



COMMONWEALTH of VIRGINIA

Office of the Governor

Shannon Valentine
Secretary of Transportation

April 26, 2019

The Honorable Charles W. Carrico
Chairman, Senate Transportation Committee
Post Office Box 1100
Galax, Virginia 24333

The Honorable David E. Yancey
Chairman, House Transportation Committee
Post Office Box 1163
Newport News, Virginia 23601

Dear Chairman Carrico and Chairman Yancey:

Virginia Code § 33.2-3102 requires the Secretary of Transportation to provide a quarterly update on Virginia's efforts to work with its counterparts in Maryland and the District of Columbia, as well as the Northern Virginia Transportation Commission (NVTC), on necessary reforms of the Washington Area Metropolitan Transit Authority (WMATA) to support a viable transit system. This letter serves as the update for the quarter ending March 31, 2019.

- I) Legal and organizational structure of WMATA**
- II) Composition and qualifications of the WMATA Board of Directors and the length of terms of its members**

Chapter 429 of the 2018 Acts of Assembly directed the Secretary of Transportation to conduct a review of the WMATA Board of Directors (Board) membership provisions to determine whether the criteria used for membership eligibility serves the Commonwealth's best interests, and to determine whether any changes to such representation can be made without an amendment to the WMATA Compact. This report may be found on [DRPT's website](#). A copy of the report is attached to this letter as well.

DRPT determined that existing requirements in Virginia Code regarding Commonwealth representation on the Board sufficiently serves the best interest of the state. In accordance with Enactment Clause 7 of Chapters 854 and 856 of the 2018 Virginia Acts of Assembly, the Board amended its bylaws to clarify roles of alternate directors, prohibiting their participation in official actions when primary Board members are present.

III) Labor costs and labor relations

IV) Measures necessary to resolve WMATA's unfunded pension liability and other postemployment benefits

While the 2017 LaHood report concluded that WMATA's "[a]ll-in labor costs per hour, including salaries, wages and fringe benefits, are average" for a large transit agency, the WMATA Executive Committee received a presentation on February 14, 2019, from Aon Hewitt regarding WMATA's challenges and potential solutions for retiree pension and health benefits. Hewitt found that the liabilities of \$0.9 billion for pensions and \$2.1 billion for other post-employment benefits represent a growing fiscal burden to WMATA and its funding jurisdictions. The Board will consider options to reduce future pension program and retiree benefit program costs later in 2019. In the interim, WMATA has implemented various changes to address these costs, including:

- Amending retiree prescription drug coverage to offset costs;
- Eliminating retiree healthcare benefits for all new hires except for Metro Police;
- Establishing defined contribution retirement plans for two of five unions, as well as non-unionized employees (defined benefit plans are available for three of five unions and, if modified, would go through the collective bargaining process).

WMATA has also privatized portions of its workforce. In late 2018, WMATA opened its new Cinder Bed Road Metrobus Operations and Maintenance Facility in Lorton, procuring a private transit service operator for nine Northern Virginia bus routes originating from that facility. The operator is also contractually responsible for facilities and bus maintenance.

Also, in late 2018, WMATA issued a Request for Proposals for the operation and maintenance of new Silver Line trains; stations and facilities, including the railcars assigned to the Silver Line, track, and infrastructure; the new Dulles Rail Yard; and all administrative functions necessary to support operations. Proposals are due to WMATA on April 18, 2019.

V) Measures Necessary to Better Ensure the Safety of Riders and Employees

At its February 28, 2019, meeting, the WMATA Board and its Finance and Budget Committee voted to approve the WMATA General Manager's recommendation to continue the current Metrorail operating schedule in Fiscal Year 2020. Metro operating hours, primarily late night hours, were reduced in Fiscal Year 2017 to allow more track work time for maintenance crews to complete state of good repair projects.

The lone "no" vote came from a District of Columbia Board member representing the District's desire to return late night Metrorail service hours. Virginia, Maryland, and the federal government all supported continuation of the current operating schedule to enable critical maintenance project work to commence during overnight hours. Additionally, the Federal Transit Administration (FTA) stated that the Metro Safety Commission would not receive its federal certification should Metro change its operating hours.

On March 18, 2019, FTA announced the certification of the Washington Metrorail Safety Commission (MSC) State Safety Oversight (SSO) Program. With this certification, independent responsibility for direct safety oversight of the WMATA Metrorail system immediately transferred from the FTA to the MSC. In addition, approximately \$7.3 million in Section 5307 FTA grant

funding, 5% of which had been withheld since February 2017 was immediately made available to transit agencies throughout the Commonwealth.

