Keeping Metro Safe, Reliable and Affordable

An Action Plan to Meet Regional Transit Needs

Metro is an essential driver of the region's economic growth.

- A $40B asset to the National Capital Region, Metro has generated returns on regional investments through enhanced mobility, congestion relief, improved air quality & economic development.

However, **Metro is at a critical juncture as the organization faces structural funding challenges**, putting these benefits at great risk.

- Years of deferred maintenance and underinvestment – $25B in unfunded capital needs.
- Reliance on unpredictable year-to-year annual local, state and federal budgets with only one more year of committed capital funding.
- An unsustainable operating budget model in which costs are rising at nearly twice the rate of Metro fare and commercial revenues.

Responding to these challenges, **Metro is focusing on safety, service reliability, and financial responsibility** over three horizons:

- **2016-2017 Right the Ship**: emergency actions to address crisis.
- **2017-2018 Back2Good:** actions to improve customer service, financial stability, and accelerate capital investments.
- **2019 and Beyond**: restoring Metro to a world class system.

Keeping Metro Safe, Reliable and Affordable identifies essential regional, federal and Metro reforms:

- To provide a safe and reliable system:
    - Invest ***$15.5 billion over 10 years for critical capital projects***, increasing the average annual investment in Metro's capital program to $1.5 billion per year.
    - Establish a ***multi-year, stable revenue source generating $500 million per year*** for a new ***Capital Trust Fund.***
    - Dedicate the Capital Trust Fund strictly to capital investments.
    - Increase jurisdictional capital contributions at 3% annual growth.
    - Secure ***Congressional reauthorization of federal capital investment (PRIIA)*** at least at the current level of ***$1.5 billion over ten years.***

- To improve Metro's operating business model and address affordability:
    - Cap current jurisdictional operating subsidies at 3% annual growth, achieved through aggressive cost containment that will save the region $1 billion over 10 years.
    - ***Create a "Rainy Day Fund"*** accumulating to 10% of the operating budget to help manage against unexpected events.
    - Maintain Metro's pension commitment to active employees and retirees, but provide defined contribution retirement plans going forward for all new hires.
    - Leave binding arbitration intact and seek ***Congressional amendments to National Capital Area Interest Arbitration Standards Act*** (Wolf Act) to require an arbitration process that more meaningfully considers the financial condition of Metro.
    - Support enhanced flexibility at Metro to reduce costs with innovative approaches including ***competitive contracting*** of targeted functions, where permitted.

The recommendations contained in this assessment do not require changes to the WMATA Compact.

NORTHERN VIRGINIA TRANSPORTATION COMMISSION

RESOLUTION #2339

SUBJECT: **Initial Reforms to the Washington Metropolitan Area Transit Authority (WMATA)**

WHEREAS: The Washington Metropolitan Area Transit Authority (WMATA) is critical to Northern Virginia and the Commonwealth's transportation network and economic growth;

WHEREAS: WMATA faces significant operational and fiscal challenges;

WHEREAS: The Northern Virginia Transportation Commission (NVTC) was founded in 1964 in part to represent the interests of the Commonwealth during the establishment of WMATA;

WHEREAS: NVTC has an ongoing role in managing Northern Virginia's funding of WMATA and appointing Virginia's representatives to the WMATA Board of Directors;

WHEREAS: NVTC is involved in strategic decision-making to find solutions to the challenges facing WMATA;

WHEREAS: NVTC is engaged with the Commonwealth of Virginia on longer-term reform discussions for purposes of revising the Washington Metropolitan Area Transit Authority Compact of 1966 (WMATA Compact) and implementing other reforms necessary to ensure the near-term and long-term viability of WMATA;

WHEREAS: On April 19, 2017 Paul Wiedefeld, WMATA's General Manager and CEO, announced an action plan, attached to this resolution, to significantly reform operations at WMATA without changes to the WMATA Compact;

WHEREAS: The General Manager's plan recognizes that WMATA's capital funding agreement and the Federal Passenger Rail Investment and Improvement Act authorization will expire next year and that operating costs are growing at nearly twice the rate of revenue;

WHEREAS: The General Manager's plan proposes a change in WMATA's business model to address operating and capital costs; and

WHEREAS: His plan provides an excellent foundation for the continued discussion of solutions to WMATA's challenges.

NOW, THEREFORE, BE IT RESOLVED that, as a first step in the effort to reform WMATA, NVTC endorses the direction and spirit of Mr. Wiedefeld's proposal.

BE IT FURTHER RESOLVED that NVTC supports WMATA's approach to operate both within fiscal parameters and under policies and practices that assure high levels of safety and efficiency.

Approved this 1st day of June 2017.

Jeffrey C. McKay
Chairman

Matthew F. Letourneau
Secretary-Treasurer

Keeping Metro Safe, Reliable and Affordable

By WMATA GM/CEO Paul J. Wiedefeld, April 19, 2017

Introduction

Metro represents a $40 billion asset and enterprise that has generated returns on regional and national investments through mobility, traffic congestion relief, improved air quality, and economic development. Now more than 40 years old, customers are feeling the effects of an aging system that is jeopardized by decades of deferred maintenance. Today, the system has a total of $25 billion in unfunded capital needs. **With only one more year of committed capital funding, Metro needs $15.5 billion over the next 10 years to remain safe and reliable.** Significantly, Metro is still one of the only major American transit systems without funding dedicated to preserve its assets, and to invest in safety and reliability.

Metro also has a unique business model for operating bus and rail services that flows from WMATA's charter and governance structure, which has become financially unsustainable with cost growth that far exceeds revenue. While rider fares and commercial sources, such as advertising, fund more than 45 percent of Metro's operating costs – one of the highest cost recovery rates in the country – Metro's operating expense is rising at nearly twice the rate of Metro's (fare and commercial) revenues.

Left unchecked, Metro's public subsidy requirement for day-to-day operations would grow from $980 million to $1.6 billion annually in 10 years – driven primarily by wage and benefit costs. Even if Metro were to regain tomorrow the 100,000 average daily riders lost over the last decade, its public subsidy need for day-to-day operations would still grow to $1.5 billion in 10 years.

Without a change to this business model, the funding jurisdictions will have to continue to choose every year between substantially reducing service or finding $12 billion more in public money for Metro's operations over the next 10 years.

Failure to act, and/or continued reliance on insufficient capital and unchecked operating expense growth, could result in cannibalization of capital funding to the detriment of system safety and reliability, erasing the gains Metro has made through SafeTrack and perpetuating the unreliable service riders have endured for too long. New railcar delivery would slow or end, necessary transfer station safety and passenger flow improvements would linger on the drawing board, the bus fleet would age in place, the nation's largest escalator fleet would fall back into disrepair, and customer satisfaction would remain in the 65-70 percent range or decline. Further, because Metro is a key component of the Capital's national security cordon, providing WMATA with the necessary resources to discharge this duty is imperative.

Not only would Metro safety and service be compromised, but inaction would worsen Metro's financial condition, as it becomes more unsustainable each year.

WMATA's unfunded liabilities would grow, and its deteriorating financial condition would impact the agency's credit rating, increase its debt profile and costs to borrow money, which is necessary to ensure proper cash flow. The $1.0 billion unfunded pension liability would not be addressed and could grow, and the active employee health care costs and $1.8 billion retiree and other post-employment benefits (OPEB) liability would continue to climb.

Rather than continue a yearly process of lurching from one funding exercise to another to keep Metro afloat, the region would be better served by establishing a new approach to funding that preserves Metro's value, delivers safe and reliable transit service, supports a world-class transit experience for residents and visitors to the nation's capital, and provides stability for Metro's valued customers and employees.

