



BOARD OF DIRECTORS

Wednesday, January 10, 2024
12:00 P.M. - 2:00 P.M.
Walter A. Scheiber Board Room

AGENDA

Virtual participation upon request; Public livestream on website

- 12:00 P.M.** **1. CALL TO ORDER**
Kate Stewart, 2023 COG Board Chair
- 12:05 P.M.** **2. ELECTION OF 2024 COG BOARD OFFICERS**
Kate Stewart, 2023 COG Board Chair

The board will consider approval of the 2024 COG Board officers.
Recommended Action: Adopt Resolution R1-2024.
- 12:10 P.M.** **3. ELECTION OF 2024 POLICY & ADMINISTRATIVE COMMITTEE LEADERSHIP**
Charles Allen, 2024 COG Board Chair

The board will vote on the proposed policy and administrative committee leadership, in addition to the Virginia General Assembly COG Board Member.
Recommended Action: Adopt Resolutions R2-2024.
- 12:15 P.M.** **4. CHAIR'S REPORT**
Charles Allen, 2024 COG Board Chair

A) 2024 COG Board Meeting Dates
B) 2024 COG Boards and Policy Committees Meeting Dates
C) New Board Members
- 12:20 P.M.** **5. EXECUTIVE DIRECTOR'S REPORT**
Clark Mercer, COG Executive Director
- 6. AMENDMENTS TO THE AGENDA**
Charles Allen, 2024 COG Board Chair
- 12:25 P.M.** **7. APPROVAL OF THE MINUTES FROM NOVEMBER 8, 2023**
Charles Allen, 2024 COG Board Chair

Recommended Action: Approve minutes.

8. ADOPTION OF CONSENT AGENDA ITEMS

Charles Allen, 2024 COG Board Chair

- A. Resolution R3-2024 – Resolution authorizing COG to procure and enter into a contact to purchase Police Mutual Aid Radio System (PMARS) equipment
- B. Resolution R4-2024 – Resolution authorizing COG to procure and enter into a contract to repurchase a LeadsOnline Power Plus subscription
- C. Resolution R5-2024 – Resolution authorizing COG to procure and enter into a contract to purchase equipment and services for conventional transceivers and astro standalone repeaters

Recommended Action: Adopt Resolutions R3-2024 – Resolution R5-2024.

12:30 P.M.

9. FY2023 AUDITED FINANCIAL STATEMENTS

Emmett Jordan, COG Audit Committee Chair

The auditor presented the FY-2023 audit report to the Audit Committee, issuing an unmodified or “clean” opinion of COG’s financial statements. The Audit Committee reviewed the audit report and recommends approval.

Recommended Action: Receive briefing and adopt Resolution R6-2024.

12:35 P.M.

10. 2024 LEGISLATIVE PRIORITIES

Charles Allen, 2024 COG Board Chair

Monica Beyrouiti Nuñez, COG Government Relations Manager

The board will be briefed on the draft 2024 legislative priorities for transportation, environment, housing, health and human services, and public safety and food security proposed by the COG Legislative Committee.

Recommended Action: Receive briefing and adopt Resolution R7-2024.

1:00 P.M.

11. CHIEF ADMINISTRATIVE OFFICERS WORKGROUP ON WMATA COST STRUCTURE – INTERIM REPORT

Charles Allen, 2024 COG Board Chair

Kate Stewart, 2023 COG Board Chair

Clark Mercer, COG Executive Director

The board will be briefed on and discuss the recommendations in the CAO Workgroup on WMATA Cost Structure Interim Report released in December 2023.

Recommended Action: Receive briefing and discuss.

1:40 P.M.

12. EXECUTIVE SESSION

Charles Allen, 2024 COG Board Chair

Closed meeting of Board Members only for discussion of a personnel matter.

Recommended Action: Receive briefing and adopt Resolution R8-2024.

1:55 P.M.

13. OTHER BUSINESS

2:00 P.M.

14. ADJOURN

The next meeting is scheduled to take place in-person on Wednesday, February 14, 2024.

AGENDA ITEM #2

ELECTION OF 2024 COG BOARD OFFICERS

Resolution R1-2024
January 10, 2024

**METROPOLITAN WASHINGTON COUNCIL OF GOVERNMENTS
777 NORTH CAPITOL STREET, NE
WASHINGTON, DC 20002**

RESOLUTION ELECTING THE 2024 COG BOARD EXECUTIVE COMMITTEE

WHEREAS, the Metropolitan Washington Council of Governments (COG) is comprised of the 24 jurisdictions of the metropolitan Washington region's local governments and their governing officials, plus area members of the Maryland and Virginia legislatures and the U.S. Senate and House of Representatives, and COG provides a focus for action on issues of regional concern; and

WHEREAS, the COG By-laws state that the board shall annually elect a chair and one or two vice-chairs at the first meeting following the annual meeting of the general membership; and

WHEREAS, the 2024 Nominating Committee recommends approval of the proposed slate of COG Board officers for 2024: Chair Charles Allen, Vice Chair Rodney Lusk, and Vice Chair Reuben Collins.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE METROPOLITAN WASHINGTON COUNCIL OF GOVERNMENTS THAT:

The board elects the proposed slate of COG Board Officers to serve as the Executive Committee to the COG Board of Directors in 2024.

