



NVTC WMATA Committee Meeting

July 16, 2020

Meeting materials available at www.novatransit.org

Committee Meeting Agenda

1. Review of April Meeting Summary
2. 2020 Update to the Annual Report on the Performance and Condition of WMATA
3. Update on the 3% Cap Working Group
4. WMATA Transit Equity Framework
5. Items of Other Jurisdictional Importance

Agenda Item #2:

2020 Update to the Annual Report on the Performance and Condition of WMATA

- **Background**
- **Summary of Committee Guidance**
- **Proposed Restructuring of the Strategies Chapter**
- **Other Changes**
- **Discussion**
- **Next Steps**

Background

- Virginia's 2018 Transit Omnibus legislation created dedicated capital funding for WMATA
- This legislation mandated that NVTC produce an annual report to the Governor and General Assembly on the Performance and Condition of WMATA
- In order to take on these new duties, NVTC updated its bylaws and formed the WMATA Committee to provide guidance to staff on the annual update of the report

Chapters of the Annual Report

	Chapter	Data Source
1	Strategies to Reduce the Growth in Costs and Improve Operational Efficiency	Policy Decision by the Commission
2	Use of Dedicated Capital Funds	WMATA
3	Safety and Reliability	National Transit Database (NTD) and Metro Quarterly Performance Reports
4	Metrorail Financial Performance	
5	Metrobus Financial Performance	
6	Metrorail & Metrobus Ridership	

Summary of Major Changes to the 2020 Report

Update for COVID-19

- Add an introduction for COVID-19 and WMATA recovery efforts
- Include relevant COVID-19 related impacts in each chapter
- Highlight recommended strategies that are COVID-19 recovery related
- Provide appropriate COVID-19 related context for December report publication and lay the groundwork for future report updates

Restructure strategies chapter to streamline annual updates

- Carry over and reorganize previous strategies
- Update for relevant NVTC adopted policies (i.e. privatization of services and bus transformation project)
- Consolidate previous recommendations that overlapped

Proposed Restructure of the Strategies Chapter

- Consolidate all past and future recommendations into four overarching categories
 - 1) Rebuild Metrorail & Metrobus Ridership
 - 2) Improve Operational Efficiency of Metrorail and Metrobus
 - 3) Increase Non-Fare Revenues
 - 4) Control Cost Escalation and Enhance Efficiency of the Workforce and Contracted Services
- Restructure each of the above categories to include:
 - **Recommendations by NVTC**
 - Specific actions that NVTC recommend WMATA take or consider
 - **Ongoing Efforts at WMATA that support previous NVTC Recommendations**
 - General efforts undertaken by WMATA that have no end date
 - NVTC will document WMATA's accomplishments and progress in these areas

Proposed Restructure of the Strategies Chapter - Example

1) Rebuild Metrorail & Metrobus Ridership

Recommendations by NVTC

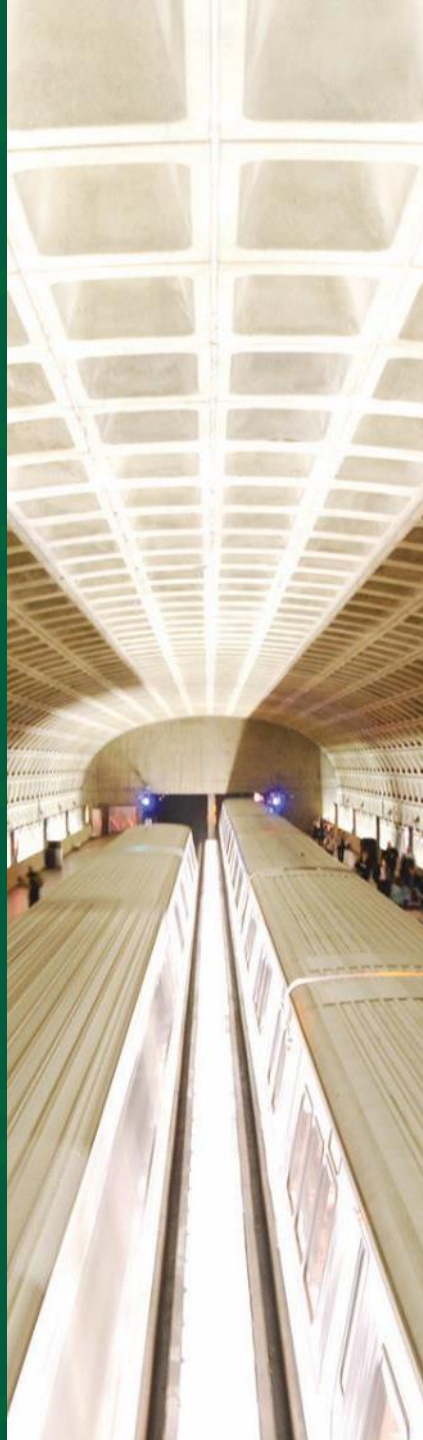
Recommendation	Notable Changes
<ul style="list-style-type: none"> Improve Weekend Rail Service 	<ul style="list-style-type: none"> No change
<ul style="list-style-type: none"> Optimize Parking Facilities 	<ul style="list-style-type: none"> No change
<ul style="list-style-type: none"> Develop, Expand, and Enhance Fare Pass and other Parking Pass Products to promote more frequent rail and bus ridership and increase customer satisfaction 	<ul style="list-style-type: none"> Consolidates recommendations from previous reports
<ul style="list-style-type: none"> Develop the next generation of fare collection technology that improves customer satisfaction and enables the region to implement an interoperable off-vehicle fare collection system on high capacity bus routes 	<ul style="list-style-type: none"> Consolidates recommendations from previous reports

