



COMMONWEALTH of VIRGINIA

Office of the Governor

Shannon Valentine
Secretary of Transportation

August 16, 2021

The Honorable Dave W. Marsden, Chairman
Senate Transportation Committee
Post Office Box 10889
Burke, Virginia 22009

The Honorable Delores McQuinn, Chairman
House Transportation Committee
Post Office Box 406
Richmond, Virginia 23218

Dear Senator Marsden and Delegate McQuinn,

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 Metropolitan Area Transit Authority (WMATA) to support a viable transit system. This letter serves as the update for the quarter ending June 30, 2021.

- 1) **Labor costs and labor relations**
- 2) **Measures necessary to resolve WMATA's unfunded pension liability and other postemployment benefits**
- 3) **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**

Amazon

WMATA announced a plan on June 16 to partner with Amazon to build 1,000 affordable housing units adjacent to Metro stations in the region. The total investment is \$125 million, which is part of the \$2 billion Amazon Housing Equity Fund announced in January 2021. Through this fund 20,000 affordable units will be built, with \$25 million set aside for minority-led development firms. Amazon's total commitment to transit-oriented equitable housing is \$300 million.

Budget

The Board approved a \$2.1 billion operating budget and a \$2.6 billion capital budget for Fiscal Year 2022. This budget includes Silver Line Phase 2 revenue service beginning in the first half

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of 2022 and the opening of the new Potomac Yard Metrorail station in Alexandria to revenue service in spring 2022.

The Board also approved final Coronavirus Response and Relief Supplemental Appropriations Act distribution amounts at its meeting on April 22. Utilizing the same formula as the earlier CARES Act distribution, the agency will retain \$714 million with \$89 million in subsidy credits to its member jurisdictions. The agency is now projecting a balance of \$865 million in available federal COVID relief funding for Fiscal Years 2023 and 2024. If WMATA maintains planned service levels, it would be able to pass a budget with a three-percent subsidy increase for Fiscal Year 2023. For Fiscal Year 2024, it is projecting a \$190-\$250 million shortfall when federal relief funding runs out.

At the same meeting, the Board approved a six-year Capital Funding Agreement (CFA). WMATA has approved two one-year extensions since the last CFA expired. The CFA requires the approval of all Compact members, including six cities and counties in Virginia. DRPT is not a party to the CFA; however, the agency utilizes quarterly reports required by the agreement to monitor its dedicated funding and PRIIA funding.

Finally, the Board authorized an \$874 million bond issuance at its May 13 meeting that would utilize the \$500 million in annual dedicated funding provided by Virginia, the District of Columbia, and Maryland. The funding, with a 25-year maturity, will be used to support over \$1 billion in debt in the Fiscal Years 2021 and 2022 capital budgets.

Compliance

On June 29, the Northern Virginia Transportation Commission (NVTC) submitted a certification letter to the Comptroller of Virginia stating that it had received the documents and reports from WMATA required by Section 33.2-3402 of the Code of Virginia. The four required documents included WMATA's Annual Capital Budget, WMATA's Annual Independent Financial Audit, WMATA's National Transit Database (NTD) Annual Profile, and WMATA Single Audit Reports – issued in accordance with the Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (2 C.F.R. Part 200).

On July 1, WMATA submitted to the Commonwealth Transportation Board (CTB) written notifications required for compliance with the CTB's "Policy and Guidelines for Implementation of Governing and Funding Reforms for WMATA." The CTB approved this policy and guidelines in 2018 to ensure WMATA compliance with the statutory requirements for the receipt of Dedicated Funding from the Commonwealth. DRPT will evaluate the information received from WMATA and will develop recommendations for review by the September CTB meeting.

Federal Funds

In May 2021, Representative Connolly sent a letter to the Chairman and Ranking Member of the House Subcommittee on Transportation, Housing and Urban Development requesting that the subcommittee continue to provide \$150 million annually in federal PRIIA funds to WMATA.

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Representatives Beyer and Wexton, as well as representatives from Maryland and the District of Columbia, co-signed the letter.