AGENDA ITEM #3

ELECTION OF 2024 POLICY & ADMINISTRATIVE COMMITTEE LEADERSHIP

**METROPOLITAN WASHINGTON COUNCIL OF GOVERNMENTS
PROPOSED 2024 POLICY AND ADMINISTRATIVE COMMITTEE APPOINTMENTS**

NAME	JURISDICTION	POSITION
COG Board Policy Committees		
Natali Fani-Gonzalez	Montgomery County	Chair, Chesapeake Bay and Water Resources
Jolene Ivey	Prince George's County	Chair, Climate, Energy, and Environment
Jon Stehle	City of Fairfax	Chair, Food & Agriculture Regional Member
Rodney Lusk	Fairfax County	Chair, Human Services
Takis Karantonis	Arlington County	Chair, Region Forward Coalition
Budget and Finance Committee		
Charles Allen	District of Columbia	COG Board Chair
Rodney Lusk	Fairfax County	COG Board Vice Chair
Reuben Collins	Charles County	COG Board Vice Chair
Christina Henderson	District of Columbia	TPB Chair
Kenny Boddye	Prince William County	MWAQC Chair
Robert White	District of Columbia	COG President
Wala Blegay	Prince George's County	COG Vice President
Catherine Read	City of Fairfax	COG Vice President
Michael O'Connor	City of Frederick	COG Secretary-Treasurer
Audit Committee		
Emmett Jordan	City of Greenbelt	COG Board Member
Brian Feldman	State of Maryland	COG Board Member
Darryl Moore	City of Manassas Park	COG Board Member
Employee Compensation and Benefits Review Committee		
Charles Allen	District of Columbia	COG Board Chair
Rodney Lusk	Fairfax County	COG Board Vice Chair
Reuben Collins	Charles County	COG Board Vice Chair
Robert White	District of Columbia	COG President
Michael O'Connor	City of Frederick	COG Secretary-Treasurer
Phil Mendelson	District of Columbia	Past COG Board Chair
Pension Plan Administrative Committee		
Clark Mercer, Chair	COG	COG Executive Director
Timothy Canan	COG	Employee Representative
Robert Griffiths	COG	Annuitant Employee Representative
Denise Mitchell	City of College Park	COG Board Member
Julie Mussog	COG	COG CFO
Michael O'Connor	City of Frederick	COG Secretary-Treasurer
Imelda Roberts	COG	COG OHRM
Phong Trieu	COG	Employee Representative
COG Board Members –State General Assembly Appointments		
Mark Sickles	Delegate, Virginia General Assembly	COG Board Member

**METROPOLITAN WASHINGTON COUNCIL OF GOVERNMENTS
777 NORTH CAPITOL STREET, NE
WASHINGTON, DC 20002**

**RESOLUTION APPROVING THE 2024 COG BOARD POLICY AND ADMINISTRATIVE COMMITTEE
LEADERSHIP**

WHEREAS, the Metropolitan Washington Council of Governments (COG) is comprised of the 24 jurisdictions of the metropolitan Washington region's local governments and their governing officials, plus area members of the Maryland and Virginia legislatures and the U.S. Senate and House of Representatives, and COG provides a focus for action on issues of regional concern; and

WHEREAS, the COG Board of Directors approves the leadership for the individual policy committees, and the administrative committees, and various other positions that report to the Board of Directors; and

WHEREAS, the COG Board is being asked to approve the attached proposed slate to serve in 2024.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE METROPOLITAN WASHINGTON COUNCIL OF GOVERNMENTS THAT:

The board approves the attached proposed slate of individuals to serve as the 2024 policy committee leadership and administrative committee membership on the following committees:

Chesapeake Bay and Water Resources Policy Committee
Climate, Energy, and Environment Policy Committee
Food and Agriculture Regional Member Policy Committee
Human Services Policy Committee
Region Forward Coalition
Audit Committee
Budget and Finance Committee
Employee Compensation and Benefits Review Committee
Pension Plan Administrative Committee
Virginia General Assembly COG Board Members

AGENDA ITEM #4

CHAIR'S REPORT

COG Board of Directors 2024 Meeting Dates

The COG Board meets the second Wednesday of the month from 12:00 – 2:00 P.M.

- January 10 (in-person)
- February 14 (in-person)
- March 13 (virtual)
- April 10 (in-person)
- May 8 (virtual)
- June 12 (in-person)
- July 19-20 – COG Leadership Retreat (in-person in Cambridge, MD)
- August – No meeting
- September 11 (in-person)
- October 9 (virtual)
- November 13 (in-person)
- December 11 – COG Membership & Awards Meeting (in-person)

In-person COG Board Meeting Location
777 N. Capitol Street NE, Suite 300
Washington, DC 20002

Dates and location subject to change at the direction of the COG Board Executive Committee.