To that end, WMATA has completed a detailed analysis of the financial challenges it faces and practical requirements necessary to keep Metro safe, reliable and affordable. The analysis is focused on two priorities: dedicated capital funding to provide safe and reliable service, and changes to WMATA's business model to keep service affordable for riders and taxpayers.

This framework for WMATA seeks to inform the public and the urgent discussions underway among stakeholders about how to meet Metro's needs next year and beyond. While respecting that WMATA wages and benefits are established through collective bargaining, this analysis also sets forth certain principles intended to enable Metro to provide fair compensation to its current employees, while identifying management tools and other opportunities to achieve efficiencies.

Several significant requirements are contained here that address both capital and operating expenses, as well as financial management best practices, including:

- Grow Metro's capital program to $1.5 billion average annual investment to fund safety and reliability with a dedicated revenue stream
- Reauthorize and fund federal capital investment (PRIIA) in safety and reliability at least at current level ($1.5 billion over 10 years)
- Commit to a regional multi-year, stable revenue source to generate $500 million per year for a Capital Trust Fund
- Provide a lock box feature to ensure the Fund is dedicated to capital investment
- Maintain the current level of jurisdictional capital funding with three percent annual growth cap
- Preserve pensions for active employees and retirees, but provide 401K-like plans for new hires
- Provide flexibility to reduce costs of day-to-day operations with tools including competitive contracting of targeted functions, where permitted (e.g. new services, operations and facilities, such as Silver Line Phase II)

- Amend the National Capital Area Interest Arbitration Standards Act (aka Wolf Act) to require arbitration process consideration of financial realities
- Create a Rainy Day Fund of to incrementally provide 10% of the operating budget over 10 years
- Cap jurisdictional contributions for operating at three percent annual growth

Metro's Capital Requirement

Capital investment is the lifeblood of transit systems, particularly (capital-intensive) rail properties, and is absolutely vital to maintaining the current system and new Silver Line extension in safe and reliable condition. For Metro, capital is necessary to pay for new and rebuilt railcars and buses, tracks, infrastructure, the power system required for 8-car trains, and much needed safety and passenger flow improvements in transfer and other high ridership stations.

While Metro has $25 billion in total unfunded capital needs, WMATA will require $15.5 billion of this amount over the next ten years for critical capital projects.

WMATA's Capital Funding Agreement and PRIIA authorization both expire next year, imperiling the current (annually appropriated) stream of capital for safety and reliability projects. WMATA's annual capital program is currently funded by:

- *Federal Formula Grants: $300M*
- *Federal PRIIA: $150M*
- *Regional match for PRIIA: $150M*
- *Jurisdictions' commitment: $210M*

To supplement the $810 million in federal and jurisdictional capital funding, the Board and jurisdictions authorized borrowing $291 million to be repaid by future jurisdictional annual contributions.

Even if this level of effort continues, the capital funding shortfall for Metro's safety and reliability requirements will be at least $7 billion over 10 years. To maintain a safe and reliable bus and rail network, WMATA must ramp up to a $1.5 billion average annual capital investment program.

To address this substantial need, levels of investment must be committed by both federal and regional stakeholders. To adequately fund Metro safety and reliability requirements, **PRIIA should be reauthorized and funded at least at the current level of effort ($1.5 billion over 10 years)**. And the region needs to establish a **new dedicated revenue stream and Capital Trust Fund to provide $500 million annually, exclusively for capital projects.** This new revenue source would demonstrate sustained regional support for the Metro system and create a foundation for planning, contracting, and delivering critical safety and reliability projects. This commitment will differ significantly from the current Capital Funding Agreement that governs jurisdictional capital contributions to WMATA only through FY2018.

The annual nature of year-to-year capital allocations from the funding jurisdictions limits the region's ability to efficiently and effectively leverage those dollars in the capital markets through bonding. The new Capital Trust Fund must be well-defined – it needs to be funded by a multi-year revenue source that contains a specific, dedicated revenue stream for WMATA. For Metro, "dedicated" refers to capital funding that is predictable, multi-year, has no expiration, and is not subject to annual appropriations.

This structure would separate WMATA's Capital Trust Fund for safety and reliability from the annual competition within governments for funding other state and municipal priorities. It also reduces borrowing costs, which benefits both WMATA and its funding partners, and enables the capital markets to provide WMATA with the best available ratings.

Additionally, the new Capital Trust Fund should be shielded from day-to-day operations to ensure this new funding goes to capital investments. Historically, WMATA has offset certain shortfalls in operating funding by shifting federal grant funding to pay for eligible maintenance costs, a practice the WMATA Board of Directors took a step towards reducing this year.

The new Capital Trust Fund must be permanently and structurally precluded from use as a de facto reserve for day-to-day operations of bus, rail, and paratransit.

Changing the Business Model

Today, operations are funded by fare-paying riders, commercial revenues, and support from taxpayers who benefit from transit service through traffic mitigation, development, jobs, and economic growth.

Operating expenses are rising at twice the rate of Metro fares and commercial revenues. **Left unchecked, operating cost growth will generate invoices to funding jurisdictions totaling $1.1 billion next fiscal year**.

Operating costs include materials and energy, but by far the most significant cost drivers are wages and benefits for the people who operate and maintain rail and bus services – comprising more than 70 percent of total operating expenses. To curb operating cost growth, WMATA and its stakeholders need to take action in several areas, including:

Improving Efficiency

- Continue to eliminate inefficient business practices and outdated functions to drive accountability
- Improve productivity through strengthening management of absenteeism, overtime, and workers' compensation

- Increase ridership by providing more reliable service
- Open to competition those functions that Metro has the ability to outsource where efficiencies can be gained (e.g. new functions, operations and facilities, such as Silver Line Phase II)
- Develop new technologies (e.g. track inspection, fare collection, online customer care) and automation to improve productivity
- Timely right-size service to demand

Changing Policy

- Amend the National Capital Area Interest Arbitration Standards (aka Wolf) Act to mandate that arbitrators who preside over interest arbitrations render awards that are consistent with WMATA's financial condition and do not exceed the ability or willingness of the funding jurisdictions to pay, as Congress originally intended
- Cap annual increases in jurisdictional portion of operating and capital subsidies for the system (after including new bus facilities, Potomac Yard station and Silver Line Phase II) at three percent
- Avoid unfunded service expansion beyond currently approved levels
- Create and contribute to a "Rainy Day Fund" that incrementally provides 10% of the operating budget over 10 years

Stabilizing Workforce Costs

- Continue to fund OPEB Trust through efficiency savings
- Provide all new employees defined contribution (i.e. 401K) benefit plans
- Continue providing defined benefit pension plans to eligible active employees and protect legacy pensions to eligible current retirees
- Reduce reliance on overtime and prevent fatigue by staffing up key operating positions
- Invite WMATA Labor Unions to compete for new work, such as Silver Line Phase II

These tools and policy changes borrow from best practices nationally in capital investment and transit cost controls, including the practice of opening various functions and services to competitive bidding, where permitted. Such a process could invite proposals from both private companies and WMATA Labor Unions when possible. Further, these changes are responsive to the needs of funding jurisdictions to curb annual cost growth, and enable Metro to maintain a policy of fare increases not more frequently than every other year. Metro also needs to generate revenue from increased ridership, advertising, real estate and concessions by an annual average of 1.5 percent.

It is encouraging that the Metropolitan Washington Council of Governments (MWCOG) and others are considering funding and governance changes to WMATA's structure.

Those bodies are in a position to assess practices among funding jurisdictions for lessons learned by municipal and state governments with respect to managing public sector employees to determine if there are other policies that might benefit WMATA.

