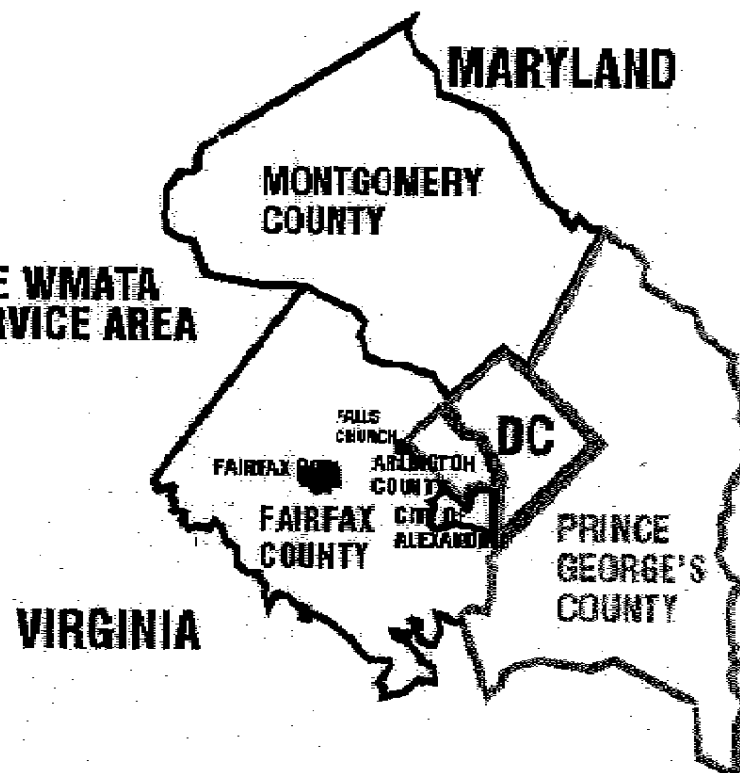


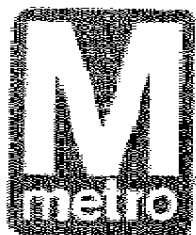


Background

- Created by Congress in 1967 by Interstate Compact
- Multi-jurisdictional: DC, MD, VA
- Federal and regional partnership
- Regional governance
- 12 Board Members
 - 4 from each jurisdiction
 - 2 voting, 2 alternates
- Approximately 10,000 employees
- 1.1 million daily trips
 - Second-largest rail system
 - Sixth-largest bus system
 - Significant ridership growth rates