**METROPOLITAN WASHINGTON COUNCIL OF GOVERNMENTS
2024 SCHEDULE OF BOARDS AND POLICY COMMITTEE MEETINGS**

COMMITTEES	Start Time	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC
COG BOARD	12:00 PM	10	14	13	10	8	12	19-20 Annual Retreat	No meeting	11	9	13	11 Annual Meeting
TPB	12:00 PM	17	21	20	17	15	20	17	No meeting	18	16	20	18
MWAQC	12:00 PM		28			22				25			4
FARM	10:00AM		9		12		14		9		11		13
CEEPC	10:00 AM	24		27		22		24		25		20	
CBPC	10:00 AM	19		15		17		19		20		15	
RFC	10:00 AM	26			26			26			25		
HSPC	12:00 PM	12		15		10		12		13		15	

Draft as of 1.05.23 - Meeting dates are subject to change.

AGENDA ITEM #5

EXECUTIVE DIRECTOR'S REPORT



MEMORANDUM

TO: COG Board of Directors
FROM: Clark Mercer, COG Executive Director
SUBJECT: Executive Director's Report – January 2024
DATE: January 3, 2024

POLICY BOARD & COMMITTEE UPDATES

National Capital Region Transportation Planning Board (TPB) – During the November board meeting, the TPB reviewed draft highway and transit safety targets, and received updates on the Enhanced Mobility Grant Program solicitation, as well as the Visualize 2050 National Capital Region Transportation Plan. At the December meeting, the TPB approved the safety targets as well as \$10.2 million in Enhanced Mobility grants to fund transportation services supporting people with disabilities and older adults. Additionally, the board received status updates related to the TPB Visualize planning process from the Maryland Department of Transportation on its express lanes project and from WMATA.

Metropolitan Washington Air Quality Committee (MWAQC) - In December, MWAQC received briefings from local members and state air agencies on activities in their respective jurisdictions. Members were briefed by the Loudoun Climate Project and the District Department of Energy and Environment to discuss two initiatives that use air quality sensors and mobile monitoring to gather air quality data at the neighborhood level. Lastly, COG staff provided an update on efforts to address equity and environmental justice in air quality planning.

Chesapeake Bay and Water Resources Policy Committee (CBPC) – In November, CBPC members were briefed on regional stormwater fees, taxes, and trends over time as well as resources available on the Protect Local Waterways website. COG staff are reviewing the EPA's draft Lead and Copper Rule Improvements, which is out for public comment until early February.

Climate, Energy, and Environment Policy Committee (CEEPC) – In November, CEEPC was briefed on the State of the Climate in 2023, with a focus on understanding anticipated climate change impacts. Prince William County presented information on the County's Community Energy and Sustainability



New "About COG" Video

COG Board Chair Kate Stewart was joined by board members Charles Allen, Rodney Lusk, Phyllis Randall, and Reuben Collins as well as Clark Mercer in a new video highlighting COG's value to the region.

[Watch the video](#)

Master Plan (CESMP). Members also discussed the EPA Climate Pollution Reduction Grant (CPRG). COG has received \$1 million in non-competitive grants through the CPRG Program to prepare plans for the Metropolitan Statistical Area (MSA) to be eligible for up to \$4.6 billion in new funding.

Food and Agriculture Regional Member Policy Committee (FARM) – In December, the committee received briefings on the Farm Bill discussing critical pieces of legislation related to the food system, the environment, and the health and nutrition of communities across the nation. The members reviewed past legislative priorities and engaged in a facilitated discussion to identify 2024 preliminary legislative priorities.

OUTREACH & PROGRAM HIGHLIGHTS

Transportation Planning – The TPB hosted the Vibrant Communities & Safer Roads [webinar](#) on November 2 featuring recent Transportation Land-Use Connections and Regional Roadway Safety Program projects. The webinar had 140 registrants.

Community Planning and Services – COG Executive Director Clark Mercer and DCPS staff participated in a call with Maryland Secretary of Housing and Community Development Jacob Day and his staff on November 21 to learn about possible areas of collaboration. As a follow-up, COG Community Planning and Services Director Paul DesJardin participated in the November 28 Maryland Interagency Council on Homelessness Meeting in Baltimore hosted by Secretary Day and Danielle Meister, Director, Office of Community Services Programs at Maryland DHCD.

Air and Climate Public Advisory Committee (ACPAC) – COG is recruiting residents in the metropolitan Washington region with interest, knowledge, and expertise in air, climate, and environmental justice to serve on the Air and Climate Public Advisory Committee (ACPAC). The recruitment campaign is conducted from December 1, 2023 through January 15, 2024.

Public Safety – In November, COG Department of Homeland Security and Public Safety (DHSPS) facilitated five conference calls regarding First Amendment activity planning to support regional operational coordination and situational awareness for the COG Police Chiefs, Emergency Managers, Fire Chiefs, and Chief Administrative Officers/Homeland Security Executive Committee. In December, a third cohort completed the NCR Public Safety Training Seminar, a three-part course hosted by COG DHSPS to enhance leadership and professional development skills for public safety, health, IT, emergency management, and homeland security disciplines. [Applications are currently open](#) for the



Planning for Equitable Development

On November 3, COG, in partnership with Race Forward’s Government Alliance on Race & Equity (GARE), hosted Planning for Equitable Development, an event that brought together 80 local government racial equity officers, planning directors, and housing department directors.

[Read the news highlight](#)

two sessions in 2024. In addition, COG DHSPS, in collaboration with U.S. Department of Energy, hosted a tabletop exercise on energy disruption events in the NCR for the Chief Administrative Officers Committee.

