

Secretary of Transportation

Update to the House Appropriations Committee Transportation and Public Safety Subcommittee

January 24, 2024



Agenda

Washington Metropolitan Area Transit Authority (WMATA)

Transportation Partnership Opportunity Fund (TPOF)

Interstate 81 Corridor Improvement Program

Interstate 64 Gap Widening

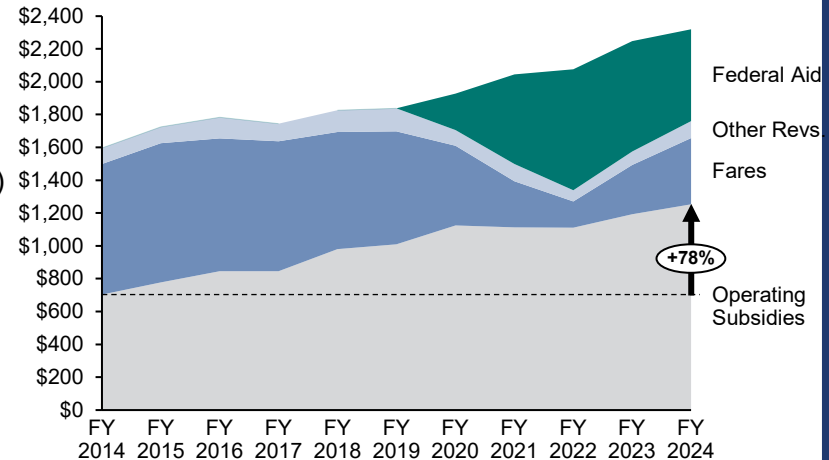
Hampton Roads Bridge-Tunnel (HRBT)



WMATA: Funding Operating and Capital Subsidies in Virginia

- WMATA's budget allocates annual operating and capital subsidies between VA, MD, and DC
 - In Virginia, the 6 NoVA localities (through NVTC) bear funding responsibility per the WMATA Compact
 - Total operating subsidies have grown by 78% over 10 yrs., more than 2.6x the rate of inflation as ridership fell
- The Commonwealth provides dedicated operating and capital assistance via 3 funding streams:
 - **Funding for NVTC Operating and Capital Assistance:** 46.5% of the Commonwealth Mass Transit Fund (CMTF) (\$211M in FY2024) allocated to NVTC for WMATA operating or capital
 - **PRIIA Match:** \$50M off-the-top of the CMTF provided directly to WMATA for capital (VA's share of federal match)
 - **Dedicated Capital:** \$154.5M from dedicated tax revenues, provided directly to WMATA
 - **Total:** \$416M in FY2024
- Virginia law places checks on state funding:
 - State assistance to NVTC cannot exceed 50% of the total NVTC operating and capital subsidy due to WMATA
 - Virginia's total operating subsidy requested in WMATA's approved budget cannot grow by more than 3% YoY

WMATA Operating Revenue Sources
(Millions)



Source: NVTC; WMATA Budgets



The Case for WMATA Reform (1/2)

As long-term ridership has declined...

- **Rail:** 19% ridership decline between July 2010 (27M) and July 2019 (22M)
 - Pandemic ridership bottomed out in April 2020 at 1.2M
 - Current monthly ridership is ~11M, 55% of 2019 levels
- **Bus:** Flat ridership between 2010-2019
 - Bottomed out in April 2020 at 1.7M
 - Current monthly ridership is ~9M, just below 2019 levels

Virginia has increased WMATA funding significantly

- Total Virginia funding for Metro has more than tripled since 2010 and doubled over last decade, significantly outpacing inflation.

<i>Selected Fiscal Years (Dollars in millions)</i>	Virginia	Localities (NVTC)	Total Funding	<i>Change from 2010</i>	Notes
FY 2010	\$82	\$100	\$182	--	Rail ridership peaks
FY 2011	\$128	\$135	\$291	27%	State begins \$50M PRIIA Match
FY 2014	\$157	\$135	\$292	61%	
FY 2019	\$327	\$292	\$619	235%	State begins \$154.5M dedicated capital
FY 2022	\$471	\$104	\$574	216%	Federal aid and WMATA credits reduce growth
FY 2024	\$416	\$207	\$622	242%	Metro nears exhaustion of federal pandemic relief

Source: Federal Transit Administration National Transit Database; WMATA Ridership Portal; WMATA and DRPT budgets



The Case for WMATA Reform (2/2)

Fare revenues have also declined significantly

- **Fares paid by Capital Region federal workers declined from \$108M in FY2019 to \$16M in FY2022**
- Fare Evasion: Improvements have been made, but significant fare evasion (60%) persists at many rail stations and less than 30% (8M of 28.5M) of bus riders paid any fare last quarter.

