



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

**Martin O'Malley**  
Governor

**Anthony G. Brown**  
Lt. Governor

**Beverley K. Swaim-Staley**  
Secretary

**Harold M. Bartlett**  
Deputy Secretary

July 22, 2010

The Honorable Ulysses Currie  
Chairman, Senate Budget and Taxation Committee  
3 West Miller Senate Office Bldg.  
Annapolis MD 21401-1991

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

Dear Chairmen:

Please see the attached report concerning the *Washington Metropolitan Area Transit Authority's (WMATA) FY 2011 Operating Budget* which was written in response to language set forth in the 2010 Joint Chairmen's Report (JCR), page 49. The language directs:

*"Thirty days after the Washington Metropolitan Area Transit Authority's (WMATA) Board of Directors has adopted a fiscal 2011 budget, WMATA and the Maryland Department of Transportation (MDOT) shall submit a report to the committees that explains what actions were taken to resolve the 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, the Maryland Department of Transportation 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. Richard R. Sarles, Interim General Manager, Washington Metropolitan Area Transit Authority  
Mr. Thomas Webster, Manager, WMATA Liaison Office, Maryland Department of Transportation

A 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 2011 Operating Budget  
(2010 Joint Chairmen's Report, page 49)

July 2010

The Maryland Department of Transportation

The Washington Metropolitan Area Transit Authority's (WMATA)  
FY 2011 Operating Budget  
(2010 Joint Chairmen's Report, page 49)

This report is written in response to language set forth in the 2010 Joint Chairmen's Report (JCR), page 49 concerning the *Washington Metropolitan Area Transit Authority's (WMATA) FY 2011 Operating Budget*. The language directs that:

*"Thirty days after the Washington Metropolitan Area Transit Authority's (WMATA) Board of Directors has adopted a fiscal 2011 budget, WMATA and the Maryland Department of Transportation (MDOT) shall submit a report to the committees that explains what actions were taken to resolve the 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."*

WMATA's preliminary FY 2011 operating budget projection indicated that WMATA faced an operating budget deficit of approximately \$189 million. This shortfall was attributable to projected increases in operating costs, particularly for increases in personnel costs and for MetroAccess service costs, and forecasted declines in passenger fare and advertising revenues due to the economic downturn.

WMATA's Board of Directors and Interim General Manager Richard Sarles were able to resolve the \$189 million operating budget deficit by: implementing increases to Metrorail and Metrobus passenger fares and other fees, reducing operating expenses, modifying MetroAccess service policies, applying funds from the capital budget for preventative maintenance, and obtaining additional subsidy from the state and local governments that fund WMATA's operations.

### WMATA Passenger Fare and Fee Increases

A majority of WMATA's forecasted \$189.2 million FY 2011 operating budget gap was resolved through the implementation of passenger fare and fee increases. On June 24, 2010, WMATA's Board of Directors adopted a package of fare and fee changes that are projected to generate approximately \$108.1 million of additional revenue to fund the FY 2011 operating budget. (A summary of FY 2011 WMATA Fare Changes is attached.)

The Washington Metropolitan Area Transit Authority's (WMATA)  
FY 2011 Operating Budget  
(2010 Joint Chairmen's Report, page 49)

Metrorail Fares and Passes - Price Increases

Effective June 27, 2010, the minimum peak period charge for Metrorail increased from \$1.65 to \$1.95 for SmarTrip® users and from \$1.65 to \$2.20 for paper fare card users and the maximum peak period charge increased from \$4.50 to \$5.00 for SmarTrip® users and from \$4.50 to \$5.25 for paper fare card users.

Effective June 27, 2010, the minimum off-peak period charge for Metrorail increased from \$1.35 to \$1.60 for SmarTrip® users and from \$1.35 to \$1.85 for paper fare card users and the maximum off-peak period charge increased from \$2.35 to \$2.75 for SmarTrip® users and from \$2.35 to \$3.00 for paper fare card users.

