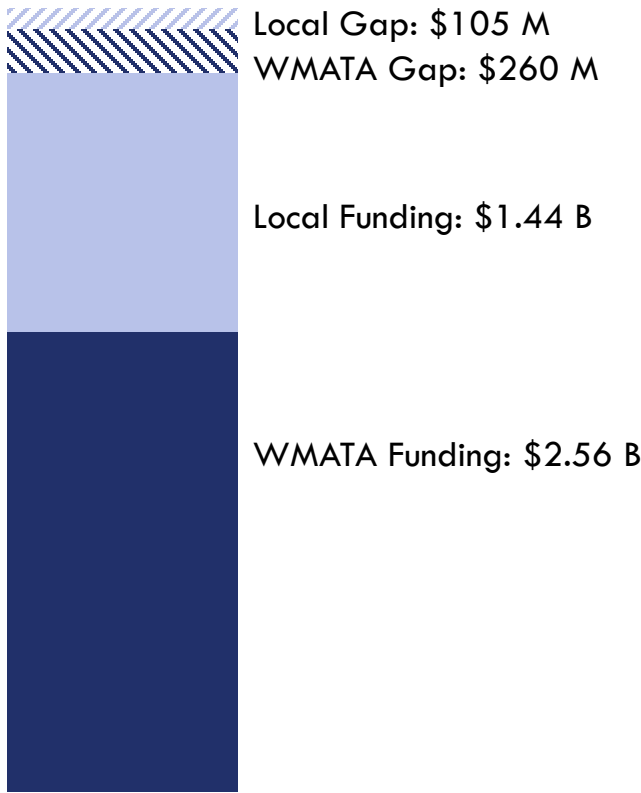
Scenario 1 State of Good Repair plus service improvements supported by existing infrastructure and vehicles:

- 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

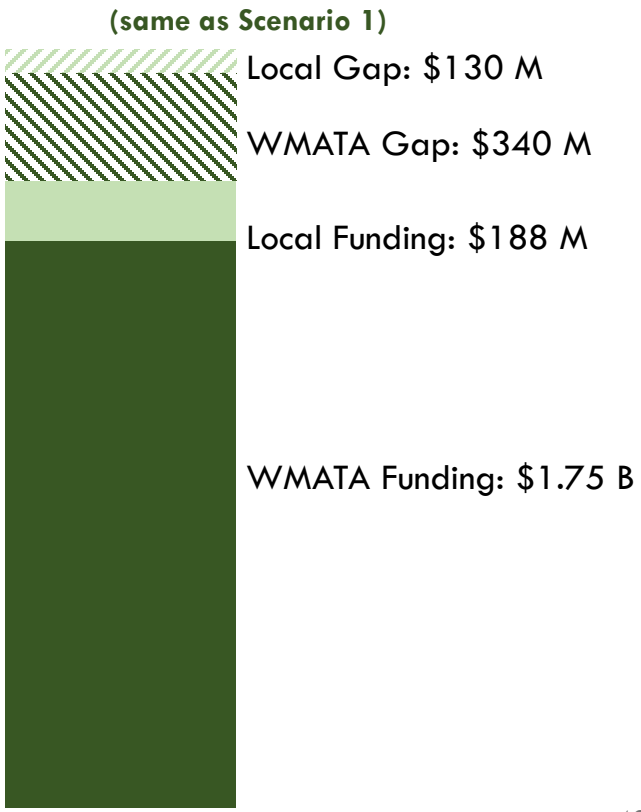
## Estimated Funding Needs FY28 (\$YOE)

**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**



## ***5. Potential Mechanisms to Generate Dedicated Transit Funding***

# Transit Funding Shortfalls Are a Nationwide Problem

Boston Herald

LOCAL NEWS


**MBTA budget gap could hit \$542M by 2028**

TRANSPORTATION

**State legislature moves toward expanding transit funding, a change SEPTA needs to avoid 'fiscal cliff'**

Under the bill, public transit would get 6.4% yearly of state sales tax revenue, up from 4.4%. That would raise an additional \$295 million.

WSJ



**Public Transit Goes Off the Rails With Fewer Riders, Dwindling Cash, Rising Crime**

When riders stop taking subways and buses, it's harder to keep up service. 'It's becoming a vicious cycle.'

A Chicago Transit Authority train arrives at the Roosevelt station. Associated Press

NBC BAY AREA

LOCAL WEATHER INVESTIGATIONS VIDEO OLYMPICS SPORTS NEWSLETTERS

TRENDING Heat advisory Christian McCaffrey Redwood City fire Redwood City housing complex Girl drowns Teen shot, killed Deals for You

**BART seeks tax measure to address budget shortfalls**

By Jodi Hernandez • Published May 9, 2024 • Updated on May 9, 2024 at 6:48 pm







Chicago Tribune

Transportation | Illinois lawmakers to propose merging Chicago...