Housing – COG Housing Manager Hilary Chapman presented on November 21 to the Northern Virginia Aging Network on the results of the 2023 homeless enumeration and highlighted the issue of older adults experiencing homelessness.

MEDIA HIGHLIGHTS

Metro – COG Chief Administrative Officers Workgroup on WMATA Cost Structure report was highlighted in stories by the Washington Business Journal and WTOP.

[Washington Business Journal](#) – quotes COG Executive Director Clark Mercer, Workgroup Chair Jim Parajon

[WTOP](#) – quotes COG Executive Director Clark Mercer

Solar Energy Goals – COG Board of Directors adoption of new solar energy goals was covered by the Washington Post, WUSA 9, Virginia Mercury, and PV Magazine.

[Washington Post](#) – quotes COG Climate, Energy, and Air Program Director Jeff King

[Virginia Mercury](#) – quotes COG Climate, Energy, and Air Program Director Jeff King



Podcast: Strengthening food security for a more resilient region

In the latest episode of COG's podcast, Think Regionally, host Robert McCartney discusses strategies to combat hunger in our region with FARM Policy Committee Chair and City of Fairfax Councilmember Jon Stehle, D.C. Hunger Solutions Director LaMonika Jones, and Montgomery County Office of Food Systems Resilience Director Heather Bruskin.

[Listen to the episode/read the transcript.](#)

AGENDA ITEM #6

AMENDMENTS TO THE AGENDA

AGENDA ITEM #7

APPROVAL OF THE MINUTES

**METROPOLITAN WASHINGTON COUNCIL OF GOVERNMENTS
777 North Capitol Street, NE
Washington, D.C. 20002**

**MINUTES
COG Board of Directors Meeting
November 8, 2023**

BOARD MEMBERS AND ALTERNATES: See attached chart for attendance.

SPEAKERS:

Radha Muthiah, Capital Area Food Bank President and CEO
Sabrina Tadele, Capital Area Food Bank Senior Director of Strategic Initiatives
Jon Stehle, COG Food and Agriculture Regional Member Policy Committee Chair
Takis Karantonis, COG Climate, Energy, and Environment Policy Committee Chair
Triina Van, COG Homeless Services Committee Chair and Arlington County Homeless Services Coordinator
Hilary Chapman, COG Housing Program Manager

1. CALL TO ORDER AND PLEDGE OF ALLEGIANCE

COG Board Chair Kate Stewart called the meeting to order at 12:00 P.M. and led the Pledge of Allegiance.

2. CHAIR'S REPORT

A. COG Annual Membership Meeting – December 13

3. EXECUTIVE DIRECTOR'S REPORT

COG Executive Director Clark Mercer briefed the board on the following:

- Fiscal Year 2024 Year End Report
- Update on the work of the COG CAO WMATA Cost Structure Work Group, and the Metro Funding Strategy Workgroup. The CAO Work Group will publish an interim report in December.
- On October 25, COG hosted a reception that brought together members of our board and policy committees alongside the region's four U.S. Senators – Ben Cardin and Chris Van Hollen from Maryland and Tim Kaine and Mark Warner from Virginia.
- On October 25, COG was pleased to launch the fall Street Smart regional pedestrian and bicyclist safety campaign. Area elected officials and public safety and transportation leaders gathered in Fairfax County for the kickoff.
- On November 3, we hosted a Planning for Equitable Development event, where we convened two COG committees – our planning directors and chief equity officers – along with our partners at the Government Alliance for Race and Equity to learn about incorporating equity into comprehensive plans.
- This month, COG is taking time to remember our former Transportation Planning Director Ron Kirby as we mark 10 years since his unexpected passing.

4. AMENDMENTS TO AGENDA

There were no amendments to the agenda.

5. APPROVAL OF MINUTES

The minutes from the October 11, 2023 board meeting were approved. Loudoun County Supervisor Juli E. Briskman abstained from voting.

6. ADOPTION OF CONSENT AGENDA ITEMS

A. Resolution R35-2023 – Resolution authorizing COG to procure and enter into a contract to manage a military installation implementation effort for the Department of Defense Installation Resilience Program

Action: The board adopted Resolution R35-2023.

7. FOOD INSECURITY IN THE NATIONAL CAPITAL REGION

The board was briefed on the Capital Area Food Bank Hunger Report 2023 by Capital Area Food Bank President and CEO Radha Muthiah and Capital Area Food Bank Senior Director of Strategic Initiatives Sabrina Tadele. The report detailed surprising new data about insecurity and inequity across our region. Following the presentation, COG Food and Agriculture Regional Member Policy Committee Chair Jon Stehle discussed how the COG Food and Agriculture Regional Member Policy Committee is working to address food insecurity in the region.

Action: Received briefing.

8. ACCELERATING THE DEPLOYMENT OF SOLAR ENERGY TO MEET REGIONAL CLIMATE GOALS

The board was briefed by COG Climate, Energy, and Environment Policy Committee Chair Takis Karantonis on recommendations from the Climate, Energy, and Environment Policy Committee to set regional goals related to accelerating the deployment of solar energy to help the region transition more rapidly to clean energy sources and meet the regional climate goals.

Action: Received briefing and adopted Resolution R36-2023.