WMATA's Board of Directors also approved the implementation of new peak-of-the-peak fare pricing for Metrorail trips started in the morning peak period between 7:30 a.m. and 9:00 a.m. and in the evening peak period between 4:30 p.m. and 6:00 p.m. The new peak-of-the-peak fare pricing will be implemented when WMATA's fare collection system can technologically accommodate the new fares, likely in August 2010.

Metrorail pass prices also increased consistent with the Metrorail fare changes.

Metrobus Fare and Pass Price Increase

Effective June 27, 2010, the Metrobus boarding charge increased from \$1.25 to \$1.50 for SmarTrip® users and from \$1.35 to \$1.70 for cash users. The Express bus charge increased from \$3.00 to \$3.65 for SmarTrip® users and from \$3.10 to \$3.85 for cash users. The bus fare on the BWI (B30) and Dulles (5A) Metrobus airport shuttles increased from \$3.00 to \$6.00 for SmarTrip® users. The weekly bus pass price increased from \$11.00 to \$15.00.

MetroAccess Service and Fare Changes

WMATA considered several changes to the MetroAccess service in an effort to limit the unsustainable growth in the budget for the service. Effective June 26, 2010, WMATA limits MetroAccess service to areas within  $\frac{3}{4}$  of a mile of fixed route transit service. Eligible MetroAccess customers who were taking MetroAccess trips outside of the  $\frac{3}{4}$  mile corridor at the time of the change are exempt from the new service restriction. WMATA will also charge a MetroAccess fare of twice the equivalent fixed route fare up to a maximum of \$7.00.

FY 2011 expense savings and revenue increases resulting from these changes reduced WMATA's FY 2011 operating budget deficit by approximately \$10 million.

The Washington Metropolitan Area Transit Authority's (WMATA)  
FY 2011 Operating Budget  
(2010 Joint Chairmen's Report, page 49)

Consideration of Metrorail and Metrobus Service Changes

WMATA considered a number of potential Metrorail and Metrobus service reductions to balance the FY 2011 operating budget. WMATA heard a strong preference from riders through public hearings and other forums for fare increases rather than reductions in service. The WMATA Board of Directors chose not to implement any of the potential Metrorail and Metrobus service reductions to close the FY 2011 budget gap.

Operating Expense Reductions

WMATA implemented approximately \$16.3 million in expense reductions to close the FY 2011 operating budget gap. The expense reductions include the elimination of overhead positions and the cutbacks in purchased services.

Capital Funds for Preventative Maintenance

WMATA further reduced the operating budget deficit by increasing the application of existing capital funding to the operating budget for preventative maintenance by \$30.0 million, from \$30.7 million in FY 2010 to \$60.7 million in FY 2011.

Increase State and Local Operating Subsidy

The remaining budget deficit was closed through the additional subsidy contributions from the state and local jurisdictions. WMATA's FY 2011 approved operating budget assumes a total state and local operating subsidy of \$572.0 million, an increase of approximately \$25.3 million (4.6%) over the FY 2010 approved state and local operating subsidy.

WMATA's FY 2011 Approved Operating Budget

WMATA's FY 2011 approved operating expenses total \$1.464 billion. WMATA's FY 2011 approved revenue from fares, fees, advertising, and other sources totals \$831.2 million. Credits from the use of capital funds for preventative maintenance total \$60.7 million. The total approved FY 2011 state and local operating subsidy is \$572.0 million. Maryland's allocated share of the \$572.0 million total subsidy is \$228.1 million (39.9%). The \$228.1 million subsidy is \$12.5 million (5.8%) more than Maryland's \$215.6 million FY 2010 operating contribution to WMATA.

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MDOT's Financial Forecast

The \$228.1 million operating subsidy requirement is \$3.8 million more than the MDOT's current appropriation for this purpose. The Department intends to pursue a budget amendment for the additional \$3.8 million. The long-term impact of the additional \$3.8 million on MDOT's financial forecast is minimal.

