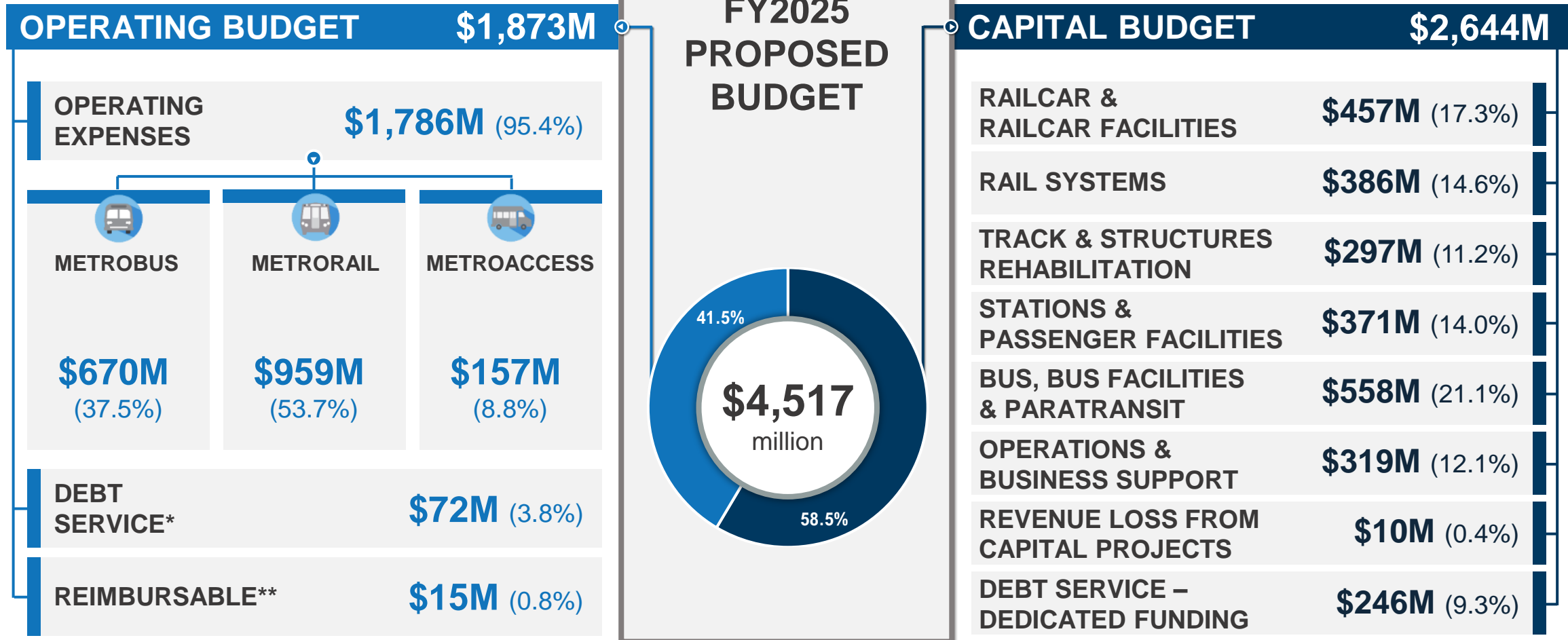


# FY2025 Budget

North Bethesda TMD Meeting  
January 31, 2024



# FY2025 Operating and Capital Budget Overview and Budget Book Preview



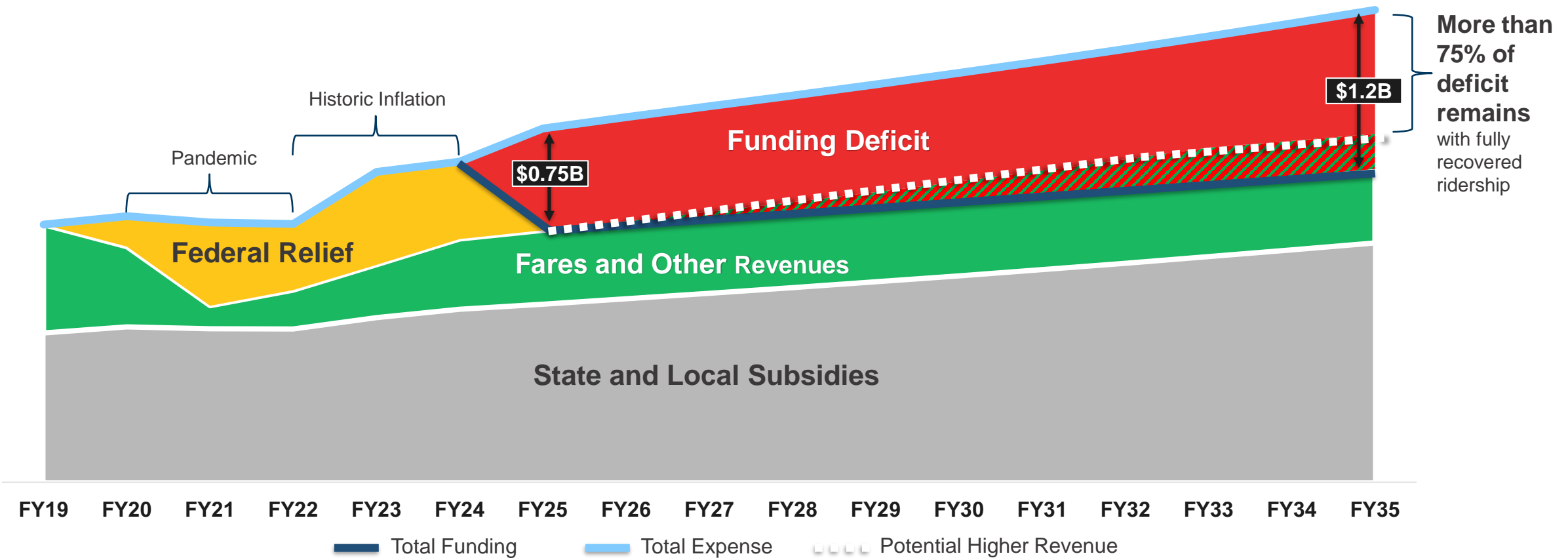
\*For Gross Revenue Bonds

\*\*Includes Joint Development projects

Charts and table totals may not sum due to independent rounding.

Refer to [Chapter 3](#) for **Operating Budget** details and [Chapter 4](#) for **Capital Budget** details in the Budget Book

# Metro's Operating Structural Deficit



\*Projection as of June 2023



