



COMMONWEALTH of VIRGINIA

Office of the Governor

W. Sheppard Miller III
Secretary of Transportation

February 21, 2025

The Honorable Lamont Bagby, Chair
Senate Transportation Committee
P.O. Box 396
Richmond, Virginia 23218

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

Dear Senator Bagby 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 quarter ending December 31, 2024. 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**

Fiscal Year (FY) 2026 Operating Budget and Capital Improvement Plan (CIP): On December 12, 2024, the WMATA Board approved to docket the General Manager's proposed FY 2026 Operating Budget and CIP for public comment. The \$2.6 billion operating budget enhances rail service with savings from transition to automatic train operation (ATO), implements a revenue-

neutral Year 1 Better Bus Network Redesign, and maintains fares at their new FY 2025 levels. The \$2.4 billion proposed capital budget is focused on state of good repair with select strategic modernization projects. Because WMATA anticipates reaching its debt limit in FY 2028, the six-year CIP is currently underfunded, shifting WMATA into a reactive position across various capital programs with regards to state of good repair.

Financial Reporting: According to the FY 2025 Q1 Financial Report, overall system ridership was up 9 percent over Q1 FY 2023, operating expenses were \$29.7 million favorable to budget and operating revenues were \$16.6 million favorable to budget, resulting in an overall budget favorability of \$46.3 million. WMATA ended Q1 with \$997.5 million cash on hand and has a \$500 million line of credit available for use according to its FY 2025 Q1 Cash Flow Update. The FY 2024 Q3 Pension Plan Performance Report states that the value of WMATA's five pension plans is approximately \$5.9 billion and increased by \$27.6 million or 0.5 percent during the quarter ending June 30, 2024.

Local 922 Collective Bargaining Agreement (CBA): On December 12, 2024, the WMATA board approved the Local 922 International Brotherhood of Teamsters CBA, which expired on October 31, 2024. The new agreement runs from November 1, 2024, through October 31, 2028, and mirrors many of the elements of the Amalgamated Transit Union (ATU) 689 agreement, including wage cost containment and enhanced post-employment health and welfare benefits.

DMVMoves Task Force: The DMVMoves Task Force, made up of members of the WMATA Board and elected and senior officials from Metropolitan Washington Council of Governments (COG) state and local jurisdictions met on December 2, 2024, its third meeting since the May 2024 COG/WMATA Boards of Directors Joint Meeting establishing the Task Force. The Task force discussed funding need scenarios and appeared to reach consensus that the ultimate scenario should go beyond only funding existing levels of service and basic state of good repair needs. The group is slated to meet next in March 2025 with the final plan outlining needs and funding anticipated in June 2025. Concurrently, working groups have been meeting to advance action plans for various means to identify efficiencies in operations and for the customer experience across all transit agencies in Northern Virginia.

SJ 28 - Northern Virginia Growing Needs of Public Transit Joint Subcommittee: This effort, established in the 2024 General Assembly Session, is tasked with researching and developing a long-term sustainable funding solution for transit in Northern Virginia, including WMATA, VRE, PRTC, and local transit providers. At its November 2024 meeting, the subcommittee recommended five additional taxes to assess as potential long-term sustainable funding options for Metro and Northern Virginia transit. The subcommittee will continue to meet in 2025 to identify cost containment and funding strategies.

Rail Initiatives: Automatic Train Operation (ATO) began on the Metrorail Red Line in December 2024, resulting in improved travel times, increased reliability, and the same level of service with fewer rail cars. A complete preliminary assessment is forthcoming.

WMATA Operating Agreement and Operations Analysis: On November 25, 2024, DRPT and WMATA executed the “WMATA FY 2025 & FY 2026 Virginia State Operating Funding Agreement”, which provides the additional General Fund dollars included in the FY 2024-2026 Virginia Biennial Budget to WMATA to cover the FY 2025 and anticipated FY 2026 operating deficits. The funding included \$500,000 for an operational analysis for a consultant to identify opportunities for WMATA to realize ongoing cost efficiencies and to enhance self-generated revenues to substantially close its operating deficit. It also required that WMATA provide a benchmarking analysis of administrative costs relative to total operating budget in comparison with other transit agencies. WMATA provided the benchmarking assessment to the SJ28 subcommittee and DRPT, as required, in December 2024.

WMATA’s Semi-Annual Talented Teams Report: In the first half of FY 2025, WMATA focused on reducing the “time to hire” to address significant vacancies resulting from the February 2024 hiring freeze. It also worked to expand wellness programs and the employee assistance program. WMATA staff attributed higher job dissatisfaction rates with stresses related to understaffing. As of November 2024, “time to hire” was at its lowest point in three years.

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

Washington Metropolitan Safety Commission (WMSC):

The WMSC conducted several regular inspections, issued one order, and three notices of non-compliance to WMATA during the quarter. The WMSC Board also adopted investigation reports W-0341 to W-0354.

On September 27, 2024, the WMSC issued an Order regarding Metrorail’s future Roadway Worker Protection Program Revisions, limiting the frequency of changes to its program to limit confusion.

Two of the notices of non-compliance were related to worker safety CAPs. For these, WMATA stated they are awaiting resolution from their objections to the April subpoena regarding the Fitness for Duty Audit before proceeding with submitting CAP proposals or requested revisions as required. The third notice of non-compliance is due to WMATA not calculating load ratings for all its bridges and for submitting a late request for a secondary extension.

Crime and Fare Evasion: According to WMATA's January 30 Safety and Operations Committee Annual Public Safety Initiatives Update, Part 1 crime was down 32 percent overall during calendar year 2024 and Part 2 crime was down 14 percent as MPD focused on enhanced visibility and enforcement to ensure customer and employee safety. WMATA also announced that they are implementing improved barriers for bus drivers systemwide and will be considering policies and procedures for banning sex offenders and those who assault employees from the system. Metro Police have also begun working to target bus fare evasion and will be making that a priority in calendar year 2025. Rail fare evasion has decreased by about 80 percent.

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.

No changes to the legal and organizational structure of WMATA or the composition of the WMATA Board of Directors occurred during the quarter.

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 written in a cursive, flowing style.

W. Sheppard Miller III