

J00A0104
Washington Metropolitan Area Transit Authority
Maryland Department of Transportation

Operating Budget Data

(\$ in Thousands)

	<u>FY 07</u> <u>Actual</u>	<u>FY 08</u> <u>Working</u>	<u>FY 09</u> <u>Allowance</u>	<u>FY 08-09</u> <u>Change</u>	<u>% Change</u> <u>Prior Year</u>
Special Fund	\$170,961	\$193,029	\$218,300	\$25,271	13.1%
Total Funds	\$170,961	\$193,029	\$218,300	\$25,271	13.1%

- The fiscal 2009 allowance for the Washington Metropolitan Area Transit Authority's (WMATA) operating budget subsidy increases \$25.3 million, or 13.1%, compared to the fiscal 2008 working appropriation.
- Based upon WMATA's proposed budget for fiscal 2009, the Maryland Department of Transportation's (MDOT) estimate of the operating subsidy is approximately \$5.0 million more than the amount required. This discrepancy is not atypical given the differences in the timing of the budget submissions.

PAYGO Capital Budget Data

(\$ in Thousands)

	<u>Fiscal 2007</u> <u>Actual</u>	<u>Fiscal 2008</u>		<u>Fiscal 2009</u> <u>Allowance</u>
		<u>Legislative</u>	<u>Working</u>	
Special	\$48,797	\$63,861	\$68,261	\$64,341
Federal	16,400	16,400	16,400	16,400
Total	\$65,197	\$80,261	\$84,661	\$80,741

- The fiscal 2008 working appropriation increases \$4.4 million due cash flow changes in a number of Metro Matters projects.
- The fiscal 2009 allowance totals \$80.7 million, a decrease of \$4.0 million due to cash flow changes in a number of projects for Metro Matters.

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

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Analysis in Brief

Major Trends

Ridership Estimated to Flatten: Ridership grew from fiscal 2006 to 2007; however, ridership is expected to dip slightly in fiscal 2008 as a result of the fare increase and then increase slightly in fiscal 2009. **The Department of Legislative Services (DLS) recommends that WMATA discuss what impact the proposed fare increase may have on ridership and what is the cause of Americans with Disabilities Act trips flattening.**

Service Performance Measures: When looking at service performance measures, revenue vehicle miles are expected to increase in fiscal 2008 and 2009 for Metrobus and Metrorail. In addition, the operating cost per passenger is expected to continue increasing as budget growth is anticipated to grow at a rate greater than ridership or service delivery.

Farebox Recovery Rate Is Stable: The systemwide farebox recovery rate is estimated to be 57% in fiscal 2009, which is down from 60% in fiscal 2005. Absent the recent fare increase, the farebox recovery rate would have been significantly less.

Issues

WMATA Fare Increase Effective January 2008: In January 2008, WMATA increased fares in response to projected budget deficits. The fare increase will provide an estimated \$73 million additional revenue in fiscal 2009 and is most likely to affect individuals who commute into the District of Columbia. **DLS recommends that MDOT discuss with the committees its view of the fare increase structure and impact on Maryland riders as well as the impact of potential automatic fare increases.**

Proposed Federal Funding and Matching State Funds: The 2008-2013 *Consolidated Transportation Program* includes \$50 million each year from fiscal 2011-2013 to match federal funds as required in proposed federal legislation. **DLS recommends that WMATA and MDOT discuss with the committees the current status and their respective opinions of the proposed federal legislation.**

Operating Budget Recommended Actions

	<u>Funds</u>
1. Reduce funds for the operating budget subsidy.	\$ 5,000,000
Total Reductions	\$ 5,000,000

PAYGO Budget Recommended Actions

1. Concur with Governor's allowance.

Updates

Local Bus Routes Connectivity and Commuter Demands: Narrative in the 2007 *Joint Chairmen's Report* requested that WMATA look at commuter patterns and what could be done to address commuter demands by altering existing routes and connectivity to local bus routes.

J00A0104 – MDOT – Washington Metropolitan Area Transit Authority

J00A0104
Washington Metropolitan Area Transit Authority
Maryland Department of Transportation

Budget Analysis

Program Description

The Washington Metropolitan Area Transit Authority (WMATA) operates the second largest rail transit system and the fifth largest bus network in the United States. WMATA was created in 1967 by an interstate compact in which Maryland; Washington, DC; and Virginia participate. Each signatory jurisdiction provides two directors to WMATA's six-member Board of Directors. Construction of WMATA's 103-mile Metrorail system began in 1969 and was completed in 2001; 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 provides 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.