 THE WMATA SERVICE AREA

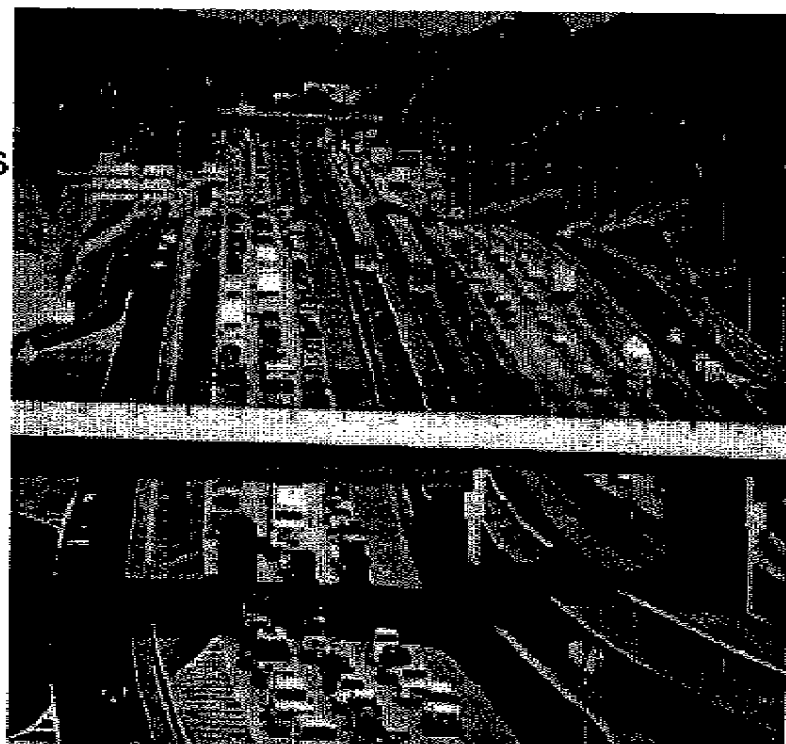




Bringing Value to the Region

Metro funding/Public benefit

- Metro removes more than 10 tons of pollutants from the region's air
- Over 350,000 cars removed from streets and highways
 - 80 million gallons of gasoline saved
 - Equivalent capacity of 1,400 lane miles, or 11.5% of the region's lane-miles
- Approximately \$25 billion in development near Metro Stations
- More than 300 federal agencies and employment centers located near Metro Stations
 - 47% of peak riders are federal employees
