

## **ITEM 10 - Information**

June 15, 2011

Briefing on Final Research Report for the WMATA Governance Work Group (GWG)

**Staff Recommendation:** Receive briefing on the enclosed final research report.

**Issues:** None

**Background:** In March, the TPB amended the technical assistance program in the FY 2011 UPWP in response to requests from the Secretaries of Transportation from Virginia and Maryland and the Acting Director of the District of Columbia Department of Transportation for research support on five topics related to WMATA board functions and WMATA funding needs. The research, which is based upon reviews of the relevant literature and the practices of peer transit agencies, will assist a WMATA Governance Work Group (GWG) created by the two Governors and the Mayor. A draft of the research report was made available at the May 18 TPB meeting.

**Research Report**  
**for the WMATA**  
**Governance Work Group**  
**(GWG)**

National Capital Region Transportation Planning Board

June 8, 2011

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## **Preface**

In March 2011, the National Capital Region Transportation Planning Board (TPB) amended the technical assistance program in the FY 2011 Unified Planning Work Program in response to requests from the Secretaries of Transportation from Virginia and Maryland and the Acting Director of the District of Columbia Department of Transportation for research support on five topics related to WMATA board functions and WMATA funding needs. Two topics (roles and responsibilities of the Board and Chair, and the Board's focus on high-level policy and capacity to act as a regional body) were subsequently combined into one research section.

The research support requested of the TPB was a review of the relevant literature and the practices of WMATA's peer agencies. Thirteen peer agencies were selected by TPB staff based on lists of the ten largest transit agencies in North America by ridership and by budget. Seven agencies appeared on both lists, resulting in a list of thirteen. Some of the information in this report was obtained online, most commonly on the agencies' websites or those of local and state governments. Much of the information was difficult to locate online or was unavailable; in these cases, the required information was obtained by contacting the agencies in question, and making FOIA requests if necessary.

In May 2011, a draft version of this report was submitted to the TPB and the WMATA Governance Work Group (GWG) created by the two Governors and the Mayor. To improve the accuracy and the credibility of the information contained therein, a spreadsheet containing the key data was sent to the thirteen peer agencies for their review. All the feedback obtained and the ongoing investigative efforts of the research team have been incorporated into this updated version of the report. It is hoped that it will represent a useful resource to the GWG, WMATA's Governance Committee, and other organizations and stakeholders invested in the success of the region's transport system.

### **Acknowledgements**

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## **Research Report – Executive Summary**



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## **1. Roles and Responsibilities of Board and Chair: Board's Focus on High-Level Policy and Capacity to Act as a Regional Body**

According to the American Public Transportation Association (APTA), approximately 90 percent of transit agencies have a Board of Directors, the entity that is primarily responsible for policymaking. In addition to the Board itself, other entities involved in the governance of a transit agency include a CEO or GM who oversees day-to-day management, as well as the individuals and authorities that appoint Board members.

Much has been written about transit Board roles and responsibilities. The Transportation Research Board (TRB) noted “the roles of board governance and management [in transit agencies] are often blurred and the distinction between oversight and interference is unclear.” The report of the Joint WMATA Governance Review Task Force sponsored by the Greater Washington Board of Trade and the Metropolitan Washington Council of Governments concluded that a transit system’s success requires all governance entities to have clearly delineated roles and responsibilities and a commitment to adhere to them.

A governance report by WMATA’s Riders’ Advisory Council urged the WMATA Board to spend more time discussing and developing policies on issues such as land use, fares, budget, and service. It said “the Board currently spends very little time defining high-level policy. Understandably, they are all busy people and often have to focus on the most urgent matters. However, this creates the perception of micromanagement.” The RAC also called on the Board to “act as a regional body rather than as individuals.”

In its “Transit Board Member Handbook,” APTA stressed the Board Chair’s key responsibilities, which include keeping the Board focused on its mission as well as the needs of the region. APTA stated the Chair should lead the Board’s communications with the GM and share with the GM the responsibility for orienting the authority to the future. APTA also recommends that he or she should educate other Board members and cultivate among them a strong sense of accountability.

Eight of the thirteen peer agencies we examined have formally developed roles or responsibilities for their Board, and seven have done so for their Chair. Four of the thirteen agencies have developed roles or responsibilities for both their Board and Chair. Until recently, WMATA had done so for neither, although the agency has proposed bylaws that detail the responsibilities of the Board and Chair. There are some commonalities across the peer agencies between the roles and responsibilities of the Board and Chair. However, apart from basic functions such as a requirement for the Chair to preside at Board meetings, most of the roles and responsibilities vary significantly from agency to agency and defy easy categorization. For this reason, Board and Chair roles and responsibilities for the vast majority of the agencies that we examined are summarized in the ‘practices of peer agencies’ section of this research.

## 2. Public Input Processes in Board Decision-Making

### Citizen advisory committees

According to the “Report on Governance of the Washington Metropolitan Area Transit Authority” by the Riders’ Advisory Council (RAC), Board decision-making should include a clear and accessible public input process. The report said one option to improve this process would be for the RAC to play an increased role in helping share information and soliciting public input. The Transportation Research Board (TRB) has also examined public involvement in transit planning and operations, specifically the role of advisory committees. Its report, “Effective Use of Citizen Advisory Committees for Transit Planning and Operations,” found that advisory committees are most likely to provide input on policy issues and issues related to public involvement and outreach. The majority of transit agencies surveyed by the TRB reported serious consideration of advisory committee input and recommendations by their decision makers.

More than half of the peer agencies we examined have at least one standing citizen advisory committee, and most of these committees meet on a monthly basis. WMATA has a citizen advisory committee, the RAC, which meets monthly.

### Public comment

The RAC recommended that WMATA committee meetings and special Board meetings include a public comment period like regular Board meetings. It also urged the WMATA Board to repeal a provision limiting the number of times a year an individual can participate in public comment.

While all of the peer agencies we reviewed dedicate time in their Board meetings for public comment, they vary in their public comment procedures. We found only five agencies that allow public comment during committees meetings. More than half of the peer agencies dedicate an early section of their agenda for public comment, while the rest allow multiple opportunities for public comment. Across the agencies, speaker time limits range from one to fifteen minutes. Most agencies do not specify an overall time limit for their public comment periods or limit the number of times a year someone can participate. WMATA has a public comment period early in its agenda. It allows speakers two minutes each and its public comment period has an overall time limit of twenty minutes. People are currently limited to speak only once every three months—or four times a year—at WMATA Board meetings. (WMATA is considering a change in its Procedures to remove this limit.)

Public input information online, access to Board members, Board information

The RAC recommended a clear mechanism for riders to contact individual members and for the members to be equipped to follow up on riders' requests.

Only one of the peer agencies we examined has links to contact information for each of its Board members (TTC - Toronto) on its web site. Another one includes a partial list (LA Metro – Los Angeles) of Board members' contact information. It is more common for agencies to list contact information for their full Board (five agencies) or not at all (six agencies). The majority of peer agencies post their meeting minutes online but less than half make live webcasts of their Board meetings available online. WMATA currently posts an email address for its full Board online and its 'Community Outreach' link on the home page directs people to public hearings and meetings. The minutes and live audiocasts of WMATA Board meetings are available online.

### **3. Appointment of Board Members**

Appointment process - selection

The Transportation Research Board (TRB) identifies seven types of transit Board selection methods including 'Elected Official Boards', 'Appointment by Non-Elected Official Boards' and 'Publicly Elected Boards'. Much of the literature favors a Board of appointed members, but some contend that transit Boards should be composed of elected officials in order to ensure the Board conducts its affairs with transparency. The TRB does not strongly advocate a particular Board type.

The agencies we examined have a wide variety of Board selection methods. Only one Board is composed entirely of elected officials, and just two prohibit the appointment of elected officials. In fact, most agencies have methods that may be considered a blend, with elected officials and non-elected appointees sitting on the same Board. In this regard, WMATA's practice is in line with that of its peers. Unlike all of its peers, however, WMATA has alternate members who serve in a permanent capacity. At other agencies, it is typical for alternate members to serve on an ad-hoc basis in the unavoidable absence of primary members, whereas WMATA allows its alternate members to participate in Board meetings and vote in Committee meetings.

Other key features of the appointment process

The TRB suggests that a transit Board must be *balanced* to perform effectively. This means that it should include members from a variety of backgrounds such as politics, business, finance, marketing, and law.

Five of the thirteen agencies we examined have included an experiential criterion in their appointment process. The level of detail ranges from a simple requirement that members possess "recognized business ability" (CTA - Chicago) to that outlined in an annually-

updated 'skills and experience profile' (TransLink - Vancouver). Midway between these two extremes is the MBTA - Boston, whose five-member Board is composed of two persons with a background in transportation finance, two persons with a background in transportation planning, and one civil engineer. In line with a slight majority of its peers, WMATA does not have a formal experiential component in its appointment process.

Four of the thirteen agencies we examined have a residential criterion and three agencies have a ridership criterion. WMATA makes no stipulations regarding Board members' places of residence, and only one of its members, a federal representative, is required to be a regular rider of the transit system.

### Board size

According to the TRB, the size of transit Boards ranges from 5 to 23 members, with medium-sized boards (7 to 10 members) being the most popular.

Our research echoes that of the TRB. Eight of the thirteen agencies that we examined have between 7 and 10 members, with the other five having between 12 and 17 members. The size of the WMATA Board may be viewed as 8 members (if one considers only primary members) or 16 members (if one includes the alternate members). According to one's point of view on this matter, the size of the WMATA Board is at the low end or the high end compared to its peers.

### Board member term lengths

The TRB states that term limits for Board members are an effective way to ensure Board vitality and new ideas.

All thirteen agencies we examined have term lengths, ranging from two years (TTC - Toronto) to seven years (CTA). Three of the agencies expressly limit the number of repeat terms that may be served, while a further three state that the number of repeat terms is unlimited. Unlike all of its peers, WMATA does not have a formal policy regarding term lengths and limits. Its members may serve indefinitely according to the discretion of the authority that appoints them, and as the appointing authorities have not collectively agreed upon how to exercise this discretion, there is presently an uncoordinated mix of indefinite term lengths in some jurisdictions and quasi-formal term limits in others.

### Chair selection process

Like the Board appointment process, the process for selecting Board Chairs varies significantly between agencies. Boards are responsible for electing their Chair at nine of the thirteen agencies we examined, although at two agencies, the election is conducted in accordance with a prescribed jurisdictional rotation. Until recently, a jurisdictional rotation has also been in effect at WMATA, although the agency has proposed bylaws

that would put an end to this practice and allow members to elect a Chair without regard to jurisdiction of residence or representation.

At least three of the agencies we examined establish a Nominating Committee as part of their Chair selection process.

Of the four agencies whose Boards do not select their Chairs, the responsibility falls to the Governor in three cases, and to the City Council in the other.

#### Chair term lengths

Chair term lengths are typically between one and three years. This is the case at nine of the thirteen agencies we examined, and it is also the case at WMATA. Of the remaining four agencies, one has a term length of four years, one has a term length of six years, and two allow their Chairs to serve indefinitely.

## **4. Funding Needs**

#### Operating and capital shortfalls

The 2009 “Rail Modernization Study” conducted by the Federal Transit Administration (FTA) quantified the current and future capital funding needs of WMATA and the systems in Boston, Chicago, New York, New Jersey, Philadelphia, and San Francisco (BART). The study suggests that WMATA has unfunded capital needs in line with these other agencies, and has identified its unfunded capital needs in a manner similar to the nation’s largest rail transit agencies. The study assessed the level of capital investment needed to attain and maintain a state of good repair (SGR) for the agencies and estimated that over the next twenty years an annual investment shortfall of \$3 billion must be addressed.

A review of recent budget documents for the agencies in Chicago, Boston, San Francisco, and Philadelphia demonstrates that their unfunded capital needs are significant and growing. For example, the CTA in Chicago reported \$6.8 billion in unfunded needs. The MBTA in Boston faced a \$2.7 billion maintenance backlog and a debt load of \$8 billion. BART reported a \$7.5 billion capital shortfall over the next 25 years. SEPTA reported \$4 billion in unfunded capital needs. In fact, all of the major agencies have recently faced significant operating and/or capital funding shortfalls due to the economic downturn. This includes those which have dedicated state and local revenue sources such as sales or gas taxes, as the income from such sources has dropped significantly.