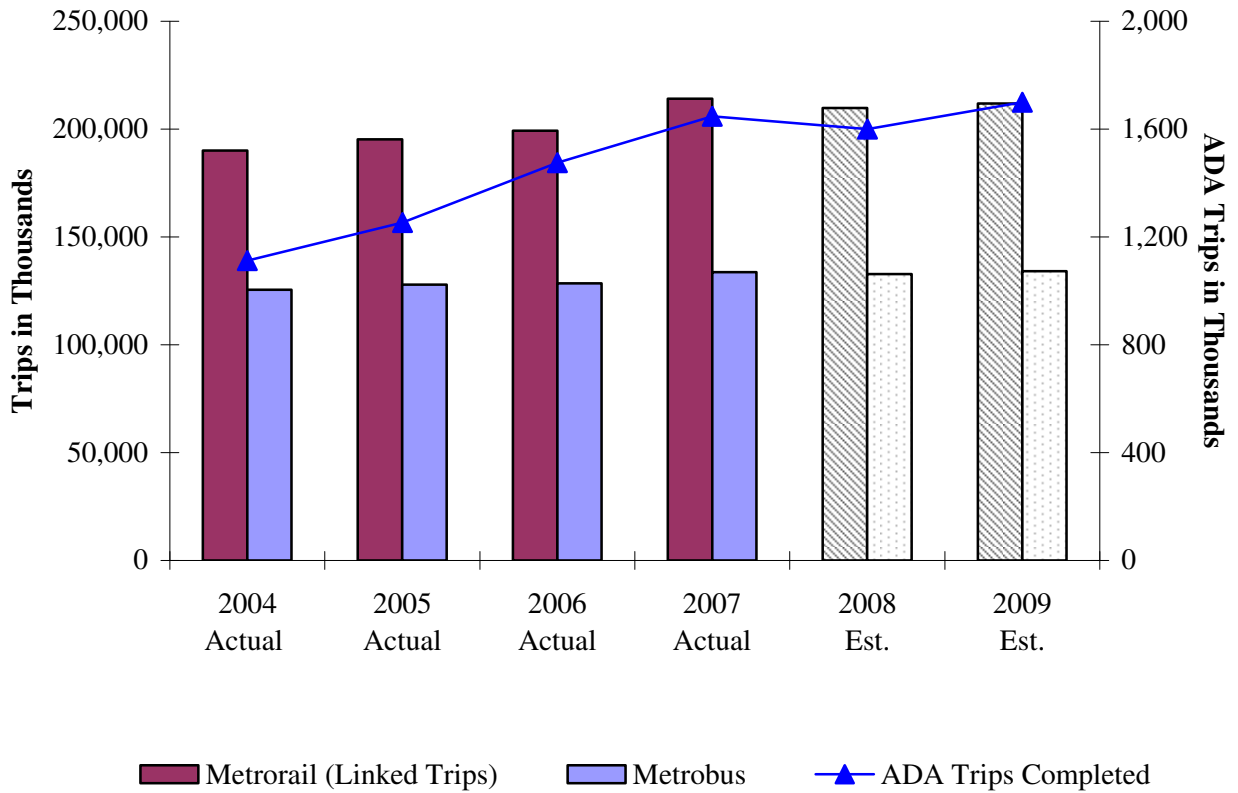
WMATA's mission is to ensure the best in safe, reliable, cost-effective, and responsive transit services by promoting regional mobility and by contributing toward the social, economic, and environmental well-being of our community.

Performance Analysis: Managing for Results

Committee narrative adopted at the 2007 session requested MDOT to submit performance measures for WMATA with the fiscal 2009 budget allowance. **Exhibit 1** details ridership for the WMATA system. As shown, Metrorail trips are expected to dip slightly in fiscal 2008 and then grow in fiscal 2009. Metrobus ridership is expected to be relatively flat from fiscal 2008 to 2009. Finally, Americans with Disabilities Act (ADA) trips completed are expected to increase from fiscal 2008 to 2009; however, the increase is much smaller than prior fiscal years. Overall, the recent fare increase is not expected to have a significant impact on ridership; however, Metrorail does dip slightly in fiscal 2008. **The Department of Legislative Services (DLS) recommends that the agency discuss the impact of the fare increase on ridership and what is causing the growth in ADA trips to flatten out.**

One measure of performance is to look at the relationship between the service provided and used, as measured by revenue miles and passenger trips, relative to expenditures. **Exhibit 2** provides a summary of these measures for Metrorail and Metrobus. Following are some of the highlights.

Exhibit 1
WMATA Annual Ridership
Fiscal 2004-2009



WMATA: Washington Metropolitan Area Transit Authority
ADA: Americans with Disabilities Act

Source: Washington Metropolitan Area Transit Authority

Exhibit 2
Efficiency Measures of WMATA
Fiscal 2006-2009

	<u>2006</u> <u>Actual</u>	<u>2007</u> <u>Actual</u>	<u>2008</u> <u>Estimated</u>	<u>2009</u> <u>Estimated</u>
Metrorail				
Revenue Miles	63,577	67,030	75,141	80,415
Passengers Per Revenue Mile	3.23	3.10	2.79	2.70
Operating Cost Per Revenue Mile	\$9.39	\$9.45	\$8.49	\$9.44
Operating Cost Per Passenger Trip	\$2.91	\$3.05	\$3.04	\$3.49
Metrobus				
Revenue Miles	47,187	44,463	49,072	49,319
Passengers Per Revenue Mile	2.72	2.78	2.71	2.65
Operating Cost Per Revenue Mile	\$8.42	\$9.41	\$9.23	\$10.08
Operating Cost Per Passenger Trip	\$3.03	\$3.18	\$3.38	\$3.70

Source: Washington Metropolitan Area Transit Authority, Fiscal 2009 Proposed Budget