WMATA has and will continue to reach out to share cost and revenue assumptions in further detail with funding partners, WMATA's Board of Directors, former Department of Transportation Secretary Ray LaHood, MWCOG and the Jurisdiction CAOs/CFOs, and the region's business and community leaders, as well as employees and riders in the National Capital Region, to reach solutions that keep Metro safe, reliable and affordable.

NORTHERN VIRGINIA TRANSPORTATION COMMISSION

SUBJECT: Principles in WMATA Governance Reform Efforts

WHEREAS: The Washington Metropolitan Area Transit Authority (WMATA) is critical to Northern Virginia and the Commonwealth's transportation network and economic growth;

WHEREAS: The Northern Virginia Transportation Commission (NVTC) was founded in part to represent the interests of the Commonwealth during the establishment of WMATA;

WHEREAS: NVTC has an ongoing role in managing Northern Virginia's funding of WMATA and appointing Virginia's representatives to the WMATA Board of Directors;

WHEREAS: Virginia is unique in the WMATA Compact region in that its local governments – the cities of Alexandria, Falls Church, and Fairfax and the counties of Arlington and Fairfax – are the Compact funding partners;

WHEREAS: Loudoun County will be a Compact funding partner as the Silver Line Phase 2 becomes operational;

WHEREAS: The Commonwealth provides funds to support the NVTC jurisdictions' contributions to WMATA as well as matching funds under the federal Passenger Rail Investment and Improvement Act (PRIIA);

WHEREAS: The Virginia Secretary of Transportation or his/her designee and any NVTC Commissioner appointed by the Northern Virginia Transportation Commission are authorized to serve as members of the WMATA Board;

WHEREAS: As a convening body of the WMATA Compact funding partners in Virginia, NVTC represents the interests of Northern Virginia on WMATA-related matters;

WHEREAS: NVTC is engaged with the Commonwealth of Virginia on longer-term reform discussions for the purpose of revising the WMATA Compact of 1966 and implementing other reforms necessary to ensure the near- and long-term viability of WMATA;

WHEREAS: On June 1, 2017, NVTC endorsed the spirit and direction of the WMATA General Manager's April 2017 action plan to reform operations at WMATA without changes to the WMATA Compact; and

WHEREAS: The veto by a single jurisdiction may inhibit jurisdictional collaboration and impede regional policy decisions on the WMATA Board.

NOW, THEREFORE, BE IT RESOLVED that while the Northern Virginia Transportation Commission takes no position on whether the Compact should be reopened, it does recommend the following changes to WMATA governance, some of which may require a Compact amendment:

- The WMATA Board should be comprised of 12 members, with three members representing each jurisdiction and the federal government;
- That the WMATA Board members from Virginia should include one member appointed by the Commonwealth and two members appointed by NVTC;
- All Virginia members of the WMATA Board should serve on NVTC;
- WMATA should move toward reducing the number of committees and committee meetings; and
- All WMATA Board members should have full voting authority (no alternates).

BE IT FURTHER RESOLVED that WMATA Board members should receive financial compensation, to be paid by WMATA.

BE IT FURTHER RESOLVED that the WMATA Board should include a mix of elected and nonelected members, each of whom has experience in transit planning, transportation planning, or land use planning; transit or transportation management or other public-sector management; engineering; finance; public safety; homeland security; human resources; or the law; or knowledge of the region's transportation issues derived from working on the resolution of regional transportation issues.

BE IT FURTHER RESOLVED that WMATA should establish stronger ethics rules pertaining to fiduciary duties and conflicts of interest.

BE IT FURTHER RESOLVED that the jurisdictional veto should be eliminated.

Resolution R37-2017
June 14, 2017

METROPOLITAN WASHINGTON COUNCIL OF GOVERNMENTS
777 NORTH CAPITOL STREET, NE
WASHINGTON, DC 20002

RESOLUTION ADOPTING THE COG BOARD OF DIRECTORS STATEMENT OF PRINCIPLES ON METRO

WHEREAS, the Metropolitan Washington Council of Governments (COG) is comprised of 24 jurisdictions of the National Capital Region's local governments and their governing officials, plus area members of the Maryland and Virginia legislatures and the U.S. Senate and House of Representatives, and COG provides a focus for action on issues of regional concern; and

WHEREAS, the COG Board of Directors has identified restoring Metro as its top priority reflecting the critical role Metro plays in the success of region's economy, transportation mobility, and overall quality of life; and

WHEREAS, the board established a Metro Strategy Group to assist with developing a regional strategy to facilitate achievement of the region's goals for Metro of a fully restored, world class system that is safe, efficiently managed, and maintained in a state of good repair; and

WHEREAS, the Metro Strategy Group recommends the board adopt a series of principles to provide a focus for the regional actions needed to achieve these goals; and

WHEREAS, the recommended principles emphasize the urgent need for local and state governments, the business community and other stakeholders to take unified actions to ensure that funding solutions and associated supporting actions are in place by July, 2018; and

WHEREAS, the principles further emphasize the critical role of the federal government to support America's transit system.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE METROPOLITAN WASHINGTON COUNCIL OF GOVERNMENTS THAT:

The board adopts the following *Statement of Principles on Metro* to guide the path forward throughout 2017.

I HEREBY CERTIFY THAT the foregoing resolution was adopted by the COG Board of Directors on June 14, 2017.

Laura Ambrosio
COG Communications Specialist

COG Board of Directors
Statement of Principles on Metro
June 14, 2017

1. The region adopts the goal of a fully restored, world class Metro system that is safe, efficiently managed in a fiscally responsible manner, and maintained in a state of good repair.

2. Bridging the gap in WMATA's long-term capital needs is the funding priority.

3. The optimal way to address WMATA's capital funding gap for state of good repair and critical capital needs is through a dedicated funding source or sources that are earmarked to WMATA, fully bondable at the highest possible financial rating, and enhances WMATA's overall financial standing.

4. WMATA's operating and maintenance funding needs should be addressed through application of management best practices and reforms, as well as funds derived from increased ridership, before determining if there is a need for additional funding to fill any remaining gap in operating and maintenance funding needs.

5. Local and state contributions for capital subsidies, as well as operating and maintenance subsidies, should be predictable with an annual growth rate of not more than three percent.

6. The local jurisdictions, the states, the business community and additional stakeholders will collaborate to accomplish these goals by the start of WMATA's Fiscal Year 2019.

7. 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 WMATA compact at this time.

8. We call on the federal government to recognize its fiscal responsibility to America's transit system and the federal workforce utilizing the Metrorail system.

M OFF TRACK

The current Metro compact is no longer sustainable and **the system will worsen** unless new governance, operating procedures and funding are put in place.

STATUS QUO

DO NOTHING

Metro system will continue to deteriorate causing major regional economic impacts

$1 Billion Lost in Regional Tax Revenues

Failure to invest in Metro could reduce regional economic growth by ¼ to ½ percent or more, reducing regional economy and tax revenues by $1 billion by 2025.

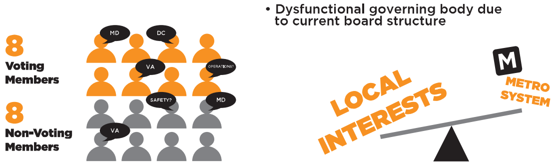
1.2+ Million Hours Lost Per Year Due to Increasing Delays

Between June 2014 and June 2015, there were 1,942 delays during morning rush hours, costing an estimated 1.2 million person hours - equivalent to the production of 586 full-time workers' annually.