# FY2025 \$750M Deficit Drivers in Detail

## Jurisdiction Subsidy Credit

**\$196M**

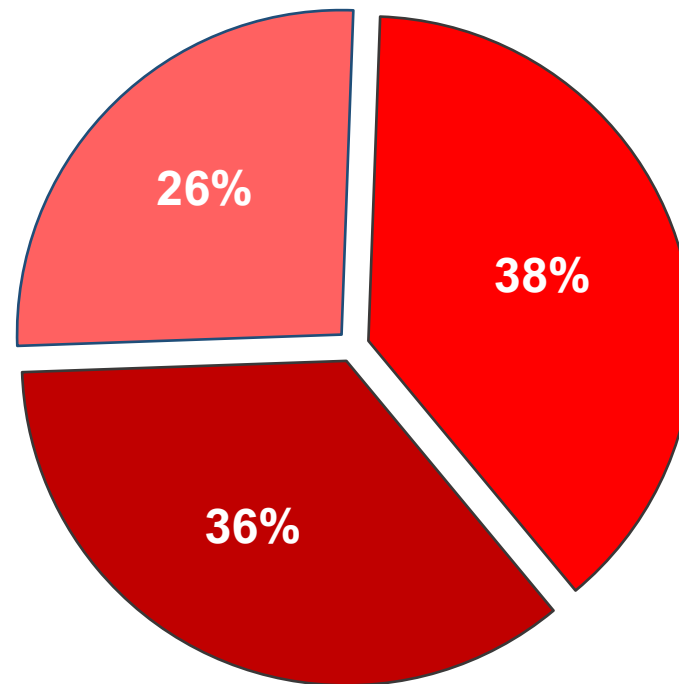
At the onset of the pandemic, Metro provided support to jurisdictions in the form of a subsidy reduction and forgone 3% increases.

## Inflation & Collective Bargaining Agreements

**\$266M**

Metro's contractual commitments and inflation soared by 10% in one year during the pandemic and FY2025 original outlook assumed continued inflation of approximately 5%.

