



Washington Metropolitan Area Transit Authority (WMATA) Reform, Governance and Funding Update

Board Transportation Committee
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Background



- During the past several years, WMATA's challenges have become highly apparent through:
 - Accidents, derailments, extended maintenance outages, service cuts, revenue shortfalls, increased federal safety and financial oversight, etc.
- Several efforts are underway to address WMATA's operating, safety, governance and funding challenges
- Numerous proposals have been developed to address various aspects of WMATA's challenges
- Metrorail Safety Commission (MSC) – Three jurisdictions and the federal government have adopted legislation creating MSC. Virginia and Maryland have appointed their Commissioners; awaiting District appointments.
- Virginia appointees:
 - Greg Hull of Reedville, Retired Public Transportation Operations and Safety Manager (former vice president at the American Public Transportation Association)
 - Mark V. Rosenker of McLean, Transportation Safety Consultant, Transportation Safety Group, LLC (former chairman of the National Transportation Safety Board).
- Next Steps: Hire Executive Director; Begin Operations; FTA Certification

Various Efforts Underway



- Today will focus on updates from various proposals:
 - Metropolitan Washington Council of Governments
 - Former U.S. Secretary of Transportation LaHood
 - Federal Proposals
 - Other Proposals

Council of Governments Efforts



- MWCOCG established Metro Strategy Group
 - Primarily focused on WMATA funding challenges
- In June, MWCOCG adopted series of principles to provide a focus for the regional actions needed to facilitate achievement of the region's goals for Metro, including:
 - Optimal way to address capital funding gap is through dedicated funding source or sources earmarked to WMATA that are fully bondable and enhance WMATA's overall financial standing.
 - Operating and maintenance funding needs should be addressed through management best practices and reforms, as well as increased ridership, before determining if there is a need for additional funding
 - Local and state contributions for subsidies should be predictable with an annual growth rate of not more than 3%.

MWCOG Efforts (Continued)

- Enhancement and reform of WMATA's governance and operations may be accomplished through agreements, policies, and legislative actions that optimally would be accomplished without reopening the Compact at this time.
- The federal government must recognize its fiscal responsibility to the system and the federal workforce utilizing the Metrorail system.
- The Metro Strategy Group is expected to present a resolution to the COG Board for consideration on December 13, 2017.
- If the resolution is available before the Board Transportation Committee meeting, staff will distribute it to the Board members.



Virginia Directive / Secretary LaHood Effort

- 2017 General Assembly Session – various pieces of legislation were passed by the General Assembly (HB 2136, SB 1251, HJ 617, and the Commonwealth’s Biannual Budget) that included language requiring the Secretary of Transportation to undertake a review of WMATA and the WMATA Compact, and enter in into discussions with his counterparts in DC and Maryland to identify possible improvements to the agreement, particularly with regard to the governance, financing, and operation of WMATA.



- Former United States Secretary of Transportation Ray LaHood was hired to lead this effort.

Secretary LaHood Effort (Continued)

Report (released December 5, 2017) includes various findings and recommendations, including:

- WMATA board structure is not what the agency needs
 - A five-member Reform Board should be installed temporarily. The Reform Board would develop a recommendation for a transition to a new permanent Board.
- Costs are mostly average for a large transit agency.
 - Opportunities for improvement exist, including managing costs and increasing productivity in the next labor contract. Some of these areas include addressing workers' pension contribution and the use of overtime earnings when calculating retirement benefits with no cap.
- Ridership has fallen; however, WMATA offers more service per rider than other large transit agencies.
 - WMATA should offer service that matched demand. A reset of WMATA bus system is needed.
- WMATA has no capital funds of its own, and the funding provided by jurisdictions is not enough to keep system in acceptable condition.
 - WMATA needs new, dedicated funding (target of \$500 million/year) from jurisdictional partners and at the federal level; and the system must be able to reliably deliver a large capital program.

