



February 1, 2024

Dear WMATA Board Members and General Manager Clarke:

We recognize the critical role Metro plays in the economic success of our city, the revitalization of Downtown DC, and the vitality of our entire metropolitan region. As we re-envision our Downtown corridor, we know how essential frequent, safe, and reliable Metro service will be in rebuilding our commercial core and attracting new residents. We also know the entire region succeeds when WMATA succeeds. Despite many months of hard work done by WMATA and our teams, there is still no agreement on a long-term sustainable solution to WMATA's structural funding gap. But we cannot let WMATA fail, nor can we allow Metro services to be downgraded to close a budget gap as to render it an unusable transit system.

To help close WMATA's projected Fiscal Year 2025 operating budget deficit, the District, Maryland, and Virginia must each contribute additional resources. Because WMATA is a *regional* transportation system, which benefits current and future economic activity in the unequally sized compact jurisdictions, the funding ought to be more distributed, nonetheless. ***To help close WMATA's projected FY25 operating budget deficit, the District is prepared to provide up to \$200 million on top of our FY24 operating subsidy.*** However, we believe the WMATA funding formula is seriously flawed, relying on outdated inputs, and it must be revised equitably as part of WMATA's FY 2026 budget process.

Our proposal lets WMATA avoid major service reductions and provides the necessary time to correct the funding formula. With Maryland's \$150 million and Virginia's \$130 million commitments, WMATA would have \$480 million of the \$500 million gap, which should lessen use of the preventive maintenance fund.

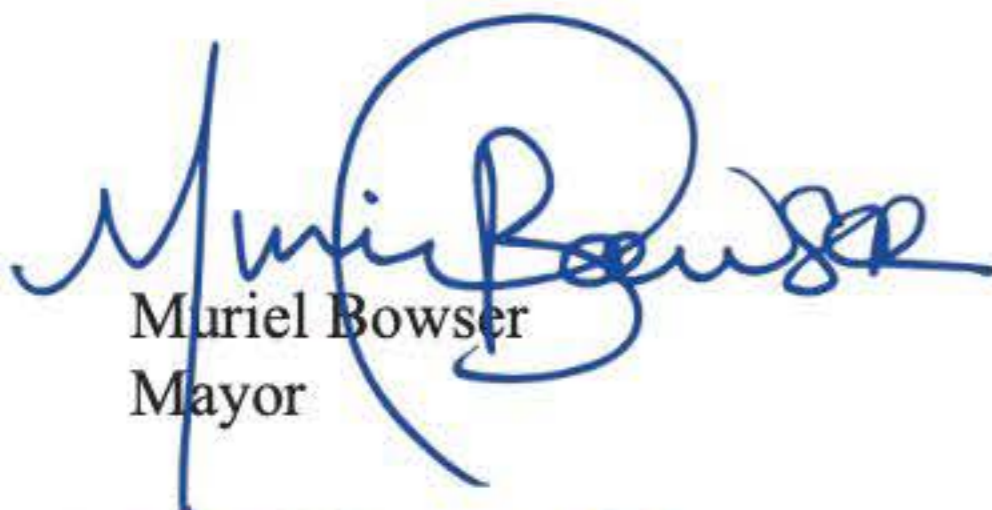
In finalizing the FY 2025 budget, the following framework must be used to return WMATA to financial stability:

- 1. The FY 2025 contribution is not a multi-year solution.** We know WMATA will still have very significant budget gaps next year and in future years. Solving this financial challenge requires the Washington metropolitan region to work together and each jurisdiction to agree to its new financial commitments. We need to be candid about the significant financial challenges WMATA will face in FY 2026 and beyond. This Spring, we must all get back to the table to develop long-term solutions for WMATA's structural budget gap. The District will not support a two-year budget.
- 2. WMATA cannot reduce overall services DC residents, visitors, and commuters rely on and must align resources to customer demand.** The District's contribution, along with those of Maryland and Virginia (\$150M & \$130M, respectively), will allow WMATA to avoid service reductions to Metrobus and Metrorail operations inside the District. But as part of returning to financial stability, but WMATA must review staffing levels at Metrorail stations and surface operations systemwide to ensure customer demand is aligned with deployment of resources.

3. **WMATA must bend the curve on its costs.** We appreciate WMATA identifying recurring \$50 million cost savings beginning in FY 2025, which will average about \$608 million over a decade. WMATA's workforce is vital to its success and future, and WMATA's workforce needs to be part of the solution to closing the gap. Personnel costs are the largest share of the WMATA operating budget and WMATA must slow the growth of these costs in order and should not be to solve its structural budget issues.
4. **The preventative maintenance fund is not intended to be used as a rainy day fund.** While it will be necessary to transfer some amount of preventive maintenance funding to help close the operating budget gap, we are concerned about the foreseeable consequences of transferring the maximum amount of that funding and its impact both on WMATA's state of good repair and its longer-term capital investments. The District's enhanced operating subsidy is intended to allow WMATA to not rely too heavily on the preventive maintenance transfer. But to reduce the burdens on all jurisdictions, WMATA should utilize not more than half of the preventive maintenance transfer to cover eligible operating expenses.
5. **Freeze new capital projects that do not contribute to a state of good repair.** Until WMATA's capital budget cliff is addressed, capital funding should go only to maintaining a state of good repair and not toward new capital projects. The District will not support WMATA launching a new wave of capital projects until its overall capital budget is stabilized; to do otherwise would be financially irresponsible.
6. **Come to agreement on a new funding formula.** The District is committed to working collaboratively to address the funding formula flaws. We must come to agreement on an updated funding formula that will be available for use in building WMATA's FY 2026 budget.

We look forward to continuing to work with you as the region develops longer-term financial solutions for WMATA. We are committed to working with our regional and federal partners to put WMATA on a financially stable and sustainable path.

Sincerely,



Muriel Bowser  
Mayor



Phil Mendelson  
Chairman  
DC Council



Charles Allen  
Chairperson  
Committee on Transportation & the Environment