#### Actions taken in response to the economic downturn

In March 2010, APTA conducted a survey of its member transit agencies to report on actions they have taken since January 2009 in response to the national economic downturn. The large agencies reported that 54% cut peak period service, 31% reduced geographic coverage, 54% increased fares, 70% transferred capital funds to operations,

and 54% used funding reserves. Since January 2009, WMATA has increased fares and reduced some bus and rail services. The large agencies also reported a number of internal actions to reduce their costs including: 54% had a hiring freeze, 69% had a non-union salary freeze or reduction, 31% had a union salary freeze or reduction, 80% reduced positions, and 57% had layoffs. WMATA in the past three years has reduced costs by \$165 million through consolidations, ending non-essential programs, and automating certain functions.

### *The budgeting process*

A review of WMATA and the peer agencies' recent budget documents indicates that they utilize similar annual operating and capital budgeting processes to identify their short-term and long-term funding needs. For many years, WMATA has identified its capital needs for rehabilitation and replacement and has not been able to fully fund them. In 2001, WMATA anticipated a shortfall of \$3.7 billion over the next 25-year period.

### *MetroAccess*

In FY 2012, MetroAccess will serve about 2.5 million passenger trips per year with a total operating budget of \$120 million and a subsidy cost of \$113 million. MetroAccess ridership and its funding needs are projected to continue to grow in the future.

A consultant review of WMATA and eleven of the peer agency paratransit services highlighted the following: WMATA's service is organized and administered like most of the peers with direct operations provided by subcontractors. WMATA's current fare (twice the fixed-route fare) is generally higher than its US peers. Its service area population is similar to that of Philadelphia, Toronto, and Boston. In 2009, WMATA reported 2.1 million trips, similar to the ridership in Boston, Philadelphia and Toronto. In 2009, its subsidy cost was fourth highest behind New York, Chicago and Los Angeles. From 2005 to 2009, WMATA's cost efficiency (cost per hour and cost per mile of service) was better than the peer average, while its productivity in trips delivered per hour was among the lowest of the agencies. This resulted in its cost per trip being the third highest behind New York and BART, with Chicago fourth.

### *The Davis bill*

In July 2005, Representative Tom Davis introduced a bill to authorize \$1.5 billion to WMATA over 10 years for financing the capital and preventive maintenance projects included in WMATA's Capital Improvement Program. After considering and amending the Davis bill, Congress passed the Passenger Rail Investment and Improvement Act of 2008 (PRIIA) that authorizes up to \$1.5 billion in federal funds over ten years if matched by dedicated revenues from WMATA's funding partners. PRIIA funds have been appropriated and utilized with local match for the WMATA FY 2011 and FY2012 Capital Budgets. While this new dedicated funding is notable progress in addressing WMATA's capital needs, the funds are not guaranteed in that they are subject to annual Congressional appropriation.

Potential changes to federal policy

The 2009 “Rail Modernization Study” conducted by the FTA recommended that Congress and FTA consider modifying the fixed guideway fund formula to reflect the needs of larger, older systems. It suggested that a new temporary State of Good Repair (SGR) investment fund be created to address backlog.

In his testimony to the U.S. Senate Committee on Banking, Housing, and Urban Affairs in May 2011, FTA Administrator Peter Rogoff called for a 6-year SGR program that would provide formula grants to improve the condition of existing capital assets, and to help achieve the goal of putting safety first.



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## **Research Report – Section 1**

### **Roles and Responsibilities of Board and Chair: Board’s Focus on High-Level Policy and Capacity to Act as a Regional Body**

## Relevant Literature

According to the American Public Transportation Association (APTA), approximately 90 percent of transit agencies have a Board of Directors, the entity that is primarily responsible for policymaking. In addition to the Board itself, other entities are involved in the governance of a transit agency, including chief executives, who oversee day-to-day management, as well as the individuals and authorities that appoint Board members. A “Report of the Joint WMATA Governance Review Task Force” sponsored by the Greater Washington Board of Trade and the Metropolitan Washington Council of Governments concluded that a transit system’s success requires all governance entities to have clearly delineated roles and responsibilities and a commitment to adhere to them.

A governance report by WMATA’s Riders’ Advisory Council urged the WMATA Board to spend more time discussing and developing policies on issues such as land use, fares, budget, and service. It said “the Board currently spends very little time defining high-level policy. Understandably, they are all busy people and often have to focus on the most urgent matters. However, this creates the perception of “micromanagement.” The Board needs to devote the necessary time to define broad policies with which to shape later decisions.” The RAC also called on the Board “act as a regional body rather than as individuals.”

Much has been written about transit Board roles and responsibilities. The Transportation Research Board (TRB) noted “the roles of board governance and management [in transit agencies] are often blurred and the distinction between oversight and interference is unclear.” An Independent Public Inquiry in Sydney determined that successful public transport governance authorities “have all thought through how to put some boundaries around the authority of the Minister of Transport and other elected officials, such that the government is fully in control of setting policies that reflect its values but is not micro-managing the work of the agency.”

Transit agencies that have recently made major governance changes have placed an increased emphasis on clarifying roles and responsibilities. For example, in Pittsburgh, the Port Authority of Allegheny County introduced a “Limits of Authority Policy” to affirm that “it is not the role of the Board nor of individual Board members to become involved in the day-to-day administration of the Authority’s activities.”

In its “Transit Board Member Handbook,” APTA stressed the Board Chair’s key responsibilities, which include keeping the Board focused on its mission as well as the needs of the region. APTA stated the Chair should lead the Board’s communications with the General Manager (GM) and share with the GM the responsibility for orienting the authority to the future. APTA also recommends that he or she should educate other Board members and cultivate among them a strong sense of accountability.

## Practices of Peer Agencies

### *(Board Roles and Responsibilities)*

Peer transit authority	Board roles and / or responsibilities?	If yes, where located?
<a href="#">BART (San Francisco)</a>	Y	<a href="#">California Code - Chapter 3: Government of District [28745. - 28836.]</a>
<a href="#">CTA (Chicago)</a>	N	N/A
<a href="#">LA Metro (Los Angeles)</a>	N	N/A
<a href="#">MARTA (Atlanta)</a>	N	N/A
<a href="#">MBTA (Boston)</a>	N	N/A
<a href="#">MTA (New York)</a>	Y	<a href="#">Page 3, Governance Guidelines</a>
<a href="#">NJ Transit</a>	N	N/A
<a href="#">Port Authority (NY &amp; NJ)</a>	Y	<a href="#">Page 1, Bylaws</a>
<a href="#">SEPTA (Philadelphia)</a>	Y	Page 244, Enabling Legislation
<a href="#">SFMTA (San Francisco)</a>	Y	<a href="#">San Francisco Charter &gt;&gt; ARTICLE VIII.A: - THE MUNICIPAL TRANSPORTATION AGENCY</a>
<a href="#">STM (Montreal)</a>	Y	Page 29, 2009 Activity Report
<a href="#">TransLink (Vancouver)</a>	Y	<a href="#">Pages 9-10 and 30-52, Board Governance Manual</a>
<a href="#">TTC (Toronto)</a>	Y	<a href="#">City of Toronto website</a>
<a href="#">WMATA</a>	Y (Draft)	<a href="#">Pages 1-3, Draft Bylaws</a>

Eight of the thirteen peer agencies we examined have formally developed roles or responsibilities for their Boards. Six of the eight examples are summarized below.

WMATA has recently released a set of draft bylaws that includes sections concerning the Board's role and responsibilities.

The Governance Guidelines for MTA state that Board members are expected to attend all scheduled meetings of the Board and of the Committees on which they serve, and that the Board is responsible for oversight of the Authority's senior management. As regards specific functions, the Governance Guidelines state that the Board:

- provides counsel and oversight on the evaluation, development and compensation of senior management;
- reviews, approves and monitors fundamental financial and business strategies and major actions;
- assesses major risks and reviews options for their mitigation;
- ensures processes are in place for maintaining the integrity of the MTA, including its financial statements, its compliance with law and ethics, its relationships with customers and suppliers, and its relationship with the public at large;
- establishes personnel policies including one to protect employees who disclose information concerning inappropriate behavior by an employee or board member; and
- adopts a defense and indemnification policy.

The by-laws of the Port Authority describe the role of the Board as follows:

“The Board of Commissioners shall establish the policies of the Port Authority and shall be responsible for reviewing and monitoring whether Port Authority procedures and regulations and executive staff's financial, management, and operational decisions and controls are in compliance with such overall policies. The Board of Commissioners shall receive from the Executive Director reports on a regular basis, and shall cause the Executive Director to provide such reports, in order for the Commissioners to perform their oversight duties described herein. The Board of Commissioners shall also be responsible for adopting the Strategic Plan, Capital Plan, and Budget of the Port Authority.”

Pages 7 to 12 of the by-laws detail the ‘oversight responsibilities’ of the six specified standing Board Committees.

The enabling legislation of SEPTA equates a transportation Board to a ‘Governing and policymaking body’ and places well-defined constraints on its role:

“The board shall not include involve itself in the day-to-day administration of the authority’s business. It shall limit its exercise of powers to such areas of discretion or policy as the functions and programs of the authority, the authority’s operating and capital budgets, the authority’s standard of services, utilization of technology, the organizational structure, and, subject to the provisions of this chapter, the selection of and the establishment of salaries for personnel.”

The 2009 Activity Report of **STM** describes the role of the Board as follows:

“The Board of Directors performs duties and exercises authority conferred by the STM, while determining the corporation’s future direction. It adopts a strategic plan for developing public transit within its operating area. Each year, it adopts a budget, workforce recruitment plan, and three-year capital works programs. It establishes fare categories and sets fare prices. It approves, terminates or changes public transit routes, and approves any permanent changes to them.”

Pages 29 to 31 of the Activity Report state the mandates of the Board’s nine ‘Technical Committees’, which are formed of Board members, members of the management committee, and external members.

The Board Governance Manual for **TransLink** describes the role of the Board as follows:

“The Board is the legal governing body of TransLink and has ultimate responsibility for stewardship of the affairs of TransLink. The Board engages a CEO and delegates responsibility to the CEO for the day-to-day leadership and management of the organization. Directors have the responsibility to oversee the conduct of the business, supervise management and endeavor to ensure that all major issues affecting the business and affairs of TransLink are given proper consideration. In performing its functions, the Board is responsible to foster the long-term success of TransLink and considers the legitimate interests held by stakeholders, including the Mayors’ Council, the Provincial Government, suppliers, customers, the public and TransLink’s employees.”

In the ‘Overview’ section, the Board Governance Manual sets out the responsibilities of each entity of its multi-tiered governance structure. It states that the Board:

- supervises the management of the affairs of TransLink;
- establishes its own practices and procedures;
- participates in the development of, and approves, the 30+ Year Strategic Plan;
- participates in the development of, and approves, the 10-Year Plan;

- submits any Supplement contained within the 10-Year Plan to the Mayors' Council for approval;
- annually reviews and approves a Business Plan which sets forth TransLink's annual operating, capital and service plan and the performance measures and targets that will be used to track the progress of TransLink in achieving its goals and objectives;
- appoints the Chief Executive and establishes his / her terms of employment;
- selects the Board Chair;
- establishes Committees and delegates to them certain powers of the board
- establishes rules of procedure for the conduct of board and committee meetings;
- establishes subsidiaries to carry out TransLink's purpose and responsibilities
- removes Directors by resolution of all remaining Directors; and
- fills casual vacancies on the Board within 90 days of a vacancy.

While this list of Board responsibilities is more comprehensive than those that our research has uncovered at other agencies, it is nonetheless an overview. In fact, the 'Board Charter' section of the Board Governance Manual details a total of 68 responsibilities that are grouped into 16 categories, such as Communications, Human Resources, and Risk Management. Furthermore, the 'Committee Operating Guidelines' section details the responsibilities of the four current Board Committees.

TransLink's Board Governance Manual includes a 'Director's Terms of Reference' section detailing the individual duties and responsibilities of each Director. More than 50 such duties and responsibilities are listed, ranging from active participation at meetings to keeping abreast of developments in the field of corporate governance. It is stated that these Terms of Reference will be used in assessing the performance of Directors.

The City of Toronto website outlines the Board responsibilities of **TTC**:

"The Commission is responsible for the consolidation, co-ordination and planning of all forms of local passenger transportation within the urban area of Toronto, except for railways incorporated under federal and provincial statutes and taxis. The Commission's functions are to construct, maintain and operate a local passenger transportation system, and to establish new passenger transportation services where required. The Commission may also operate parking lots in connection with the transit system, and may enter into an agreement with municipalities or persons situated within 40 kilometers of Toronto to operate a local transportation service."