On June 17, DRPT executed a one-year extension for Fiscal Year 2022 of its current PRIIA funding agreement with WMATA through which the Commonwealth provides its required annual \$50 million in state matching funds to the federal PRIIA funds.

Operations

On June 24, the Board unanimously approved a staff-recommended sustainability and zero-emissions bus plan. The plan requires WMATA to move to a 100 percent zero-emissions fleet by 2045 and purchase only zero-emissions vehicles after 2030. Additionally, the agency has exercised an option with New Flyer for the purchase of 100 400-foot buses that will emit 90 percent less particulate matter and 96 percent less NOx than the buses they are replacing.

On June 10, the Board approved improvements to Metrobus and Metrorail service and fares that will be phased in during the summer and fall. The improvements will not affect jurisdictional subsidies. Metrobus changes will include an increase to service frequencies to 12 minutes or better on the highest ridership routes in the system and to 20 minutes or better on other routes. On July 18, WMATA will extend Metrorail operating hours to midnight seven days a week, and it will provide 12-minute service all day on all lines serving Virginia. Service currently ends at 11:00 each night.

Fare changes include free bus transfers to and from rail, a weekend flat fare of \$2 on Metrorail, and a price reduction from \$15 to \$12 for the seven-day regional bus pass. Virginia board members expressed major concern about the long-term fare revenue forecast and urged the discounted fares not be made permanent.

Additionally, WMATA extended its mobile SmarTrip and SmarTrip app to Google play on Android-based mobile phones. Individuals now can use their phones and smart watches to ride Metro services as well as Alexandria's DASH, Arlington Transit (ART), City of Fairfax's CUE, Fairfax Connector, Loudoun County Transit, and Omniride buses.

Silver Line

The agency expects to begin revenue service on the Silver Line Phase 2 extension in the first half of 2022. Metropolitan Washington Airports Authority and the prime contractors for the extension's construction, Capital Rail Constructors, have previously projected a November 2021 substantial completion date for construction.

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

Platform Improvement Program

WMATA re-opened the Arlington National Cemetery Metrorail Station on May 23. WMATA had suspended Blue Line Service since February 13 to accommodate the work at this station. With the completion of the platform improvement program at the Arlington National Cemetery

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station, all platform work in Virginia is complete. The agency will continue platform work in Maryland over the next couple of years.

Washington Metrorail Safety Commission (WMSC)

WMSC staff confirmed on May 18 that the 6000 series will be sidelined indefinitely. WMSC investigations of the October 9, 2020, and November 24, 2020, uncoupling events determined that faulty parts, in addition to a failure to stock replacement parts and an insufficient overhaul process, caused the incidents. There are 128 6000 series railcars in Metro's fleet of 1,200 railcars. WMATA first put the 6000 series railcars into service in 2006, and they are less than halfway through their 40-year useful life.

On June 2, the WMSC issued its first Commission order requiring an action to be taken by WMATA. The order required WMATA to "no later than June 10, 2021, provide the WMSC with continuous, real-time access to view the live stream from all CCTV cameras in the WMATA Rail System" and to provide such access going forward to any new CCTV cameras that may be installed. WMATA had previously refused to allow live stream access to the WMSC and only had provided CCTV recordings to the WMSC upon request.

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

Board Membership

Chapter 429 of the 2018 Acts of Assembly directed the Secretary of Transportation to conduct a review of the Board of Directors 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 Compact. The Secretary, in consultation with DRPT, determined that existing requirements regarding Commonwealth representation on the Board sufficiently serves the best interest of the state.

An election for Board members was held on June 24. The Virginia's Commonwealth-appointed member and current Chair, Paul Smedberg, was elected to a third one-year term beginning July 1. Virginia's NVTC-appointed member, Matt Letourneau of Loudoun County, will serve as Chair of the Safety and Operations Committee for Fiscal Year 2022.

As we remain committed to the transparency, accountability, and safety of WMATA, should you have any questions or recommendations, please do not hesitate to let me know.

With warmest regards,



Shannon Valentine