

WASHINGTON REGION TRANSPORTATION COALITION

March 15, 2023

The Honorable Paul Smedberg, Chair
Washington Metropolitan Area Transit Authority Board of Directors
300 7th Street SW
Washington, DC 20024

RE: Comments on the proposed WMATA FY2024 Budget

Dear Mr. Smedberg:

As members of the Washington Region Transportation Coalition, a partnership of business and civic organizations representing the vast majority of employers in the private and nonprofit sectors of Virginia, Maryland, and Washington, D.C., we greatly appreciate the opportunity to comment on WMATA's proposed FY2024 Budget.

While this proposal is an important step in the right direction, we are concerned that it is insufficient to advance a much-needed conversation about sustainably funding operations in FY2025 and beyond.

While ridership is down throughout the day, peak period trips still represent two-thirds of weekday Metrorail riders. The proposed Metrorail service increases on the Orange, Green, and Yellow Lines, especially during the peak period, are key to winning back the system's core ridership. We also applaud Metro's efforts to simplify the fare structure and make it easier for riders to estimate fares.

However, with the majority of weekday rail and bus trips still occurring during the peak period, reducing the base-rate on peak-period trips by 25 cents is counter-productive to WMATA's long-term fiscal challenges.

Furthermore, the increased distance charge in both the peak and non-peak hours is likely to impact long-distance riders the most. Keeping the peak base rate of \$2.25 for both peak and non-peak trips would ensure that both core and distance riders are fairly shouldering the proposed fare increase.

Metro has not raised the base fare rate since 2017, but Metro's operating budget has increased by more than 25% since FY2019. With future annual operating budget deficit projections of \$700+ million, equalizing the minimum base rate at \$2.25 rather than \$2 is a reasonable approach to minimize future budget deficits. We should not waste an opportunity for a fare base rate increase that helps pay for the important service upgrades proposed in the FY2024 budget, such as expanded Metrorail and Metrobus service, reduced late-night and weekend fares, and a low-income fare program.

Moreover, in 2021 WMATA used \$135 million in one-time federal aid money to decrease local operating subsidies. This one-time reduction has exacerbated the disconnect between WMATA's operating revenue and budget growth. It is also another example of local jurisdictions putting their individual needs ahead of the system as a whole. Virginia, Maryland, and DC should prioritize restoring this money and associated annual increases before evaluating WMATA's true long-term budget shortfalls.

Another critical step to solving WMATA's fiscal challenges that requires regional cooperation is reducing lost operations revenue due to fare evasion. In FY2022, WMATA lost more than \$40 million to fare

evasion, which has increased significantly in Washington, D.C. since 2020. We recognize that this will require regional cooperation and applaud WMATA's current efforts to address this issue and increase safety across the Metrorail and Metrobus systems.

As a region, we need to find a long-term sustainable funding solution for WMATA. However, WMATA must also make needed reforms to improve governance, transparency, accountability, and fiscal responsibility. Funding alone will not solve the long-term challenges facing our region's largest transit system, and given the dire situation, every option should remain on the table. Those options should include fully implementing a bus network redesign with the goal of reducing costs and improving the efficiency of the Metrobus system, looking to more cost-effective local bus services to replace some Metrobus service as envisioned in WMATA's 2019 Bus Transformation Study, decoupling local financial interests from WMATA governance, reevaluating the WMATA Compact to improve Metro's fiscal and governance structure, and changing federal law to require WMATA's financial situation to be considered in collective bargaining agreements.

Thank you for your time and consideration of this important matter. We look forward to collaborating with WMATA in the coming years to strategically solve the long-term challenges facing the system and ensure that Metrorail and Metrobus are able to provide the world-class transit service that is expected from our nation's capital city.

Sincerely,