BUSINESS > TRANSPORTATION

**Illinois lawmakers to propose merging Chicago area's transit agencies, amid CTA complaints and looming budget woes**

The proposal is part of a broader look at the future of transit, as the region's agencies brace for federal COVID-19 relief funding to start running out in the coming years

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

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

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# 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

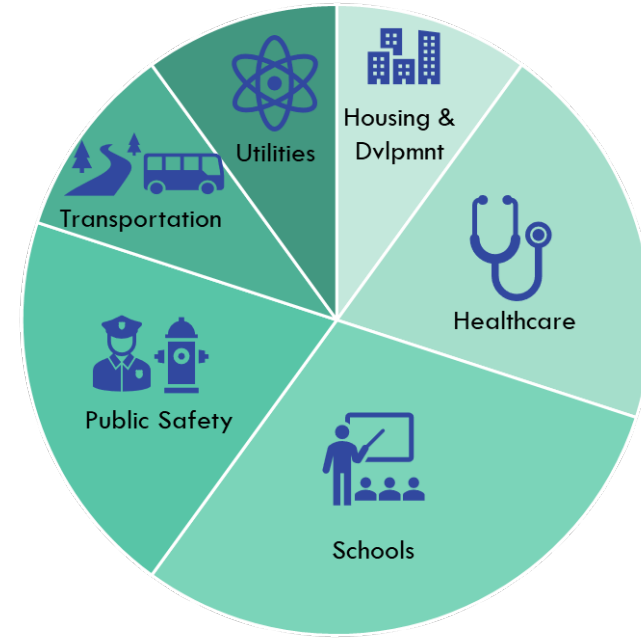
## Transit Users

- Pay modestly increased fares to reflect inflation over time



# Region Has Budget Shortfalls Across the Board

- Local, state, and the federal budgets deliver many public goods
- Public revenues and resources no longer fully fund all these public goods
- Transit is only a portion of each budget – but it also serves economic and workforce development roles and benefits



## Strategies for Funding Transit Without Reducing Service / Quality

1

Find cost  
efficiencies

2

Prioritize  
resources to  
better advance  
regional goals

3

Find new  
revenues (“grow  
the pie”)

# Strategy: Finding Cost Efficiencies

- Primary actors: Transit agencies
- Efficient operations enable both faster and more reliable service
- Targeted capital investments can make service delivery more cost-effective
- Will not and cannot solve problem alone but can reduce its magnitude

## Examples

### **Railcar Reliability**

Prioritize most reliable railcars for service; procure new trains that reduce maintenance costs

### **Bus Priority Treatments**

Bus lanes and enforcement speed up service and improve reliability, also reducing costs

### **Automation**

Faster, more reliable service with Auto Doors and Automatic Train Operation

### **Pocket Tracks**

Enable rail system to better match service with demand

### **Railyard Optimization**

Reduce yard moves & non-revenue 'deadhead' with storage optimized for 8-car trains

### **Shared Resources**

Explore potential for cost efficiencies from sharing facilities, assets, workforces, etc.

# Strategy: Prioritize Resources That Better Align with Goals

- Primary actors: States, counties, localities
- Prioritize transit, bike, and pedestrian projects for regional transportation funding
- Would better align region’s plans and spending with stated goals
- May face considerable political opposition

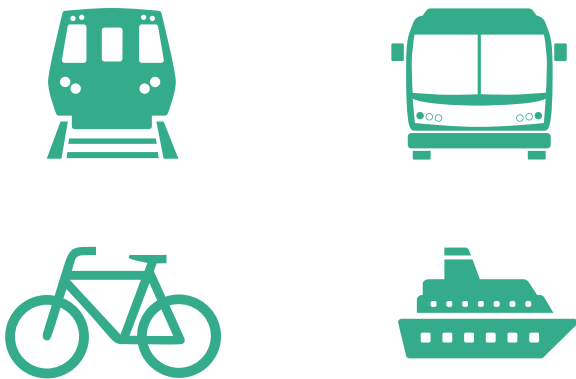
## Regional Goals

Reduce driving and vehicle miles traveled (VMT)	Reduce greenhouse gases (GHG) 50% by 2030, 80% by 2050
Increase mode share for transit, walking, biking	Increase number of jobs accessible by transit
Safe, reliable, and affordable mobility / accessibility	Develop transit-oriented communities and Activity Centers
Center equity in plans and actions	Build 320,000 housing units by 2030 – 75% near transit