On January 31, 2019, the Government Accountability Office issued a report titled “WMATA: Actions Needed to Strengthen Capital Planning and Track Preventive Maintenance Program” (see attached). The report noted that “WMATA has made significant progress toward its track preventive maintenance program’s goals, which are to reduce both track-defect and electrical fire incidents” and that WMATA has recently developed a new capital planning process. The report contained five recommendations related to the new capital planning process (see below). DRPT will work with the WMATA Board members from Virginia to ensure these recommendations are implemented:

- Establish documented policies and procedures for new capital planning process;
- Develop performance measures for assessing capital investments and the capital planning process to determine if investments and planning process have achieved their planned goals and objectives;
- Develop a plan for obtaining complete information regarding WMATA's asset inventory and physical condition assessments;
- Conduct a comprehensive risk assessment of the track preventive maintenance program;
- Prepare a formal program management plan for the track preventive maintenance program that aligns with WMATA's strategic plan.

In summer 2019, WMATA will begin a new Metrorail Platform Improvement Program to rebuild 20 outdoor concrete platforms over three years. The first phase of this program will include a complete shutdown of Metrorail operations on the Blue and Yellow Lines south of Reagan National Airport from May 25, 2019, to September 2, 2019, (Memorial Day to Labor Day), during which three platforms will be completely rebuilt (Braddock Road, King Street, and Eisenhower Avenue). Additionally, other state of good repair work will be completed throughout the shutdown zone. This is one of the first major capital programs that WMATA will implement with the \$500 million per year in new dedicated funding approved by Virginia, Maryland, and the District of Columbia in 2018. Work will continue on the Platform Improvement Program year round for three years until all 20 platforms are rebuilt. Additional extended summer Metrorail segment shutdowns will also occur in 2020 and 2021.

WMATA plans to partially mitigate the effects of the suspended Metrorail service during the summer 2019 Platform Improvement Program work with a robust shuttle bus network that will replicate the lost Metrorail service along with other enhancements to existing Metrobus service in the shutdown zone. In addition to WMATA’s mitigation efforts, local Virginia jurisdictions and transit providers in the shutdown zone plan to implement a variety of additional mitigation strategies. DRPT identified state funding that could be made available to assist local jurisdictions and transit providers with up to 80 percent of the cost their mitigation strategies and solicited proposals for state funding from those entities.

DRPT worked with NVTC, VDOT, and WMATA to review the proposals that were received and to develop a supplemental Virginia mitigation program for approval by the Commonwealth Transportation Board (CTB). The CTB approved the use of approximately \$3.6 million in state funding for local mitigation strategies on March 21, 2019. DRPT will award the funding to Virginia-based local jurisdictions and transit providers that submitted proposals through mid-cycle grants that require a 20 percent local match. None of the state funding will pay for services operated by

WMATA. DRPT grant payments are made on a reimbursement basis with documentation supporting expenditures.

In addition to the new Metrorail Platform Improvement Program, WMATA continues to perform state of good repair work throughout the Metrorail system at night and on most weekends.

VI) Financial and operational improvements necessary to ensure that WMATA's performance is at least as efficient as its closest comparable transit system in the United States

The WMATA Board approved its Fiscal Year 2020 Operating Budget, Fiscal Year 2020-2025 Capital Improvement Program, and the WMATA Strategic Plan on March 28, 2019. DRPT monitored the budget process and worked with the two Virginia members to ensure that Virginia's operating subsidy does not increase by more than three percent as required by Chapters 854 and 856 of the 2018 Acts of Assembly. WMATA held a total of three public hearings (one each in Virginia, Maryland, and the District of Columbia) on its proposed Fiscal Year 2020 Budget and updated strategic plan. The Virginia public hearing was held in Alexandria on January 30, 2019, with one person providing comment. By July 1, 2019, WMATA must provide written notifications to the CTB, including:

- A report on the annual growth in total Virginia operating assistance, including a detailed description of the costs contributing to the increased operating subsidy and a year-over-year comparison of such costs;
- A detailed description and justification of costs considered exempt from the calculation of the annual growth rate in operating subsidy;
- Confirmation of the adoption of a compliant capital improvement program;
- Confirmation of the adoption of or update on a compliant strategic plan;
- Certification that a public hearing on the capital improvement program and strategic plan has been held in a locality embraced by the NVTC.

I remain committed to working with Maryland, the District of Columbia, the NVTC and the federal government to continue improving the efficiency and effectiveness of WMATA. As always, if you have any questions, please do not hesitate to contact me. Thank you for the opportunity to work collaboratively to ensure the accountability and transparency of this significant transportation asset.

With warmest regards,



Shamon Valentine

Attachments