FY2025 Operating Gap



## Decreased Revenue Since Pandemic

**\$288M**

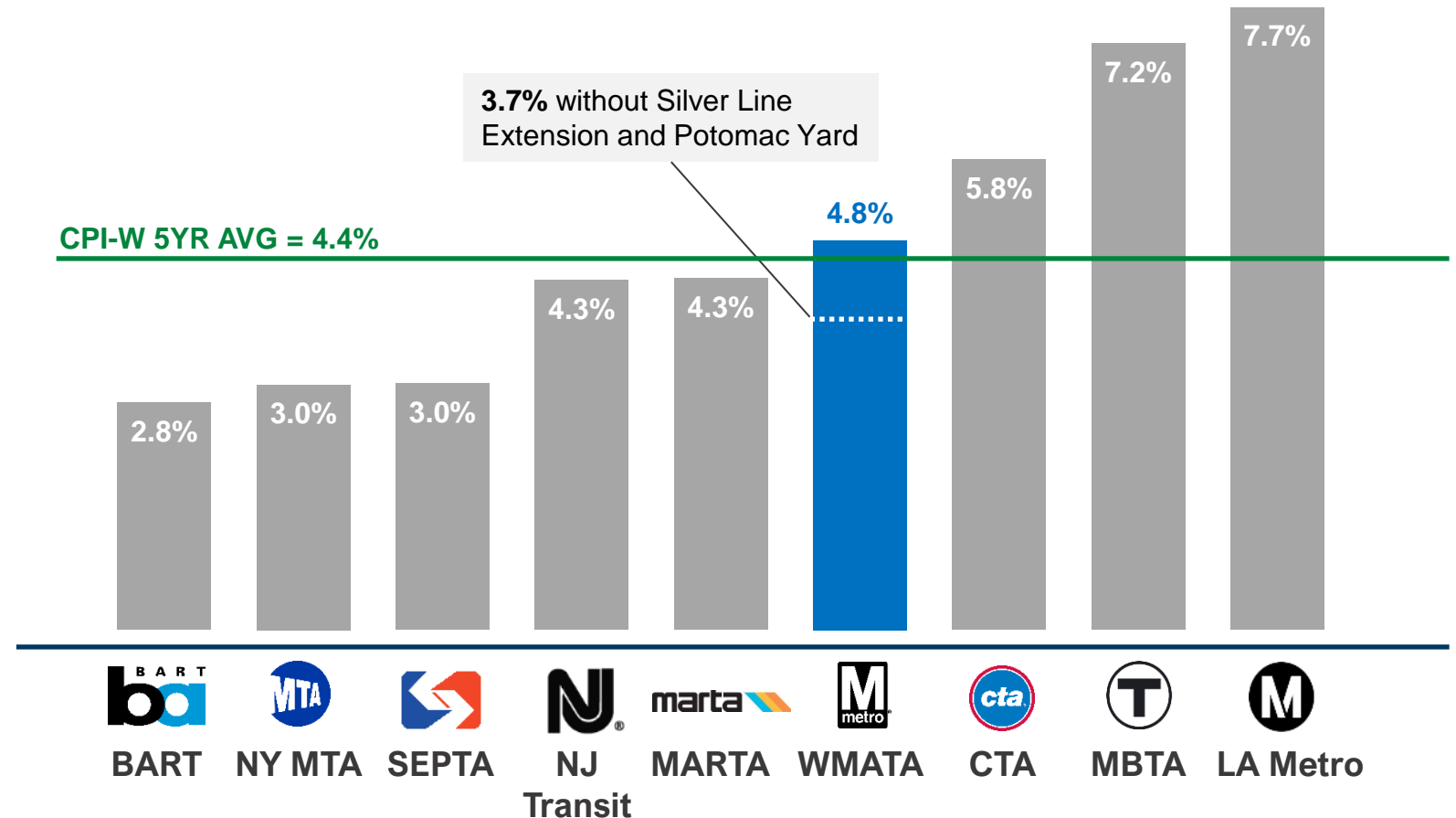
Overall ridership forecast to be approximately 25% below pre-pandemic levels along with greater prevalence of shorter distance trips outside of weekdays. Parking and advertising revenues also impacted.