*Chair Roles and Responsibilities*

Peer transit authority	Chair roles and / or responsibilities?	If yes, where located?
<a href="#">BART (San Francisco)</a>	Y	Page 2, Rules of the Board
<a href="#">CTA (Chicago)</a>	Y	Page 11, Bylaws, Rules and Regulations, and Rules of Order
<a href="#">LA Metro (Los Angeles)</a>	N	N/A
<a href="#">MARTA (Atlanta)</a>	Y	Page 15, Bylaws
<a href="#">MBTA (Boston)</a>	N	N/A
<a href="#">MTA (New York)</a>	Y	<a href="#">Page 2, Governance Guidelines</a>
<a href="#">NJ Transit</a>	N	N/A
<a href="#">Port Authority (NY &amp; NJ)</a>	Y	<a href="#">Page 1, Bylaws</a>
<a href="#">SEPTA (Philadelphia)</a>	N	N/A
<a href="#">SFMTA (San Francisco)</a>	Y	Page 1, Rules of Order
<a href="#">STM (Montreal)</a>	N	N/A
<a href="#">TransLink (Vancouver)</a>	Y	<a href="#">Pages 53-56, Board Governance Manual</a>
<a href="#">TTC (Toronto)</a>	N	N/A
<a href="#">WMATA</a>	Y (Draft)	<a href="#">Pages 4-5, Draft Bylaws</a>



Seven of the thirteen peer agencies we examined have formally developed roles or responsibilities for their Chairs. WMATA has recently released a set of draft bylaws that includes sections concerning the Chair's role and responsibilities. It should be noted that MBTA, NJ Transit, and STM were not deemed to have formally developed roles and responsibilities for their Chairs, as the relevant information included in their documentation was too general in nature for the purposes of this research item. In the case of MBTA, for example, it is simply stated that the, "Chair has the powers and performs the duties commonly incident to the office," such as "presiding at meetings and preparing agendas."

The Board of **BART** is headed by a President, whose role is described as follows in the Rules of the Board of Directors:

"The President shall preside at all meetings of the Board of Directors and shall appoint all committee members, subject to Board ratification. If a controversial matter comes before the Board without having received prior consideration by a committee of the Board, at the discretion of the President, discussion may be suspended and the matter referred to a committee of the Board for review and recommendation to the Board... The President shall perform such other duties as may be prescribed for that office from time to time by the Board of Directors. The President is authorized to issue certificates of recognition, appreciation, or commendation to persons or organizations upon request of other Directors or as he or she deems appropriate."

According to The Bylaws, Rules and Regulations, and Rules of Order (1993) of **CTA** the Chair shall:

- Be the chief executive officer of the Chicago Transit Authority;
- When present, preside at all meetings of the Chicago Transit Board;
- Sign all bonds and contracts and leases involving \$2,500.00 or more to which the Authority is a party and shall countersign all checks or drafts for the disbursement of the monies of the Authority; provided, however, that the Board may designate anyone of its members or any officer or employee of the Authority to affix the signature of the Chairman to any or all checks or drafts for payment of salaries or wages and for the payment of other obligations where the amount of such check or draft is not more than \$2,500.00
- Supervise generally the enforcement of all resolutions and ordinances of the Board; and
- Have the general direction of all other officers of the Authority.

According to the By-Laws of MARTA the Chair shall:

- Preside, when present, at all meetings of the Board.
- Suspend or remove any officer of the Authority, subject to ratification or reinstatement by the Board of Directors, whenever in his/her judgment the best interest of the Authority would be served thereby.
- Determine by inspection and investigation if all orders and resolutions promulgated by the Board are being carried into effect, and shall report from time to time his/her findings to the Board
- Sign and execute for and on behalf of the Authority, all contracts of insurance, bonds, deeds, mortgages, debentures, contracts, or any other instruments or documents of whatever nature which the Board has authorized to be executed and may adopt a facsimile signature to be utilized for such purposes.
- Perform, in general, all duties incident to the office of Chairman of the Board, and such other duties as may be prescribed by these bylaws or assigned to him/her by the Board from time to time.

The Governance Guidelines for MTA state that the Chair shall:

- Be primarily responsible for providing leadership to the MTA Board in performing oversight of the senior management in the effective and ethical management of the MTA Agencies' integrated mass transportation system. The Chairman, inter alia, convenes and presides over Board meetings, establishes Board committees and appoints committee members and chairs, and shall serve as the principal liaison between MTA management and the Board.
- Be the chief executive officer of the Authority and shall have responsibility to discharge the executive and administrative functions and powers of the Authority. In discharging the executive and administrative functions and powers of the Authority, the Chairman shall, inter alia, be responsible for (i) managing the day-to-day operations of the MTA's integrated mass transportation system, (ii) coordinating the development and approval by the Board of long term strategy for the maintenance and expansion of that system, (iii) overseeing and providing appropriate direction to the President of each of the MTA's constituent Agencies and (iv) appointing, disciplining, and removing officers or employees.

The by-laws of the Port Authority describe the role of the Chair as follows:

“The Chairman shall preside at all meetings of the Board of Commissioners; communicate to the Executive Director and, where appropriate, executive staff, the policies of the Port Authority established by the Board of Commissioners; and be responsible for advancing the mission and promoting the objectives of the Port Authority to members of the general public.”

The Rules of Order of SFMTA describe the role of the Chair as follows:

“The chair shall preside at all meetings of the board, shall preserve order and decorum, shall decide all questions of order subject to appeal to the board by any member, and shall appoint any and all committees of the board. The chair shall have the right to participate in the proceedings of the board, including the right to make and second any resolution or other motion, and may speak to points of order in preference to the other members.”

The Board Governance Manual for TransLink describes the role of the Chair as follows:

“The Board Chair, as the presiding Director, provides leadership in guiding the Board and coordinating its activities and fosters relationships between the Board and management, among Directors and, together with the CEO, between TransLink and the Mayors’ Council, the Provincial Government, the Screening Panel and the communities served by TransLink. The Board Chair is accountable to the Board, acts as a direct liaison between the Board and management, and acts as a spokesperson for Board decisions where appropriate. The Board Chair, while working closely with the CEO, retains an independent perspective to best represent the interests of TransLink, the communities it serves, and the Board.”

The Board Governance Manual outlines specific duties and responsibilities of the Board Chair, grouped into categories. The majority of those duties and responsibilities that fall into the categories ‘Working with Management’, ‘Managing the Board’, and ‘Communications’, are highly relevant to this research, and are summarized below.

It is stated that the Chair shall:

- Act as a liaison between management and the Board;
- foster a constructive and harmonious relationship between the Board and management;
- provide advice and counsel to the CEO;
- ensure the CEO is aware of concerns of the Board and the communities served;
- review and approve the CEO’s expenses;
- keep abreast generally of the activities of TransLink and its management;
- ensure that management presents to the Board all matters necessary;
- foster ethical and responsible decision-making by the Board and individual Directors;
- ensure the Board has full governance of TransLink’s business and affairs and is alert to its obligations to TransLink, the Mayors’ Council, to the communities it serves, to stakeholders, and to management;
- ensure the Board fulfils its governance responsibilities as set out in the Board charter;
- recommend an annual schedule of Board and Committee meetings;
- recommend Committee chairs and membership;

- in concert with the CEO and Corporate Secretary, develop, set and approve the Board's regular meeting agenda and determine Board information packages;
- ensure that Directors are properly informed and that sufficient and timely advance distribution of all background information is provided;
- act as Chair at meetings of the board and the Annual Meeting;
- build consensus and develop teamwork within the Board;
- ensure the Board has cohesion of direction and purpose at a policy and strategic level;
- ensure Board meetings are conducted in an efficient, effective and focused manner;
- ensure that each Director is contributing to the Board's work and discuss with each individual Director his or her contribution, as necessary from time to time;
- in addition to the Board evaluation and Director evaluation process, meet with each Director annually to discuss his/her views on how the Board can be more effective, personal observations regarding fellow Directors and an exchange of views on how the individual Director may enhance his or her contribution;
- call meetings of the Board and the Annual Meeting;
- act as the official spokesperson for the Board and, when appropriate and in conjunction with the CEO, as spokesperson for TransLink;
- keep the Board up to date on all significant developments;
- represent the Board as appropriate with the Mayors' Council, the Minister, the Screening Panel, stakeholders, communities, other organizations and the public; and
- in coordination with the CEO, ensure TransLink's management and the Board are appropriately represented at official functions and meetings.

## **Research Report – Section 2**

### **Public Input Processes in Board Decision-Making**

## Relevant Literature

According to the “Report on Governance of the Washington Metropolitan Area Transit Authority” by the Riders’ Advisory Council (RAC), Board decision-making should include a clear and accessible public input process. It focused on a number of areas related to public input, including public comment, information sharing, and the ability to contact individual board members.

The RAC recommended that before voting on most decisions the WMATA Board allow more time so that information can be shared with the public and input can be solicited. It said the input could “take a variety of forms. It could involve public hearings, or posting items online and in public places and allowing feedback via a Web site or phone number. Another option would be for the Riders’ Advisory Council to play an increased role.”

Regarding public comment, the RAC recommended that committee meetings and special Board meetings include a public comment period like regular Board meetings because it stated that many Board members “make up their minds” at committee meetings. It also urged the Board to repeal a provision limiting the number of times a year an individual can participate in public comment. On contacting individual Board members, the RAC recommended a clear mechanism for riders to contact individual members and for the members to be equipped to follow up on riders’ requests.

The Transportation Research Board (TRB) also has examined public involvement and transit planning, specifically the role of advisory committees. Its report, “Effective Use of Citizen Advisory Committees for Transit Planning and Operations,” found that advisory committees are most likely to provide input on policy issues and issues related to public involvement and outreach.

The majority of transit agencies surveyed by the TRB reported serious consideration of advisory committee input and recommendations by their decision makers. The TRB concluded that while web-based surveys and hands-on workshops offer new opportunities for public feedback, “advisory committees provide agencies with input that is uniquely grounded in knowledge from consistent involvement of and dialogue among participants with different points of view.”

The TRB also noted key recommendations of the Federal Highway Administration and Federal Transit Administration joint interim policy on public involvement:

- Public involvement should be early and proactive
- Timely information should be provided to the public
- Explicit consideration should be given to the public input collected

## Practices of Peer Agencies

### Citizen advisory committees

Peer Transit Authority	Citizen Advisory Committee	CAC size	CAC Meetings
<a href="#">BART (San Francisco)</a>	N	n/a	n/a
<a href="#">CTA (Chicago)</a>	<a href="#">Citizen Advisory Board</a>	11	quarterly
<a href="#">LA Metro (Los Angeles)</a>	<a href="#">Citizens Advisory Council</a>	n/a	monthly
<a href="#">MARTA (Atlanta)</a>	N	n/a	n/a
<a href="#">MBTA (Boston)</a>	<a href="#">Rider Oversight Committee</a>	28 (8 advocacy group members, 8 individual public members, 8 non-voting MBTA members, 4 individual public alternates)	monthly
<a href="#">MTA (New York)</a>	<a href="#">Permanent Citizens Advisory Committee</a>	38 (12 from the Long Island Rail Road Commuter's Council ; 11 from the Metro-North Rail-Road Commuter Council; and 15 from the New York City Transit Authority Advisory Council)	quarterly
<a href="#">NJ Transit</a>	<a href="#">North Jersey Transit Advisory Committee, South Jersey Transit Advisory Committee</a>	10 Members (North Jersey Transit Advisory Committee); 9 Members (South Jersey Transit Advisory Committee)	monthly
<a href="#">Port Authority (NY &amp; NJ)</a>	N	n/a	n/a
<a href="#">SEPTA (Philadelphia)</a>	<a href="#">Citizen Advisory Committee</a>	n/a	monthly
<a href="#">SFMTA (San Francisco)</a>	<a href="#">Citizen Advisory Council</a>	15	monthly
<a href="#">STM (Montreal)</a>	N	n/a	n/a
<a href="#">TransLink (Vancouver)</a>	N	n/a	n/a
<a href="#">TTC (Toronto)</a>	N	n/a	n/a
<a href="#">WMATA</a>	<a href="#">Riders Advisory Council</a>	21 (six individuals from Maryland, Virginia, and the District of Columbia, two at-large members, and the head of Accessibility Advisory Committee)	monthly

Seven of the thirteen peer agencies we examined have at least one standing citizen advisory committee (CAC). Some of these CACs were created by state legislatures and included in the transit agency's enabling legislation, such as CTA. The MBTA Rider Oversight Committee was created through an agreement between advocacy groups and the MBTA and includes public members, advocacy group representatives, and MBTA staff. At WMATA, the Riders' Advisory Council was established through a Board action.