Source: District of Columbia Office of the Chief Financial Officer Report - December 2015

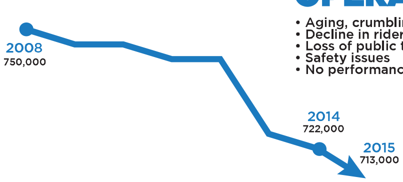
GOVERNANCE

- Dysfunctional governing body due to current board structure



OPERATIONS

- Aging, crumbling infrastructure
- Decline in ridership
- Loss of public trust
- Safety issues
- No performance-related goals



Source: DowntownDC Business Improvement District - 2015 State of Downtown Report (p. 57)

FUNDING

$1.7 Billion Annual Budget

$300 Million Deficit

$25 Billion of Capital Needs Over the Next 10 Years

ACTION PLAN

PASSING LEGISLATION

Introduce legislation that would lead to the establishment of a new WMATA Compact

JURISDICTIONAL AGREEMENT

Regional action to develop a new compact.

OR

ESTABLISH A CONTROL BOARD

If no jurisdictional agreement is reached Congress can establish a control board.

METRO SAFETY COMMISSION

A new federally-mandated Metro Safety Commission will be implemented regardless of the establishment of a new WMATA Compact.

A NEW METRO

NEW COMPACT

Rid the Authority of its structural deficiencies and create a sustainable future for Metro

NEW GOVERNANCE

- Smaller, more effective governing body
- Corporate, transit and financial executive expertise

NEW OPERATIONS

- Embrace innovation
- Balanced approach to operations
- Enhance system performance

NEW FUNDING

- Establish predictable and reliable funding

NEXT STEP

GET INVOLVED

FEDERAL CITY COUNCIL

For more information, please visit our website:
federalcitycouncil.org/transportation

Follow us at **@FedCityCouncil**

GOVERNANCE

Key Terms	New Compact Proposal
Board of Directors (number and term)	▪ Nine (9) total directors, 2 each for DC, MD, VA, and federal government, and the WMATA GM/CEO. Four-year terms with staggered starts. There will be a term limit of two.
Board of Directors (appointment criteria)	▪ Does not currently hold or, in the four years prior, held elected political office ▪ Has demonstrable experience in the fields of engineering, mass transit management, large-cap publicly traded Board of Directors, CEO or CFO, or public sector financial management or oversight ▪ A majority of the Directors must be residents of any Metro compact jurisdictions
Board of Directors (Chairmanship)	▪ The board will elect its own chairman with no less than a two-year term (three is ideal).
Board of Directors (Compensation)	▪ Board members will be compensated at a uniform rate by WMATA
Labor Relations	▪ All Collective Bargaining Agreements (CBA) should reflect the fiscal and operating realities of WMATA.

FUNDING: OPERATING AND CAPITAL

Key Terms	New Compact Proposal
Operating Revenue	▪ Earned Revenue: Fares, Advertising and Other Revenue ▪ Federal Contribution: Increase Metro's capture of federal employee transit reimbursement ▪ Operating Subsidies: Signatories commit to a five-year rolling subsidy level
Operating Budget	▪ Once operating revenue estimates are fixed, Board can create an operating budget/plan. The plan will be constructed on a full cost accounting basis. ▪ No Capital funds used for operations and vice versa.

Capital Funding	▪ Either (or both) of the approaches presented below could generate sufficient funding for Metro's 10-year State-of-Good-Repair (SGR) capital needs via bond issuances, with federal and jurisdictional credit enhancement.
	    ▪ A 1% dedicated regional sales tax.
	    ▪ An annual fee could be assessed on property owners within a ½ mile radius of a WMATA station entrance, including properties owned by feds and/or Compact signatories.

Capital Budget	▪ Board responsible for creating a 10-year capital improvement plan for every annual budget
Major Investment Program	▪ Board must create and annually update a package of proposals for major infrastructure investment needs (for system expansion or large-cost State of Good Repair). These proposals will include project descriptions, a plan of finance, and endorsement(s) from key stakeholders.

Comparison: Control Board vs. Future Compact Board

OFF TRACK

April 17, 2017

Key Terms	Control Board	New Compact Board
Purpose	▪ To stabilize Metro operations, finances and governance	▪ To govern Metro in a operationally reliable, fiscally sustainable and accountable manner
Members*	▪ Five-members adhering to qualification requirements ▪ One (1) appointment each for DC, MD, VA, federal and Metro GM/CEO ▪ No Alternates	▪ Nine members adhering to qualification requirements ▪ Two (2) appointments each for DC, MD, VA ▪ Two (2) appointments for the federal government ▪ GM occupies remaining board seat ▪ No Alternates
Powers	▪ Oversight and management support to increase accountability over a 2-3 year time frame ▪ Can approve, void and renegotiate contracts ▪ Approve budgets ▪ Develop corporate-wide performance metrics (i.e., operations, finance and safety)	▪ Prepare Regional Transit Plan (capital & operating plan) ▪ Approve Budgets and Contracts (thresholds TBD) ▪ Borrow funds required to build and operate system ▪ Implement a Performance Management plan ▪ Conduct R&D to identify innovation
Financing	▪ Maintain current jurisdictional funding structure ▪ Access US Treasury for long-term financing	▪ An adequate, predictable and reliable funding agreement will be developed by the jurisdictions
Oversight	▪ Congressional committees of jurisdiction ▪ Hearings with DC, MD and VA legislative bodies	▪ Annual budget and performance hearings with DC, MD and VA

* Qualified members may include: Executives with organizational restructuring, CEO from large-scale enterprise with specific public domain expertise, CEO from large-scale transportation organization, GC from transportation industry, Senior Partner at Big Four Public Accounting firm, HR/labor relations expert from transportation, business, defense industry

June 22, 2017

The Honorable Muriel Bowser
Mayor of the District of Columbia
1350 Pennsylvania Avenue, NW
Washington, DC 20004

The Honorable Larry Hogan
Governor of Maryland
100 State Circle
Annapolis, Maryland, 21401

The Honorable Terry McAuliffe
Governor of Virginia
1111 East Broad Street
Richmond, VA 23219

The Honorable Elaine Chao
Secretary
U.S. Department of Transportation
1200 New Jersey Avenue, SE 20590

Dear Mayor Bowser, Governor Hogan, Governor McAuliffe, and Secretary Chao:

As leaders of regional civic and business organizations, we write to urge the signatories of the governing compact of the Washington Metropolitan Area Transit Authority (WMATA) to take bold and innovative action to reform our regional transit system. It is our view that such action is essential to put Metro on a sustainable path. Specifically, we believe that these reforms must include changes to WMATA's governance, funding, and operations.

Metro is the lifeblood of our region. Our regional transit system connects our major transportation hubs, creates walkable urban places, enhances both bicycling and walking as commuting options, and has been the DMV's best example of regional cooperation.

Metro is, however, in a state of crisis.

For more than a decade, the business and civic community has been calling for action to reform Metro with no success. Two recent developments give us confidence that the time for reform is now.

- Recent proposals have been embraced by various regional stakeholders, including key institutional players such as WMATA's management, the Metropolitan Washington Council of Governments (MWCOG) as well as influential Members of Congress.

- The recent appointment of former U.S. Department of Transportation Secretary Ray LaHood to perform an independent review of WMATA is welcomed by the business and civic community. We believe his efforts will help build consensus for a comprehensive set of reforms that will serve as the basis for legislative action in both states, the City, and the federal government.

We reiterate our strong conviction that any reform effort must include reforms to WMATA's governing, financial, *and* operational structures. Reform of any one structure alone will not be sufficient. For instance, additional funding for Metro will only be beneficial if it is accompanied by structural changes that give WMATA's board the flexibility to effectively allocate resources and staff the flexibility to leverage additional resources to make operational improvements.