9. REGIONAL COLLABORATION TO PREVENT AND END THE EXPERIENCE OF HOMELESSNESS

The board was briefed by COG Homeless Services Committee Chair Triina Van and COG Housing Program Manager Hilary Chapman on recent development in the COG Homeless Services Committee's efforts to deepen and improve cross-jurisdictional collaboration, including final recommendations from the racial equity systems analysis and a partnership with national nonprofit Community Solutions.

Action: Received briefing.

10. OTHER BUSINESS

There was no other business.

11. ADJORN

The meeting was adjourned at 2:00 P.M. The COG Board does not meet in December. The COG Annual Membership Meeting is scheduled for Wednesday, December 13th from 11:30 a.m. – 2:00 P.M.

AGENDA ITEM #8

ADOPTION OF CONSENT AGENDA ITEMS

ADOPTION OF CONSENT AGENDA ITEMS
January 2024

RESOLUTION AUTHORIZING COG TO PROCURE AND ENTER INTO A CONTRACT TO PURCHASE POLICE MUTUAL AID RADIO SYSTEM EQUIPMENT

The board will be asked to adopt Resolution 3-2024 authorizing the Executive Director, or his designee, to receive and expend \$63,000 for the purchase of a Police Mutual Aid Radio System (PMARS) equipment to replace the existing infrastructure in the region. As the Secretariat for the Urban Area Security Initiative for the National Capital Region, COG has been requested by the District of Columbia Homeland Security and Emergency Management Agency to procure a contractor(s) and enter into a contract to purchase and install new PMARS equipment that supports the NCR mutual aid resources and response capabilities. Funding for this effort will be provided through a subgrant from the State Administrative Agent (SAA) for the National Capital Region. No COG matching funds are required.

RECOMMENDED ACTION: Adopt Resolution R3-2024.

RESOLUTION AUTHORIZING COG TO PROCURE AND ENTER INTO A CONTRACT TO REPURCHASE A LEADSONLINE POWER PLUS SUBSCRIPTION

The board will be asked to adopt Resolution 4-2024 authorizing the Executive Director, or his designee, to receive and expend \$797,370 for the purchase of a LeadsOnline Power Plus subscription to sustain the National Capital Region (NCR) and Maryland (MD) Regional Automated Property Identification Database (RAPID) Program. As the Secretariat for the Urban Area Security Initiative for the National Capital Region, COG has been requested by the District of Columbia Homeland Security and Emergency Management Agency to procure a contractor(s) and enter into a contract to repurchase a one-year subscription for the LeadsOnline Power Plus package to run the newly combined NCR and MD RAPID program. Funding for this effort will be provided through a subgrant from the State Administrative Agent (SAA) for the National Capital Region. No COG matching funds are required.

RECOMMENDED ACTION: Adopt Resolution R4-2024.

RESOLUTION AUTHORIZING COG TO PROCURE AND ENTER INTO A CONTRACT TO PURCHASE EQUIPMENT AND SERVICES FOR CONVENTIONAL TRANSCEIVERS AND ASTRO STANDALONE REPEATERS

The board will be asked to adopt Resolution 5-2024 authorizing the Executive Director, or his designee, to receive and expend \$2,103,780 for the purchase of equipment and services required to implement six conventional public safety transceivers and accompanying Motorola Astro Standalone Repeaters (ASR) at designated sites in the region. As the Secretariat for the Urban Area Security Initiative for the National Capital Region, COG has been requested by the District of Columbia Homeland Security and Emergency Management Agency to procure a contractor(s) and enter into a contract to design, purchase, and install conventional transceivers and ASRs at three designated sites in Washington, D.C. and Arlington, Virginia. The NCR Radio Interoperability Project will expand regional first responder

radio coverage and interoperability throughout the NCR, while also adding redundancy to the existing radio systems. Funding for this effort will be provided through a subgrant from the State Administrative Agent (SAA) for the National Capital Region. No COG matching funds are required.

RECOMMENDED ACTION: Adopt Resolution R5-2024.

AGENDA ITEM #9

FY2023 AUDITED FINANCIAL STATEMENTS

**[Click here to view
audit documents](#)**

Resolution R6-2024
January 10, 2024

METROPOLITAN WASHINGTON COUNCIL OF GOVERNMENTS
777 NORTH Capitol Street, N.E.
Washington, D.C. 20002-4239

**RESOLUTION ACCEPTING THE FY-2023 AUDIT, AUTHORIZING THE EXTENSION OF THE
INDEPENDENT AUDIT FIRM'S CONTRACT TO PERFORM THE FY-2024 AUDIT**

WHEREAS, in accordance with COG's procedures and in compliance with requirements established by the Federal Government for recipients of grants and other financial assistance programs, COG engages an independent certified public accounting firm to conduct an annual fiscal year-end audit; and

WHEREAS, the Audit Committee recommends acceptance of the FY-2023 audit report and unqualified opinion prepared by the independent audit firm CLA, LLP; and

WHEREAS, based on the annual performance assessment, the Audit Committee recommends extension of the audit firm's contract for the FY-2024 audit.

**NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE
METROPOLITAN WASHINGTON COUNCIL OF GOVERNMENTS THAT:**

1. The Board hereby accepts the FY-2023 Audit prepared by CLA, LLP, as presented by the Audit Committee.
2. The Executive Director, or his designee, at the direction of the Audit Committee, is hereby authorized to engage CLA, LLP to conduct the annual fiscal year-end audit for FY-2024 and prepare the annual Form 990 not-for-profit tax return, at a cost not to exceed \$85,000.

AGENDA ITEM #10

2024 LEGISLATIVE PRIORITIES

COG Guidelines for Legislative and Regulatory Advocacy

(Adopted by the COG Board of Directors on January 9, 2019)

Development of Legislative Priorities

The Metropolitan Washington Council of Governments (COG) has recognized the need to continue and strengthen its relationship with state and federal officials. Each year the COG Board appoints a Legislative Committee made up of representatives of each of the COG boards and policy committees. The Legislative Committee works with COG staff to develop a set of legislative priorities for the upcoming year and legislative sessions. The legislative priorities include issues of legislative importance that the COG jurisdictions want to advocate for on behalf of the region. The Legislative Committee puts forth recommended priorities that are adopted by the full COG Board. These priorities are then used as the official legislative, regulatory, and policy positions of COG for advocacy and educational efforts at the local, state, and federal level.

Guidelines for Legislative and Regulatory Advocacy

Once adopted by the COG Board, the Legislative Priorities represent the official position of the Council of Governments and are used to communicate our priorities by all COG boards and committees. The following advocacy guidelines should be followed with any related actions and communications by COG.

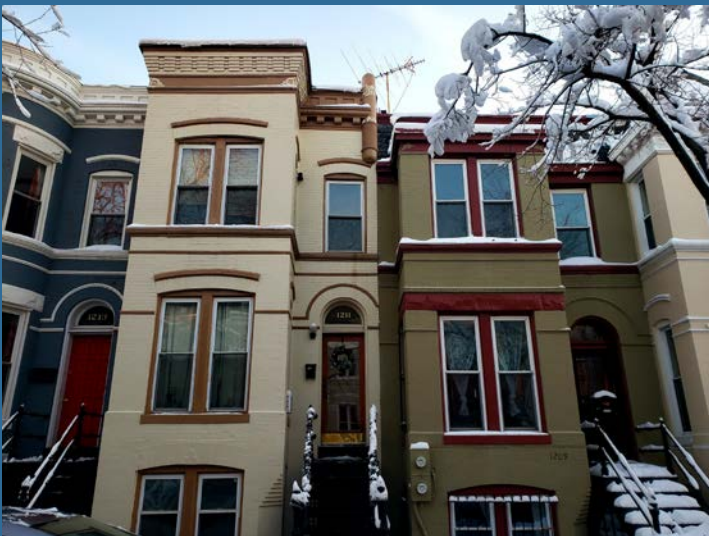
- 1. Advocacy Positions Approved in the Legislative Priorities:** The Legislative Priorities adopted annually by the COG Board serve as the official positions of COG including all boards and committees. Subject to being consistent with COG's role as a non-profit, any position approved in the Legislative Priorities document has approval to be advocated on by individual committees and COG staff throughout the year. This includes verbal advocacy, written communications, and electronic communications on related bills, actions and policies. Official positions from the COG Board should be signed by the Board Chair. Official positions approved in the Legislative Priorities can also be used by individual committees and boards and can be signed by the corresponding committee or board chair.
- 2. Advocacy Positions Not Approved in the Legislative Priorities:** Occasionally advocacy issues or interests emerge that are not included in the annual Legislative Priorities. Any advocacy efforts on behalf of the COG Board of Directors, boards or policy committees that are not previously approved in the legislative priorities must receive individual approval from the COG Board. This includes verbal advocacy, written communications, and electronic communications on related bills, actions and policies. Therefore, if any member or policy committee requests that COG take a position on a specific issue, it must first be approved by the COG Board. Time sensitive issues can be approved by the COG Board Executive Committee. If the advocacy is in the form of a written communication the Board Chair may decide whether to sign it or designate authority to the appropriate policy committee chair.

Any legislative or regulatory advocacy must be shared with and approved by the Executive Office prior to distribution/action. The Executive Office will work with the Office of Communications as needed to ensure COG message and format consistency, and proper documentation for archiving.

LEGISLATIVE PRIORITIES

Supporting the region's transportation funding, housing, water quality, climate resiliency, air quality, human services, public health preparedness, homeland security, food security, infrastructure investment and incorporating local government input and equity considerations across all sectors

January 2024 DRAFT



Metropolitan Washington
Council of Governments

LEGISLATIVE PRIORITIES

Adopted by the COG Board of Directors on **January 10, 2024**

ABOUT COG

The Metropolitan Washington Council of Governments (COG) is an independent, nonprofit association that brings area leaders together to address major regional issues in the District of Columbia, suburban Maryland, and Northern Virginia. COG's membership is comprised of 300 elected officials from 24 local governments, the Maryland and Virginia state legislatures, and U.S. Congress.

CREDITS

COG 2024 Legislative Committee

Editor: Monica Beyrouti Nunez

Photo Credits: Fire Truck (Flickr); Potomac River (Chesapeake Bay Program/Flickr); Housing (BeyondDC/Flickr); Bike Lane (BeyondDC/Flickr)

ACCOMMODATIONS POLICY

Alternative formats of this document are available upon request. Visit www.mwcog.org/accommodations or call (202) 962-3300 or (202) 962-3213 (TDD).