The enabling legislation of CTA describes the Citizen Advisory Board as follows:

“The Board shall establish a citizens advisory board composed of 11 residents of those portions of the metropolitan region in which the Authority provides service who have an interest in public transportation, one of whom shall be at least 65 years of age. The citizens advisory board shall meet with Board at least quarterly and advise the Board of the impact of its policies and programs on the communities it serves.”

The MBTA Rider Oversight Committee is comprised of 28 members. Of that number, 16 are voting members. Advocacy groups hold eight voting seats, while the other eight are for individual public members. MBTA management holds eight non-voting seats and there are four individual public alternates. On its web site, the committee states that it addresses:

“Issues that come to our attention through a variety of means, and provide recommendations to the MBTA that communicate the needs and concerns of all riders.”

The size of these committees ranged from 9 members (NJ Transit - South Jersey Transit Advisory Committee) to 38 members (MTA). Five of the seven agencies that have CACs hold monthly meetings. WMATA's Riders Advisory Council has 21 members and meets on a monthly basis. It advises the Board on issues affecting Metrobus, Metrorail and MetroAccess service and includes six individuals from the District of Columbia, Maryland, and Virginia, two at-large members, and the head of Accessibility Advisory Committee.

The vast majority of agencies, including WMATA, have separate accessibility advisory committees that focus on the needs of senior citizens and persons with disabilities.



*Public comment*

Peer Transit Authority	Public Comment at Board Meetings	PC at Committee Meetings	PC in Agenda	PC Length	Speaker Limit (Mtgs/Year)
<a href="#">BART (San Francisco)</a>	<u>Y</u>	<u>Y</u>	each agenda item, and section toward end of meeting for non-agenda items	3 minutes each, group rep can have 15 min per chair's discretion	N
<a href="#">CTA (Chicago)</a>	<u>Y</u>	N	first	3 min each; 5 speakers max	1
<a href="#">LA Metro (Los Angeles)</a>	<u>Y</u>	<u>Y</u>	each agenda item, and last (on non-agenda items)	5 min per agenda item per Chair's discretion; during public comment period, 1 min; 30 min max overall	N
<a href="#">MARTA (Atlanta)</a>	Y	Y	first	5 min each	N
<a href="#">MBTA (Boston)</a>	<u>Y</u>	N	first	Chair's discretion	N
<a href="#">MTA (New York)</a>	<u>Y</u>	Y	first	2 min each	N
<a href="#">NJ Transit</a>	<u>Y</u>	N	each agenda item, and last (on non-agenda items)	3 min each	N
<a href="#">Port Authority (NY &amp; NJ)</a>	<u>Y</u>	N	each agenda item, and last (on non-agenda items)	30 min overall	N
<a href="#">SEPTA (Philadelphia)</a>	Y	N	not available	not available	N
<a href="#">SFMTA (San Francisco)</a>	<u>Y</u>	Y	each agenda item, and after citizen advisory item (on non-agenda items)	3 min each per item per Chair's discretion	N
<a href="#">STM (Montreal)</a>	<u>Y</u>	N	first	minimum one hour set aside for PC	N
<a href="#">TransLink (Vancouver)</a>	<u>Y</u>	N	first	5 min each; minimum one hour set aside for PC overall	N
<a href="#">TTC (Toronto)</a>	<u>Y</u>	N	before agenda items (notices of motions)	5 min each	N
<a href="#">WMATA</a>	<u>Y</u>	N	before agenda items	2 min each; 20 min overall per Chair's discretion	4

While all of the peer agencies we examined dedicate time in their Board agenda's for public comment, the agencies vary in their public comment procedures. Five of these agencies also allow for public comment during committee meetings, BART, LA Metro, MARTA, MTA, and SFMTA. WMATA has public comment at its Board meetings, and is considering a change in its Procedures to designate time for public comment during committee meetings.

More than half of the peer agencies have information online on how to sign up of public comment. CTA allows people to sign up seven days in advance of the meeting. Six of these agencies indicate that persons may sign up on the day of the meeting. At WMATA, members of the public sign up on the day of the meeting. Sign up is closed once the meeting begins unless the WMATA Chair waives the sign up requirement before starting public comment.

The by-laws of TTC require people and organizations to contact the General Secretary with the reason for their public comment request by noon of the business day before the meeting.

**TransLink** requires people to submit an application detailing the action being requested of the Board two days prior to the meeting. TransLink's public comment sign-up/selection process is not first-come, first-served. Its Board Governance Manual states that if more people have requested to be on the speakers' list than the allotted time permits, the speakers' list will be selected according to the following:

“First priority will go to those who want to speak about an item that the board is scheduled to discuss at the meeting, particularly people or organizations who have not yet had an opportunity to speak to the board on the subject. When more people want to speak about items on that day's board agenda than the allotted time permits, there may be a limit of two speakers on an individual topic and an effort will be made to hear different viewpoints. Those who want to speak about items not on the board's agenda that day will be next in line to be added to the speaker's list.”

More than half of the peer agencies' Board agendas place public comment first or before the agenda/action items. Five of the peer agencies allow public comment on agenda items before board action and have time set aside at the end of the meeting for a public comment period on non-agenda items.

**SFMTA** is one of the peer agencies that allow public comment on agenda items before board action and have time set aside at the end of the meeting for a public comment period on non-agenda items. It describes its public comment process in its Rules of Order document:

“Every calendar for regular and special meetings shall provide an opportunity for members of the public to directly address the board on items of interest to the public that are within the subject matter jurisdiction of the board.”

In the same document, **SFMTA** also details its Privilege of Floor and Public Participation:

“The privilege of the floor shall be granted to any member of the public or officers of the city and county of San Francisco, or their duly authorized representatives for the purpose of commenting on any question before the board. Each person wishing to speak on an item at a regular or special meeting shall be permitted to be heard once per item for up to three minutes.”

The length of time given to members of the public during public comment varies among the agencies. LA Metro allows one minute on non-agenda items and five minutes on agenda items. MARTA, TTC, and TransLink also allow 5 minutes for public comment.

The longest amount of time allowed for a speaker is at **BART**. Its document, Public Participation at Meetings of the Board of Directors and Standing Committees, says that:

“A speaker representing a group of individuals present in the Board Room may at the discretion of the presiding officer, address the Board/Committee for up to 15 minutes in lieu of the other persons represented by the speaker.”

Other agencies do not specify a time limit for individuals. For example, at the MBTA, public comment length is left to the Chair’s discretion. WMATA’s public comment period precedes Board action items and each speaker is limited to 3 minutes.

The majority of agencies do not specify an overall time limit to public comment periods. LA Metro and the Port Authority limit their public comment periods to 30 minutes. WMATA’s public comment period is generally limited to 20 minutes.

CTA is the only agency we reviewed that had a limit on the number of public speakers—5 maximum during its public comment period. It was also the only peer agency that limited the number of times an individual could participate in public comment in a year. Its public comment process states that individuals are “allowed to address the Board only once every 12 months.” WMATA’s Procedures for Public Comment document states that “in order to ensure that as many people as possible have an opportunity to address the Board, speakers may address the Board only once during a three-month period.” WMATA is considering a change in its Procedures to remove this limit on the number of times an individual can participate in public comment in a year.

*Public input information online, access to Board members, Board information*

Peer Transit Authority	Customer Service Request Process Online	Board Member Contact Information Online	Meeting Minutes Online	Video Broadcast of Meetings Online
<a href="#">BART (San Francisco)</a>	<a href="#">Y</a>	<a href="#">Full Board</a>	<a href="#">Y</a>	<a href="#">Y</a>
<a href="#">CTA (Chicago)</a>	<a href="#">Y</a>	<a href="#">Full Board</a>	<a href="#">Y</a>	N
<a href="#">LA Metro (Los Angeles)</a>	<a href="#">Y</a>	<a href="#">Some Members</a>	<a href="#">Y</a>	N
<a href="#">MARTA (Atlanta)</a>	<a href="#">Y</a>	N	<a href="#">Y</a>	N
<a href="#">MBTA (Boston)</a>	<a href="#">Y</a>	N	<a href="#">Y</a>	N
<a href="#">MTA (New York)</a>	<a href="#">Y</a>	N	<a href="#">Y</a>	<a href="#">Y</a>
<a href="#">NJ Transit</a>	<a href="#">Y</a>	<a href="#">Full Board</a>	Y	N
<a href="#">Port Authority (NY &amp; NJ)</a>	<a href="#">Y</a>	N	<a href="#">Y</a>	<a href="#">Y</a>
<a href="#">SEPTA (Philadelphia)</a>	<a href="#">Y</a>	N	N	N
<a href="#">SFMTA (San Francisco)</a>	<a href="#">Y</a>	<a href="#">Full Board</a>	<a href="#">Y</a>	<a href="#">Y</a>
<a href="#">STM (Montreal)</a>	<a href="#">Y</a>	N	N	<a href="#">Y</a>
<a href="#">TransLink (Vancouver)</a>	<a href="#">Y</a>	<a href="#">Full Board</a>	<a href="#">Y</a>	N
<a href="#">TTC (Toronto)</a>	<a href="#">Y</a>	<a href="#">Each Member</a>	<a href="#">Y</a>	N
<a href="#">WMATA</a>	<a href="#">Y</a>	<a href="#">Full Board</a>	<a href="#">Y</a>	<a href="#">audio</a>

The peer agencies we examined call attention to public hearings and invite public input in a variety of ways on their websites. Some agencies post notices about public hearings as news items, which remain on their home pages for a limited amount of time. Others include public meeting or public hearing links on their home pages. Of all the agencies we reviewed, TransLink includes the most detailed information of its public participation process on its website. Its ‘Be Part of the Plan’ link takes people from the home page to a page with information on how to provide public input through open houses, advisory committees, workshops, public forums, websites, and surveys. **TransLink** also lists its public input principles online, “Principles for Public Consultation & Community Engagement,” which include:

- Integrate public consultation into all applicable aspects of TransLink’s business.
- Consider both local and regional perspectives.
- Work with municipal partners.
- Clearly define the parameters of the consultations.
- Consult in advance of key decisions.
- Be inclusive and accessible, by offering a variety of opportunities for input.
- Ensure participants have the opportunity to provide informed input.
- Consider public input as advice.
- Inform participants about the results of the consultation process.

On its home page, WMATA uses news releases to alert the public about hearings and includes a ‘Community Outreach’ link that directs people to public hearings and meetings.

All of the peer agencies we examined have forms and contact information on their websites so that members of the public can make customer service requests. Agencies differ on listing contact information for their Board of Directors online.

TTC, which is entirely composed of elected officials, is the only agency that links to contact information for each of its Board members on its web site. LA Metro lists contact information for some, but not all, of its Board members. Five agencies— BART, CTA, NJ Transit, SFMTA, and TransLink—list contact information for the full Board. WMATA lists an email address for its full Board.

Eleven of the thirteen peer agencies we examined post their meeting minutes online. Only five of the thirteen agencies make live webcasts of their Board meetings available online—BART, MTA, the Port Authority, SFMTA, and STM. WMATA broadcasts the audio of its Board meetings and posts its meeting minutes online.

## **Research Report – Section 3**

### **Appointment of Board Members**

## Relevant Literature

According to the Transportation Research Board (TRB), the use of public transit policy boards in the United States dates from the Urban Mass Transportation Act of 1964. Since then, a wide variety of different board types have emerged, which reflects both a wide diversity in the characteristics of transit systems and in opinion on the best way to govern them.

Research conducted by the TRB identified seven types of board selection methods:

1. Appointment by Elected Officials
2. Appointment by Non-Elected Officials (e.g. a county transportation agency)
3. Joint Powers Authorities (regional boards where members represent local jurisdictions)
4. Elected Official Boards
5. Publicly Elected Boards
6. Mixed Boards (a combination of elected officials and citizen representatives)
7. Transportation Advisory Board (a citizen board with no governing powers)

Much of the literature favors a Board of appointed members. Dr. Richard Soberman asserts that, “aside from the political nature of decision-making, the short-term perspective of most municipal elected officials certainly minimizes the potential for long-term, comprehensive planning at a regional scale.” He argues that elected officials view their role as looking after the interests of their constituents, and that the high public profile of transit issues can cause elected officials to engage in matters that are the proper domain of management.