## Prioritize Resources

Prioritize regional funding to transit, bike, and pedestrian projects



# Strategy: Creating New Public Revenues

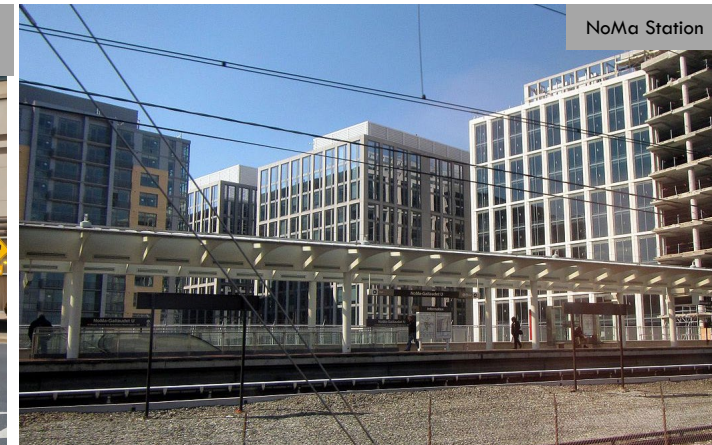
- Primary actors: States, counties, localities
- Potential mechanisms:
  - General sales tax
  - Motor vehicle sales tax
  - Fuel (gasoline and diesel) tax
  - Land value tax
  - Transit station area property tax
  - Real estate transfer fee
  - Hotel fee and Surcharges on for-hire vehicles (e.g. taxis, 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



Ride On Flash BRT in Silver Spring.  
Credit: MW Transit Photos, Creative Commons



NoMa Station



Union Station. Credit: @EdwardRyder on X, posted 05/15/23



Metro train

\*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

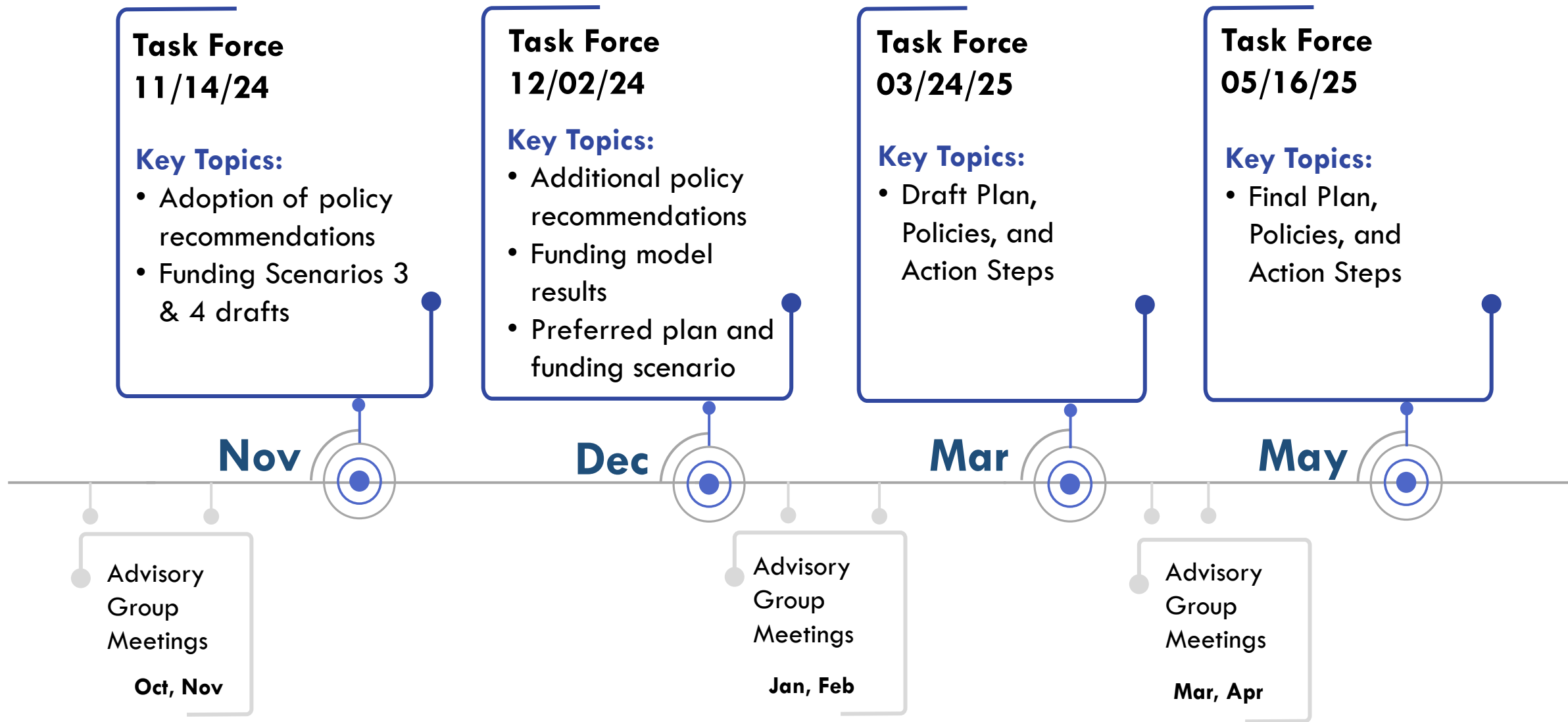
1. What **criteria** should the region prioritize when selecting a **reliable, sustainable funding** mechanism for transit?
2. Should the region aim for a **regional funding mechanism or a collection of state and/or local mechanisms** that address the need?

## 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***