- Average Washington commuter spends 67 hours in congestion (3rd worst in the nation)*
 - Would be 102 hours (50% higher) without the region's public transportation system*
- Public transportation cuts Washington commuting costs by \$1.2 billion per year (vs. \$2.3B congestion cost) and saves 35 hours of delay per commuter (about half)*



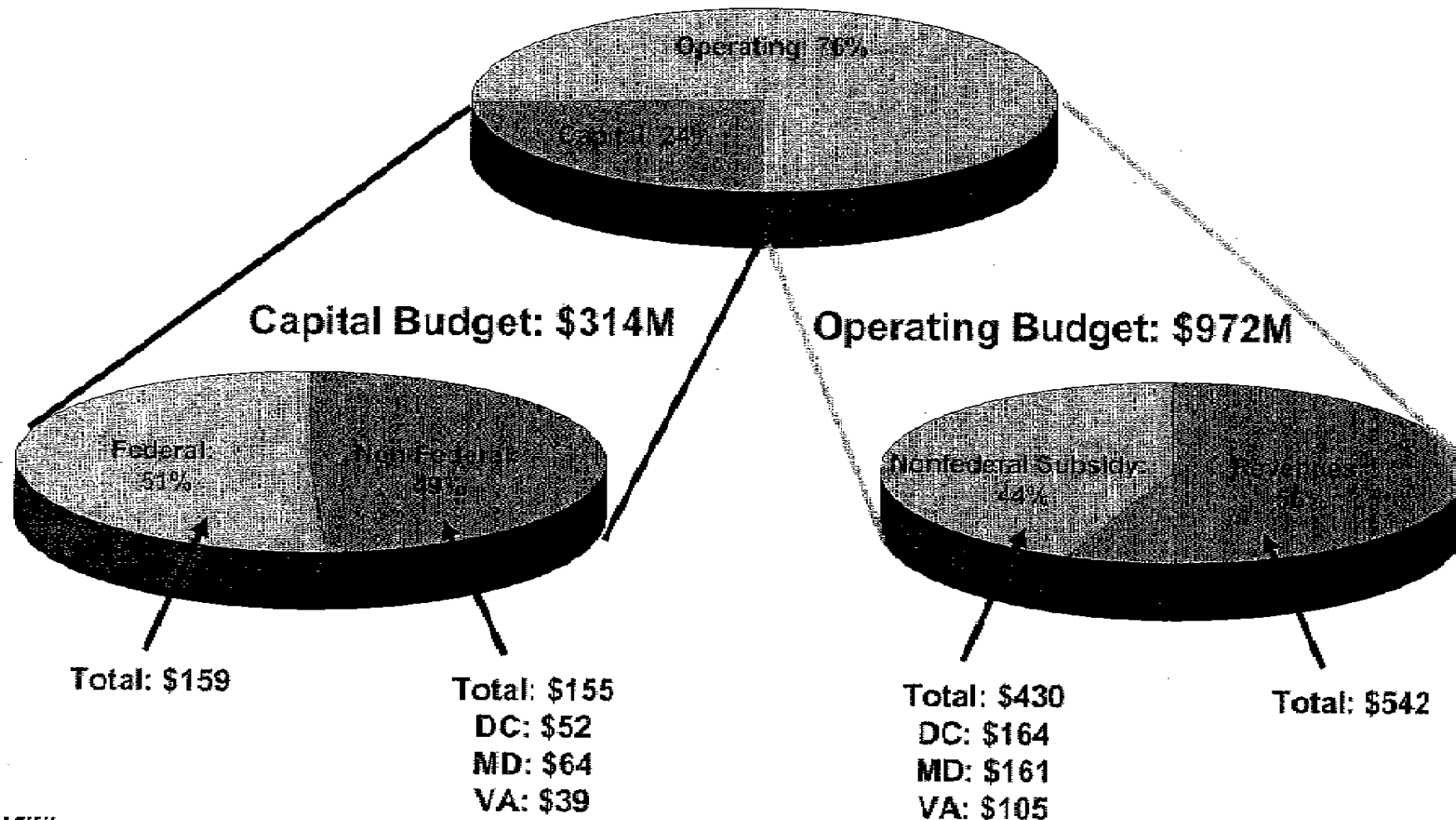
*Source: Texas Transportation Institute 2004 Urban Mobility Study



FY05 Total Budget/Sources

Metro funding

Total Budget: \$1.3B



\$ Millions

Federal Share = \$159M, or 12% of Total Budget

*Excludes Reimbursable Operating Projects.