Some contend that transit Boards should be composed of elected officials in order to ensure the Board conducts its affairs with transparency. According to the *Report on Governance of the Washington Metropolitan Area Transit Authority* by the Riders’ Advisory Council (RAC), WMATA needs to “balance the needs of multiple jurisdictions with different interests [and] operate services that touch riders on a daily basis, where riders expect responsiveness.” The RAC argues that a Board that includes elected officials is best able to meet these needs.

Research conducted for an Independent Public Inquiry in Sydney, Australia, included a review of transit governance systems in six cities around the world. The resultant report recommended that “members must *not* be seen as representatives of any particular constituencies, and they must be selected mostly for the value of the diverse skills they can bring to the efficient and professional operation of the authority.”

The TRB does not strongly advocate a particular Board type, but it suggests that a transit Board must be *balanced* to perform effectively. This means that it should include members from a variety of backgrounds such as politics, business, finance, marketing, and law. Furthermore, the TRB recommends that membership should be based on

potential members' interest in public transit and on their commitment to the system's mission, values, and vision.

A Report of the Joint WMATA Governance Review Task Force sponsored by the Greater Washington Board of Trade and the Metropolitan Washington Council of Governments (BOT/COG Task Force) also refrains from advocating for a particular Board type. However, it states that the selection process at WMATA is "inherently likely to result in an *unbalanced* Board," and calls on the various appointing authorities to "implement a coordinated process for appointing a WMATA Board with the right balance of attributes to serve Metro and the region."

According to the TRB, the size of transit Boards ranges from 5 to 23 members, with medium-sized boards (7 to 10 members) being the most popular. The TRB states that the importance of Board size is related to the Board's interests, effectiveness in planning, and decision-making style. It states that factors to consider in determining the optimum Board size for a transit agency include the system's structure, group dynamics, and skill needs.

The TRB affirms that that term limits for Board members are an effective way to ensure Board vitality and new ideas, a statement that is echoed by the Report of the BOT/COG Task Force.



## Practices of Peer Agencies

### Board selection methods

Peer transit authority	Key features of appointment process
<a href="#">BART (San Francisco)</a>	<ul style="list-style-type: none"> <li>• Selection (Directly elected by the public)</li> </ul>
<a href="#">CTA (Chicago)</a>	<ul style="list-style-type: none"> <li>• Selection (The Mayor appoints 4 members and the Governor 3)</li> <li>• Experience (All must possess "recognized business ability")</li> <li>• Residence (All must reside in the metropolitan area)</li> <li>• Political (Cannot hold governmental office or employment)</li> </ul>
<a href="#">LA Metro (Los Angeles)</a>	<ul style="list-style-type: none"> <li>• Selection (11 voting members are local elected officials; the other 2 are public members)</li> </ul>
<a href="#">MARTA (Atlanta)</a>	<ul style="list-style-type: none"> <li>• Selection (10 voting members are appointed by local elected officials; the other is the GDOT Commissioner)</li> <li>• Residence (Members must reside in the places they represent)</li> </ul>
<a href="#">MBTA (Boston)</a>	<ul style="list-style-type: none"> <li>• Selection (All members are appointed by the Governor)</li> <li>• Experience (2 x transportation finance, 2 x transportation planning, 1 x civil engineering)</li> <li>• Political (No more than 3 can be members of same party)</li> </ul>
<a href="#">MTA (New York)</a>	<ul style="list-style-type: none"> <li>• Selection (Governor appoints all members; 11 are recommended by Mayor / local elected officials)</li> <li>• Experience (Can be from one of eleven specified areas, including transportation, finance and labor)</li> <li>• Residence (All must reside in the metropolitan area, and representatives of local jurisdictions must reside in the places they represent, in accordance with the details provided in the enabling legislation)</li> </ul>
<a href="#">NJ Transit</a>	<ul style="list-style-type: none"> <li>• Selection (Governor appoints 3 State officials and 4 public members as voting members)</li> <li>• Political (No more than 2 public members can be members of the same party)</li> <li>• Ridership (At least 1 public member must be a regular rider)</li> </ul>
<a href="#">Port Authority (NY &amp; NJ)</a>	<ul style="list-style-type: none"> <li>• Selection (The Governor of each state appoints 6 members)</li> <li>• Residence (Article IV of the 1921 Compact includes a residency requirement, but the Board has since been reconstituted and detailed information concerning such a requirement was not available)</li> </ul>
<a href="#">SEPTA (Philadelphia)</a>	<ul style="list-style-type: none"> <li>• Selection (10 members are appointed by local elected officials; 4 by the State Houses, and 1 by the Governor)</li> <li>• Residence (All members except the Governor's appointee must reside in the metropolitan area)</li> </ul>
<a href="#">SFMTA (San Francisco)</a>	<ul style="list-style-type: none"> <li>• Selection (All members are appointed by the Mayor)</li> <li>• Experience (All - Government, Finance or Labor relations; 2 - public transportation)</li> <li>• Ridership (At least 4 must be regular riders, and all must ride once per week)</li> </ul>
<a href="#">STM (Montreal)</a>	<ul style="list-style-type: none"> <li>• Selection (City of Montreal appoints 3 public members, one of whom must be under 35 and one of whom must use paratransit, and up to 7 local elected officials)</li> <li>• Ridership (Public members must be regular riders)</li> </ul>
<a href="#">TransLink (Vancouver)</a>	<ul style="list-style-type: none"> <li>• Selection (Mayors' Council appoints members from slate of Screening Panel nominations)</li> <li>• Experience (Nominations based on 'skills and experience profile' developed by the Board)</li> <li>• Political (Cannot hold governmental office or employment)</li> </ul>
<a href="#">TTC (Toronto)</a>	<ul style="list-style-type: none"> <li>• Selection (City Council appoints all members from among its members)</li> </ul>
<a href="#">WMATA</a>	<ul style="list-style-type: none"> <li>• Selection (Appointing authorities representing DC, VA, MD and the federal government each select 2 members and 2 alternate members)</li> <li>• Political (MD and VA members are appointed from among members of the appointing authorities)</li> <li>• Ridership (One federal representative must be a regular rider)</li> </ul>

The agencies we examined have a wide variety of Board selection methods. Only one Board, TTC, is composed entirely of elected officials, and just two (CTA, TransLink) prohibit the appointment of elected officials. Only the BART Board is directly elected by the public. In fact, most agencies have methods that may be considered a blend, with elected officials and non-elected appointees sitting on the same Board. In this regard, WMATA's practice is in line with that of its peers.

Five of the thirteen agencies we examined have included an experiential criterion in their appointment process. The level of detail ranges from a simple requirement that members possess "recognized business ability" (CTA) to that outlined in an annually-updated 'skills and experience profile' (TransLink). Midway between these two extremes is MBTA, whose five-member Board is composed of 2 persons with a background in transportation finance, 2 persons with a background in transportation planning, and 1 civil engineer. In line with a slight majority of its peers, WMATA does not have a formal experiential component in its appointment process.

Four of the thirteen agencies we examined have a residential criterion and three agencies have a ridership criterion. WMATA makes no stipulations regarding Board members' places of residence, and only one of its members, a federal representative, is required to be a regular rider of the transit system.

Anybody wishing to gain a full and thorough understanding of the appointment process at each of the thirteen transit agencies we examined is strongly encouraged to read the enabling legislation and other relevant documentation for each agency. The 'source documents' appendix to this research would be very helpful in this regard. However, a brief overview of each agency's process, and that of WMATA, is provided below. This overview conveys the diverse nature of the appointment processes in more detail than was possible in the table on the previous page:

**BART** - Each of the 9 'BART districts' has 1 member, who is directly elected by local citizens.

**CTA** - 4 members are appointed by the Mayor of Chicago and 3 by the Governor of Illinois. The Mayor's appointees are subject to approval by the Governor and the Chicago City Council; the Governor's appointees are subject to the approval of the Mayor and the Illinois State Senate. Members must reside in the metropolitan area and possess recognized business ability, and they cannot hold any governmental office or employment.

**LA Metro** - "The voting members of the board comprise the Mayor, 1 Mayoral appointee from the City Council, 5 members of the Los Angeles County Board of Supervisors, 2 public members, and 4 members (a mayor or a member of a city council) appointed by the Los Angeles County City Selection Committee to represent each of the 4 'sections' of Los Angeles County. The non-voting member is appointed by the Governor."

**MARTA** - The Mayor of Atlanta nominates, and the city council appoints, 3 members, the DeKalb County Board of Commissioners appoints 4 members, and the Fulton County government appoints 3 members. The Commissioner of GDOT is the other voting member; the executive director of the Georgia Regional Transportation Authority (GRTA) is a non-voting member. Representatives of local jurisdictions must reside in the places they represent.

**MBTA** - The Governor appoints all 5 members, 2 of whom must be experts in the field of public or private transportation finance, 2 of whom must have practical experience in transportation planning and policy, and 1 of whom shall be a registered civil engineer with at least 10 years' experience. Not more than 3 of the directors shall be members of the same political party.

**MTA** - The Governor appoints all members, with 4 appointments being made on the basis of the recommendation of New York City's mayor, and 7 appointments being made on the basis of recommendations by the county executives of Nassau, Suffolk, Westchester, Dutchess, Orange, Rockland, and Putnam counties (the members representing the latter four cast one collective vote). The 7 county members are chosen by the Governor from a list of 3 recommendations from the county executive of each county. The enabling legislation includes detailed requirements concerning the experience and places of residence of voting Board members. The 2 non-voting members represent labor unions and transit users.

**NJ Transit** - The Governor appoints all members. 4 are chosen from the general public and 3 are State officials (the Commissioner of Transportation, the State Treasurer, and another member of the Executive Branch). The non-voting member is recommended by the labor organization that represents the plurality of the agency's employees. Not more than 2 of the public members shall be members of the same political party, and at least 1 public member shall be a regular user of public transportation.

**The Port Authority** - The governor of each state appoints 6 members, subject to state senate approval. The governors retain the right to veto the actions of the members from their own states.

**SEPTA** - The City of Philadelphia and the Counties of Bucks, Chester, Delaware and Montgomery each appoint 2 members. The majority and minority leaders of the two houses of the Pennsylvania State Legislature each appoint 1 member. The Governor of Pennsylvania appoints 1 member. All members except the Governor's appointee must reside in the metropolitan area

**SFMTA** - All 7 members are appointed by the Mayor and confirmed by the Board of Supervisors. They must possess significant knowledge of, or professional experience in, one or more of the fields of government, finance, or labor relations. At least 2 of the directors must possess significant knowledge of, or professional experience in, the field of public transportation. At least 4 must be regular riders. During their terms, all directors shall be required to ride the Municipal Railway on the average once a week.

**STM** - The City of Montreal selects up to 7 members from among its council members and those of other municipalities in the 'urban agglomeration'. It also selects 3 members, all of whom must be users of public transportation, from among the residents of the agglomeration. One of these resident members must be a user of services adapted to the needs of handicapped persons, while another must be under the age of 35 at the time of appointment.

**TransLink** - A 5-member Screening Panel nominates at least 5 candidates based on a 'skills and experience profile' that is annually developed by the Board and that is set out in the articles of the authority. Candidates cannot hold any governmental office or employment. A 22-member Mayors' Council appoints 3 of the nominated candidates.

**TTC** - The City Council appoints all 9 board members from among its members (the Mayor and 44 City Councilors).

**WMATA** - The 4 appointing authorities (Washington Suburban Transit Commission, Northern Virginia Transportation Commission, DC Council, and General Services Administration) each select 2 directors and 2 alternate members. Members representing Maryland and Virginia must be appointed from among members of their respective appointing entities for a coincident term to their membership of the appointing entity. One of the federal representatives must be a regular rider. Unlike all of its peers, WMATA has alternate members who serve in a permanent capacity. At other agencies, it is typical for alternate members to serve on an ad-hoc basis in the unavoidable absence of primary members, whereas WMATA allows its alternate members to participate in Board meetings and vote in Committee meetings.

