

**MEETING SUMMARY
NVTC WMATA COMMITTEE
NVTC Suite #230 Conference Room
2300 Wilson Blvd., Arlington, Virginia
Public Livestreaming via You Tube
September 21, 2023**

NVTC WMATA Committee Members Present:

Walter Alcorn, Chair
Matt de Ferranti
Paul Smedberg
David Snyder

NVTC WMATA Committee Members Absent:

Canek Aguirre
Matt Letourneau

Other NVTC Commission Members Present:

Libby Garvey
Takis Karantonis
James R. Walkinshaw

Staff and Others Present:

Kate Mattice, Executive Director
Andrew D'huyvetter
Allan Fye
Rhonda Gilchrest
Ann McGrane
Sophie Spiliotopoulos
Melissa Walker
Ronnetta Zack-Williams
Nathan Macek (HDR)
Kirk Dand (Arlington County)
Jennifer Monaco (City of Alexandria)
Greg Potts (WMATA)
Brent Riddle (Fairfax County)

NVTC Director of Programs and Policy Allan Fye called the meeting to order at 6:05 p.m. and noted that Chair Alcorn was running late but would be joining the meeting shortly. There were no objections to starting the meeting with the staff presentation. Mr. Fye stated that the meeting was also being live streamed for the public.

Mr. Fye asked for any changes to the April 19, 2023 WMATA Committee Meeting Summary. Committee members accepted the meeting summary with no changes.

NVTC's Metro Operating Funding and Reform Working Group

Mr. Fye introduced NVTC's Metro Operating Funding and Reform Working Group, which is a staff-level working group tasked with examining the structural funding challenges at WMATA, identifying opportunities for better transparency/oversight of WMATA, and identifying some potential funding sources for future consideration in Virginia as the region tackles WMATA's long-standing need for dedicated operating funding.

Chair Alcorn arrived and joined the discussion.

Mr. D'huyvetter shared the working group's purpose and the elements that will be included in the working group's technical report, including new dedicated revenue in Virginia to support WMATA's operating budget, revenue estimates for each revenue source, recommendations on revenue structure, and key findings that will inform NVTC's 2023 Annual Report on the Performance and Condition of WMATA. Staff are seeking policy and legislative guidance through the WMATA Committee and Legislative and Policy Committee and will identify opportunities for this work to inform NVTC's 2024 Legislative Agenda.

Mr. D'huyvetter introduced Nathan Macek, from HDR, who has been supporting staff in this effort. Mr. Macek summarized several reform and accountability measures at transit agencies across the country and compared them to WMATA. Mr. Macek found that WMATA is doing above average when compared to its peers in providing public information on its website. He also shared that there are areas where WMATA can make minor changes like creating a separate investors relations page. WMATA does have investor relations information publicly available, but it is not a quick path to locate. Mr. Macek also recommended that WMATA consolidate its audit reports and findings to one central location. He shared that this information is available, but slightly scattered on multiple web pages. Lastly, he found that WMATA could formalize its Board Audit Committee. While the function exists with the Executive Committee, the structure is slightly different from its peers.

Mr. D'huyvetter outlined the Metro Operating Funding and Reform Working Group Technical Report, which will consist of findings; the findings will inform the recommendations in the 2023 Annual Report on the Performance and Condition of WMATA. Mr. D'huyvetter shared the findings and recommendations which were grouped into five categories:

- Structural Growth Cost
- Operational and Financial Accountability
- Oversight
- Structural Funding Deficit
- Capital and Other

Chair Alcorn thanked staff and the consultants for their work on this project and opened the floor to questions. Mr. de Ferranti asked Mr. Smedberg his thoughts about formalizing a Board Audit

Committee to which Mr. Smedberg answered that the Executive Committee serves as the Audit Committee and the audit function and process has improved greatly over the years without opening the WMATA compact. Mr. Smedberg shared that this function exists, but not in name to which Mr. de Ferranti added that the optics of making these changes could be beneficial in the coming months. Mr. D’huyvetter added that one of the broader recommendations of this work is to ensure WMATA is not administratively burdened by being required to duplicate efforts at the request of the various funding jurisdictions.

Mr. Walkinshaw asked if there would be a dollar account attributed to the cost savings recommendation to which Mr. D’huyvetter added staff is not assigning numbers because its outside of the scope and it is meant to be policy level report. WMATA typically does provide this information during the budget process, but NVTC needs WMATA to provide greater detail regarding the type and dollar amount of savings it has achieved. Mr. Walkinshaw asked if peer agencies have reserve funds to which Mr. Macek answered that most of the agencies do because they have dedicated revenue streams over which they have direct control; therefore, they can roll over funds not used in a given fiscal year into a reserve fund. Furthermore, some are required to have some form of contingency fund as a condition of receiving the funding.

Mr. Walkinshaw asked if Maryland used its statewide Transportation Trust Fund to come up with its share of the of the dedicated capital funding in 2018. Mr. D’huyvetter noted staff would follow-up and Ms. Mattice added that in general Maryland pays for its Metro bill with the statewide Transportation Trust Fund. Mr. Walkinshaw noted that Maryland took a statewide approach to deliver its share of the 2018 dedicated funding.