Proposed Restructure of the Strategies Chapter - Example

1) Rebuild Metrorail & Metrobus Ridership

Ongoing Efforts at WMATA that support previous NVTC Recommendations

Recommendation	FY 2020 Update
<ul style="list-style-type: none"> Pursue Capital investments that increase the reliability of the system 	<ul style="list-style-type: none"> In FY20, WMATA received its final 7000-series railcar. Railcar reliability is above target largely due to the greater reliability of the 7000-series.
<ul style="list-style-type: none"> Pursue partnerships with the business community and other partners to provide easier access to transit for employees and visitors 	<ul style="list-style-type: none"> WMATA entered into an expanded Kids Ride Free Program with Montgomery County.
<ul style="list-style-type: none"> Implement efforts on bus and rail to decrease fare evasion 	<ul style="list-style-type: none"> WMATA is installing sensors at a number of rail stations and performing better data analysis in order to enabled better measure and report fare evasion. The WMATA Board approved a low-income fare pass pilot program with DC.



Discussion

Next Steps



Next Steps for the Annual Report Update

- Incorporate guidance from NVTC WMATA Committee
- Write a draft of the Strategies chapter in July/August
- Review draft of Strategies chapter with NVTC WMATA Committee in September
- Update other report chapters in October and November as data becomes available from WMATA and NTD
- Seek report approval at December Commission meeting and send to governor and General Assembly

Key Annual Report Dates

- September 2020: NVTC WMATA Committee Meeting
- November 5, 2020: NVTC Commission Meeting
- December 3, 2020: NVTC Commission Meeting
- December 15, 2020: Legislative Deadline for the Annual Report Submittal to the Governor and General Assembly

Agenda Item #3:

Update on the 3% Cap Working Group

- Background
- Working Group Feedback
- Potential Changes to Virginia's Current Cap
- Next Steps

Background

- The General Assembly directed the chair of NVTC to convene a working group to review the impact of Virginia's 3% cap on WMATA's operating assistance payment.
- NVTC will submit a report by November 10, 2020 to the chairs of the House Appropriations Committee and Senate Finance and Appropriations Committee on:
 1. the usefulness of the cap
 2. whether any additional items should be excluded from the cap
- Staff interviewed members of the 3% Cap Working Group, VA WMATA Board Members, WMATA and stakeholders in Maryland and the District of Columbia on their perspective of Virginia's cap.
- The working group met in June to refine their assessment of the cap and consider additional exclusions.

NVTC 3% Cap Working Group Members

Chair: Katie Cristol, NVTC Chair, Arlington County

Vice Chair: Kate Mattice, NVTC Executive Director

Commonwealth Representative:

Jennifer Mitchell, Director of DRPT

Senior-Level Transportation Officials:

- Dennis Leach, Arlington County
- Yon Lambert, City of Alexandria
- Tom Biesiadny, Fairfax County
- Wendy Block Sanford, City of Fairfax
- Cindy Mester, City of Falls Church
- Penny Newquist, Loudoun County

Private Sector Stakeholders:

- Clayton Medford, Northern Virginia Chamber of Commerce
- The Honorable Randy Minchew, Former Member of the VA House of Delegates
- Stewart Schwartz, Coalition for Smarter Growth
- Jason Stanford, Northern Virginia Transportation Alliance

Virginia's 3% Cap on Growth in WMATA's Annual Operating Subsidy

- The 2018 Virginia General Assembly imposed a 3% cap on **Virginia's operating subsidy** increases. CTB also established guidelines to withhold state funds if WMATA exceeds cap.
- Legislative exclusions to Virginia's 3% Cap include:
 - operating subsidy increases related to major capital projects;
 - any service, equipment, or facility required by law;
 - legal disputes or proceedings between WMATA or another person or entity; and
 - service increases approved by the WMATA Board.
- WMATA began applying the legislatively-mandated 3% Cap during the FY2020 Budget cycle:
 - Prior to the FY2020 Budget, WMATA used a historical formula to construct its budget.
 - WMATA's current approach to apply the cap has yielded unintended consequences.