Our organizations believe the following changes are critical to WMATA's long term success:

Governance Reforms

- Right size the WMATA board
- Require directors to have expertise in specialized areas, including transit operations, management, finance and safety
- Ensure that the sole fiduciary responsibility of the Board of Directors is to the organization

Funding

- Require multi-year commitments from funding jurisdictions for operating funds
- Identify a dedicated funding source for capital improvements (to allow for borrowing)
- Secure a continuing funding commitment from the federal government

Operations

- Implement service and operating changes to improve safety, reliability and ongoing operational savings

The ridership and employer community of the Metro DC region is aligned in its call to reform WMATA. We commend you for recognizing the important role that WMATA plays in our region and for your commitment to taking action to ensure that WMATA is put on a path towards long-term sustainability and success. As a region, we have an opportunity and a responsibility to fix Metro. That fix relies on changes to WMATA's governing structure, operating model, and funding arrangement.

We look forward to continuing to work with you and others in the region to move WMATA reform forward. Working together, we can once again make WMATA a model for regional coordination and the cornerstone of our thriving regional economy.

Sincerely,

Federal City Council

Greater Washington Board of Trade

The 2030 Group

The Apartment and Office Building Association of Metropolitan Washington (AOBA)

The Consortium of Universities

The DC Building Industry Association

DC Chamber of Commerce

The Northern Virginia Transportation Alliance

Northern Virginia Chamber of Commerce

The Prince William Chamber of Commerce

Greater Springfield Chamber of Commerce

Virginia Chamber of Commerce

Montgomery County Chamber of Commerce

Prince George's Chamber of Commerce

The Greater Bethesda Chamber of Commerce

Greater Silver Spring Chamber of Commerce

Maryland Chamber of Commerce

Greater Washington Hispanic Chamber of Commerce

Arlington County Chamber of Commerce

Greater Reston Chamber of Commerce

Greater McLean Chamber of Commerce

SUMMARY OF ATU RECOMMENDATIONS

FUND IT

1) Establish **WMATA Assessment Districts** (WADs) to generate predicable transit funding in a far more equitable manner.
2) Dedicate nominal **rental car taxes** from current Metrorail stop Reagan National Airport and future Metrorail stop Dulles Airport for WMATA operations.
3) Amend federal law to allow larger transit systems, including WMATA, to use their **FTA funds for operations** in crisis situations.
4) Use the maximum amount of FTA funds for **paratransit operating assistance** under new federal law.
5) Flex FTA funds for **preventive maintenance** costs to fullest extent possible.
6) Pass legislation (MD and VA) recently adopted in D.C. requiring employers with 20 or more employees to offer **pre-tax or subsidized commuter benefits** for use on WMATA.

FIX IT

1) Establish **labor-management partnerships** on all safety matters.
2) Adopt safety recommendations of the **TRACS Committee.**
3) Bring MetroAccess operations in house and deal with scheduling, qualifications, training, equipment, deadheading, etc.

MAKE IT FAIR

1) Reject **service cuts** and **fare increases**.
2) Implement modified **flat fare system**.
3) Allow **free transfers** from local bus-to-rail, rail-to-local bus or local bus-to-local bus within two hours of the time you paid your fare.
4) Implement a system that takes into account passengers' **ability to pay**, rather than simply on their ages.
5) Expand **hours of operation**.

Metro Reform: A Maryland Approach
Summary of Proposals

Compact Reforms

Requires identical legislation be passed in each jurisdiction and ratified by Congress.

Governance

- Convert the Board to a new model made up of the Maryland Secretary of Transportation, the Virginia Secretary of Transportation, and the District of Columbia Director of Transportation. The Board of Secretaries would be politically accountable, qualified, and staffed.

- Except as stated below, two votes are required for any motion and there is no jurisdictional veto.

- The Federal government and local Maryland and Virginia jurisdictions would be able to appoint non-voting *ex officio* members to speak and participate at Board meetings, but not have a formal vote.

Funding:

- Require each jurisdiction to establish a dedicated funding source yielding $170 million in the first year and increasing with inflation annually from dedicated existing sources, a property tax, sales tax, rental car tax, or gasoline tax. The dedicated funding would be directed to a trust account and used to service long-term bonds issued for the capital program, which would increase the impact of those dollars. The $170 million is taken from the General Manager's current figures and can be adjusted.

- In Maryland, companion legislation would divert revenue raised for the Transportation Trust Fund to one of its major current uses, Metro. If funding or the bond rating obtained were inadequate, local legislation could be passed to enable Montgomery and Prince George's Counties to enact local taxes for purposes of meeting a dedicated funding requirement for a multi-state transit authority and any over-attainment could be used by the two counties for other capital transportation infrastructure needs.

Oversight:

- Formalize and strengthen the Office of Inspector General by providing a longer term, increased authority, and a fixed percentage of the budget to support their work.

21st Century Updates:

- Update the Compact to reflect current agency names, organization, and practices.

- Remove outdated provisions of the Compact that are no longer relevant to an existing, operating system.

Transparency:

- Mandate the publication of an expanded vital signs report quarterly, which would include relevant benchmark comparisons to other transit agencies regarding service reliability and quality, safety, customer satisfaction, and other relevant metrics.

- Require Metro to publish a detailed six year line item Capital Improvement Program annually, with a public hearing in each of the three jurisdictions annually prior to adoption and amendments only occurring by unanimous vote of the Board.

- Establish a requirement that the Board prepare a strategic plan and review/revise it every five years. A public hearing shall be held in each of the three jurisdictions in preparing the plan every five years. Nothing in the provision or the plan shall prohibit Metro from making changes related to the issues in the plan during the plan period.

Rider Involvement:

- Convert the existing Riders Advisory Council and Accessibility Advisory Committee into a Riders Council written into the Compact and made up of three committees: rail riders, bus riders, and paratransit riders. The local governments of Montgomery County, Prince George's County, Arlington County, Fairfax County, Loudoun County, and the District of Columbia would each appoint one member of each type. Three other members would be appointed, one each, by the two Governors and the Mayor and would be from businesses located within a half mile of a Metrorail station.

- The Riders Council would be funded at a fixed percentage of Metro's budget to fund an Executive Director and one other administrative staffer. The Riders Council would operate similar to a People's Counsel model and independently advocate to the Board on issues of concern to riders.

Non-Jurisdictional Reforms

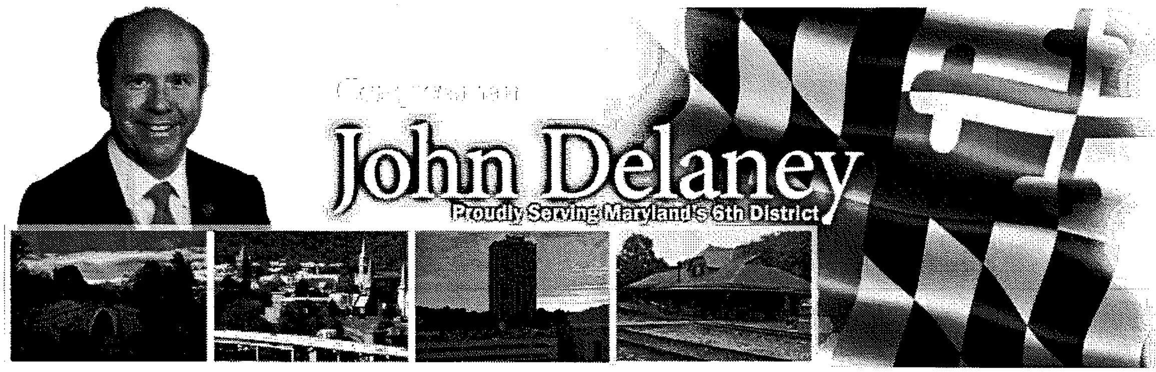
Requires action outside the direct control of the compact jurisdictions, does not require jurisdiction legislation.