*Board size and length of terms*

Peer transit authority	Board size	Term length (and max. no. of terms if specified)
<a href="#"><u>BART (San Francisco)</u></a>	9	4 years
<a href="#"><u>CTA (Chicago)</u></a>	7	7 years
<a href="#"><u>LA Metro (Los Angeles)</u></a>	14 (13 voting)	4 years
<a href="#"><u>MARTA (Atlanta)</u></a>	12 (11 voting)	4 years (max. 2 terms)
<a href="#"><u>MBTA (Boston)</u></a>	5	4 years (no maximum)
<a href="#"><u>MTA (New York)</u></a>	19 (17 voting)	6 years
<a href="#"><u>NJ Transit</u></a>	8 (7 voting)	4 years
<a href="#"><u>Port Authority (NY &amp; NJ)</u></a>	12	6 years
<a href="#"><u>SEPTA (Philadelphia)</u></a>	15	5 years (no maximum)
<a href="#"><u>SFMTA (San Francisco)</u></a>	7	4 years (max. 3 terms)
<a href="#"><u>STM (Montreal)</u></a>	9 (but can range from 7-10)	4 years (no maximum)
<a href="#"><u>Translink (Vancouver)</u></a>	9	3 years (max. 2 terms)
<a href="#"><u>TTC (Toronto)</u></a>	9	2 years
<a href="#"><u>WMATA</u></a>	8 (8 alternates may vote on committees)	Indefinite

Eight of the thirteen agencies that we examined have between 7 and 10 members, with the other five having between 12 and 17 members. The size of the WMATA Board may be viewed as 8 members (if one considers only primary members) or 16 members (if one includes the alternate members). According to one's point of view on this matter, the size of the WMATA Board is at the low end or the high end compared to its peers.

All thirteen agencies we examined have term lengths, ranging from 2 years (TTC) to 7 years (CTA). Three of the agencies expressly limit the number of repeat terms that may be served, while a further three state that the number of repeat terms is unlimited. Unlike all of its peers, WMATA does not have a formal policy regarding term lengths and limits. Its members may serve indefinitely according to the discretion of the authority that appoints them, and as the appointing authorities have not collectively agreed upon how to exercise this discretion, there is presently an uncoordinated mix of indefinite term lengths in some jurisdictions and quasi-formal term limits in others.

*Chair selection process*

Peer transit authority	Chair selection process	Chair term length
<a href="#">BART (San Francisco)</a>	Elected by members in accordance with a prescribed jurisdictional rotation	1 year
<a href="#">CTA (Chicago)</a>	The Chair is elected by the Board for the term of his / her office as a Member of the Board or for the term of 3 years, whichever is shorter. The Board fixes the salary of the Chair in addition to his salary as a Member of the Board.	1-3 years
<a href="#">LA Metro (Los Angeles)</a>	Elected by members in accordance with a prescribed jurisdictional rotation	1 year
<a href="#">MARTA (Atlanta)</a>	Elected by members; process involves the establishment of a Nominating Committee (Full details in Bylaws)	1 year
<a href="#">MBTA (Boston)</a>	Appointed by the Governor	4 years
<a href="#">MTA (New York)</a>	Appointed by the Governor, with the advice and consent of the State Senate; the Board chair is also the Chief Executive Officer of the MTA	6 years
<a href="#">NJ Transit</a>	NJ Transit Chair must be the State DOT Commissioner (appointed by the Governor)	Indefinite
<a href="#">Port Authority (NY &amp; NJ)</a>	Elected by members; process involves the establishment of a Nominating Committee (Full details in Bylaws)	1 year
<a href="#">SEPTA (Philadelphia)</a>	Elected by members	1 year
<a href="#">SFMTA (San Francisco)</a>	Elected by members	1 year
<a href="#">STM (Montreal)</a>	The City of Montreal appoints the Chair, who may remain in office until replaced or reappointed, notwithstanding the expiry of their term of office.	Indefinite
<a href="#">Translink (Vancouver)</a>	Elected by members for the remainder of his / her term as a Board member; a Nominating Committee is formed to first recommend desired attributes and ultimately its preferred candidate (Full details in Governance Manual)	1-6 years
<a href="#">TTC (Toronto)</a>	Elected by members for the remainder of his / her term as a Board member, unless he / she is removed by a majority vote of the Board	1-2 years
<a href="#">WMATA</a>	Election of a regionally-focused Chair by its members	1 year

Like the Board appointment process, the process for selecting Board Chairs varies significantly between agencies. Boards are responsible for electing their Chair at nine of the thirteen agencies we examined, although at two agencies, the election is conducted in accordance with a prescribed jurisdictional rotation. Until recently, a jurisdictional rotation has also been in effect at WMATA, although the agency has proposed bylaws that would put an end to this practice and allow members to elect a Chair without regard to jurisdiction of residence or representation.

At least three of the agencies we examined establish a Nominating Committee as part of their Chair election process.

Of the four agencies whose Boards do not select their Chairs, the responsibility falls to the Governor in three cases, and to the City Council in the other.

Chair term lengths are typically between 1 and 3 years. This is the case at nine of the thirteen agencies we examined, and it is also the case at WMATA. Of the remaining four agencies, one has a term length of 4 years, one has a term length of 6 years, and two allow their Chairs to serve indefinitely.



## **Research Report – Section 4**

### **Funding Needs**

## **Relevant Literature**

### *WMATA's Capital Funding Needs are Comparable to the Nation's Other Large Rail Transit Agencies*

The “Rail Modernization Study<sup>1</sup>” was conducted by the Federal Transit Administration in 2009 in response to a request by Congress. It quantifies the current and future capital funding needs of WMATA and the nation’s six other largest rail transit agencies. The main objective of the FTA study was to assess the level of capital investment needed to attain and maintain a State of Good Repair (SGR) for the nation’s seven largest rail transit agencies: WMATA, MBTA, CTA, MTA, NJ Transit, SEPTA, and BART.

The study began with an assessment of the agencies’ reinvestments needs based on the physical condition of their existing assets. More than one-third of their assets were in either marginal or poor condition. The study used the FTA Transit Economic Requirements Model (TEAM) to estimate the level of investment required to bring the assets up to SGR<sup>2</sup>. The TEAM estimates were corroborated using each agency’s own unconstrained needs estimates.

The study estimated that about \$50 billion was needed to address the backlog in 2008. Over twenty years, it was estimated that an annual investment of \$8.4 billion was needed to address normal replacement needs and attain SGR. Since the actual level of investment was \$5.4 billion in 2006, the study suggested that the investment backlog for the agencies was increasing, and that at current investment rates by 2028 more than 30 percent of all of their assets would exceed their useful lives.

Overall, based upon this recent FTA study, WMATA’s unfunded needs are in line with six of the largest transit agencies in the country, and it is identifying its unfunded capital needs in a manner similar to other large rail transit agencies. (The FTA study did not include funding authorized for WMATA under the Passenger Rail Investment and Improvement Act (PRIIA) of 2008, which is described in a later section.)

The FTA study also recommended that Congress and FTA consider modifying the fixed guideway fund formula to reflect the needs of larger, older systems. It suggested that a new temporary SGR investment fund be created to address backlog.

In his testimony to the U.S. Senate Committee on Banking, Housing, and Urban Affairs in May 2011, FTA Administrator Peter Rogoff called for a 6-year SGR program that would provide formula grants to improve the condition of existing capital assets, and to help achieve the goal of putting safety first.

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<sup>1</sup> Rail Modernization Study, FTA, April 2009

<sup>2</sup> An asset is in SGR when its physical condition is rated at or above the mid-point between adequate and marginal.

*WMATA's Response to the Impacts of the Economic Recession Has Not Been as Dramatic as Some Large Transit Agencies*

The “Impacts of the Recession on Public Transportation Agencies<sup>3</sup>” was conducted by the American Public Transportation Association (APTA). It provides insight into how WMATA’s responses to the recent economic downturn compare to other large transit bus and rail transit agencies. In March 2010, APTA conducted a survey of its member transit agencies to report on actions they have taken since January 2009 in response to the national economic downturn and on those actions anticipated in the near future. The survey found that larger transit agencies were more likely to have a decrease in local, regional, or state funding, or fare revenues than other transit agencies.

The large agencies reported that 54% cut peak period service, 31% reduced geographic coverage, 54% increased fares, 70% transferred capital funds to operations, and 54% used funding reserves. Since January 2009, WMATA has increased fares and reduced some bus services.

The large agencies also reported a number of internal actions to reduce their costs including: 54% had hiring freeze, 69% had a non-union salary freeze or reduction, 31% had a union salary freeze or reduction, 80% reduced positions, and 57% had layoffs. WMATA reported on its internal actions in the proposed FY 2012 budget that in the past three years that it “implemented \$165 million in business efficiencies through consolidations, ending non-essential programs, and automating certain functions.”

*Canadian Transit Systems' Unfunded Infrastructure Needs Have Grown Dramatically in the Past Decade*

According to the Canadian Urban Transit Association (CUTA), the capital requirements of the Canadian systems have grown by a factor of five over the last decade. A 2010 survey<sup>4</sup> of its members reported that for the next five year period, capital needs total \$54 billion, including \$13 billion (24 percent) to rehabilitate or renew infrastructure and \$41 billion (76 percent) to expand service to meet the growing mobility needs. It reported that \$36 billion can be met by existing funding programs, leaving a shortfall of \$18 billion (28 percent). The CUTA asked the federal government to consider a program of dedicated funding in concert with provincial and municipal governments to address this shortfall.

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<sup>3</sup> Impacts of the Recession on Public Transportation Agencies – Survey Results, the American Public Transportation Association (APTA), March 2010.

<sup>4</sup> Bridging the Gap: The Federal Role in Transit Investment, November, 2010, Canadian Urban Transit Association Issue Paper 38.

Canadian transit systems rely primarily on fares and municipal property taxes to fund operations. Capital funds have been provided primarily by provincial and municipal governments until 2005 when the federal government became more involved<sup>5</sup>. Direct federal transit capital funding was \$720 million in 2009, up from \$620 million in 2008, and \$0 in 2001. Most of the recent federal funding came through a collection of initiatives called the “Building Canada Plan,” which started in 2007 and will end in 2014. It provides \$33 billion to cities and towns for all types of infrastructure, including transit. About \$12 billion comes from the gas tax fund, which has been extended permanently beyond 2014. The fund produces \$2 billion per year, and several large cities including Vancouver, Edmonton and Toronto have dedicated their entire gas tax funds to transit investments.

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<sup>5</sup> Building Sustainable Mobility: Federal Transit Investments Across Canada, February 2011, Canadian Urban Transit Association Issue Paper 39.

## **Practices of Peer Agencies**

### *How Does WMATA Identify Its Funding Needs?*

Transit agencies have two types of funding needs. They have annual operating funding needs to operate their systems. In addition, they have longer-term funding needs to rehabilitate and preserve their existing infrastructure and to invest in new facilities to accommodate system growth and expansion. All of these needs usually are identified and addressed in a single budget document that is reviewed and approved each year.

WMATA identifies its funding needs from year to year through its annual budget. Beginning in September, management prepares a proposed budget, which includes an operating budget for the operation of Metrobus, Metrorail, and MetroAccess, and a capital budget to maintain its vehicle fleets and other assets and facilities. This budget is reviewed by the board, state and local funding partners, and the public between February and May. After the final budget is adjusted to include any necessary changes in proposed service and fare levels, levels of expenditures, and amounts of federal, state, and local subsidy funding committed, it is approved by the board in June.

The proposed FY 2012 budget published in January 2011 totals \$2.3 billion for the period July 2011 to June 2012. It includes \$1.5 billion for the personnel, supplies, fuel and propulsion power, and services needed to operate rail, bus and paratransit services. Funding for the operating budget comes primarily from passenger fares and subsidies from state and local partners. The approved final operating budget will be determined based upon final service levels, fares and final state and local subsidy commitments.

The annual budget proposes \$850 million in capital projects to maintain and improve the assets and infrastructure to support its three services. Funding for the capital budget comes from federal grants, WMATA's state and local government partners, and debt. The approved final capital budget will be determined based upon the final state and local capital funding levels committed.

### *Determining Operating Funding Needs*

Each year, management identifies any cost savings due to reductions in specific expenditures shown in the previous budget and prepares operating expenditure estimates by mode based upon personnel, fuel and other costs in prior years and assumptions regarding cost escalators and service level changes. It prepares operating revenue estimates based upon a number of assumptions that influence ridership by mode for passenger fares, as well as what influence other sources such as parking and advertising revenues. The difference between the proposed operating budget expenditures and proposed revenues is the operating subsidy.