Federal Proposals – Representative Comstock’s Proposal

Representative Barbara Comstock (VA) introduced Metro Accountability and Reform Act (HR 4534) on December 4, 2017. The bill makes many changes to WMATA funding and the WMATA Compact including:

- Reauthorizing PRIIA Funding at \$150 million per year through FY 2029. The funds will not be released until the Compact is amended to create a Metro Reform Board.
 - The five-member reform board in place for no less than three years.
 - Members appointed by NVTC, Governor of Maryland, Mayor of the District, US Secretary of Transportation; and one selected by the 3 VA, MD, and DC Members from a list of candidates identified by the Secretary of Transportation. The Secretary’s appointee will serve as Chair.
 - The qualifications similar to NVTC WMATA Board members: No elected officials.
 - Metro Reform Board will be afforded all powers, responsibilities, and obligations of the WMATA Board, as well as ability to review, amend, void or approve all existing and pending contracts; and renegotiate existing liabilities.
 - Prohibits jurisdictional/minority veto
- Adopting limits on annual spending increases for capital, non-personnel-related operating, personnel-related expenses (last fixed at 0% growth for 5 years)
- Requiring the undertaking of a full-cost accounting and analysis to determine the potential benefits associated with contracting services and functions currently provided by WMATA employees, and adopt a plan to incorporate managed competition into the workforce.

Representative Comstock's Proposal (Continued)

- Amending Certain Labor Provisions related to collective bargaining, overtime and personnel policies
- Requiring changes to Employee Retirement Plans:
 - Removes overtime calculation in retirement coverage,
 - Allows a combination of a defined benefit and defined contribution plan for employees that have worked with WMATA less than five years. Requires a defined contribution plan for new hires.
- USDOT Secretary may make grants for capital and preventive maintenance for WMATA beyond PRIIA – funded at \$75 million per year through FY 2029, if Compact is further amended to make changes to WMATA Board.
 - District, Maryland and Virginia would each increase their match from \$50 million to \$75 million a year.
- Creation of a permanent, nine-member governing board.
 - 2 appointed by the Mayor of the District of Columbia; 2 appointed by the Governor of Maryland; 1 appointed by the NVTC; 1 appointed by the Governor of Virginia; 2 appointed by the Secretary of Transportation; and 1 jointly appointed by the 2 Governors and the Mayor, in consultation with NVTC, the Washington Suburban Transit Commission, and the City Council of the District Columbia, and that Director will serve as Chair.
 - The qualifications similar to NVTC WMATA Board members, but no elected officials.
 - Prohibits jurisdictional/ minority veto

Representative Comstock's Proposal (Continued)

- Requires limits on annual spending increases relating to capital expenses; nonpersonnel-related expenses within the operations account; and personnel-related expenses within the operations account.
- Requires a limit of 3 percent relating to the annual growth in the rate of spending by the funding jurisdictions to subsidize operational needs.
- Increases transparency in financial management, procurement, reporting
- Wolf Act Amendments - Amends to strengthen management's hand in labor disputes that go to arbitration.
 - Amends labor negotiations language to define standards for arbitrators
 - Does not end mandatory binding arbitration.
- Metro Reform Commission:
 - Establishes a Reform Commission to share information and provide a forum through which proposals to improve WMATA may be debated; and keep Congress and other relevant stakeholders informed of the progress of the efforts by the Signatories to amend the Compact and increase efficiencies.

Federal Proposals (Continued)

- Representatives Anthony Brown and Jamie Raskin (MD) introduced Legislation (HR 4466)
 - Drafted in coordination with Amalgamated Transit Union Local 689
 - Creates two safety task forces: One to review on-track safety and one to review bus safety.
 - Gives Metro the ability to use some federal USDOT funding for operations instead of only capital improvements – if Virginia, Maryland and the District create a dedicated funding source that covers more than half of Metro’s operating costs.
 - Establishes a year-long pilot program offering \$2.50 flat fares for trips originating from three Metro stations — one each in VA, MD, and DC.
 - Establishes a pilot program offering free transfers between rail and bus at certain stations.
 - Creates a fare system, to be known as the lifeline fare system, that takes into account the ability of a passenger to pay.
 - Directs WMATA’s Inspector General to conduct a review of the MetroAccess program. In conducting the review, the Inspector General must compare paratransit services provided under the MetroAccess program to similar programs nationally. If the results of the review indicate that the Transit Authority ranks in the bottom half of the at least 30 peer systems reviewed, WMATA cannot renew the MetroAccess contract that triggered the review and will arrange to perform such services directly.

Other Proposals

- Other proposals:
 - Allocation of New Capital Funding between signatories
 - Virginia – Budgetary proposal expected on December 18
 - District of Columbia - .75% sales tax proposed
 - Maryland - \$125 million/year for each partner, including the federal government, over four years offered



Discussion/Questions