Federal Government

- Reauthorize at current level of $1.5 billion over 10 years ($150 million annually) the federal capital commitment, which expires in 2018. Any amount over $1.5 billion reauthorization can reduce the jurisdictional contribution.

Other Reform Efforts

- This approach does not preclude many of the actions proposed by the Metro General Manager and workforce that do not require jurisdictional action or certain other actions by the jurisdictions to improve their oversight efforts.



Delaney Introduces WMATA Improvement Act

Feb 16, 2017 | Press Release

Bill requires broad changes to Metro governance and operations within 18 months, increases funding for Metro

WASHINGTON – Congressman John K. Delaney (MD-6) filed legislation today to implement comprehensive reforms to the Washington Metropolitan Area Transit Authority (WMATA) and increase federal funding for WMATA. Congressman Delaney's WMATA Improvement Act includes an additional $150 million in annual funding ($75 million from the federal government, $75 million total from the three jurisdictions), provided that WMATA and the member jurisdictions upgrade governance and management and certify that the system's collective bargaining agreement allows WMATA to improve system safety for riders and employees, reliability and customer service while maintaining key wage protections. If changes are not made within 18 months, Congress withdraws its consent from the WMATA Compact. (Full bill summary below.)

"Metro needs big improvements and riders can't wait any longer," said Congressman Delaney. "The problems facing Metro have been widely understood for a very long time and my constituents have endured a long decline in safety, reliability and service. The WMATA Improvement Act tackles the causes of Metro's decline comprehensively, changing the governance structure so that a new culture can be created and providing additional funding. This legislation removes the brakes that have held back reform for too long. We give the jurisdictions a powerful two-pronged incentive – more funding coupled with a ticking clock on the Compact – to take two necessary actions: create a world-class Board of Directors for Metro comprised of experts with a fiduciary responsibility and make sure that management-labor provisions allow the system to perform better and become safer for everyone. As someone who represents thousands of Marylanders who depend upon Metro I believe that Congress cannot consent to a broken Metro forever and if these changes are not met we should withdraw from the Compact."

In the last three weeks over 1700 Metro riders participated in Congressman Delaney's Metro survey, overwhelmingly stressing that Metro needs to improve. Only 25% of respondents stated that in the last year Metro has improved.

The WMATA Improvement Act

Background:

- The Washington Metropolitan Area Transit Authority (WMATA), has been plagued with numerous incidents of compromised safety, including instances leading to injury and death, and consistent problems with reliability, which has led to a years-long decrease in ridership. This has put additional pressure on Metro's finances and led to increased roadway gridlock in the region, impacting riders and non-riders alike.
- WMATA's Proposed FY 2018 Budget announced a significant operating budget shortfall that is "in part a product of Metro's governance and funding structure, as well as Metro's ridership decline in the face of Metro's need to rebuild key system infrastructure."
- WMATA is currently governed by a 16 member Board of Directors, with four members appointed by each of the jurisdictions. Currently, there are no clearly defined qualifications for Board Members across all jurisdictions.

The Need:

- WMATA needs Board Members with the skills and expertise necessary to run a transit agency of its size and importance to the federal government and the Capital region.
- WMATA needs increased funding from all jurisdictions, including the federal government.
- WMATA needs a collective bargaining agreement that provides Metro management with the flexibility to operate the system to a high level of service and safety for its riders and fair wages and safe working conditions for its employees.

- WMATA and the respective jurisdictions need a clear spur to action to guarantee comprehensive improvement to the system.

The WMATA Improvement Act:

- **Provides WMATA with an additional $150 million per year**, with $75 million coming from the federal government and $25 million from each of the three jurisdictions (Maryland, Virginia, and the District of Columbia).
- **To receive this additional funding, the three non-federal jurisdictions must take the following actions** to ensure that WMATA is well-managed and positioned to succeed long-term:

1) Reforming WMATA's Board of Directors:

- Each Board Member must be certified experts in either transit, safety, management or finance, effective within 18 months;
- The Board must have a primary fiduciary duty to WMATA;
- The WMATA Board shall be compromised of nine members, who are all voting members: two appointed by each jurisdiction, along with the CEO of Metro

2) Certifying that WMATA's Collective Bargaining Agreement Allows Necessary Improvements: The Board must certify that any amendments to the collective bargaining agreement allow WMATA to improve safety, reliability, and service and lower costs; while ensuring that any amendments comply with Transit 13(c) and Davis-Bacon requirements.

- **Creates a forcing function for necessary change**: If the jurisdictions have not implemented these changes within 18 months of the legislation's enactment, the federal government withdraws its consent from WMATA's Compact.
  - The legislation includes an option for a 3-month extension for good-faith progress.

##

Office Locations

VIRGINIA ACTS OF ASSEMBLY -- 2017 SESSION

CHAPTER 696

An Act to amend the Code of Virginia by adding in Title 33.2 a chapter numbered 31.1, consisting of a section numbered 33.2-3101, relating to the Washington Metrorail Safety Commission Interstate Compact.

[H 2136]

Approved March 24, 2017

Be it enacted by the General Assembly of Virginia:

1. That the Code of Virginia is amended by adding in Title 33.2 a chapter numbered 31.1, consisting of a section numbered 33.2-3101, as follows:

CHAPTER 31.1.

WASHINGTON METRORAIL SAFETY COMMISSION INTERSTATE COMPACT.

§ 33.2-3101. Washington Metrorail Safety Commission Interstate Compact.

The Washington Metrorail Safety Commission Interstate Compact is hereby enacted into law and entered into with all other jurisdictions legally joining therein in the form substantially as follows:

WASHINGTON METRORAIL SAFETY COMMISSION INTERSTATE COMPACT

Preamble

WHEREAS, the Washington Metropolitan Area Transit Authority, an interstate compact agency of the District of Columbia, the Commonwealth of Virginia, and the State of Maryland, provides transportation services to millions of people each year, the safety of whom is paramount; and

WHEREAS, an effective and safe Washington Metropolitan Area Transit Authority system is essential to the commerce and prosperity of the National Capital region; and

WHEREAS, the Tri-State Oversight Committee, created by a memorandum of understanding amongst these three jurisdictions, has provided safety oversight of the Washington Metropolitan Area Transit Authority; and

WHEREAS, an amendment to 49 U.S.C. § 5329 requires the creation of a legally and financially independent state authority for safety oversight of all fixed rail transit facilities; and

WHEREAS, the District of Columbia, the Commonwealth of Virginia, and the State of Maryland intend to create a Washington Metrorail Safety Commission to act as the state safety oversight authority for the Washington Metropolitan Area Transit Authority system under 49 U.S.C. § 5329; and

WHEREAS, this act is created for the benefit of the people of the District of Columbia, the Commonwealth of Virginia, and the State of Maryland and for the increase of their safety, commerce, and prosperity.

Article I.

Definitions.

A. As used in this MSC Compact, the following words and terms shall have the meanings set forth below, unless the context clearly requires a different meaning. Capitalized terms used herein, but not otherwise defined in this act, shall have the definition set forth in regulations issued under 49 U.S.C. § 5329, as they may be revised from time to time:

"Alternate member" means an alternate member of the Board.

"Board" means the board of directors of the Commission.

"Commission" means the Washington Metrorail Safety Commission.

"Member" means a member of the Board.

"MSC Compact" means the Washington Metrorail Safety Commission Interstate Compact created by this act.

"Public transportation agency safety plan" means the comprehensive agency safety plan for a rail transit agency required by 49 U.S.C. § 5329 and the regulations thereunder, as may be amended or revised from time to time.

"Public transportation safety certification training program" means the federal certification training program, as established and amended from time to time by applicable federal laws and regulations, for federal and state employees, or other designated personnel, who conduct safety audits and examinations of public transportation systems and employees of public transportation agencies directly responsible for safety oversight.

