



# COMMONWEALTH of VIRGINIA

## Office of the Governor

W. Sheppard Miller III  
Secretary of Transportation

March 29, 2024

The Honorable Jennifer Boysko, Chair  
Senate Transportation Committee  
P.O. Box 247  
Herndon, Virginia 20172

The Honorable Karrie Delaney, Chair  
House Transportation Committee  
P.O. Box 231023  
Centreville, Virginia 20120

Dear Senator Boysko and Delegate Delaney:

*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 quarters ending December 31, 2023. The first section covers the following topics of the legislation:

- 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**

### WMATA FY 2025 Budget:

On December 14, the WMATA General Manager followed up on an initial budget preview provided in September by presenting his FY25 budget proposal to the Board, which included significant fare increases and service cuts. The proposed budget assumes \$38 million in savings attributable to a 0% wage increase for both union and non-union positions. The following unions have collective bargaining agreements that expire during this fiscal year, so wage freezes would have to be negotiated:

- Local 689 (WMATA's largest union) contract ends June 30, 2024.
- Fraternal Order of Police (Metro Police) contract ends September 30, 2024.

- Local 922 International Brotherhood of Teamsters (represents approximately 282 members at the Landover Bus Division in Prince George’s County) contract ends October 31, 2024.

While WMATA contemplated issuing layoff notices for staff in January 2024 per labor agreement requirements, management ultimately decided not to pursue layoff notices under the belief WMATA could avoid the most extreme budget shortfall scenario through additional funding contributions from the jurisdictions.

The General Manager’s December budget proposed fare increases of 20% across the board to align fare rates with those of national peers. It also proposed the following service cuts to keep operating expense growth below the statutory 3% cap:

- Closure of 10 Metrorail stations (many likely in VA)
- Daily Metrorail closure at 10PM
- Significant Metrorail frequency reduction
- Turnbacks on the Red Line and Silver Line (DC/MD side)
- Elimination of 67 of 135 bus lines
- Reduced service on 41 bus lines
- Reduction to the service area of MetroAccess to align with the resulting fixed route network

Following funding commitments from Maryland (\$150 million) and the District of Columbia (\$200 million), the General Manager released a revised FY2025 budget proposal on February 5th. The revised budget eliminated most of the proposed service cuts while retaining a fare increase of at least 12.5%, which is projected to increase net revenues by \$24 million.

FY 2024 Budget to Actual: On December 15, staff sent a memo to the WMATA Board stating that actual first quarter operating expenses were \$47.5 million less than budgeted expenses due to savings in Benefits, Capital Cost Allocation, Services, Paratransit and Materials. Excluding federal relief, operating revenues were \$108.4 million, or 20% of expenses, exceeding the budgeted amount by \$17.7 million.

Pension Plan Performance: On December 1, staff sent a memo to the WMATA Board stating that the \$5.4 billion combined value of the five pension plans increased by \$123.6 million, or 2.3%, through June 30, 2023. The pension plans growth ranged from 1.7% to 3.1% in the quarter, compared to the S&P 500 which increased 8.7%. The one-year results for the pension plans ranged from 5.9% to 7.9% increases compared to a 19.6% increase for the S&P 500.

Inspector General: On November 7, the WMATA Inspector General, Rene Febles, resigned in anticipation of Board Chair Paul Smedberg selecting a replacement Inspector General to assume the post. The previous day, the IG’s office released a report on WMATA’s compliance with the Infrastructure Investment and Jobs Act (IIJA), which included \$5 million in annual funding for WMATA’s Office of the Inspector General. The IIJA directs WMATA to delegate authority for contracting and hiring employees in the IG’s office to provide the IG with greater autonomy, and the Board delegated this authority via resolution. However, the report concluded that WMATA management and staff had not made procedural or policy changes to allow the OIG to achieve

independence. Following IG Fables's resignation, Chair Smedberg stated that the Board would appoint an acting IG while conducting a national search. The Board subsequently approved an acting Inspector General, Kevin Muhlendorf, a former U.S. Department of Justice assistant chief counsel and Securities and Exchange Commission senior counsel.

Governor's Proposed Budget language: On December 20, Governor Youngkin included in his proposed budget a provision to allow for an increased subsidy in FY25 with the requirement that WMATA develop a plan to lower its operating costs to be at least as efficient as the median of its peer transit agencies.