TITLE VI NONDISCRIMINATION POLICY

The Metropolitan Washington Council of Governments (COG) operates its programs without regard to race, color, and national origin and fully complies with Title VI of the Civil Rights Act of 1964 and related statutes and regulations prohibiting discrimination in all programs and activities. For more information, to file a Title VI related complaint, or to obtain information in another language, visit www.mwcog.org/nondiscrimination or call (202) 962-3300.

El Consejo de Gobiernos del Área Metropolitana de Washington (COG) opera sus programas sin tener en cuenta la raza, el color, y el origen nacional y cumple con el Título VI de la Ley de Derechos Civiles de 1964 y los estatutos y reglamentos relacionados que prohíben la discriminación en todos los programas y actividades. Para más información, presentar una queja relacionada con el Título VI, u obtener información en otro idioma, visite www.mwcog.org/nondiscrimination o llame al (202) 962-3300.

TRANSPORTATION FUNDING, PLANNING, AND CONNECTIVITY

Support Re-setting Levels of Subsidy Payments to Metro

Subsidy payments from WMATA members should be reset to account for the impacts of the COVID-19 pandemic on operating costs and should serve as the baseline subsidy for future calculations. With no explicit authorization from Maryland and Virginia to reset the subsidy levels, the reduced subsidy levels from FY2021 have become the base amount for applying the annual three percent increase. As a consequence of this WMATA estimates the operating subsidy for FY 2025 would be lower than what it would have been by about \$196 million. Additionally historic levels of inflation, binding labor agreements related to the increase in labor costs during this period have created an additional deficit of about \$266M. The result is that WMATA's base budget reflects where the system was several years ago. As such WMATA funding partners must take legislative action to authorize WMATA to reset the operating subsidy baseline to account for the impacts of the COVID-19 pandemic on operating costs. WMATA funding partners should be prepared to provide the additional subsidy amounts resulting from the re-set subsidy levels. Given the existing shared funding responsibilities in Virginia, the state should play a large role in contributing to the adjusted levels of subsidy payments.

Support Federal Funding for the Region's Metro System

The Metro system is the centerpiece of the metropolitan Washington transportation system and forms the backbone of its economy. Almost half of all federal employees use the Metrorail and bus system to commute to work. The federal government should act to permanently provide a larger share of both operating and capital funding for the Metro system, which its employees and the region depend on. Specifically, support making the Passenger Rail Investment and Improvement Act (PRIIA) funding permanent to fund the federal government's annual appropriations for Metro's capital improvement budget and designating additional federal funds to support Metro's operations serving the federal workforce and the nation's capital.

Support Fixing the Deficit in the Federal Highway Trust Fund

For more than two decades the federal Highway Trust Fund (HTF) revenue has been insufficient to fund the congressionally authorized surface transportation program. These shortfalls have been closed with transfers from general fund and other short-term measures, including in the recent reauthorization for federal transportation spending through the Infrastructure Investment and Jobs Act (IIJA), also known as the Bipartisan Infrastructure Law (BIL). The Congressional Budget Office projects that the balance in both the highway and transit accounts of the Highway Trust Fund will be exhausted in 2028. Support addressing this structural deficit and systemic imbalance of the HTF revenues as a top priority to provide certainty of federal funding for the surface transportation program and ensure that any fix to the HTF revenue structure retains all the programs included in the 2021 IIJA and fully funds them at levels authorized or previously envisioned.

Support Funding for Next Generation Transportation Systems

The need for a more efficient and safer means of surface transportation is imperative to help achieve the nation's safety, energy-efficiency, and environmental goals. Automated and autonomous vehicles and clean fuel vehicles including electric and hydrogen fuel vehicles, are critical elements of delivering safe, efficient, and environmentally sustainable mobility. The private sector has made significant investments to advance deployment of vehicles using alternative modes of energy and

technology. Significant public sector investments are needed to prepare transportation infrastructure to facilitate the operations of these advanced technology vehicles to realize the energy, environment, and safety benefits they offer. Support and expand the continuation of federal funding for building electric vehicles and other advanced technology infrastructure, beyond the term of the Infrastructure Investment and Jobs Act.

Support Roadway and Pedestrian Safety

Safety on our roadways and for our pedestrians and bicyclists constitutes a longstanding and unfortunately worsening challenge for our region, especially the recent tragic increase in pedestrian deaths. Increased support for the “E’s” of safety is needed: engineering, education, enforcement, emergency medical services, and equity, in accordance with the Federal Highway Administration’s “Safe System Approach”. Additional resources, innovative practices and technology, and enhanced safety laws are needed to combat this crisis. Specific initiatives should include improving the ability to hold drivers accountable for their actions across state lines; more effective traffic enforcement and penalties; and consideration of the safety of people outside of vehicles in vehicle designs, standards, and ratings. Vision Zero-supportive laws and practices across the country and around the world have shown success in reducing fatalities and should be emulated and adopted here.