Current sources of Metro funding

Appendix

Operating

Capital

DC	General Fund	General Obligation Bonds
MD	State Transportation Trust Fund	State Transportation Trust Fund
VA	Local Govt. General Fund	Local Govt. General Obligation Bonds
	State Transportation Trust Fund	State Transportation Trust Fund
Federal	none	General Funds
		Mass Transit Account of Highway Trust Fund



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WMATA Operating Budget

- WMATA went eight years (1995-2002) without a fare increase due to a growing revenue base
 - Opened the final 13 miles of the Metrorail system
 - Revenues grew at approximately 5% per year
- WMATA faces structural imbalances in its operating budgets
 - Ridership and revenue growth has slowed
 - No expansions/major service increases to fuel growth
- Limited additional expense reductions after 3 years of aggressive cost containment (\$84M over 3 years)
- After two consecutive years of fare increases moving forward with another will have a strong, detrimental effect on ridership



Doing more with less

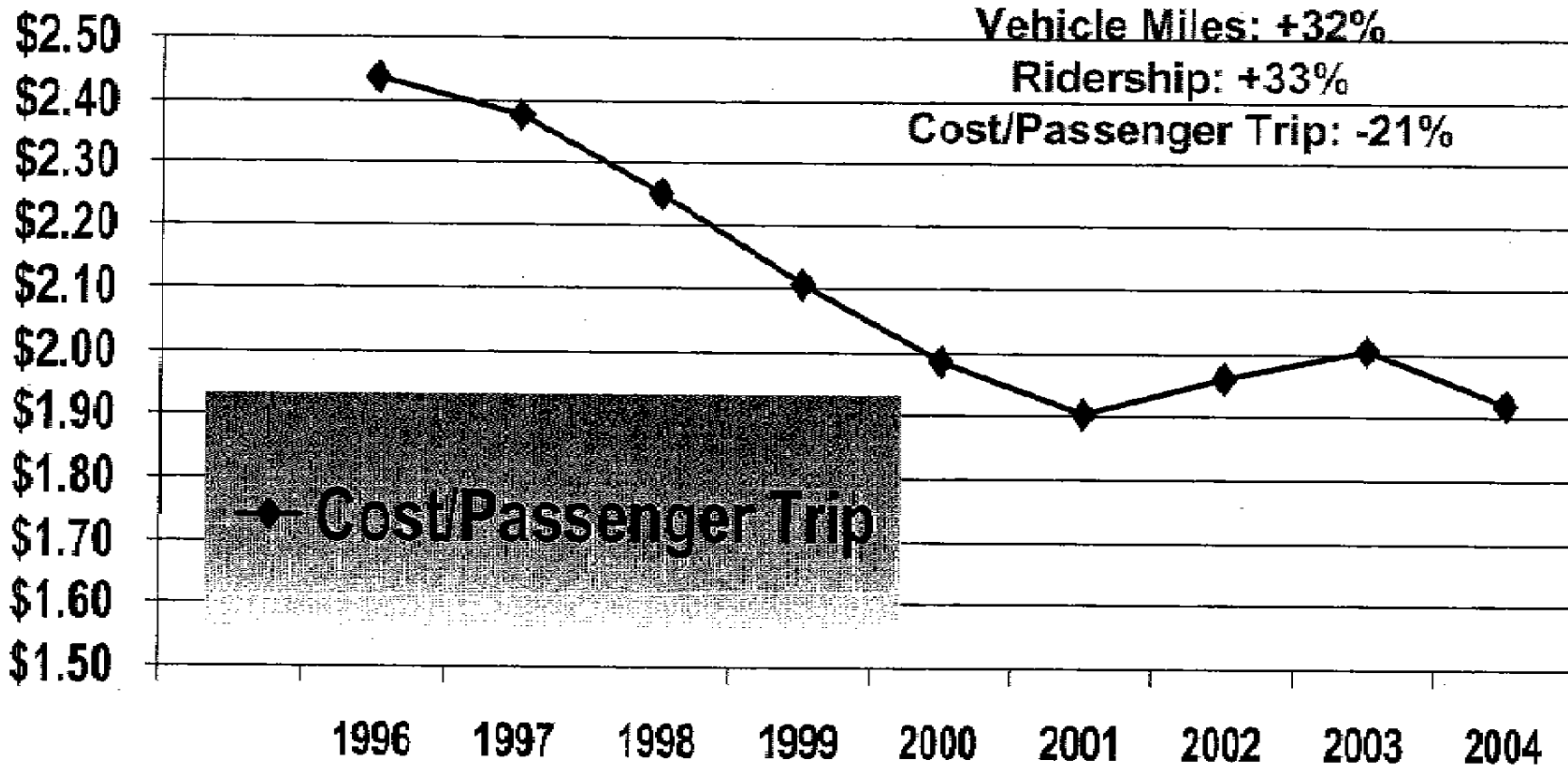
Metro funding/Productivity

2004 vs. 1996

Vehicle Miles: +32%

Ridership: +33%

Cost/Passenger Trip: -21%



◆ Cost/Passenger Trip

Inflation Adjusted (1996 \$)



According to the GAO, Metro is suffering from a one-two punch



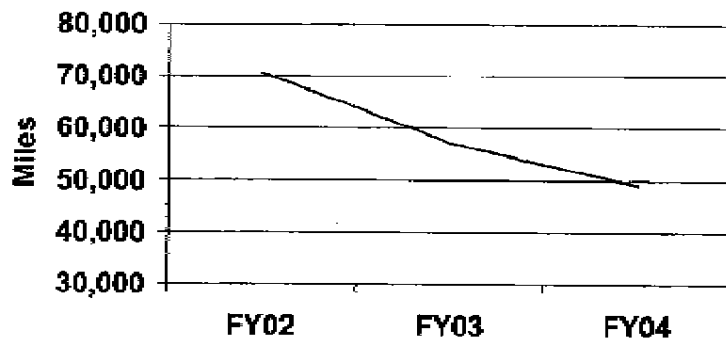
- Approximately 60% of the system is 20 years old or older
- Visible signs of aging: stations and parking facilities in disrepair, train and escalator breakdowns
- Less visible signs of aging: leaking tunnels; overburdened power, cooling, and communication systems
- Eight straight years of ridership growth
- We are reaching capacity limits based on current capabilities, however we are only using 58% of Metrorail's design capacity
- Cannot support continued regional population growth