<i>Selected Fiscal Years</i>	<u>Total Fare Revenues</u>	<u>Average Fare (all modes)</u>
FY 2010	\$660M	\$1.92
FY 2014	\$796M	\$2.17
FY 2022	\$160M	\$1.50
FY 2024 (budgeted)	\$404M	\$1.82

WMATA exhibits considerable financial and operational shortcomings:

- WMATA has the highest operating costs and largest workforce of any major metro system when sized for either service or ridership.
- WMATA requires a workforce 88% larger than the Chicago Transit Authority's to deliver the same amount of service (FY2021).
- WMATA's average railcar was 15% full (15 riders) when in service in 2019; down to 8% full (8 riders) in 2022.
- 40% of WMATA's bus fleet were "spares" that were inactive during maximum service in 2022; up from 13% in 2019 despite similar service levels.
- Employer retirement contributions (pensions plus OPEB) exceeded fare revenues in 2022 and consumed 94% of fares in 2023.
- WMATA allocates 60% of its budget to functions outside of running service; significantly more than its peers (FY2021).

Getting WMATA On-Track

- WMATA initially projected \$750M operating deficit for FY2025; now reduced to \$433M.
 - Active discussion among WMATA board and region as to acceptable mix of subsidies, service reductions, and fare increases.
- WMATA is critical to the NoVA region and Commonwealth. **We are committed to a safe, affordable, reliable system that is sustainable.**
- WMATA's cost structure is not sustainable.
 - **WMATA's total budget has grown at ~8.5% annualized rate since 2019 compared to ~5% for VA incomes.**
- The Governor has requested a 2-year business plan from WMATA to detail turnaround efforts.
- The Governor's budget includes provision to adjust the 3% cap for FY2025.
- Administration-supported legislation (HB1201 / SB617) would clarify language to ensure all routine operating costs—including costs stemming from new labor agreements—are included in the 3% cap calculation.



Transportation Partnership Opportunity Fund

- Created in 2005, TPOF is the Commonwealth's premier funding mechanism for transportation projects supporting economic growth opportunities.
- Approximately \$500 million to the Fund since inception.
- It allows the Governor (MEI) the flexibility to respond to economic development opportunities as they arise by directing funds to critical transportation projects.
- The General Assembly authorized the transfer of \$75 million to the Fund in 2023.
- Current available balance for the Governor to award or direct is \$68 million.
- The Governor directed \$20 million from TPOF to the Virginia Commercial Spaceflight Authority (VCSFA) to build a new launch pad in December 2023.
- The Governor's proposed budget includes an additional \$76.6 million to the Fund over the biennium and an estimated \$322.4 million through 2030.



Interstate 81 Corridor Improvement Program

- Program began in 2019.
- Projects in current Corridor Improvement Program (CIP) are valued at \$3.4 billion (up from \$3.1 billion) with estimated delivery in 2035-2036.
- Expenditures to date total \$209.5 million—roughly 6% of the value.
- 34 of 65 total capital projects complete with height of construction activity due to occur in 2025-2028.
- The Program receives over \$200 million annually from dedicated funding sources, in perpetuity, through the IOEP and regional fuels tax.
- The Governor's proposed budget includes additional \$470 million for I-81 funding—\$70 million General Funds and \$400 million from tax policy change.
- The 325-mile I-81 Corridor is critical for Virginia as it allows people and goods to flow north and south, including 50% of the state's value of goods and 44% of all Interstate truck traffic.



Interstate 64 Gap Widening Project

- I-64 is not only a critical linkage between Hampton Roads, Richmond, I-95, I-85 and I-295, but also the world.
- It links our data centers, Jefferson Labs, Old Dominion University, Hampton University, William & Mary, Christopher Newport University, along with the three subsea cables from France, Spain, Puerto Rico and Brazil that converge in the Commonwealth.
- Virginia is where the internet comes together, and I-64 plays a critical role in this connection.



Interstate 64 Gap Widening Project

Segment A

- Broke ground in November 2023.
- Widens first 10.7 miles of the 29-mile gap in New Kent County.
- Estimated cost of \$277.8 million.
- Anticipated completion in 2027.

Segment B

- Procurement phase to begin Spring 2024.
- Widens 9.3 miles of the gap in New Kent County.
- Estimated cost of \$246.4 million.
- Anticipated completion in 2028.

Segment C

- Currently in procurement phase with anticipated groundbreaking in Summer 2024.
- Widens 9 miles of the gap through James City County.
- Estimated cost of \$231.8 million.
- Anticipated completion in 2027.

All three segments are a combined estimated \$756 million.



HRBT Expansion Project

- A \$3.8 billion project—the largest in Virginia's history.
- It will double capacity to eight lanes total across two tunnels and all new bridges.
- Tunnel boring machine "Mary" began boring in April 2023 and has completed half the boring for the first tunnel.
- "Mary" tunnels at a rate of 50 feet per day.
- Anticipated completion date in late 2026 or early 2027.



Secretary of Transportation

Update to the House Appropriations Committee Transportation and
Public Safety Subcommittee

January 24, 2024