Mr. Smedberg added that having the numbers in the report will show the magnitude of the issues with WMATA’s deficit and funding structure. Mr. D’huyvetter stated that staff will work to emphasize the fact that numbers will change based on assumptions, inputs and Board direction throughout the budget process.

Mr. Smedberg asked for more details on the recommendation to redesign the bus network to find efficiencies and cost savings. Mr. D’huyvetter answered that that this recommendation was inspired by the 2017 LaHood Report and it’s suggesting that while Metro is redesigning the network it should also be mindful of cost savings opportunities. Mr. Smedberg shared his concern that most people see the Bus Network Redesign as an expansion of service and that, although there will be route efficiencies, it is unclear if it will lead to cost savings. Mr. D’huyvetter added that WMATA staff are currently working on the next phase of the Bus Network Redesign which is to develop a fiscally constrained network and NVTC staff will continue to provide updates to the WMATA Committee and Commission.

Mr. Snyder asked what the expectation is for WMATA Committee members at this time and Ms. Mattice responded that staff is looking for feedback on this work to ensure they are on the right path and noted that this presentation will go to the full Commission in November. Mr. Snyder also noted while the 3% cap creates discipline, he acknowledged that it has not kept up with inflation and that must be addressed. He also added that the Value of Northern Virginia Transit to the Commonwealth study, which showcased the large amount of tax revenue generated in Northern Virginia, reflects that this is a state issue as well.

Mr. Snyder also expressed concern about discussions around expanding service while WMATA has such a large budget deficit and the difficulty in explaining that to the public. He shared that there should be more discussions about the environment in which WMATA is currently operating. Mr. Karantonis paraphrased comments from WMATA's General Manager on how providing more service with the same resources is leading to induced ridership.

Ms. Garvey asked if the report would be a public communications tool and recommended the introduction to the report showcase how WMATA is very different from any other transportation system. Ms. Garvey agreed with Mr. Snyder's comment of the 3% cap. Ms. Garvey also inquired about assistance from the federal government for WMATA's budget deficit, to which Mr. Smedberg responded that would likely not happen. He also added that, in general, public transit won't make a lot of money; it's a public utility and is valued in other ways.

Mr. de Ferranti expressed his opinion that an extended discussion of funding options may not be necessary in the first chapter of the working group report. Mr. D'huyvetter responded that funding options are included in the working group report since it is a technical report provided to the Commission. The funding options will not be included in the annual report, which the Commission will approve in December. He also provided two additional suggestions for the report. The first was to replace the section on structural growth with structural analysis for the report recommendation as Richmond may not respond well to the term growth. The second is to reorganize the title of the second chapter to read: Metro Funding, Accountability and Reform Recommendations.

Metrobus Service and Subsidy Trends

Ms. Spiliotopoulos presented an update on NVTC's findings on Metrobus service and subsidy trends. Staff found that the biggest shift in Metrobus service was pandemic related disruptions and the subsequent restoration of service to the 12- and 20-minute Metrobus frequent service network. Furthermore, the way the Metrobus subsidy is currently allocated disconnects changes in service to changes in subsidy. As a result, Virginia is still paying for a higher pre-pandemic level of service.

Ms. Spiliotopoulos highlighted three key points:

- Virginia is unique in the region where additions to bus service are mostly accomplished with local transit service.
- Historically, the amount of Metrobus service provided across the region has been largely stable, but the distribution of this service has shifted away from Virginia over time and with the pandemic.
- The way Metrobus subsidies are currently calculated does not adequately reflect how service has changed. Virginia is paying more for less service.

Mr. D'huyvetter emphasize that this distortion between Metrobus service and subsidy is because of two things: 1) the current Metrobus subsidy allocation formula, which is being looked at as part of the Bus Network Redesign, and 2) modifications WMATA has had to make to its subsidy

calculation process in response to the legislative 3% operating cap. He stated that the next steps with these findings are to incorporate them into NVTC's Annual Report and the Performance and Condition of WMATA and continue to engage with WMATA staff on the Bus Network Redesign that will redesign the Metrobus network and well as develop a new Metrobus subsidy allocation formula.

Chair Alcorn mentioned that many of the Metrobus routes are likely legacy routes and asked if is possible for this work to look at lateral movement of Metrobus routes in Virginia and areas that have experienced growth like the Dulles Corridor to which Mr. Fye responded that NVTC's Regional Bus Analysis is exploring this topic and ways to improve efficiencies in conjunction with WMATA's Bus Network Redesign. Chair Alcorn also added he would be interested in ridership numbers for reverse routes on buses.

Mr. de Ferranti expressed consideration of how the Metrobus subsidy trends and Bus Network Redesign ties in with WMATA's operating deficit in the next budget cycle, while Mr. Karantonis added that Virginia paying more may also be due to operational reasons.

Mr. Smedberg noted the importance of being mindful of how the Bus Network Redesign appears to the public as WMATA faces its upcoming financial issues. He also mentioned the redesign would complement local bus providers in Virginia and noted how people are using the system is very different today than they did in the past.

Mr. Fye mentioned that the NVTC WMATA Committee would meet again on October 19, and this would be a joint meeting with the NVTC Legislative and Policy Committee.

Chair Alcorn adjourned the meeting at 7:35 p.m.