



**Maryland Department of Transportation**  
The Secretary's Office

September 28, 2009

The Honorable Ulysses Currie  
Chairman, Senate Budget and Taxation Committee  
3W Miller Senate Building  
Annapolis MD 21401-1991

The Honorable Norman Conway  
Chairman, House Appropriations Committee  
131 Lowe House Office Building  
Annapolis MD 21401-1991

Dear Chairmen:

Please see the attached report concerning the *Washington Metropolitan Area Transit Authority's (WMATA) FY 2010 Operating Budget* which was written in response to language set forth in the 2009 Joint Chairmen's Report (JCR), page 49. The language directs that:

*"Thirty days after the Washington Metropolitan Area Transit Authority's (WMATA) Board of Directors has adopted a fiscal 2010 budget, WMATA and the Maryland Department of Transportation (MDOT) shall submit a report to the budget committees that explains what actions were taken to resolve the \$154.0 million budget deficit identified by WMATA. The report shall include any information on service cuts made in the budget or fare increases and how they will impact riders. Finally, if WMATA increases the local subsidy payment, MDOT should indicate its share of the funding and what impact the funding increase will have on the department's financial forecast."*

If you have any questions or concerns, please contact Mr. Thomas Webster, Maryland Department of Transportation's Liaison to WMATA at 301-577-2063; of course you can always contact me directly.

Sincerely,

Beverley K. Swaim-Staley  
Secretary

cc: Members of the Budget Committees  
Mr. John Catoe, General Manager, Washington Metropolitan Area Transit Authority  
Mr. Thomas Webster, Manager, WMATA Liaison Office, Maryland Department of Transportation

**Martin O'Malley**  
Governor

**Anthony G. Brown**  
Lt. Governor

**Beverley K. Swaim-Staley**  
Secretary

**Harold M. Bartlett**  
Deputy Secretary

Report to the Maryland General Assembly  
Senate Budget and Taxation Committee and  
House Appropriations Committee

regarding

The Washington Metropolitan Area Transit Authority's  
(WMATA)  
FY 2010 Operating Budget  
(2009 JCR, p. 49)

September 2009

The Maryland Department of Transportation

The Washington Metropolitan Area Transit Authority's (WMATA)  
FY 2010 Operating Budget  
(2009 JCR, p. 49)

This report is written in response to language set forth in the 2009 Joint Chairmen's Report (JCR), page 49 concerning the *Washington Metropolitan Area Transit Authority's (WMATA) FY 2010 Operating Budget*. The language directs that:

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WMATA's preliminary FY 2010 operating budget projection indicated that WMATA faced an operating budget deficit of approximately \$154 million. This shortfall was due to projected increases in operating costs, particularly in personnel, energy and utilities, and the MetroAccess service.

WMATA's Board of Director and General Manager John Catoe were able to resolve the \$154 million operating budget deficit by: cutting operating expenses, recognizing favorable adjustments to revenue estimates, increasing the application of existing federal funding to the operating budget for preventive maintenance, transferring funds from WMATA's operating budget reserve, implementing a limited number of Metrobus service adjustments, and obtaining additional subsidy from the State and local governments that fund WMATA's operations.

### Expense Reductions and Revenue Estimate Adjustments

WMATA identified approximately \$109 million in operating expense reductions. The reductions included the elimination of 313 positions as well as reductions to other personnel costs, energy cost projections, consultant services, travel, and other administrative costs.

WMATA also updated revenue estimates for fiber optic program revenue and Metrobus passenger revenue. These revenue forecast revisions reduced WMATA's operating budget gap by approximately \$7 million.

The Washington Metropolitan Area Transit Authority's (WMATA)  
FY 2010 Operating Budget  
(2009 JCR, p. 49)

Federal Grant Funds for Preventive Maintenance

WMATA further reduced the operating budget deficit by increasing the application of existing federal funding to the operating budget for preventive maintenance by \$10 million, from \$21 million in FY 2009 to \$31 million in FY 2010.

Operating Reserve Funds

During FY 2009, WMATA was maintaining an operating budget reserve balance of approximately \$13 million. WMATA elected to use the balance of the reserve for the FY 2010 operating budget, reducing the deficit by \$13 million.

Metrobus Service Adjustments and Fare Changes

Effective June 28, three Metrobus routes were eliminated, some service was reduced on a fourth route, one Metrobus line was restructured, and fares were increased to express rates on three routes. In total, the Metrobus service and express fare changes reduced the operating budget gap by approximately \$3 million.

The L7 Metrobus route in Montgomery County (Connecticut Avenue) was eliminated, but extra buses were added to the similar L8 route. The C7 and C9 Metrobus routes in Montgomery and Prince George's counties (Greenbelt to Glenmont) were eliminated. Some off-peak Metrobus service on the Z2 routes in Montgomery County (Colesville to Ashton) was also eliminated. In Virginia, the 21 A, B, C, D and F (Landmark-Pentagon) routes were consolidated into a single route.

Riders of J7, J9 I-270 Express Metrobus routes in Montgomery County and the W19 Indian Head Express Metrobus route in Charles and Prince George's counties now pay the \$3.10 cash express fare (\$3.00 with a SmarTrip® card). Riders previously paid the regular \$1.35 cash fare or for express service (\$1.25 with a SmarTrip® card).

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Increase State and Local Subsidy

The remaining budget deficit was closed through additional subsidy contributions from the funding jurisdictions. WMATA's FY 2010 approved operating budget assumes a total State and local operating subsidy of \$546.7 million, an increase of approximately \$11.5 million over the FY 2009 base operating subsidy.

WMATA's FY 2010 Approved Operating Budget

WMATA's FY 2010 approved operating expenses total \$1.3745 billion. WMATA's FY 2010 approved revenue from fares, fees, advertising, and other sources totals \$783.7 million. Credits from the use of federal funds for preventive maintenance and the drawdown of funds from the operating reserve total \$44.0 million. The total approved State and local subsidy is \$546.7 million. Maryland's allocated share of the \$546.7 million total subsidy is \$215.6 million (39.4%). The \$215.6 million subsidy is \$5.3 million (2.5%) more than Maryland's \$210.4 million FY 2009 operating contribution to WMATA.

MDOT's Financial Forecast

The \$215.6 million operating subsidy requirement is \$0.6 million more than the MDOT's current appropriation for this purpose. The Department intends to pursue a budget amendment for the additional \$0.6 million. The long-term impact of the additional \$0.6 million on MDOT's financial forecast is minimal.