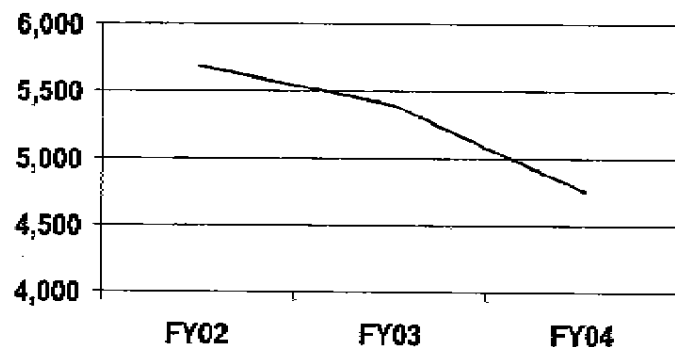
Service Performance is Declining

Current condition

Metrorail: Mean Distance Between Failures



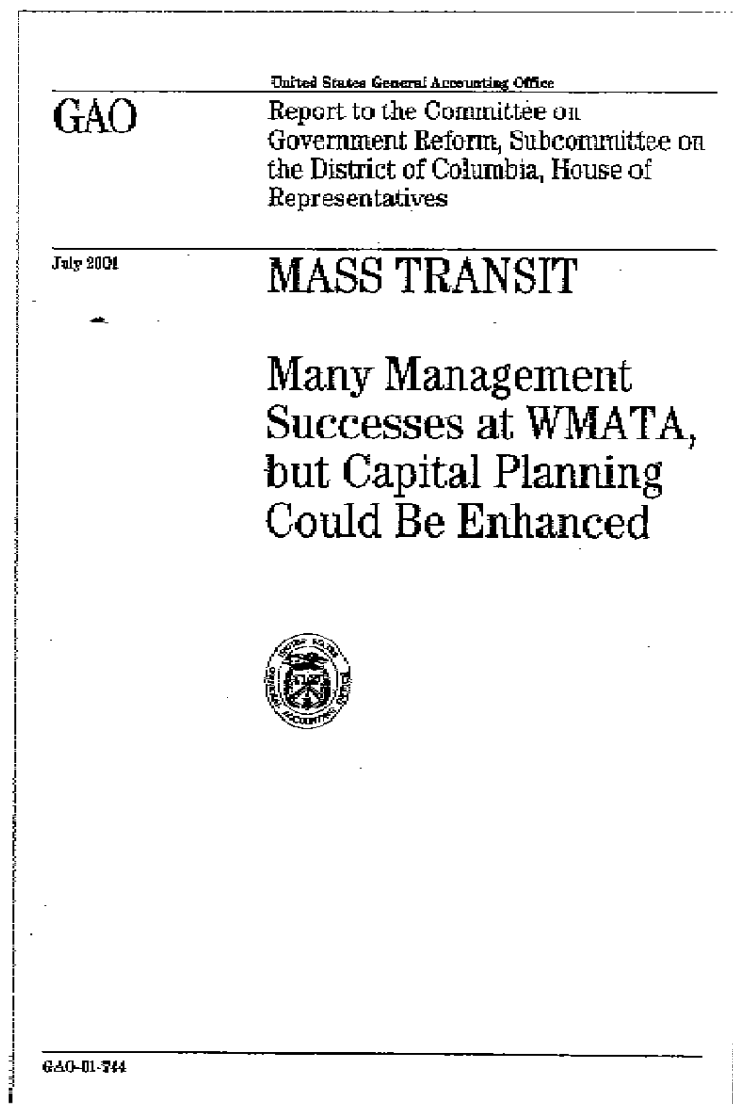
Metrobus Mean Distance Between Failures





Capital priorities matter

Long-term needs



July 2001 report from the U.S. Government Accountability Office concluded that Metro:

- Is “a victim of its own success.”
- Experiences “growing pains” from increased ridership.
- Suffers “aging pains” from an infrastructure that needs modernization.

GAO recommended that the Authority prioritize its capital planning.



Prioritizing Capital Plans

Long-term needs

- 10- year (FY04-17) Capital Improvement Program (CIP) = \$12.2B

Minus

- \$6B of system expansion

Equals

- \$6.2B of unfunded need for refurbishment and capacity improvements

Minus

- \$3.3B funded through "Metro Matters" Funding Agreement



**Beyond six year Metro Matters horizon, \$2.9B
in basic capital needs remain unfunded**



10-Year Capital Plan vs. Metro Matters

Long-term needs

	10-Year CIP (FY 2004 – 2013)	Metro Matters (FY 2005 – 2010)
Increase in bus capacity	460 buses	185 buses
Bus ridership growth	46%	18%
Increase in rail capacity	300 cars	120 cars
Rail ridership growth	38%	15%
8-car trains	75%	33%
Accommodates demand until	2018	2012

- Metro Matters is only a six-year commitment
- Does not fully fund critical rehabilitation needs
- Only a small portion of needed capacity improvements is funded
- Buys approximately four years of time before the same problem reoccurs



The Brookings Institution Report

- The Brookings Institution has issued a report entitled “Washington Metro: Deficits by Design”
- The report identifies WMATA as the fourth largest transit system in the U.S., based on various measures
- This report reveals that the method of funding for WMATA is unlike almost every other major transit system, in the following ways:
 - WMATA receives virtually no dedicated taxing revenues
 - WMATA is dependent in a disproportionately high way on state and local government general fund revenues
 - WMATA’s passengers pay an extremely high share of WMATA’s operating costs



*

The Brookings Institution Report

- The following comparisons on WMATA and other transit agencies were made:

<u>Dedicated</u>	<u>WMATA</u>	<u>National</u>
<u>Funding Levels</u>		<u>Average</u>
Capital	0%	52%
Operating	2%	33%
<u>State and Local General Funds</u>		
Capital	33%	8%
Operating	35%	19%



What does \$1.5 billion buy?

120 additional rail cars and support facilities



Recapitalization of existing physical plant – deferrals have begun



185 additional buses and support facility



Security requirements



The bottom line: \$1.5 billion supports basic capital funding and excludes operating costs and system expansion projects.



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Consequences of Inaction

- Deferral of capital asset renewal accelerates, contributing to unreliable services and increased operating costs
- Unable to exercise rail car options leading to unmanageable crowding as soon as 3 years
- Costs the Authority \$90M in rail car contract savings – equal to 42 rail cars
- Unable to relieve bus overcrowding, provide better feeder bus service to rail, support reliable schedules or provide passenger necessary amenities
- Unable to enhance security capabilities to meet needs identified in risk assessments
- FTA's approval of Preliminary Engineering (PE) for the Dulles project includes the following: " Financial concerns related to WMATA's ability to maintain the existing Metrorail and Metrobus systems and to meet future operational capacity needs must be addressed before the project could be approved to advance into Final Design"