\*Projection as of June 2023

# Metro's Average Annual Operating Growth Compared to Other Major Transit Systems (2019 to 2024)

During the past 5 years, Metro's budgeted annual operating expense has an average annual growth of 4.8% compared to CPI-W 4.4% even with new labor contract and major initiatives:

- Opening of Silver Line Extension in FY2023
- Opening of Potomac Yard station in FY2023
- New CBA Contract in FY2021-2024



Source: Published budget books




# FY2025: Operating Budget Levers

## Metro's Levers



**Financial Management**

Revenue and Expense analysis to maximize potential carryover



**Future Savings**

Program and Operation evaluations to increase productivity in FY2025 and beyond




**Fares**

Manage fare increase to minimize ridership impact



**Service Levels**

Reduce service levels while maximizing ridership



**Preventive Maintenance**

Maintenance expenses that originate in the Operating Budget that can be funded in the Capital Budget subject to approval

## External Factors

**Jurisdictional Funding**

Jurisdictional adjustments to the three percent cap or new ongoing funding sources

**Ridership/ Passenger Revenue**

Overall trend of near-term ridership and revenue growth

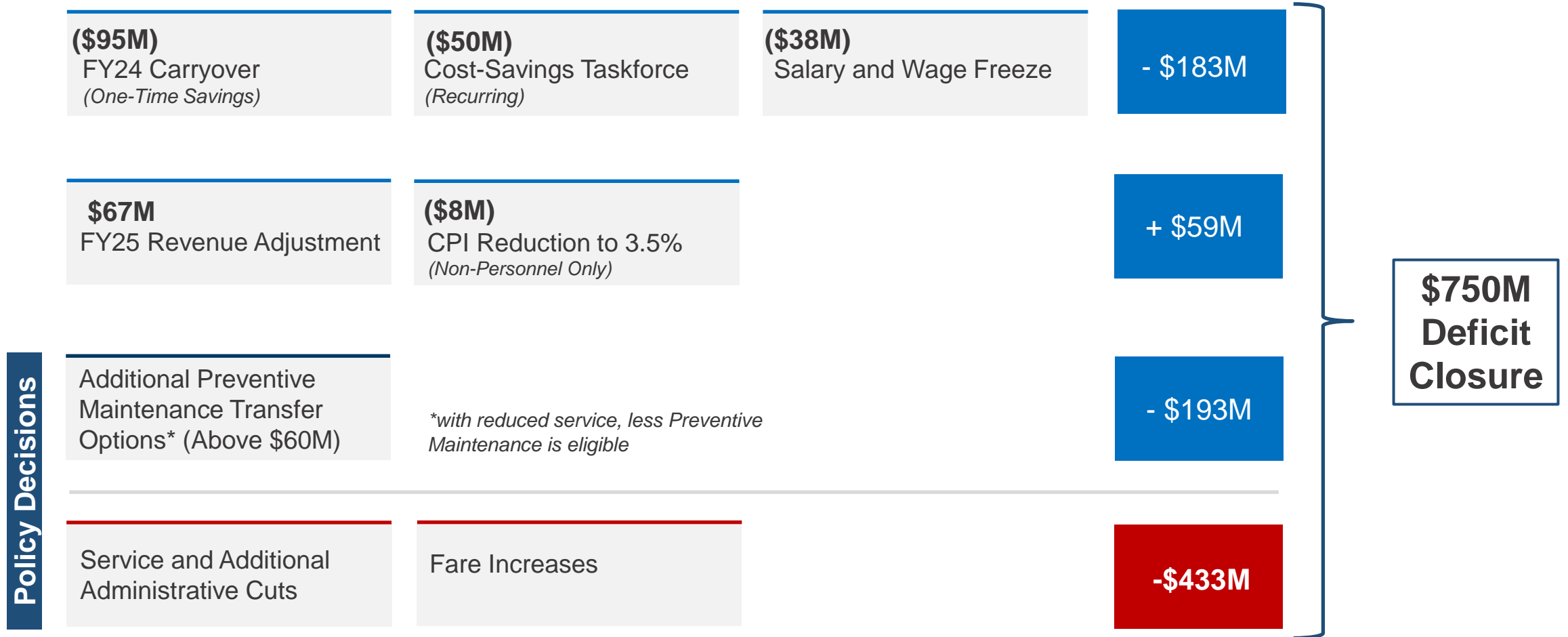
**Federal Relief**

Federal Government to provide any additional subsidy

**Federal Revenue Recovery**

Potential replacement for Federal SmartBenefits revenue

# Savings, Cuts and Forecasts Reduce \$750M Deficit to \$433M



\*with reduced service, less Preventive Maintenance is eligible

\*\*Numbers can vary depending on board decisions



# Proposed FY2025 Fare and Service Changes



# Major Service Cut and Fare Increase Proposal

Major service cuts and a fare increase reduce usefulness of network for customers