The proposed FY 2012 operating budget expenditures total \$1.47 billion for the personnel, supplies, fuel and propulsion power, and services needed to operate rail, bus and paratransit services. The estimated operating revenues total \$807 million, and the

proposed gross operating subsidy is \$660 million<sup>6</sup>. This proposed subsidy has increased about 16 percent in three years from the 2009 level of \$567 million.

Table 4.1 on the following page from the proposed FY 2012 budget provides the total expenses, revenues and net operating subsidies for Metrobus, Metrorail, and MetroAccess. Of the total agency expenses bus, rail and MetroAccess services account for 36, 56, and 8 percent, respectively. Of the total revenues, bus, rail, and MetroAccess account for 17, 82 and 1 percent, respectively. Thus, of the total subsidy, bus accounts for 61 percent, rail 21 percent, and MetroAccess 18 percent, respectively.

WMATA's operating funding needs will be met for FY 2012 if its state and local funding partners commit to funding this subsidy. However, if the subsidy commitment is less than requested then this represents a funding shortfall or operating funding need.

For FY 2012, the proposed subsidy request is \$72 million more than the FY 2011 state and local subsidies. This shortfall can be met by convincing the state and local funding partners to increase their commitments, or identifying new sources of subsidy funds. For example, some of the subsidy funding in the capital budget could be used for operating subsidy. However, this will exacerbate the longer-term capital funding needs. Some of the agency funding reserves could also be used for operating subsidy.

An operating shortfall can also be met by increasing revenues by raising passenger fares or increasing other revenue sources such as advertizing or parking fees. If more subsidies or revenues are not identified then the proposed expenditures must be limited by reducing service levels and/or reducing some of the costs for providing services. In the final adopted budget, the annual expenditures are equal to the estimated operating revenues plus the operating subsidy.

#### *Determining Capital Funding Needs*

WMATA produces a capital improvement program that covers a multi-year period to identify the funds needed to maintain, rehabilitate, and expand its bus, rail and paratransit systems, including vehicle fleets, maintenance facilities, rail system track, passenger facilities and other physical assets.

In 2008, WMATA developed a 10-year Capital Needs Inventory (CNI) based upon each department identifying its capital needs accounting for life-cycle cost, current conditions, and future demand. The CNI includes \$11.4<sup>7</sup> billion for capital projects and covers fiscal years 2011 through 2020. It includes two major categories of needs: performance

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<sup>6</sup> The proposed net local subsidy requested from state and local partners turns out to be **\$693 million**. The net subsidy is \$33 million more because it includes the \$660 million plus debt service payments of \$48 million of FY 2010, audit adjustments of \$16 million less \$31 million federal capital funds for preventive maintenance.

<sup>7</sup> The estimated capital costs were formulated in September 2008.

projects (\$7.6 billion, 67% of total) and Customer/Demand projects (\$3.8 billion, 33% of total).

Table 4.1

<i>(Dollars in Thousands)</i>	OPERATING BUDGET REVENUES AND EXPENSES			
	Proposed Budget <u>FY2012</u>	<u>Metrobus</u>	<u>Metrorail</u>	<u>MetroAccess</u>
<b>REVENUES</b>				
Passenger	\$709,180	\$124,742	\$578,188	\$6,252
Other Passenger	\$7,000	\$2,868	\$4,134	\$0
Parking	\$47,842	\$0	\$47,842	\$0
Charter	\$0	\$0	\$0	\$0
Advertising	\$15,000	\$10,050	\$4,950	\$0
Joint Development	\$6,450	\$0	\$6,450	\$0
Other	\$6,279	\$1,830	\$4,449	\$0
Employee Parking	\$240	\$120	\$120	\$0
Interest	\$515	\$185	\$330	\$0
Fiber Optics	\$14,840	\$0	\$14,840	\$0
<b>Total Revenues</b>	<b>\$807,346</b>	<b>\$139,793</b>	<b>\$661,301</b>	<b>\$6,252</b>
<b>EXPENSES</b>				
Personnel	\$1,023,106	\$415,353	\$601,161	\$6,592
Services	\$201,555	\$31,875	\$58,124	\$111,558
Materials & Supplies	\$58,631	\$22,030	\$38,343	\$258
Fuel & Propulsion Power	\$98,881	\$37,360	\$61,521	\$0
Utilities	\$49,699	\$9,849	\$39,740	\$111
Casualty & Liability	\$28,542	\$12,419	\$15,854	\$289
Leases & Rentals	\$5,174	\$1,762	\$2,691	\$720
Miscellaneous	\$4,898	\$1,944	\$2,899	\$54
Reimbursements	(\$4,496)	(\$74)	(\$4,422)	\$0
<b>Total Expenses</b>	<b>\$1,465,989</b>	<b>\$532,517</b>	<b>\$813,911</b>	<b>\$119,561</b>
<b>GROSS SUBSIDY</b>	<b>\$658,644</b>	<b>\$392,724</b>	<b>\$152,611</b>	<b>\$113,309</b>
Less: Preventative Maint	(\$30,700)	(\$10,438)	(\$20,262)	\$0
<b>Net Operating Subsidy</b>	<b>\$627,944</b>	<b>\$382,286</b>	<b>\$132,349</b>	<b>\$113,309</b>
<b>Cost Recovery Ratio</b>	<b>55.07%</b>	<b>26.25%</b>	<b>81.25%</b>	<b>5.23%</b>

Performance projects maintain and replace assets on a life cycle basis in order to keep the system in a “State of Good Performance” to promote safety and reliability and preserve current levels of service. Customer/Demand projects help meet growing ridership and improve the rider’s experience. Capital needs are driven by a number of factors including the age and condition of the assets and the need to maintain system safety and reliability. The projects in the CNI were prioritized based upon Metro’s strategic framework of goals and objectives and presented to the board in October 2009.

In FY 2012, the prioritized 10-year CNI was used to develop the proposed 6-year Capital Improvement Program (FY2012-2017) of \$5.1 billion (an average of \$850 million a year) that may or may not be reduced when finalized due to fiscal constraints. In the annual proposed budget, management identifies sources of funds for the first year of the capital projects in the program. Management estimates the amounts of federal appropriations, the requested state and local commitments, and any bond debt necessary to fund the capital expenditures in that year.

The proposed FY 2012 budget level is \$851 million, about 47 percent of which is from federal appropriations, including \$150 million in PRIIA<sup>8</sup> funds. About 38 percent is from state and local funds necessary to match federal formula grant funds and the \$150 million, as well as \$107 million as agreed in the Capital Funding Agreement of June 2010, as well as about 15 percent from unspent funds from prior years. It is acknowledged in the proposed budget that the \$851 million capital budget, while substantial, meets only currently known safety and State of Good Repair needs, and does not meet other known capital needs including system expansion projects. In other words, it does not fund the \$3.8 billion in Customer/Demand projects that make up 33 percent of the funds in CNI that are necessary to meet the system’s growing ridership and improve the rider’s experience.

WMATA’s capital funding needs are met for that year if its total funding request can be met by a combination of state and local commitments, Federal appropriations, and long and short-term borrowing. However, if the federal appropriations or state and local commitments are less than requested then this represents a funding shortfall or capital funding need. If the federal appropriations levels change or if the state and local commitments are less than requested then the capital projects have to be scaled back or deferred until the following years, or debt funding has to be approved. In FY 2011, the initial budget request of \$839.7 million was trimmed down to \$709.3 million in the adopted budget and no new debt was assumed.

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<sup>8</sup> Passenger Rail Investment and Improvement Act of 2008 (PRIIA)



*In the Past, WMATA and Others have Projected Shortfalls in Its Capital and Operating Budgets*

For many years, WMATA has identified its capital needs for rehabilitation and replacement and has not been able to fully fund them. In 2001, GAO<sup>9</sup> reported that WMATA anticipated a shortfall of \$3.7 billion in the funding for its Infrastructure Renewal and System Access Programs over the 25-year period FY 2001 to 2025.

In 2004, WMATA developed a funding agreement between its state and local partners called “Metro Matters” to provide \$3.3 billion to help pay for its most pressing short-term capital investment priorities for FY 2005 to 2010. The funding totaled \$2.7 billion over 6 years or an average of \$450 million per year. Half of the funds were federal, 38 percent state and local, and about 12 percent debt.

In the January 2005 Report of the Metro Funding Panel<sup>10</sup>, WMATA provided forecasts of its operating and capital needs and expected revenues for the 11 year period for fiscal years 2005 to 2015. Overall for the years 2006 to 2015, the report concluded that WMATA will have operating and capital funding shortfalls totaling about \$2.4 billion, including a \$500 million shortfall in the operating budgets and a \$1.9 billion shortfall in the capital budgets. The report identified an average annual operating and capital funding shortfall of about \$296 million between 2008 and 2015 and used this as the amount needed to be sought through dedicated funding sources.

The report forecast operating needs for three components: Metrorail, Metrobus, and MetroAccess, WMATA's paratransit service. It showed the operating expenses of each of these services as 56%, 38%, and 6% of the 2005 annual budget respectively. By 2015 they were estimated to be 50%, 38%, and 12% of the total annual budget. The report estimated that the MetroAccess paratransit system would have a \$1.1 billion shortfall in its budgets for 2005 through 2015, or an annual shortfall of \$110 million.

The report noted it did not incorporate the MetroAccess funding needs in calculating the \$296 million funding shortfall and stated that these services, while important to the well being of regional residents are of a nature different from the basic WMATA mission, and funding for these services should be met through creative packaging of the social service, medical and other non-transportation resources that flow into the region.

Beginning in 2000 as part of the TPB's financial analysis for the 2000 Update to the Financially Constrained Long-Range Transportation Plan for the National Capital Region (CLRP), WMATA estimated a need for more than \$2 billion to accommodate ridership growth over the next 25 years. WMATA funding agencies could not identify sources for

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<sup>9</sup>See footnote 28 on Page 10 for 2001 references in February 2005 GAO report: Mass Transit Information on the Federal Role in Funding the Washington Metropolitan Area Transit Authority.

<sup>10</sup> Sponsored by MWCOG, Federal City Council and the GWBOT, January 2005.

these funds. In order to account for not meeting this funding need, the travel demand analysis for the plan constrained Metrorail trips into and through the core area, the most congested part of the system, after 2005. Transit work trips were forecast to increase by 18 percent in 2025 under this constraint, but would increase 36 percent without the constraint.

Since 2000, the financial analysis of the CLRP has identified a WMATA long-term capital funding need that could not be met, and each CLRP has had the core transit ridership constrained. In the financial analysis for the 2012 CLRP, a capital funding shortfall of about \$7.5 billion per year of expenditure dollars for the period 2021 to 2040 was identified and the transit constrain was applied after 2020. This latest funding shortfall results from the analysis assuming that PRIIA providing \$1.5 billion over ten years as well as the \$1.5 billion dedicated local match would not continue beyond 2020.

### Addressing WMATA's Lack of a Dedicated Revenue Source

In 2004, a Brookings Institution report<sup>11</sup> made a case for dedicated revenue sources for WMATA. The report argued that the lack of dedicated revenues make WMATA's funding more vulnerable and at risk each year as its state and local partners face their own fiscal challenges. The report called for the region to develop a dedicated source of revenue, and it evaluated the advantages and disadvantages of a menu of revenue options.

The 2005 Metro Funding Panel report called for the WMATA jurisdictions in District of Columbia, Maryland, and Virginia to create and implement a single regional dedicated revenue source to address WMATA's budget shortfalls. It stated that the most viable dedicated source that could be implemented on a regional basis is a sales tax. It recommended that the federal government should participate significantly in addressing the shortfalls, particularly for capital maintenance and enhancement. It also recommended that federal and regional authorities should consider alternate methods for funding the paratransit needs of the region.

In July 2005, Representative Tom Davis introduced a bill to authorize \$1.5 billion to WMATA over 10 years for financing the capital and preventive maintenance projects included in WMATA's Capital Improvement Program.

A May 2006 GAO report<sup>12</sup> reviewed the issues related to providing dedicated funding for WMATA. The report found that dedicated funding (such as sales or gas tax designated for transit use and not subject to appropriations) is an important source of revenue for almost all of the nation's transit agencies. Most agencies receive funding from multiple

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<sup>11</sup> Washington's Metro: Deficits by Design, Brookings Institution, June 2004

<sup>12</sup> Issues Related to Providing Dedicated Funding for the Washington Metropolitan Area Transit Authority, GAO, May 2006

sources and use it on both operations and capital expenses. The funding is usually subject to the same oversight as other sources and is viewed by transit agencies as having a positive effect on their financial health, particularly with regard to long-range planning. The report also identified the potential drawbacks of dedicated funding, including its vulnerability to state and local economic downturns, and that it limits the flexibility of state and local governments.