Metrorail

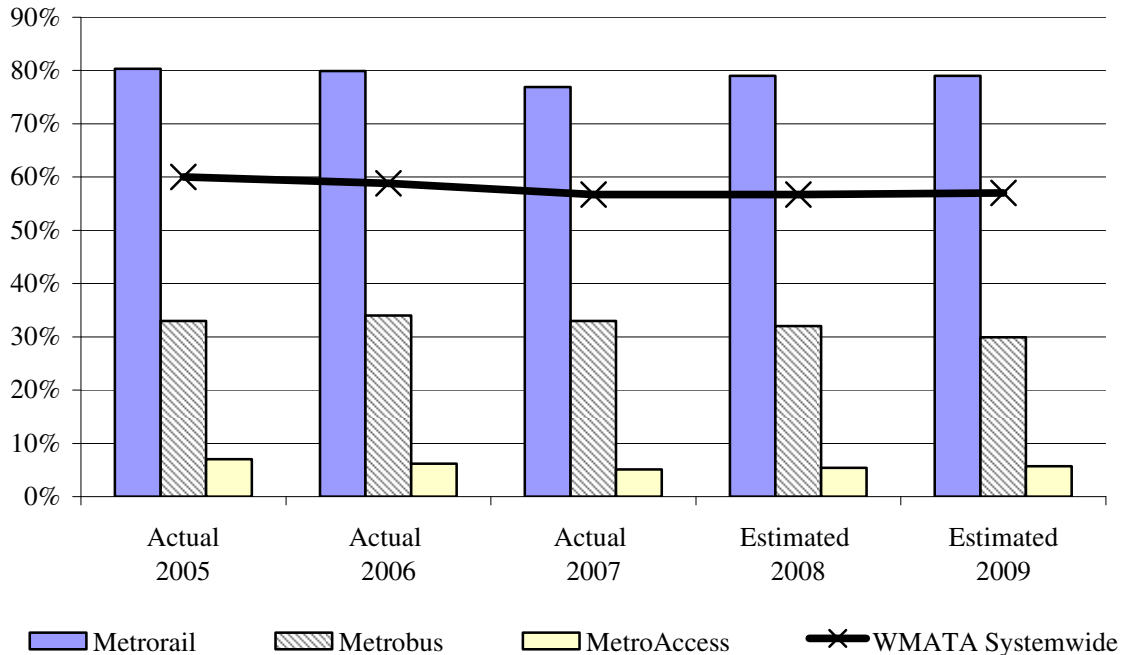
- Revenue vehicle miles – measured as miles traveled when bus is in service collecting fares – are expected to increase dramatically from fiscal 2007 to 2008 as a result of the eight rail car initiative which increases revenue vehicle miles.
- As a result of the increase in revenue vehicle miles in fiscal 2008 and 2009 outpacing ridership growth, passengers per revenue vehicle mile – the total number of passengers divided by the total revenue miles – is expected to decline in fiscal 2008 and 2009.
- Operating cost per revenue mile and passenger trip compares expenditures to total revenue miles and passenger trips to measure the cost of providing service. Each measure is expected to increase from fiscal 2008 to 2009 as operating budget growth increases faster than ridership or service growth. The flat to declining trend for operating cost per passenger trip and per revenue mile from fiscal 2007 to 2008 is attributed to one-time budget actions in fiscal 2008 as well as an increase in revenue vehicle miles.

Metrobus

- Revenue vehicle miles are expected to be relatively flat from fiscal 2008 to 2009.
- Passengers per revenue vehicle mile are expected to decrease from fiscal 2008 to 2009 as ridership is expected to be flat and revenue vehicle miles increase slightly.
- Operating cost per revenue mile and passenger trip are expected to increase from fiscal 2008 to 2009 as operating budget growth increases faster than ridership or service growth.

Exhibit 3 provides information on WMATA’s farebox recovery ratio as presented in the fiscal 2009 proposed budget. As shown, systemwide farebox recovery is down from approximately 60% in fiscal 2005 to an estimated 57% in fiscal 2009; however, the recovery rate is estimated to be relatively stable from fiscal 2007 to 2009. Clearly, absent the fare increase in January 2008, the farebox recovery would be significantly less in fiscal 2008 and 2009. The fare increase resulted in an additional \$36 million in fiscal 2008 and \$73.1 million in fiscal 2009.