## Summary of FY 2011 Washington Metropolitan Area Transit Authority Fare Changes

Metrorail	FY 2010	FY 2011	Change
	Fare*	Fare	
Peak period boarding charge (less than 3 miles) - SmarTrip®	\$1.65	\$1.95	\$0.30
Peak period boarding charge (less than 3 miles) - paper farecard	\$1.65	\$2.20	\$0.55
1st tier of peak period mileage charge (3 to 6 miles)	\$0.260	\$0.299	\$0.039
2nd tier of peak period mileage charge (6 miles to max fare)	\$0.230	\$0.265	\$0.035
Maximum period fare (excluding peak-of-the-peak) - SmarTrip®	\$4.50	\$5.00	\$0.50
Maximum period fare (excluding peak-of-the-peak) - paper farecard	\$4.50	\$5.25	\$0.75
Peak-of-the-peak pricing (7:30-9:00 a.m. and 4:30-6:00 p.m.)	n/a	\$0.20	\$0.20
Off-peak period boarding charge (less than 7 miles)- SmarTrip®	\$1.35	\$1.60	\$0.25
Off-peak period boarding charge (less than 7 miles)- paper farecard	\$1.35	\$1.85	\$0.50
1st tier off-peak period charge (7 to 10 miles)- SmarTrip®	\$1.85	\$2.15	\$0.30
1st tier off-peak period charge (7 to 10 miles)- paper farecard	\$1.85	\$2.40	\$0.55
2nd tier off-peak period charge (over 10 miles)- SmarTrip®	\$2.35	\$2.75	\$0.40
2nd tier off-peak period charge (over 10 miles)- paper farecard	\$2.35	\$3.00	\$0.65
One-Day Pass	\$7.80	\$9.00	\$1.20
7-Day Short Trip Pass	\$26.40	\$32.35 **	\$5.95
7-Day Fast Pass	\$39.00	\$47.00 **	\$8.00
SmartStudent Pass	\$26.00	\$30.00	\$4.00
DC Student 10-Trip Farecard	\$8.00	\$9.50	\$1.50
Transit Link Card	\$80.00	\$102.00 **	\$22.00

Metrobus	FY 2010	FY 2011	Change
	Fare*	Fare	
Boarding charge- SmarTrip®	\$1.25	\$1.50	\$0.25
Boarding charge- cash	\$1.35	\$1.70	\$0.35
Express bus charge- SmarTrip®	\$3.00	\$3.65	\$0.65
Express bus charge- cash	\$3.10	\$3.85	\$0.75
Dulles and BWI airport shuttle charge	\$3.10	\$6.00	\$2.90
Weekly Flash Pass	\$11.00	\$15.00	\$4.00
Adult tokens 10-pack	\$13.50	\$17.00	\$3.50
DC student tokens 10-pack	\$6.25	\$7.50	\$1.25
Weekly Senior Flash Pass	\$6.00	\$7.50	\$1.50
Weekly Disabled Flash Pass	\$6.00	\$7.50	\$1.50

MetroAccess	FY 2010	FY 2011	Change
	Fare*	Fare	
Set MetroAccess fare to twice to equivalent fixed route fare, \$7 maximum			
Increase the supplemental fare for service provided in Zone 1	\$1.00	\$2.00	\$1.00
Increase the supplemental fare for service provided in Zone 2	\$2.00	\$3.00	\$1.00
Increase the supplemental fare for service provided in Zone 3	\$3.00	\$4.00	\$1.00
Increase the supplemental fare for service provided in Zone 4	\$4.00	\$5.00	\$1.00

Other	FY 2010	FY 2011	Change
	Fare*	Fare	
Bicycle locker yearly rental fee	\$70.00	\$200.00	\$130.00
Reserved parking permit fee	\$55.00	\$65.00	\$10.00

\* Prior to implementation of \$0.10 surcharge in March 2010.

\*\* New price effective August 1, 2010. Interim price in place June 27 thru July 31.