"Safety-sensitive position" means any position held by a WMATA employee or contractor designated in the Public Transportation Agency Safety Plan for the WMATA Rail System and approved by the Commission as directly or indirectly affecting the safety of the passengers or employees of the WMATA Rail System.

"Signatory" means the State of Maryland, the Commonwealth of Virginia, and the District of Columbia.

M. Adoption; Effective Date.

This MSC Compact shall be adopted by the Signatories in the manner provided by law therefor and shall be signed and sealed in four duplicate original copies. One such copy shall be filed with the Secretary of State of the State of Maryland, the Secretary of the Commonwealth of Virginia, and the Secretary of the District of Columbia in accordance with the laws of each jurisdiction. One copy shall be filed and retained in the archives of the Commission upon its organization. This MSC Compact shall become effective upon the enactment of concurring legislation by the District of Columbia, the Commonwealth of Virginia, and the State of Maryland, and consent thereto by Congress and when all other acts or actions have been taken, including, without limitation, the signing and execution of this MSC Compact by the Governors of Maryland and Virginia and the Mayor of the District of Columbia.

N. Conflict of Laws.

1. Any conflict between any authority granted herein, or the exercise of such authority, and the provisions of the WMATA Compact shall be resolved in favor of the exercise of such authority by the Commission.

2. All other general or special laws inconsistent with this MSC Compact are hereby declared to be inapplicable to the Commission or its activities.

2. That members of the Board of Directors of the Washington Metrorail Safety Commission for the Commonwealth of Virginia shall be appointed by the Governor of Virginia and subject to confirmation by the General Assembly.

3. That the provisions of this act shall become effective after all of the following have occurred:

A. The enactment of concurring legislation by the State of Maryland and the District of Columbia, the signing and execution of the Metrorail Safety Commission Interstate Compact by the Mayor of the District of Columbia and the Governors of Maryland and Virginia, and approval of the Metrorail Safety Commissioner Interstate Compact by the United States Congress;

B. The inclusion of this act's fiscal effect in an approved budget and financial plan of the District of Columbia. The chief financial officer for the District of Columbia shall certify the date of the inclusion of the fiscal effect in an approved budget and financial plan and provide notice to the budget director of the Council of the District of Columbia of the certification. The budget director shall cause the notice of the certification to be published in the District of Columbia Register and the date of publication of the notice of the certification shall not affect the applicability of this act;

C. The adoption by the Council of the District of Columbia of the fiscal impact statement of the Chief Financial Officer as the fiscal impact statement required by section 602(c)(3) of the District of Columbia Home Rule Act; and

D. The approval by the Mayor of the District of Columbia of, or, in the event of a veto by the Mayor, action by the Council of the District of Columbia to override the veto of, a 30-day period of congressional review as provided in section 602(c)(1) of the District of Columbia Home Rule Act and publication in the District of Columbia Register.

4. That the Secretary of Transportation, in coordination with the Northern Virginia Transportation Commission, shall engage his counterparts in Maryland and Washington, D.C., and the appropriate officials in the federal government for the purpose of revising the Washington Metropolitan Area Transit Authority Compact of 1966 and implementing other reforms necessary to ensure the near-term and long-term viability of the Washington Area Metropolitan Transit Authority (WMATA). In doing so, the Secretary shall develop, propose, and seek agreement on reforms related to the following: (i) the legal and organizational structure of WMATA; (ii) the composition and qualifications of the WMATA Board of Directors and the length of terms of its members; (iii) labor costs and labor relations; (iv) measures necessary to resolve WMATA's unfunded pension liability and other postemployment benefits; (v) measures necessary to better ensure the safety of riders and employees, including safety in the event of a homeland security emergency in the national capital area; and (vi) financial and operational improvements necessary to ensure that WMATA's performance is at least as efficient as its closest comparable transit systems in the United States. The Secretary shall report to and consult quarterly beginning June 30, 2017, with the Chairmen of the House and Senate Transportation Committees regarding activity taken in accordance with this enactment.

5. That an emergency exists and this act is in force from its passage.

2017 VIRGINIA ACTS OF ASSEMBLY

CHAPTER 836

An Act for all amendments to Chapter 780 of the 2016 Acts of Assembly, which appropriated funds for the 2016-18 Biennium, and to provide a portion of revenues for the two years ending respectively, on the thirtieth day of June 2017, and the thirtieth day of June, 2018, submitted by the Governor of Virginia to the presiding officer of each house of the General Assembly of Virginia in accordance with the provisions of § 2.2-1509, Code of Virginia.

Approved April 28, 2017

House Appropriations and Senate Finance Committees a detailed plan on the potential sale, lease and/or development of MWAA acreage unsuitable for airport use. Such report shall include an update on the status of the NEPA process and of any needed approvals from the Federal Aviation Administration or the U.S. Secretary of Transportation, an identification of the types of suitable uses for the various tracts and an estimate of the revenues that could be generated from such uses.

N. The Commonwealth Transportation Board's rail subcommittee shall review the long range service plan and financial analysis of Virginia Railway Express and assess the conclusions of that analysis with respect to the long-term financial viability of the service, their ability to maintain appropriately costed-services to maintain and expand market share, and the Virginia Railway Express's impact on traffic volumes on the Interstate 66 and Interstate 95 / 395 corridors of statewide significance. The Board shall consult with interested stakeholders and report its findings to the Secretary of Transportation, and the Chairmen of the House Committees on Appropriations and Transportation and the Senate Committees on Finance and Transportation no later than November 15, 2016.

O. 1. No later than October 31, 2016 the Secretary of Transportation shall report to the Chairmen of the House Appropriations and Senate Finance Committees on the outcome of the negotiations pursuant to the procurement for the Commonwealth of Virginia Transform I-66 Corridor Outside the Beltway project and whether the parties were able to deliver the project in a manner that meets all of the terms published in the request for qualifications dated September 17, 2015, as clarified by the term sheet published on October 1, 2015, and subsequently amended, and the draft request for proposals dated December 17, 2015.

2. If the Transportation Public-Private Partnership Advisory Committee established pursuant to § 33.2-1803.2 of the Code of Virginia and the Commissioner of Highways find that the private parties did not meet the terms published in the request for qualifications dated September 17, 2015, as clarified by the term sheet published on October 1, 2015, and subsequently amended, and the draft request for proposals dated December 17, 2015, and state that it is in the public interest to proceed with public financing for this project; and the Secretary of Finance concurs in writing with Commissioner of Highways' finding that the private parties did not meet the terms and that it is in the public interest to proceed with the issuance of bonds, the Secretary shall notify the Chairmen of such finding to enable the respective Committees to consider Senate Bill 60 and House Bill 1067, continued to the 2017 Session by the 2016 General Assembly, prior to the procedural deadline for action on such legislation.

P. The Commonwealth Transportation Board is hereby directed to enter into discussions with Arlington and Fairfax Counties regarding use of air rights over Interstate 66 in their respective jurisdictions no later than October 1, 2016. A report on the progress and outcome of such discussions shall be submitted to the Chairmen of the House Appropriations and Transportation Committees and the Senate Finance and Transportation Committees no later than July 15, 2017.

Q. Notwithstanding any provision of law to the contrary, the provisions of § 2.2-4321.2, Code of Virginia, shall be applicable to transportation infrastructure projects or facilities to be developed pursuant to the Public Private Transportation Act of 1995, as amended. However, § 2.2-4321.2 shall not apply to any projects or facilities to be developed pursuant to the Public Private Transportation Act of 1995, as amended, that (i) improve or construct a limited access roadway that crosses state borders, and (ii) include construction of a new bridge or expansion of an existing bridge.