Exhibit 3
WMATA Farebox Recovery Rates
Fiscal 2005-2009

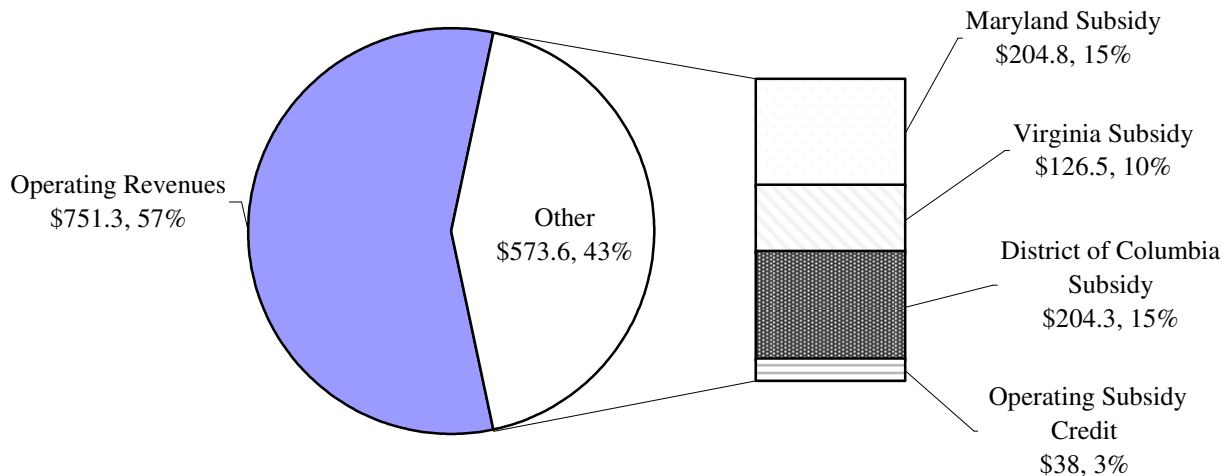


Source: Washington Metropolitan Area Transit Authority

Governor’s Proposed Budget

WMATA’s fiscal 2009 operating budget (excluding debt service) totals approximately \$1.3 billion, an increase of \$170.8 million, or 14.8%, compared to the fiscal 2008 budget estimate. However, when adjusting for one-time actions in fiscal 2008, growth is approximately \$131 million. **Exhibit 4** shows that 43% of the operating budget will be supported by local revenue sources with 57% of revenue coming from operating revenues largely derived from fares. Of note is the \$38.0 million operating subsidy credit, which represents the additional revenue collected in the second half of fiscal 2008 from the fare increase and used in fiscal 2009 to decrease the local subsidy payment.

Exhibit 4
WMATA Proposed Fiscal 2009 Operating Budget
Funding Sources – Total \$1.32 Billion
(\$ in Millions)



Note: Excludes Debt Service

Source: Washington Metropolitan Area Transit Authority

Exhibit 5 highlights the major changes in the fiscal 2009 proposed budget totaling \$170.8 million compared to the fiscal 2008 budget.

Exhibit 5
Major Changes in the Fiscal 2009 Operating Budget
(\$ in Millions)

Personnel	
Salary increases	\$20
Union wage increase	28
Fringes – health insurance and pension	29
Subtotal Personnel	\$77
Services – includes contract maintenance, paratransit contract increases, and technical assistance	\$21
Materials	8
Fuel and Propulsion	19
Utilities	2
Casualty and Liability	6
Property and Equipment Leases	-1
Miscellaneous	-6
Reimbursements	45
Subtotal Nonpersonnel	\$94
Total Change from Fiscal 2008	\$171

Source: Washington Metropolitan Area Transit Authority

Similar to the Maryland Transit Administration and other transit agencies, the major cost driver in the fiscal 2009 proposed budget is personnel costs which increase \$77 million and account for 45% of the total increase in the fiscal 2009 allowance. Other major changes include an additional \$21 million for service costs and a \$19 million increase for fuel and propulsion, which is largely a result of fuel and electric prices.

The other notable change in the fiscal 2009 allowance has to do with reimbursements. WMATA received a one-time revenue from a construction litigation judgment that totaled \$40 million. This additional revenue was transferred to the operating budget and applied as a credit to preventive maintenance/reimbursements in the Metrorail, Metrobus, and MetroAccess. As a result of this credit, actual underlying budget growth is closer to \$131 million in fiscal 2009.

Maryland's Fiscal 2009 Operating Subsidy

Exhibit 6 shows that based upon WMATA's fiscal 2009 proposed budget, Maryland's operating subsidy totals \$213.3 million. The Governor's fiscal 2009 allowance totals \$218.3 million which is \$5.0 million more than the operating subsidy. The reason for the discrepancy is that the additional revenue collected in fiscal 2008 from the fare increase, \$38.0 million, is being applied as a credit for the local operating budget subsidy in fiscal 2009. In developing the allowance for the operating subsidy, MDOT was unclear as to what impact the fare increase would have on the operating subsidy in fiscal 2009. **Given that the additional funding provided for in the allowance is likely to be unneeded, DLS recommends reducing the operating subsidy by \$5.0 million to the level indicated in the proposed budget, and MDOT may process a budget amendment if necessary to meet the funding requirements should the need arise.**

Overall Maryland's total operating budget subsidy increases \$20.2 million, or 10.5%, compared to the fiscal 2008 working appropriation based upon WMATA's proposed budget; of note is that the reimbursable projects/other category increased significantly largely due to an adverse fiscal 2007 audit adjustment. The overall share of the local subsidy in the WMATA proposed budget is expected to increase 14.8%, or \$74.0 million, roughly equal to operating revenue growth. When applying the fiscal 2008 additional revenue from the fare increase, the local subsidy only increases \$36.0 million, or 7.2%. As shown in Exhibit 6, the fiscal 2009 growth in the local operating subsidy is 7.2% after the revenue credit, whereas Maryland's operating subsidy increases by 7.8%. Maryland's share of the local subsidy is increasing at a rate greater than the total local subsidy due to escalating paratransit costs.