## Metrobus

- Eliminate Metrobus service on 67 of 135 lines
- Reduce service on 41 of 135 lines



## Metrorail

- Major frequency reduction
- 10pm system closure
- 10 stations closed
- Red Line and Silver Line turnbacks



## Fares

- 25% general increase in fares and parking rates expected to result in net revenue increase with some ridership loss

**MetroAccess:** Service area reduced with reductions to the fixed route network

# Rail Service Cuts Approach

**Proposal:** Reduce Metrorail's costs by decreasing service hours and levels:

- Close the system at 10pm
- Close 10 stations
- Turnbacks on the Red and Silver Lines
- Frequency reductions on all lines

Metrorail's **cost structure requires major service reductions to achieve significant savings** and changes targeting fixed costs, including reducing hours of station operations and shrinking fleet size.

Lower  
Customer  
Impacts



Higher  
Customer  
Impacts

## Service Efficiencies

- Shorter trains
- Narrow peak periods
- Shared staffing at entrances

## Adjust Service Patterns

- Turnbacks
- Targeted frequency reductions

## Major Service Reductions

- Reduce hours of operation
- Close stations
- Severe frequency reductions

Focus of  
FY2025  
Proposed  
Budget

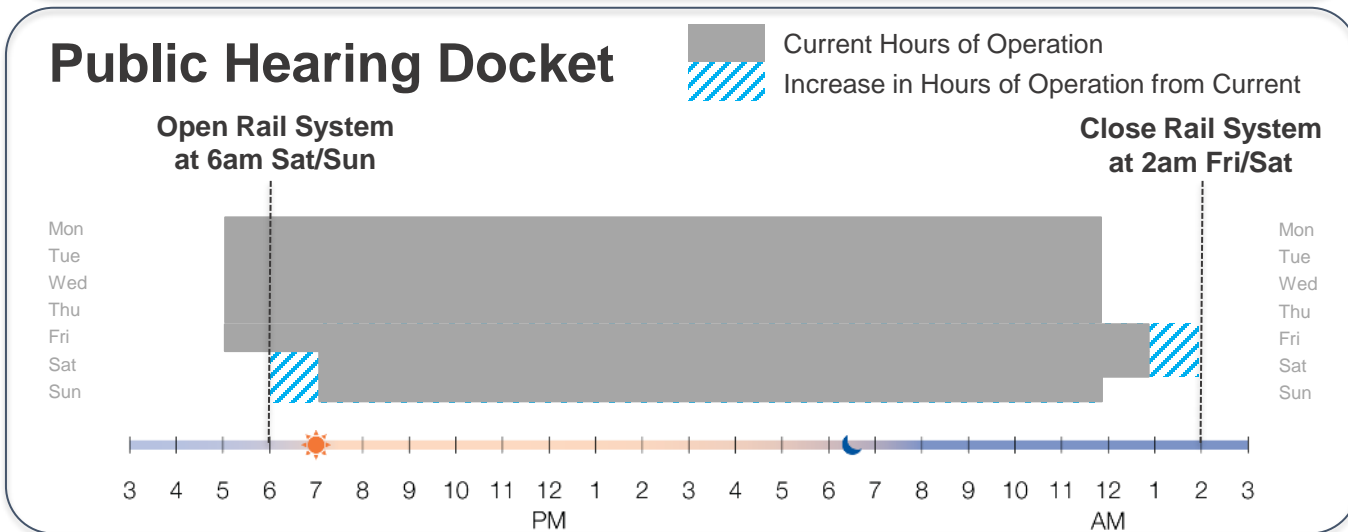
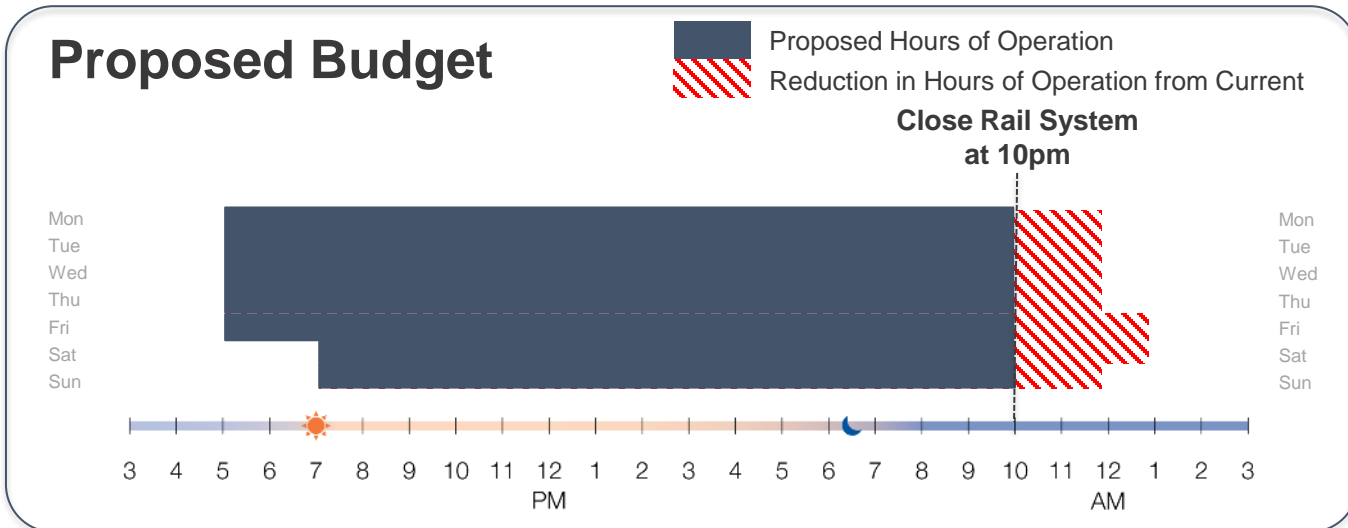
# Adjust Hours of Operation

