



COMMONWEALTH of VIRGINIA

Office of the Governor

W. Sheppard Miller III
Secretary of Transportation

January 15, 2026

The Honorable Lamont Bagby, Chair
Senate Transportation Committee
P.O. Box 396
Richmond, VA 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), and the Federal government on a list of six necessary reforms of the Washington Metropolitan Area Transit Authority (WMATA) to support a viable transit system. This requirement began on July 1, 2017. This letter serves as the update on each of the initiatives discussed in Code for the quarter ending December 31, 2025.

1) Legal and organizational structure of WMATA

No changes to the legal and organizational structure of WMATA occurred during the quarter. 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.

2) Composition and qualifications of the WMATA Board of Directors and the length of terms of its members

No changes to the composition of the WMATA Board of Directors or the length of their terms occurred during the quarter. 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.

3) Labor costs and labor relations

Rail Modernization: On December 11, WMATA staff presented their Rail Modernization proposal to the board, prioritizing the Red Line, but seeking to pursue a fully automated rail system (Grade of Automation 4) over the next fifteen years. Per Metro's estimates, fully automated operations could result in \$57 million per year of cost reductions. Much of the difference would be due the ability to have a "more flexible staffing model."

4) Measures necessary to resolve WMATA's unfunded pension liability and other postemployment benefits (OPEB)

Annual Audit: On December 11, the WMATA OIG presented WMATA's Annual Comprehensive Financial Report for FY24 and FY25 to the WMATA board, which includes unaudited financials for the WMATA's pension and OPEB liabilities. Net OPEB liability increased by \$160.6 million, primarily due to a \$71.4 million increase in interest expense for the OPEB plan, a \$65.1 million increase in the net differences between the projected and actual experience, and a \$43.7 million increase in service cost largely due to changes in the healthcare cost trend rates. The increases were offset in part by \$11.0 million increase in plan fiduciary net investment income. Net pension liability for the Local 689 plan decreased by \$232.6 million primarily due to a decrease in net pension liability of \$208.7 million primarily because of an increase in the fair value of pension investments.

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

Washington Metrorail Safety Commission (WMSC): On October 15, the WMSC released an Audit of Metrorail's Elevators and Escalators. The audit's scope included inspections, maintenance, operational practices and procedures, and relevant training. Several of the audit findings focused on the safety of the workers who inspect and maintain the elevators and escalators.

The audit identified five findings and two recommendations, including lack of hazard analysis reviews, inadequate training, poor equipment monitoring, and missing certifications. The WMSC recommends WMATA update job descriptions and streamline data systems to improve oversight and operational consistency.

On December 4, the Washington Metrorail Safety Commission released an Audit of Metrorail's Communications Systems. The WMSC identified four findings and two recommendations. The audit found Metrorail's communication systems face challenges due to inconsistent preventive maintenance, insufficient staffing, inadequate oversight, and poor equipment room conditions. To improve system reliability, the WMSC recommends Metrorail reassess how it deploys and maintains vital communications equipment and ensure personnel are properly equipped to perform required tasks.

As of December 1, WMATA has 75 open CAPs, the same as last quarter, with some new ones and some being closed. Seventeen CAPs are in development. The WMSC released 21 inspection reports this quarter.

6) 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

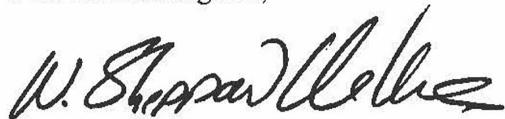
WMATA Operations Analysis: In September, WMATA commenced its Operations Analysis, funded with \$500,000 in Virginia General Assembly General Funds as part of the \$60.2 million provided to address the increased Virginia subsidy. Guidehouse, as the consultant on the project, reports to the Commonwealth's designee on the WMATA Board, Paul Smedberg with support from the WMATA Board Officer. DRPT staff participate in weekly meetings. The bulk of the work is expected to be completed by early January, with the consultants available for presentations in January and February. The intended outcome is a clear implementation roadmap for improving the authority's operational and financial health and sustainability and includes stakeholder interviews, document reviews, peer benchmarking, an evaluation of cost efficiencies, and recommendations.

Financial Update: The Commonwealth reviewed WMATA's FY26 Q1 Quarterly Financial Progress Report. Ridership and revenue growth offset operating expense pressures, keeping Metro \$2 million favorable to budget. Revenue was \$21 million favorable to budget with expenses \$19 million unfavorable due to health care costs, a new paratransit contract, and resource costs. Notable operating activities include first quarter of Better Bus Network and extended Metrorail weekend hours, closing at 2 a.m. and opening at 6 a.m. Compared to FY25 Q1, rail ridership was up 18% and Metrobus revenue was up 3% due to additional paid ridership. Federal riders generated 6 million Metrorail trips in Q1 with an estimated reduction of \$5 million in revenue from the Federal government shutdown. Despite the shutdown, rail year-over-year ridership increased. The current FY26 forecast has revenue of \$68 million favorable to budget and expenses \$43 million unfavorable to budget, for a net savings of \$25 million.

Procurement and Personnel Changes: At the November 20 WMATA Board meeting, during the Chair's report, there was unanimous approval to update WMATA's procurement procedures to limit the General Manager's authority over certain procurement actions above a certain threshold, in order to "improve the authority's finance and administration functions..." and to "strengthen the Authority's commitment to full and open competition..." There was a separate amendment to Resolution 2007-09: Revisions to the Personnel Policies and Procedures Manual, which, given the number of current senior executive vacancies and a desire of the board to promote "stability in the organization" will require Board approval for hiring direct reports to the General Manager, except for the Chief of Staff. On December 1, the WMATA Board amended the resolution pertaining to procurement to shift the effective date from November 20 to January 26 to enable WMATA management to develop appropriate procedures.

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 the first name "W." and last name "Miller" being more prominent.

W. Sheppard Miller III