As the exhibit shows, in the last two fiscal years, the subsidy to WMATA has grown by \$22 million and \$15 million, respectively. This is rather significant operating subsidy growth and may be attributed to the costs of operating a transit system, similar to the experiences of the Maryland Transit Administration. **That being said, DLS recommends that MDOT and WMATA discuss with the committees what the long-term outlook is for growth in the WMATA operating subsidy and what may be expected in fiscal 2010.**

Exhibit 6
WMATA – Operating Budget Revenue Sources
Maryland Operating Subsidy
Fiscal 2005-2009
(\$ in Millions)

	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>\$ Change</u> <u>2008-09</u>	<u>% Change</u> <u>2008-09</u>
Revenue	\$541.5	\$579.2	\$627.0	\$654.0	\$751.0	\$97.0	14.8%
Local Subsidy	402.2	434.6	461.0	500.0	536.0	36.0	7.2%
Credit for Fiscal 2008 Fare Increase					38.0	38.0	n/a
Reimbursable Operating	6.7	11.2	11.3	14.8	17.3	2.5	16.9%
Total	\$950.4	\$1,025.0	\$10,99.3	\$11,68.8	\$1,342.3	\$173.5	14.8%
Maryland Share of Operating Subsidy		\$167.0	\$168.0	\$190.0	\$204.8	\$14.8	7.8%
Maryland Reimbursables/Other			2.9	3.1	8.5	5.4	174.2%
Total		\$167.8	\$170.9	\$193.1	\$213.3	\$20.2	10.5%
Fiscal 2008 Allowance				\$193	\$218.3	\$25.2	13.1%
Difference				\$0.1	-\$5.0		

Note: This excludes debt service.

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 and Metrobus systems. The State also pays 100% of Maryland's share of Metrorail construction, maintenance, debt service, and paratransit retrofitting costs.

Fiscal 2008-2013 Consolidated Transportation Program (CTP)

The fiscal 2009 allowance for WMATA totals \$80.7 million, a decrease of \$4.0 million compared to the fiscal 2008 working appropriation. **Exhibit 7** provides a summary of the projects included in the 2008-2013 CTP.

Exhibit 7 WMATA – Major Ongoing Projects

<u>Project Description</u>	<u>Fiscal 2009 Cost</u>
Metro Matters	\$64,300
Rail Cars/Capital Improvement Program	6,700
Debt Service	9,741
Total	\$80,741

Source: Maryland Department of Transportation, 2008-2013 *Consolidated Transportation Program*

WMATA's Capital Program and Metro Matters

In fiscal 2005, Maryland made its final payment of \$1,200,000 for costs associated with the construction of the original 103-mile Metrorail system. The State will continue to make an annual debt service payment of \$9.7 million on revenue bonds sold to generate additional funds for capital improvements to the system until fiscal 2014 when the bonds will be retired.

In October 2004, WMATA's board approved the Metro Matters capital improvement program to provide \$3.3 billion in capital funds from fiscal 2005 through 2010, with funding coming from the local jurisdictions and federal formula funds. This funding is to be used for infrastructure maintenance to ensure the continued operation of the system. Maryland's minimum share of the Metro Matters campaign totals \$329 million (half of the fiscal 2005 appropriation is included in the

Metro Matters agreement). **Exhibit 8** highlights Maryland’s \$329 million share of the Metro Matters campaign and how much has been paid toward that commitment to date. The 2008-2013 CTP includes \$64.3 million for Metro Matters in fiscal 2009 with Maryland required to contribute \$72.8 million in fiscal 2010. **DLS recommends that MDOT and WMATA discuss with the committees what happens to WMATA’s capital program after fiscal 2010 when Metro Matters is completed.**

Exhibit 8
Maryland’s Commitment to Metro Matters
Fiscal 2005-2010
(\$ in Millions)

	<u>Actual 2005</u>	<u>Actual 2006</u>	<u>Actual 2007</u>	<u>Est. 2008</u>	<u>Est. 2009</u>	<u>Total Funding to Date</u>	<u>Remaining Funds to Be Expended by Fiscal 2010</u>	<u>Total Maryland Metro Matters Commitment</u>
Special Funds	\$19.5	\$32.0	\$34.4	\$42.9	\$47.9	\$176.7	-	-
Federal Funds*	14.3	16.4	16.4	16.4	16.4	79.9	-	-
Total Maryland Share	\$33.8	\$48.4	\$50.8	\$59.3	\$64.3	\$256.6	\$72.8	\$329.4

*Maryland’s share of Congestion Mitigation/Air Quality funding.

Source: Maryland Department of Transportation; Department of Legislative Services

In fiscal 2009, WMATA estimates that the Metro Matter program will be \$515 million. **Exhibit 9** provides a summary of how those funds will be spent.

Fiscal 2008 and 2009 Cash Flow Analysis

As shown in **Exhibit 10**, the fiscal 2008 working appropriation increases \$4.4 million compared to the legislative appropriation. This increase is largely associated with cash flow changes in a number of Metro Matters projects.

The fiscal 2009 allowance decreases \$4.0 million compared to the fiscal 2008 working appropriation. Similar to the change in fiscal 2008, there are a number of cash flow changes in a number of Metro Matters projects.