NVTC Performance and Condition of WMATA Report: In December, NVTC released its annual report, which included near-, mid-, and long-term recommendations for operating reforms that could be tied to the provision of additional funding for WMATA. These recommendations were based on proposals from NVTC's Operating and Reform Working Group, composed of jurisdictional, NVTC, and DRPT staff with consultant support, which analyzed opportunities for WMATA reform in the context of practices from other transit agencies.

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

September 29 Derailment: On October 12, the WMATA Board Safety and Operations Committee received an update on the September 29 derailment of an eight-car 7000 Series train after it left the Ronald Reagan National Airport station heading southbound toward Potomac Yard. There were 43 passengers on board, and all were evacuated safely with no injuries reported. The WMATA staff memo indicated that a friction disc (brake disc) fell off railcar 3069 and landed between the tracks, which caused the following 7000 Series train to derail. The memo states that WMATA visually inspects all trains entering service daily and every 60 days it conducts a comprehensive inspection including brake disc thickness and tightening or replacing all eight bolts. The staff memo also indicates that WMATA repaired 310 feet of damaged track and replaced all bolts on 182 brake discs that did not pass inspection between September 29 and October 10 (out of 2,816 brake discs total, representing 6%). WMATA Board members were complimentary of the WMATA staff's handling of the situation, including staff's prompt decision to release video footage of the event from the railcar that derailed.

Washington Metrorail Safety Commission (WMSC): At its October meeting, the WMSC issued an audit of Metrorail's Roadway Maintenance Machines Program, which resulted in five findings. It adopted six reports for two serious injuries and four evacuations that occurred between March and April 2023. The WMSC also approved WMATA's Public Transportation Agency Safety Plan, effective December 21, 2023, and approved its FY25 draft budget for transmission to the jurisdictions. The WMSC is reviewing the following initiatives prior to Metrorail activating them in passenger service: 8000 Series railcars, the Automated Wayside Inspection System, Automatic Train Operations, and Automatic Door Operations. The WMSC adopted three reports in December including reports on the collision at Gallery Place on May 12, 2023; serious injury of a Metrorail employee at Congress Heights Station on April 23, 2023; and the serious injury at McLean Station on March 4, 2023. There were 93 open Corrective Action Plans, or CAPs, as of the December meeting.

7000-Series Railcars: On December 4, WMATA announced that it is replacing the wheels and implementing a new press tonnage standard on the 7000-Series railcars with concurrence from the Washington Metrorail Safety Commission (WMSC). The new process requires 72 hours per railcar pair, and WMATA will only be able to complete 20 per month. WMATA estimates that it will cost \$55 million and could take over three years to return all 7000-series railcars to service. WMATA will also be inspecting the 7000-series wheels every 20,000 miles (the current plan calls for inspections every 30 days).

MTPD Safety Update: On October 12, WMATA presented a calendar-year 2023 update on its Metropolitan Transit Police Department (MTPD) initiatives on crisis intervention, community outreach, cameras, patrol visibility, and partnerships consistent with its strategic plan. Regarding crisis intervention, MTPD contacted more than 800 customers, employees, and vulnerable populations; interacted with 770 customers experiencing a mental crisis; boarded 1,611 trains to conduct wellness checks on customers and staff; boarded 875 buses to confer with operators; and walked 900 platforms end-to-end for heightened public visibility. In addition, MTPD was involved with youth programming, engagement and outreach, community police academy activities, and Narcan deployment. As of September 26, Metro's camera network consisted of 327 officer-worn body cameras and 30,000 bus, rail, and station cameras throughout the system. Increased enforcement and officer presence coincided with a decrease in Part-One Felony and Part-Two Misdemeanor crimes in the third quarter of 2023.

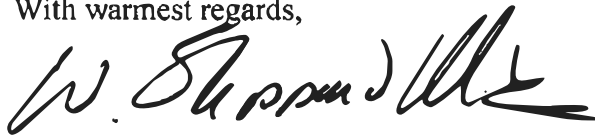
Performance Tracking: On November 16, the WMATA Board Safety and Operations Committee received the FY 2024 first quarter service excellence report. WMATA reported a 30% increase in ridership over the previous year and several post-pandemic ridership records, although total ridership still lagged pre-pandemic levels. WMATA also reported a 26% decrease in crime since February 2023, although it did not meet its targets for Part 1 crime despite a 274% increase in enforcement. Part 1 crime also increased over the previous year.

- 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 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. The WMATA Board Secretary certified that no violations of bylaws occurred during FY 2023 via letter to me on June 23.

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

With warmest regards,



W. Sheppard Miller III