After considering and amending the Davis bill, Congress passed the Passenger Rail Investment and Improvement Act of 2008 (PRIIA) that authorizes up to \$1.5 billion in federal funds over ten years if matched by dedicated revenues from WMATA's funding partners. PRIIA funds have been appropriated and utilized with local match for the WMATA FY 2011 and FY2012 Capital Budgets. While this new dedicated funding is notable progress in addressing WMATA's capital needs, the funds are not guaranteed in that they are subject to annual Congressional appropriation.

### *A Review of Peer Agencies' Funding Needs and Budgeting Processes*

The recent operating and capital budgets<sup>13</sup> as well as other financial planning documents of the thirteen peer agencies were obtained from their web sites or in some cases by contacting staff at an agency. A review of the budget and financial planning documents for the peer agencies provides a general understanding of the agencies' current operating and capital funding needs, and revealed some differences from WMATA's budget and financial planning process.

- The review of the documents indicated that the agencies in the United States and Canada have similar operating and capital budgeting processes that occur annually. The exception is SFMTA which has a two-year budget cycle.
- All of the agencies have recently faced operating and capital funding shortfalls due the economic downturn. The systems in Los Angeles, San Francisco, Chicago, Atlanta, Philadelphia, New Jersey, New York and Boston have some levels of dedicated state and local revenue sources such as sales taxes that have dropped significantly causing major pressures on their operating and capital budgets. In most cases, passenger revenues have also dropped. Similar pressures have affected the Canadian systems.
- The recent budget documents for CTA, MBTA, BART, and SEPTA identify unfunded capital needs that are significant and growing. CTA in FY 2011 reported \$6.8 billion unfunded needs in its CIP. MBTA in FY 2010 faced a \$160 million budget deficit, a \$2.7 billion maintenance backlog, and a debt load of 8

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<sup>13</sup>The budget documents are complex and most are very detailed and hundreds of pages in length.

billion<sup>14</sup>. BART reported \$7.5 billion shortfall over the next 25 years. SEPTA reported \$4 billion in unfunded capital needs.

- The SEPTA budget document is the only one that contains 5-year projections of operating revenues, expenses and anticipated subsidy levels by jurisdiction. The projections from FY 2012 indicate that by 2017 the accumulated operating deficit will be over \$700 million. The budget document contains very informative graphs of past revenue, expenditure and subsidy trends.
- In March 2009, SEPTA produced its Five-Year Strategic Business Plan which describes its vision, mission statement, strategic objectives and performance metrics for 2020-2014. The macro-level plan is to guide its management decision-making, service planning, and financial planning. It addresses the funding picture, but concludes: “With the current Federal, State and local grant funds and innovative financing tools, such as bond financing and PPP’s, projected inflows from traditional resources, SEPTA will not be able to meet the system’s capital investment needs.”

#### What Are MetroAccess Funding Needs?

As required under the Americans with Disabilities Act (ADA) of 1990, WMATA provides MetroAccess paratransit service for persons who are unable to independently use fixed-route services. In FY 2012, it is estimated to serve about 2.5 million passenger trips per year with a total operating budget of \$120 million and a subsidy cost of \$113 million. As pointed out earlier in the proposed FY 2012 budget, MetroAccess services will account for 8 percent of WMATA’s total expenses, only 1 percent of total revenues, and 18 percent of total net operating subsidies. Rail will account for 21 percent of total net subsidies. Since 2009, over a three-year period, ridership is projected to grow by almost 20 percent and the subsidy cost by over 40 percent. MetroAccess ridership and its funding needs are projected to continue to grow in the future.

The financial analysis for the 2010 CLRP projected Metrobus, Metrorail and MetroAccess subsidies in year of expenditure dollars for the period 2021 to 2040. These projections showed that while Metrorail subsidies are expected to escalate at a modest rate, Metrobus and especially MetroAccess subsidies will increase more rapidly. For example, over the last ten years (2031-2040) WMATA’s total operating subsidy is expected to be about \$18 billion with \$9.5 billion (53 percent) for bus, \$3.5 billion (19 percent) for rail, and \$5 billion (28 percent) for MetroAccess.

A number of factors influence the demand for paratransit service, including the demographic characteristics and geographic distribution of the users, the extent of fixed-route services, and the availability of attractive alternative services for persons with disabilities provided by governmental and non-profit providers. The current MetroAccess

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<sup>14</sup> Born Broke: How the MBTA found itself with too much debt, the corrosive effects of this debt, and a comparison of the T’s deficit to its peers, The MBTA Advisory Board, April 2009.

demand and subsidy levels vary considerably by jurisdiction. About 65 percent of the proposed FY 2012 total subsidy is allocated to Prince George's and Montgomery Counties in Maryland, about 20 percent to the District, and 15 percent to the Virginia jurisdictions.

#### *How Does MetroAccess Compare to the Peer Agency Paratransit Services?*

To provide a context for assessing MetroAccess, the consulting firm of Nelson Nygaard was contracted to produce a report<sup>15</sup> with a high-level review of WMATA and eleven of the peer agency paratransit services. The report examines how their services are operated, area characteristics, and performance data for FY 2005 to 2009 such as operating expenses and performance indicators such as subsidy cost per trip and trips per hour.

#### Service Characteristics

- **Agencies:** To a large extent, ADA-eligible paratransit services are administered by transit agencies but direct operations are provided through subcontractors. Some agencies work together to administer these services in the same region, such as in Los Angeles, where LA Metro, L.A. DOT and L.A. municipalities contract ADA paratransit services to Access Paratransit. Likewise, AC Transit and BART, major transit operators for the San Francisco Bay Area, formed the East Bay Paratransit Consortium to cover their joint service area in Alameda and Contra Costa Counties.
- **Service area:** The service area of the peers varies considerably with some peers providing service primarily to a city (San Francisco, New York, and Toronto) and others providing service to an entire region (Boston, New Jersey, and Chicago). In the case of NJ Transit, service is provided in different locations throughout the state.
- **Service area population:** The service area population ranges from less than 1 million in the case of San Francisco to 17 million in New Jersey. The service area population for Washington, D.C. is less than the peer average and is similar to that of Philadelphia, Toronto, and Boston.
- **Service area (square miles):** San Francisco has the smallest service area (49 square miles) and Boston (3,244) and New Jersey (3,353) the largest. Washington, D.C. (692) is lower than the peer average of 1,074 square miles.
- **Population density:** The most dense service area is New York (24,948 people/square mile), followed by Los Angeles (18,552) and San Francisco (17,256), and Boston has the least dense service area (1,390). Washington, D.C. (4,794) is closest to New Jersey (5,309) and Chicago (5,117) in terms of population density.
- **Eligible trips:** According to 2009 data, New York had the highest number of ADA/eligible trips (5.9 million) and Atlanta had the lowest (479,493). Washington, D.C. (2.1 million) is close to the peer average (1.8 million) and is

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<sup>15</sup> WMATA Paratransit Peer Review, Nelson/Nygaard Consulting Associates, Inc., May 2011.

most similar to Boston (1.9 million), Toronto (2.5 million), and Chicago (2.7 million).

- Eligible trips per capita: San Francisco and Toronto had the highest ADA/eligible trips per capita and Los Angeles and New Jersey had the lowest. Washington, D.C. ranked close to the average and was most similar to Chicago, Boston, and the S.F. Bay Area.

### Agency Profiles

- Exceeding ADA standards: Among the U.S. peers, there is a mix of those that provide paratransit service that exceeds ADA standards and those that do not. For example, some agencies adhere tightly to the  $\frac{3}{4}$  mile rule while others are more lenient with their service policies.
- Fare: Many peers offer a flat fare for ADA/eligible trips and some offer a zonal system, which charges customers based on their trip distance. Many of the agencies reported that they make an effort to keep fares low in order to keep service affordable to customers. For this reason, most of the U.S. peers are not charging the full amount allowable under the ADA (twice of the fixed-route fare).
- Fare change: Most agencies have increased their fares within the last three years, and they often raise paratransit fares at the same time as fixed-route service.
- Contracted functions: All of the peers contract a significant portion of operational functions to a contracted provider. Most agencies handle administrative functions, such as contract oversight, customer service, and eligibility in house.
- Vehicle owner: Among the peers, most agencies own their own vehicles and lease them to contracted providers. In Chicago, Pace contracts with providers that own the vehicles; however, the agency's long-term plan is to acquire its own fleet, which it will lease to the providers.
- Taxi services: The majority of the peers (with the exception of New Jersey) utilize taxi services to some extent, although most range from 1-3% of total trips. San Francisco is unusual in that it utilizes taxi companies to a much larger extent (55% of trips). This approach helps the agency reduce costs as the taxi companies can provide trips more cost effectively in such a small service area.

### Operating Data

- Ridership: There is a wide range among the peer agencies in the amount of service provided and consumed, and in the expense of operating paratransit service. AC Transit/BART in the San Francisco East Bay and MARTA serve fewer than one million trips annually while MTA serves nearly 6 million trips. WMATA serves 2.1 million, similar to agencies in Philadelphia, Boston, and Toronto.
- Non-ADA Eligible Trips: Several agencies, including San Francisco, NJ Transit and SEPTA, provide trips for non-ADA-eligible clients. Such trips comprise a significant portion (78%) of NJ Transit paratransit ridership.

- **Vehicle Operations Expenses:** Vehicle operations comprise between about 60-80% of paratransit operating expenses for most agencies. NJ Transit is an outlier, with a much higher share of administrative expenses. WMATA's vehicle operating expenses comprise 66% of its total operating expenses, at the peer average.
- **Other Operating Expenses:** WMATA's vehicle maintenance expenses (6%) are below the peer average of 11%, while general administration expenses (28%) are greater than the peer average of 21%.

#### Performance Indicators and Trends

- **Cost efficiency:** The cost per hour of revenue service ranges from about \$50 per revenue hour to about \$80 per revenue hour (2009) for most of the peers. The cost per mile ranges from nearly \$3 to nearly \$8. Per-hour and per-mile costs have increased gradually for most peers, but two peers (NJ Transit and MARTA) have achieved reductions in these cost indicators over the past three years. WMATA's cost efficiency is above average—lower cost per hour and cost per mile than the peer average. In particular, its cost per revenue hour is the lowest among the peer group.
- **Productivity:** The amount of trips delivered per hour of service also varies widely, with the peers providing between one to 3.5 trips per revenue service hour (2009). TTC had the most productive service, though also by far the most costly service on a per-hour and per-mile basis, yielding a slightly below average cost per trip. WMATA's productivity is among the lowest of the agencies, and may relate to a longer average length per trip (revenue miles per trip) compared to the peer group.
- **Cost Effectiveness:** The cost of providing a trip varies widely, ranging from about \$17 to \$75 with an average cost of about \$35 per trip in 2009. Passenger revenues covered between \$0.50 and \$3.50 of the cost per trip, with an average of nearly \$2.00. AC Transit/BART and SEPTA receive the highest revenues per trip, while NJ Transit receives the lowest. WMATA's cost per trip is above average and the third highest among the peer group, slightly lower than AC Transit/BART and slightly higher than Chicago.
- **Overall Performance:** WMATA's cost efficiency is above average while its productivity is below average. The resulting cost per trip is at the high end of the peer group, but in the same range as a number of the peers.

## **Peer Agency Acronyms and Abbreviations**

**BART** - Bay Area Rapid Transit (San Francisco)

**CTA** - Chicago Transit Authority (Chicago)

**LA Metro** - Los Angeles County Metropolitan Transportation Authority (Los Angeles)

**MARTA** - Metropolitan Atlanta Rapid Transit Authority (Atlanta)

**MBTA** - Massachusetts Bay Transportation Authority (Boston)

**MTA** – Metropolitan Transportation Authority (New York)

**NJ Transit** – New Jersey Transit (New Jersey)

**Port Authority** – Port Authority of New York and New Jersey (New York and New Jersey)

**SEPTA** - Southeastern Pennsylvania Transportation Authority (Philadelphia)

**SFMTA** - San Francisco Municipal Transportation Agency (San Francisco)

**STM** - Société de Transport de Montréal (Montreal)

**TransLink** - South Coast British Columbia Transportation Authority (Vancouver)

**TTC** – Toronto Transit Commission (Toronto)