Exhibit 9
Metro Matters Work Plan
Fiscal 2009
(\$ in Millions)

Infrastructure Renewal Program

Includes passenger and maintenance facility upgrades; rolling stock bus and rail purchases; preventive maintenance; information technology upgrades; and systems maintenance \$289.9

Eight-Car Train Capital Initiative

Includes rail cars, facilities, and systems 57.8

Bus Improvement Capital Initiative

Includes buses, garage, and customer facilities 56.1

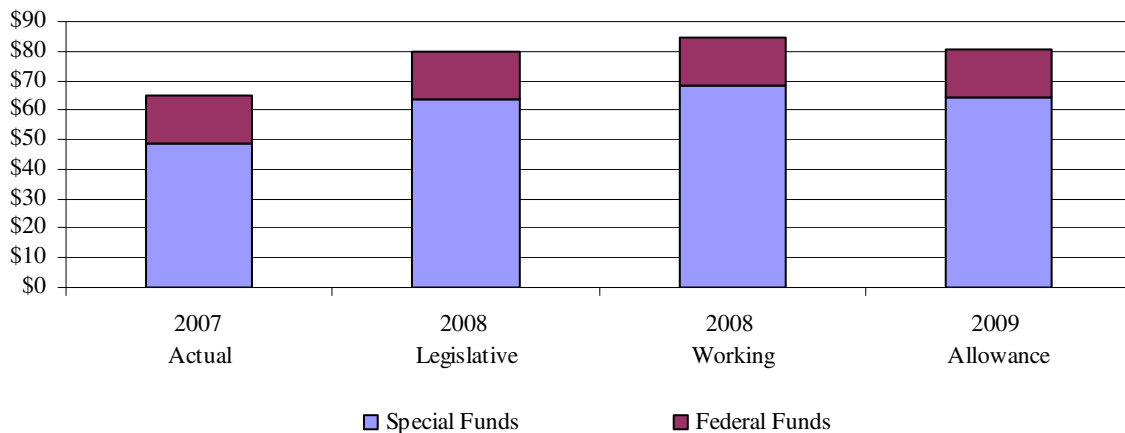
Other Projects

Includes financing expenses and program management and support 111.1

Total **\$514.9**

Source: Washington Metropolitan Area Transit Authority Proposed Fiscal 2009 Budget

Exhibit 10
Cash Flow Changes
Fiscal 2007-2009
(\$ in Millions)



Source: Maryland Department of Transportation, 2008-2013 Consolidated Transportation Program

Issues

1. WMATA Fare Increase Effective January 2008

As part of its fiscal 2008 budget proposal, WMATA proposed a “targeted” fare increase that was estimated to generate \$64 million, charging a higher rate during peak travel periods in the city, increasing parking fees for non-Metrorail customers, and eliminating the one-day Metrobus pass. The need for the fare increase was due to ridership revenue not keeping pace with operating expenditure growth from personnel and energy costs. With new leadership at WMATA starting in January 2007, the fare increase proposal was tabled and roughly \$70 million in operating reductions and one-time revenue actions were taken to solve the budgetary problem.

While the budget for fiscal 2008 was approved without a fare increase, the underlying structural problem of revenues not keeping pace with expenditures was not addressed. WMATA officials estimated a \$141 million shortfall in fiscal 2009. As a result, effective January 6, 2008, WMATA increased its fares for Metrorail, Metrobus, and parking. **Exhibit 11** provides a summary of the major changes in fares and fees.

Exhibit 11 Summary of Major Changes in Fares and Fees

<u>Fares/Fees</u>	<u>Old Fare/Fee</u>	<u>New Fare/Fee</u>	<u>Increase</u>
Metrorail Peak Hour			
Board charging	\$1.350	\$1.650	\$0.300
Distance of 3 to 6 miles (per mile)	0.220	0.260	0.040
Distance over 6 miles (per mile)	0.195	0.230	0.035
Maximum regular fare	3.900	4.500	0.600
Increased fare for senior/disabled	0.650-1.950	0.800-2.250	0.150-0.300
Metrorail Off Peak			
No increase	1.350	1.350	0.000
Metrobus			
Cash boarding	1.250	1.350	0.100
Cash boarding for express bus	3.000	3.100	0.100
Bus charge using SmarTrip	1.250	1.250	0.000
Parking			
Increased fee (with option for additional \$0.25 increase after six months)	Varies	0.750	
Monthly reserved parking fee	\$45.000	\$55.000	\$10.000

Source: Washington Metropolitan Area Transit Authority

The fee and fare increases are expected to generate \$109 million in fiscal 2008 and 2009. Almost all of the revenue from the fare increase will be derived from the increase in peak hour Metrorail travel and the increased parking charges – \$108 million in total. WMATA officials have indicated that the fare increase will only provide for continued service levels and that ridership will not be dramatically affected by the increases.

Overall, the fare increase is most likely to affect individuals who commute into the District of Columbia from Maryland and Virginia rather than residents of the district. This is reflected by the maximum Metrorail fare in peak periods increasing \$0.60 while the bus fare only increases \$0.10. Parking fees have also been increased which affects commuters from the suburbs.