R. The Secretary of Transportation shall initiate an objective review of the operating, governance and financial conditions at the Washington Metro Area Transit Authority. The objective review shall, at a minimum, analyze: (i) the legal and organizational structure of WMATA; (ii) the composition and qualifications of the WMATA Board of Directors and the length of terms of its members; (iii) labor costs and potential strategies to reduce the growth in such costs in the future; (iv) options to improve the sustainability of employee retirement plans; (v) safety and reliability; (vi) options to improve the efficiency of WMATA operations; and, (vii) other factors considered appropriate by the Secretary. To the extent practicable the review shall compare WMATA to other rail transit systems in the United States that have been in operations for more than 35 years and have an overall system length in excess of 35 miles.

ITEM 436.		Item Details($) First Year FY2017	Item Details($) Second Year FY2018	Appropriations($) First Year FY2017	Appropriations($) Second Year FY2018

Further, the Secretary shall request the participation of the District of Columbia and the State of Maryland in such review and report the findings of his review to the Chairmen of the House Appropriations, Senate Finance and House and Senate Transportation Committees no later than November 15, 2017, with a follow-up report, if needed, submitted by June 30, 2018. Such report shall include a copy of the WMATA six year capital improvement program, as well as an accounting of assumed revenues generated and available by source and assumptions used regarding operating expenses to develop the capital improvement program.

	Total for Secretary of Transportation			**$888,357**	**$888,474**
	Nongeneral Fund Positions	6.00	6.00		
	Position Level	6.00	6.00		
	Fund Sources: Commonwealth Transportation	$888,357	$888,474		

§ 1-123. VIRGINIA COMMERCIAL SPACE FLIGHT AUTHORITY (509)

437.	Space Flight Support Services (60800)			$15,800,020	$15,800,021
	Maintenance and Operation of Space Flight Facilities (60801)	$15,800,020	$15,800,021		
	Fund Sources: Commonwealth Transportation	$15,800,020	$15,800,021		

Authority: Title 2.2, Chapter 22, Code of Virginia.

A. Pursuant to the provisions of Chapters 779 and 817, 2012 Session of the General Assembly, $15,800,020 in the first year and $15,800,021 in the second year shall be transferred to the Commonwealth Space Flight Fund as set forth in § 33.2-1526 to support the maintenance and operations of the Virginia Commercial Space Flight Authority. From the funds appropriated in this item, $500,000 the first year shall be made available for development of an Aircraft Intermediate Maintenance Department in support of the Wallops Island unmanned aircraft systems test range.

B. In order to increase competition among qualified independent audit firms, the Virginia Commercial Spaceflight Authority is authorized to solicit requests for proposals from national firms including those that have submitted proposals prior to July 1, 2016. The final selection of the certified public accounting firm shall be performed by the Auditor of Public Accounts, with the assistance of the Virginia Commercial Spaceflight Authority, through a competitive negotiation process.

C. The Secretary of Transportation, as Chairman of the Virginia Commercial Spaceflight Authority Board, shall, in cooperation with the Secretary of Finance, review options to finance the construction of additional facilities at the Mid-Atlantic Regional Spaceport in support of both commercial space flight and unmanned systems activities. Such review shall include but not be limited to examination of financing options available from the Virginia Resources Authority in addition to other financing options available to the Commonwealth Transportation Board.

	Total for Virginia Commercial Space Flight Authority			**$15,800,020**	**$15,800,021**
	Fund Sources: Commonwealth Transportation	$15,800,020	$15,800,021		

§ 1-124. DEPARTMENT OF AVIATION (841)

438.	Financial Assistance for Airports (65400)			$28,351,475	$28,351,475
	Financial Assistance for Airport Maintenance (65401)	$1,000,000	$1,000,000		
	Financial Assistance for Airport Development (65404)	$25,976,475	$25,976,475		
	Financial Assistance for Aviation Promotion (65405)	$1,375,000	$1,375,000		
	Fund Sources: Commonwealth Transportation	$28,351,475	$28,351,475		

HOUSE JOINT RESOLUTION NO. 617

Requesting the Governor to review the Washington Metropolitan Area Transit Authority Compact of 1966 and engage in discussions with his counterparts in the other jurisdictions that are signatories to the Compact regarding improvements to provisions of the Compact related to the governance, financing, and operation of the Washington Metropolitan Area Transit Authority.

Agreed to by the House of Delegates, February 2, 2017
Agreed to by the Senate, February 14, 2017

WHEREAS, the Washington Metropolitan Area Transit Authority (WMATA), created effective February 20, 1967, is an interstate compact agency and, by the terms of its enabling legislation, an agency and instrumentality of the signatories: the District of Columbia, State of Maryland, and Commonwealth of Virginia; and

WHEREAS, WMATA was created by the signatories to plan, develop, finance, and cause to be operated a comprehensive mass transit system for the Washington metropolitan area, including in Virginia the Counties of Arlington, Fairfax, and Loudoun and the Cities of Alexandria, Falls Church, and Fairfax; and

WHEREAS, WMATA is the largest provider of public transit service in the Washington, D.C., metropolitan area; and

WHEREAS, WMATA routinely faces challenges related to its budget, financing, governance, operations, maintenance, and safety; and

WHEREAS, the District of Columbia-based organization of business and civic leaders known as the Federal City Council, headed by former Mayor Anthony Williams, has proposed that the Washington Metropolitan Area Transit Authority Compact of 1966 (the Compact) be revised related to governance, financing, and labor union relations, among other recommendations; and

WHEREAS, according to the most recent information published by the Federal Transit Administration, three metrics used to calculate the cost of operating the WMATA rail system—expense per vehicle revenue mile, expense per vehicle revenue hour, and operating expense per passenger mile—are 24, 43, and 51 percent higher, respectively, than the average of the same three metrics calculated for the four closest comparable transit systems in the United States, which serve the cities of Boston, Chicago, Philadelphia, and San Francisco; now, therefore, be it

RESOLVED by the House of Delegates, the Senate concurring, That the Governor be requested to review the Washington Metropolitan Area Transit Authority Compact of 1966 and engage in discussions with his counterparts in the other jurisdictions that are signatories to the Compact for the purpose of developing specific improvements to provisions of the Compact related to the governance, financing, and operation of the Washington Metropolitan Area Transit Authority.

In evaluating the Compact, the Governor shall engage in discussions with his counterparts in the District of Columbia, the State of Maryland, and appropriate federal officials regarding (i) the legal and organizational structure of WMATA; (ii) the composition and qualifications of the WMATA Board of Directors and the length of terms of its members, including the adoption of provisions that directors need not be required to hold public office and shall be appointed by each signatory on the basis of expertise and experience gained outside of government service in the operation of large transportation enterprises; (iii) the elimination of the mandatory binding-arbitration provision associated with union contract negotiations and the adoption of a provision that no employee of WMATA or employee of any WMATA contractor be required to have membership in a labor union as a condition of employment; (iv) the transition of the employee pension plans to defined contribution plans; (v) resolution of WMATA's $2.5 billion unfunded pension liability; (vi) implementation of the provisions of the Compact by the WMATA Board of Directors, management, and employees; (vii) modifications to the Compact that may be necessary to better ensure the safety of riders and employees, including safety in the event of a homeland security emergency in the national capital area; (viii) changes necessary to ensure the near-term and long-term financial viability of WMATA, including changes necessary to ensure that the cost structure of WMATA operates at least as efficiently as its closest comparable transit systems in the United States in terms of expense per passenger mile, vehicle revenue mile, and vehicle revenue hour; and (ix) other possible changes to the Compact that the Governor may consider appropriate after consultation with the Chairmen of the House and Senate Committees on Transportation.