**FY2025 Proposed Budget:** Close the rail system at 10pm daily

- Decreases weekly service hours from 131 to 115 hours per week (-12%)

**Alternative Option for Public Hearing Docket:** Keep the existing hours of operation, and open at 6am on Sat./Sun. mornings, and close at 2am on Fri./Sat. nights

- Board amendment: Jan. 11, 2024
- Increases weekly service hours from 131 to 135 hours per week (+3%)



# Bus Service Cuts Approach

**Proposal:** Cut 33% of service in each of DC, MD, and VA

- Reducing frequency, hours of operation & weekend service
- Truncate routes with rail transfers
- Eliminate routes entirely

Higher  
Productivity  
Routes



Lower  
Productivity  
Routes

## Most Productive Routes

- Maintain service
- Truncate service where rail transfers are possible

## Below Average Routes

- Reduce frequency
- Reduce span

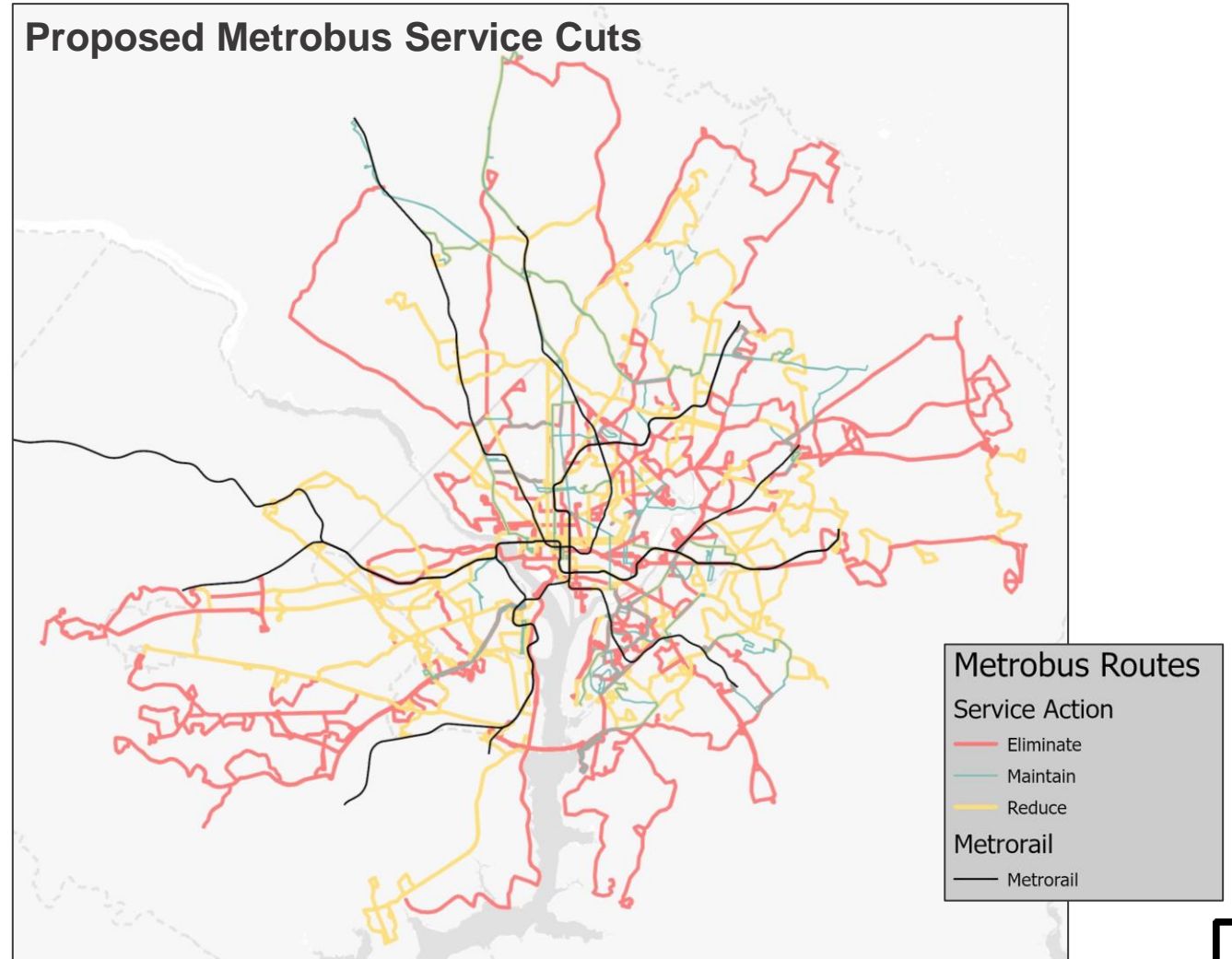
## Least Productive Routes

- Eliminate service