Another important aspect of the decision to increase fares was a provision that, beginning in July 2010, implements automatic fare adjustments every two years that are linked to the increase in the Consumer Price Index during that two-year period. Before a fare increase could be approved by the board, there would be the opportunity for public feedback. While this automatic inflation related fare increase may mitigate long-term budget difficulties, it does potentially reduce the need for WMATA to justify future fare increases. **DLS recommends that MDOT discuss with the committees its view of the current fare increase structure and the impact for Maryland riders. DLS also recommends that WMATA and MDOT discuss with the committees in further detail why potential automatic increases in fares are needed and what impact fare increases every two years will have on ridership and service delivery.**

2. Proposed Federal Funding and Matching State Funds

Federal legislation was introduced in January 2007, that would provide federal funds totaling \$1.5 billion over 10 years, or \$150 million annually to WMATA for its capital program. The legislation is similar to the so-called Davis Bill that was introduced in the prior legislative term. The federal funds would be appropriated from the general fund each year and each local jurisdiction would need to provide matching dedicated funds. The local dedicated funds intended to match the federal legislation would be in addition to funding that is currently provided to WMATA by the local jurisdictions. Based upon how the legislation is written, it appears that the Transportation Trust Fund would qualify as a dedicated revenue source and Maryland would need to provide approximately \$50 million as its share of the matching requirement. Currently the bill is still under consideration in Congress.

Issues

- **Will the Bill Move Forward?:** It is not clear that the federal legislation will pass. If the legislation is not passed in 2008, the bill would effectively die and would need to be reintroduced in the following legislative term. This would be the second time the bill was introduced and did not pass during the legislative term. Representative Tom Davis recently announced his retirement from the Congress at the end of the current term.

- **Will Congress Appropriate the Money?:** There are a number of spending pressures on the federal budget, and the Davis Bill would represent an obligation of funding needing to be appropriated each year. As a result, it is unclear that in a given year the federal funds will be appropriated.
- **What Happens to State Funds If Legislation Is Not Passed?:** As the department has indicated, the matching funds provided for in the CTP are dependent on the passage of federal legislation. It is not clear what will happen to the \$150 million provided for in the 2008-2013 CTP if the legislation does not move forward. Will those funds still be provided to WMATA or will they be used for another State transportation purpose?

State Matching Funds Provided

One new project was added to the fiscal 2008-2013 CTP WMATA program. The project would provide additional funding to match federal funds as proposed in the legislation referenced earlier. The first \$50 million matching payment from Maryland for the proposed federal legislation was provided for in fiscal 2011 of the draft 2008-2013 CTP. As a result of the increase in transportation revenues from the 2007 special session, an additional \$50 million was provided in fiscal 2012 and 2013.

DLS recommends that WMATA and MDOT discuss with the committees the current status of the federal legislation and the implications of the bill passing for both WMATA and the State. Furthermore, MDOT should discuss with the committees its view of the proposed legislation as well as the matching funds provided and what will happen to the matching funds if the federal legislation does not pass. Finally, MDOT should discuss whether these matching funds would be in addition to the current level of capital funding for Metro Matters or would replace the Metro Matter funding.

Operating Budget Recommended Actions

	<u>Amount Reduction</u>
1. Reduce funds for the operating budget subsidy for the Washington Metropolitan Area Transit Authority (WMATA). Due to the department developing its allowance for WMATA prior to WMATA developing its proposed budget, the allowance currently overstates the amount required to be paid to WMATA. The department can process a budget amendment should additional funds be needed to pay for Maryland's share of the operating deficit.	\$ 5,000,000 SF
Total Special Fund Reductions	\$ 5,000,000

PAYGO Budget Recommended Actions

1. Concur with Governor's allowance.

Updates

1. Local Bus Routes Connectivity and Commuter Demands

Narrative in the 2007 *Joint Chairmen's Report* requested that WMATA look at commuter patterns and what WMATA can do to address commuter demands by altering existing routes and connectivity to local bus routes. In addition, it was requested that MDOT comment on what changes should be made to any statutory formulas to facilitate a more coordinated bus system. MDOT and WMATA submitted a response that addressed the WMATA network and future fleet needs. Following is a brief summary of the report.

The report provides input into the Metrobus fleet management plan, looked at existing bus lines to see what ridership trends were on these lines, as well as travel times, to determine what future bus procurement needs may be. The study looked at how individual lines compared to a number of performance measures including ridership, travel time, crowding, and others. Individual lines were identified where additional buses could help to alleviate the problems identified. Of note, the report took into account where there may be lines that have duplicative service and identified approximately 20 lines that had redundant service with 3 "Ride-On" lines and 9 "The Bus" lines.

The report evaluated the recommendations of the Regional Bus Study and the impact on vehicle needs. Based upon the report, Montgomery County had implemented a number of the Regional Bus Study recommendations and were the basis for many of the transit investments made by Montgomery County and Metro. These recommendations included additional bus lines, more ride times, and adjusted departure and arrival times. Prince George's County was also evaluated, and the report indicated that "relatively few" of the recommendations were actually implemented. The county is currently in the final stages of its five-year transit plan, and once completed, it is more likely that recommendations will be considered. The report then concluded with a set of recommendations for both counties.

