

ITEM 12 - Information

May 18, 2011

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

Staff

Recommendation: Receive briefing on the draft research report, which is based upon reviews of the relevant literature and the practices of peer transit agencies.

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 will assist a WMATA Governance Work Group (GWG) created by the two Governors and the Mayor.

National Capital Region Transportation Planning Board

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MEMORANDUM

Date: May 12, 2011

To: National Capital Region
Transportation Planning Board

From: Ronald F. Kirby
Director of Transportation Planning

Re: Draft Research Report for the WMATA Governance Work Group

TPB staff have prepared a first draft research report in response to a request by the WMATA Governance Work Group (GWG) created by the Governors of Maryland and Virginia and the Mayor of the District of Columbia. The report is organized by four distinct topics:

- Roles and Responsibilities of Board and Chair, and Board's Focus on High-Level Policy and Capacity to Act as a Regional Body
- Public Input Processes in Board Decision-Making
- The Appointment of Board Members
- Funding Needs

Attached are brief summaries of the research conducted to date on each of the four topics. The research was based on relevant literature and the practice of thirteen peer agencies (listing attached). The Board will be briefed on these research summaries and on more detailed supporting research at its May 18 meeting.

Attachments

Peer Agencies Key

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 (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)

Research Summary: 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.

Six of the thirteen peer agencies we examined have formally developed roles or responsibilities for their Board, and seven have done so for their Chair. Three of the thirteen agencies have developed roles or responsibilities for both their Board and Chair. Until recently, WMATA has done so for neither, although the agency has proposed bylaws that detail the responsibilities of the Board and Chair.

There are certain commonalities across the peer agencies between the roles and responsibilities of the Board and Chair. The clearest example of this is an explicit requirement for the Chair to preside at Board meetings. However, 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 all of the agencies we have examined are summarized in detail in the ‘practices of peer agencies’ section of this research.

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Research Summary: Public Input Processes in Board Decision-Making

Transit rider representatives on Boards, 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.

Two of the thirteen peer agencies we examined have at least one transit rider representative on their Boards (STM – Montreal, MTA – New York). More than half of them have at least one standing citizen advisory committee. WMATA does not have a transit rider representative on its Board. It does have a citizen advisory committee, the RAC.

Public comment

The RAC recommended that 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 four 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 limited to speak only once every three months—or four times a year—at WMATA Board meetings.

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 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). Less than half of the peer agencies link to public hearings/public input pages from their home page. 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.

Research Summary: 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.

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; members may serve indefinitely according to the discretion of the authority that appoints them.

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 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

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.

Research Summary: Funding Needs

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. All of the agencies have recently faced significant operating and/or capital funding shortfalls due to the economic downturn. The systems in Los Angeles, San Francisco, Chicago, Atlanta, Philadelphia, New Jersey, New York and Boston, which have dedicated state and local revenue sources such as sales or gas taxes that have dropped significantly, have faced major pressures on their operating and capital budgets. In most cases, passenger revenues have also dropped. Similar pressures have affected the Canadian systems.

The WMATA Capital Needs Inventory (CNI) prioritizes \$11.4 billion for projects for ten years. It includes two categories of needs: performance projects (\$7.6 billion, 67% of total) to keep the system in a "State of Good Performance", and Customer/Demand projects (\$3.8 billion, 33% of total) to meet growing ridership and improve the rider's experience.

For FY 2012, the CNI was used to develop WMATA's proposed 6-year Capital Improvement Program of \$5.1 billion that includes a first year funding level of \$851 million, with about 47 percent from federal appropriations, including \$150 million in PRIIA funds. This funding level meets only current safety and state-of-good-repair needs, and does not fund system expansion projects necessary for ridership growth. In other words, it does not begin to fund the \$3.8 billion in Customer/Demand projects that make up 33 percent of the funds in CNI.

A review of recent budget documents for the agencies in Chicago, Boston, San Francisco, and Philadelphia shows 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.

WMATA funding shortfalls have been identified in the past decade

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. The 2005 Report of the Metro Funding Panel concluded that WMATA would have operating and capital funding shortfalls totaling about \$2.4 billion through 2015, and identified \$296 million per year as the amount to be sought through dedicated funding sources. In 2008, Congress passed the Passenger Rail Investment and Improvement Act (PRIIA) that authorizes up to \$1.5 billion in federal funds over ten years if matched with \$1.5 billion in dedicated revenues from WMATA's funding partners.

Since 2000, the TPB's financial analyses of the Financially Constrained Long-Range Transportation Plan for the National Capital Region (CLRP) have identified a long-term capital funding need that WMATA funding agencies could not meet. To account for this funding shortfall, the travel demand analysis for the plan constrained Metrorail trips into and through the core area, the most congested part of the system. In the 2010 financial analysis, a capital funding shortfall of \$7.5 billion in year of expenditure dollars for the period 2021 to 2040 was identified

and the transit constraint was applied after 2020. This shortfall results from the assumption in the analysis that PRIIA funding as well as the dedicated local match would not continue beyond 2020.

Relevant Literature

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. At current investment rates, the study forecast in twenty years more than 30 percent of all of the assets would exceed their useful lives.

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.

MetroAccess funding needs

WMATA provides MetroAccess paratransit service for persons who are unable to independently use fixed-route services. In FY 2012, it 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.