# Severe Bus Service Cuts

**Proposal:** Reduce Metrobus operating costs, focusing on least productive routes

- Decrease Metrobus service by 33%
- Eliminate service on 67 of 135 Metrobus lines
- Reduce service on 41 of 135 Metrobus lines
  - Reductions range between -2% and -75%



# MetroAccess Limited to Required Service Area

- Federal law requires paratransit service be provided to areas within  $\frac{3}{4}$  of a mile of fixed route bus service and rail stations throughout the same hours as those services
- Approximately 20% of current MetroAccess trips are either:
  1. Beyond the current legally required service area\* or
  2. Are trips that would be outside the service area if major rail and bus service cuts are implemented

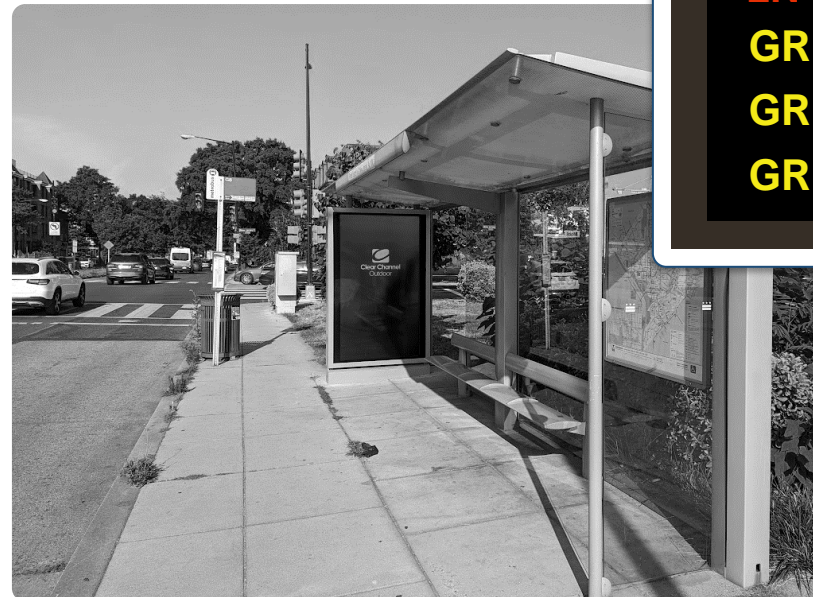


**320k trips (9k customers)**  
negatively impacted

\*70 percent of which are taken by customers who traveled outside the defined ADA service area and hours between July 1, 2009 and June 30, 2010 (Board Resolution 2010-31)