NVTC 3% Cap Working Group Feedback

The Usefulness of the Cap:

- The working group interpreted the “usefulness” of the cap with respect to the cap’s ability to control the growth in operating subsidy payments
- The cap appears to help provide predictability and control subsidy escalation
- There is recognition that legislative exclusions dilute subsidy growth controls

Legislative Exclusions:

- Weary of legislative exclusions
- Concern that “board approved increases” may negate subsidy growth controls

WMATA’s Implementation of the Cap:

- Perceived lack of transparency
- Unclear performance-based budgeting
- Loss of mode-split or other allocation analysis

Discussion: Virginia's Current 3% Cap and Exclusions

Feedback on the Usefulness of the Cap

Based on the discussions with the working group:

- The working group interpreted the “usefulness” of the cap with respect to the cap’s ability to control the growth in operating subsidy payments
- The cap appears to help provide predictability and control subsidy increases.
- There is a recognition that the legislative exclusions dilute subsidy growth controls.

Question: Do the WMATA Committee members agree with the working group’s assessment of the cap? Is there anything to add?

Note: Current exclusions to the cap include operating costs related to major capital projects; any service, equipment, or facility required by law; legal disputes or proceedings; and, any service increases approved by the WMATA Board.

Discussion: Virginia's Current 3% Cap and Exclusions

Feedback on Additional Legislative Exclusions

Per the working group, no additional items should be excluded from the current cap.

Question: Do the WMATA Committee members agree with the working group's position to not add additional legislative exclusions to the cap?

Note: Current exclusions to the cap include operating costs related to major capital projects; any service, equipment, or facility required by law; legal disputes or proceedings; and, any service increases approved by the WMATA Board.

Potential Changes to Virginia's Current Cap



- To address the current cap's unintended consequences, the working group discussed *potential* modifications or alternatives to Virginia's current cap.
- The following section presents *potential* modifications or alternatives to the current cap and principles to guide their development.



Potential Modifications or Alternatives to Virginia's Current Cap

- The working group's suggestions include:
 - Increasing the cap and removing exclusions
 - Applying a regional 3% cap instead of a Virginia cap
 - Applying a cap by mode or on unit costs
 - Finding solutions within WMATA's approach to the current cap
- The working group will explore different approaches at the July meeting.

Principles to Guide Potential Changes to Virginia's Current Cap

- The principles are intended to guide the development of potential modifications or alternatives to the current cap.
- Based on discussions with the working group, a cap on WMATA's operating assistance payments should:
 - Support an equitable transit system that meets the needs of all riders
 - Balance budget predictability with the flexibility to add or reduce service
 - Integrate with WMATA's budget process to create a transparent and auditable operating subsidy
 - Protect Virginia localities from significant subsidy increases
 - Create a fiscally responsible approach to control operating subsidy growth

Discussion: Principles

1. Do the WMATA Committee Members agree with the guiding principles developed by the 3% Cap Working Group?
2. Are there any principles that the WMATA Committee would prioritize?

Principles to Guide Potential Changes to Virginia's Current Cap:

- Support an equitable transit system that meets the needs of all riders
- Balance budget predictability with the flexibility to add or reduce service
- Integrate with WMATA's budget process to create a transparent and auditable operating subsidy
- Protect Virginia localities from significant subsidy increases
- Create a fiscally responsible approach to control operating subsidy growth

Next Steps



Next Steps for the 3% Cap Working Group

- Review feedback from NVTC's WMATA Committee on the 3% Cap Working Group
- Review discussions on Virginia's 3% Cap with WMATA, Maryland and the District of Columbia
- Continue data gathering and analysis to explore modifications or alternatives to the cap
- Prepare a report for review by the WMATA Committee and subsequent action by the Commission in the fall

Key 3% Cap Working Group Dates

- July 30, 2020: 3% Cap Working Group Meeting
- Sept. 9, 2020: 3% Cap Working Group Meeting
- Sept. 2020: NVTC WMATA Committee Meeting
- November 5, 2020: NVTC Commission
- November 10, 2020: Report Due to the Chairs of House Appropriations and Senate Finance and Appropriations Committees



Agenda Item #4: WMATA Transit Equity Framework

Agenda Item #5: Other Items of Jurisdictional Importance



Thank You.



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