The current statutory formulas provide for annual grants to the two counties for eligible bus service equal to 100% of the operating service deficit attributable to each county less each county's share of MDOT annual operating budget grant. In terms of the statutory formulas, the current formulas do not have any impact on the flexibility and connectivity of the bus system in the Washington region. Flexibility and connectivity is achieved through the planning process and communication amongst the various jurisdictions. MDOT can subsidize new bus service for up to 36 months, or exempt the loss of revenue associated with a change in bus routes for 36 months, through payments to each county after which the county must pay for the service.

Current and Prior Year Budgets

**Current and Prior Year Budgets
Washington Metropolitan Area Transit Authority
(\$ in Thousands)**

	<u>General Fund</u>	<u>Special Fund</u>	<u>Federal Fund</u>	<u>Reimb. Fund</u>	<u>Total</u>
Fiscal 2007					
Legislative Appropriation	\$0	\$174,503	\$0	\$0	\$174,503
Deficiency Appropriation	0	0	0	0	0
Budget Amendments	0	0	0	0	0
Reversions and Cancellations	0	-3,542	0	0	-3,542
Actual Expenditures	\$0	\$170,961	\$0	\$0	\$170,961
Fiscal 2008					
Legislative Appropriation	\$0	\$191,185	\$0	\$0	\$191,185
Cost Containment	0	0	0	0	0
Budget Amendments	0	1,844	0	0	1,844
Working Appropriation	\$0	\$193,029	\$0	\$0	\$193,029

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

Fiscal 2007

Fiscal 2007 special fund actual expenditures totaled \$171.0 million, a decrease of \$3.5 million from the mandated legislative appropriation of \$174.5 million. The \$3.5 million cancellation in funds is due to the actual budget approved by WMATA being less than the amount assumed by MDOT and prior year audit adjustments being greater than what was anticipated.

Fiscal 2008

The fiscal 2008 legislative appropriation increased by \$1.8 million to fund Maryland's share of the operating subsidy which is higher than was anticipated in the budget due to the timing of WMATA's budget process.

**Object/Fund Difference Report
MDOT – Washington Metropolitan Area Transit Authority**

<u>Object/Fund</u>	<u>FY07 Actual</u>	<u>FY08 Working Appropriation</u>	<u>FY09 Allowance</u>	<u>FY08-FY09 Amount Change</u>	<u>Percent Change</u>
Objects					
12 Grants, Subsidies, and Contributions	\$ 170,960,970	\$ 193,029,374	\$ 218,300,000	\$ 25,270,626	13.1%
Total Objects	\$ 170,960,970	\$ 193,029,374	\$ 218,300,000	\$ 25,270,626	13.1%
Funds					
03 Special Fund	\$ 170,960,970	\$ 193,029,374	\$ 218,300,000	\$ 25,270,626	13.1%
Total Funds	\$ 170,960,970	\$ 193,029,374	\$ 218,300,000	\$ 25,270,626	13.1%

Note: The fiscal 2008 appropriation does not include deficiencies.

Fiscal Summary
MDOT – Washington Metropolitan Area Transit Authority

<u>Program/Unit</u>	<u>FY07 Actual</u>	<u>FY08 Wrk Approp</u>	<u>FY09 Allowance</u>	<u>Change</u>	<u>FY08-FY09 % Change</u>
2040 Washington Metropolitan Area Transit – Operating	\$ 170,960,970	\$ 193,029,374	\$ 218,300,000	\$ 25,270,626	13.1%
2050 Washington Metropolitan Area Transit – Capital	65,196,979	84,661,000	80,741,000	-3,920,000	-4.6%
Total Expenditures	\$ 236,157,949	\$ 277,690,374	\$ 299,041,000	\$ 21,350,626	7.7%
Special Fund	\$ 219,757,949	\$ 261,290,374	\$ 282,641,000	\$ 21,350,626	8.2%
Federal Fund	16,400,000	16,400,000	16,400,000	0	0%
Total Appropriations	\$ 236,157,949	\$ 277,690,374	\$ 299,041,000	\$ 21,350,626	7.7%

Note: The fiscal 2008 appropriation does not include deficiencies.

Budget Amendments for Fiscal 2008
Maryland Department of Transportation
Washington Metropolitan Area Transit Authority – Operating

<u>Status</u>	<u>Amendment</u>	<u>Fund</u>	<u>Justification</u>
Pending	\$1,844,179	Special	Will provide the Maryland Department of Transportation with funding required for the Maryland subsidy for the Washington Metropolitan Area Transit Authority (WMATA) operating budget. WMATA's final budget is not approved by their Board of Directors until after the Maryland legislative session.

Source: Maryland Department of Transportation

Budget Amendments for Fiscal 2008
Maryland Department of Transportation
Washington Metropolitan Area Transit Authority – Capital

<u>Status</u>	<u>Amendment</u>	<u>Fund</u>	<u>Justification</u>
Projected	\$4,400,000	Special	Adjusts the amended appropriation to agree with the anticipated expenditures for the current year as reflected in the fiscal 2008-2013 final <i>Consolidated Transportation Program</i> .

Source: Maryland Department of Transportation