# Customer Impacts of Severe Service Cuts

- **Customers taking 22.7 million trips lose access entirely**
  - Bus routes eliminated
  - Rail stations closed, reduced hours of operation
- **Remaining customers have reduced service**
  - Longer waits, difficult transfers, and more crowded trains and buses
  - Major decrease in jobs accessible by transit, resulting in a less connected region
- **Transit less useful for the region**
  - Limited ability to support nightlife and regional events



**Navy Yard-Ballpark** GR  
Weekend Service

FY2025 Proposed Budget:  
**20 minutes**

LN	CAR	DEST	MIN
GR	8	Greenbelt	19
GR	8	Greenbelt	39
GR	8	Greenbelt	59

# FY2025 Fare Increase Proposal

Increase fares by 25%

	Current	Fare	Reduced Fare <sup>1</sup>
	<b>Rail Regular</b>	\$2.00 to \$6.00 After first 3 miles, \$0.40 per mile	\$1.00 to \$3.00
	<b>Rail Late Night<sup>2</sup> and Weekend</b>	\$2.00	\$1.00
	<b>Regular Bus</b>	\$2.00	\$1.00
<b>Express Bus Fare</b>		\$4.25 (\$2.10 Reduced)	
<b>MetroAccess Fare</b>		\$4.00 per trip (twice the base fare) <sup>3</sup>	
<b>Parking Rates</b>		\$3.00 to \$5.20 <sup>4</sup>	

	Proposed	Fare	Reduced Fare <sup>1</sup>
	<b>Rail Regular</b>	\$2.50 to \$7.50 After first 3 miles, \$0.50 per mile	\$1.25 to \$3.75
	<b>Rail Late Night<sup>2</sup> and Weekend</b>	\$2.50	\$1.25
	<b>Regular Bus</b>	\$2.50	\$1.25
<b>Express Bus Fare</b>		\$5.30 (\$2.65 Reduced)	
<b>MetroAccess Fare</b>		\$5.00 per trip (twice the base fare) <sup>3</sup>	
<b>Parking Rates</b>		\$3.50 to \$6.20 <sup>4</sup>	

Ridership Impact	Revenue Impact <sup>5</sup>
millions	\$, millions
<b>(14.7)</b>	<b>\$ 33.8</b>

\* Transfer credit is equivalent to the base rail/regular bus fare  
<sup>1</sup> 50% discount for senior, disabled, and low-income customers  
<sup>2</sup> Late Night fares apply after 9:30pm  
<sup>3</sup> MetroAccess trips comparable to regional operator routes may result in lower fares. Some exemptions apply to certain trips.  
<sup>4</sup> Rates include jurisdictional surcharges which are not proposed to change. Non-rider rates are proposed to be set at \$10 for each station.  
<sup>5</sup> Includes non-passenger revenue impacts












# Decrease Service on All Lines

Headway  
Minutes between trains

**Proposal:** Reduce service on all lines

- **Weekday Service:**  
Trains every 15 min
- **Weekend Service:**  
Trains every 20 min

Line	Service Pattern	Weekday	% Change	Weekend	% Change
	Shady Grove to Glenmont	15	-50% to -67%*	20	-70%
	Grosvenor to Silver Spring <sup>1</sup>	7.5	-17% to -33%*	10	-50%
	Greenbelt to Branch Ave	15	-60%	20	-70%
	Huntington to Mt Vernon Sq	15	-60%	20	-70%
	Franconia-Springfield to Downtown Largo	15	-17% to -33%*	20	-40%
	Vienna to New Carrollton	15	-25% to -50%*	20	-50%
	Ashburn to Stadium-Armory	15	-17% to -33%*	20	-40%

Note: Combined headways on segments served by more than one line will be more frequent. A detailed table is in the appendix.

% Of Trips w/ 6 min or better service	
<b>FY2024 Approved Budget</b>	81%
<b>FY2025 Proposed Budget</b>	10%

\*Compared to FY2024 Peak Service

1) Headways between Grosvenor and Silver Spring are combined: both Red Line patterns will operate every 15 min on weekdays and 20 min on weekends

All 121.5m Metrorail customer trips negatively impacted

