



COMMONWEALTH of VIRGINIA

Office of the Governor

W. Sheppard Miller III
Secretary of Transportation

April 19, 2022

The Honorable Dave W. Marsden, Chairman
Senate Transportation Committee
P.O. Box 10889
Burke, VA 22009

The Honorable Terry L. Austin, Chairman
House Transportation Committee
P.O. Box 400
Buchanan, VA 24066

Dear Senator Marsden and Delegate Austin,

Virginia Code § 33.2-3102 requires the Secretary of Transportation to provide a quarterly update on Virginia's efforts to work with his 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.

Specifically, the Secretary is directed to focus on the following areas in these efforts: i) labor costs and labor relations; ii) measures necessary to resolve WMATA's unfunded pension liability and other postemployment benefits; iii) financial and operational improvements necessary to ensure that WMATA's performance is at least as efficient as its closest transit system in the United States; iv) measures necessary to better ensure the safety of riders and employees; v) legal and organizational structure of WMATA; and vi) composition and qualifications of the WMATA Board of Directors and the length of terms of its members. This letter serves as the update for the quarter ending March 31, 2022.

Virginia Code § 33.2-1907 states that the Secretary of Transportation or his designee shall serve as a member of the WMATA Board. The Secretary's designee is Paul Smedberg, who currently serves as the Board Chair. The Virginia Department of Rail and Public Transportation provides staff assistance to Mr. Smedberg in preparation for Board and subcommittee meetings.

During the third quarter of Fiscal Year 2022, the areas of relevant interest to the directives outlined in *Virginia Code* § 33.2-3102 are:

Fiscal Year 2023 Budget: On March 24, the WMATA Board approved the Fiscal Year 2023 operating and capital budgets and a six-year Capital Improvement Program. The \$2.3 billion operating budget complies with the statutory three percent cap on the annual growth of the Virginia operating subsidy and includes \$42 million in savings from the General Manager's original proposed budget.

Pension Audit: On March 24, the WMATA Inspector General submitted an audit and recommended six changes to WMATA employee pensions, which management has agreed to implement. They are: i) establish centralized automated database to track retiree data and benefits; ii) establish written procedures for all stakeholders to enhance collaboration in managing benefits; iii) formalize agreement between WMATA and Social Security Administration to receive quarterly Death Index; iv) establish formal sharing agreement with union pension trustees; v) establish annual certification process to validate active and inactive accounts; and vi) establish process to verify the accuracy of WMATA's Office of Accounting annuitant data.

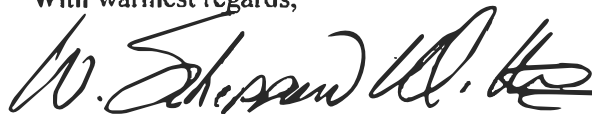
7000 Series Railcars: WMATA is conducting a root cause analysis of the wheel assembly issue that caused a derailment on October 12, 2021. WMATA is installing wayside measurement stations and will gradually begin to reintroduce the 7000 Series trains to revenue service in July pending approval of a service restoration plan by the Washington Metrorail Safety Commission (WMSC).

Board Bylaws: On June 28, 2018, the WMATA Board adopted bylaws with governance changes required by the Virginia 2018 dedicated funding legislation. The bylaws are still in effect.

During the upcoming quarter, WMATA is required to submit documentation to verify that they are in compliance with statutory requirements that limit the participation of alternates at Board meetings and subcommittee meetings, cap the annual growth of the Virginia operating subsidy at three percent, require an update of the agency's strategic plan every three years with a public hearing in Northern Virginia, and require adopting a capital improvement program every six years with a public hearing in Northern Virginia. DRPT and the Office of the Attorney General will conduct their annual review and assessment prior to report to the Commonwealth Transportation Board in September.

Thank you for your continued support. Please let me know if you have any questions or comments.

With warmest regards,

A handwritten signature in black ink, appearing to read "W. Sheppard Miller III". The signature is fluid and cursive, with a large initial "W" and a long, sweeping underline.

W. Sheppard Miller III