Support the Visualize 2045 Long-Range Transportation Plan

The region has identified a set of strategies to improve mobility and accessibility while also improving regional air quality and reducing greenhouse gases. These strategies include reducing single-occupant vehicular travel; increasing transit ridership and ridesharing; substantially improving roadway safety; bringing jobs and housing closer together; increasing travel by walking and bicycling; and deploying a network of public-access electric vehicle charging infrastructure. Support actions at the local, state, and federal level to fund projects and programs and to enact policies that help realize the TPB’s goals and strategies.

Support Equitable Transportation Access and Mobility Solutions

The region continues to strive to better understand the nature of transportation inequities through its analyses in areas such as Equity Emphasis Areas (EEAs) or disadvantaged communities identified under the federal Justice40 initiative. As part of the preceding priority to support the Visualize 2045 Long-Range Transportation Plan, particular support is needed for those solutions that address disparities in disadvantaged communities throughout the region.

Support the Repeal of Current Participation Limitations on WMATA Board of Directors Alternates

Support the repeal of VA Code § 33.2-1526.1(L) which currently results in a reduction of funding if WMATA Alternate Directors participate in board or committee meetings when directors are present. After amendment of this statute, support the amendment of WMATA Bylaws Article II.11 and Article III.3.a, and otherwise as necessary, to allow Alternate Directors to participate in all board and committee meetings irrespective of the presence of the alternate’s respective Director. The current limitation on Alternate Directors restricts their ability to access the necessary information and knowledge to effectively serve in their roles as WMATA Board Alternate Directors.

CLIMATE RESILIENCY & AIR QUALITY PROTECTION

Support Policies to Meet the Region's Climate Goals

Expand funding, programs, and legislation at federal, state, and local levels to help meet the region's medium- and long-term objectives in climate change mitigation. Ensure that local governments are recognized and given opportunities to provide timely and meaningful input on climate and clean energy programs.

Support Multi-Sector Actions to Reduce Greenhouse gases

The region and its member jurisdictions are committed to addressing the adverse impacts of climate change including reducing the amount of harmful greenhouse gases (GHG) released in the atmosphere. Support actions across all sectors to help meet the region's 2030 climate and energy goals. Support federal engagement and continued funding to monitor the impacts of climate investment programs and GHG performance measures.

Ensure Sustainable Secure Energy Access for All

Advocate for state and federal actions to enhance access to secure, affordable clean energy. Prioritize and protect funding for energy-sector infrastructure to improve affordability, resilience and reliability. Support policies, funding, and incentives for energy efficiency improvements such as microgrids, district energy systems, and clean energy storage technology. Prioritize funding for upgrading energy infrastructure to withstand extreme weather events and to protect investments in grid technologies that improve energy efficiency and management. Emphasize the need for deployment and workforce development in low-income, energy-burdened, and vulnerable communities to ensure a just and equitable climate future for all.

Support Aggressive State Renewable Portfolio Standards

State Renewable Portfolio Standards (RPS) are the most successful method of increasing the amount of renewable electricity generated within a grid system and drives greater deployment of renewable energy projects. Protect existing and advocate for more aggressive state RPS and the innovative policies and programs, business models, and funding opportunities that support meeting the RPS, such as supporting a strong REC market, solar carve-outs in RPS policies, offshore wind, Community Choice Aggregation, and community solar opportunities for energy-burdened households.

Expand Clean Energy Innovation, Technology and Finance

Encourage and support investment in energy innovation across sectors to increase energy efficiency and transition to clean energy sources. Expand options for and improve access to clean energy finance at the state and local levels such as green banks. Advocate for further investment in and deployment of capital through green banks. Foster cost effective and efficient market frameworks, reasonable regulatory frameworks, business model innovation incentives and partnerships that expand the adoption of energy efficient and zero energy building codes, building benchmarking, clean energy technologies and infrastructure, and zero-emission vehicles.

Support Aggressive Energy Efficiency Goals

Encourage and support state, county, and local energy efficiency programs to reduce energy usage, costs, and associated greenhouse gas emissions. Advocate for aggressive initiatives to target households with high energy burdens. Prioritize weatherization, deep energy retrofits, and retro-

commissioning programs to achieve the highest possible energy performance and preferably zero energy buildings within Equity Emphasis Areas and climate vulnerable communities of concern.

Enhance Incentives and Financing Mechanisms for Resilient Infrastructure

Support legislation, incentives, financing, and funding mechanisms to support deployment of grey and green infrastructure resilient to extreme heat, flooding, and other climate hazards. Priority resilient infrastructure initiatives include the establishment of resilience hubs in climate vulnerable communities, improve the resilience of critical infrastructure (transportation, communication, energy and water system assets), equitably address urban heat island, enhance green infrastructure networks, provide for tree planting and preservation on privately owned lands, and implement measures to reduce flood risk in climate vulnerable communities. Support measures to reduce flood risk in climate vulnerable communities, such as restoring wetlands and enhancing green infrastructure augment and improve stormwater management.

Support Policies that Preserve and Protect Regional Air Quality and Public Health

Support strong policies, regulations, and funding necessary to preserve improvements in air quality and strengthen the region's ability to meet current and future air quality standards that are protective of public health and welfare. Incorporate an environmental justice and racial equity lens into policies, programs, and initiatives. Support local member efforts to identify and implement initiatives to reduce air pollution. Support regulatory actions to monitor and reduce air pollution transport into the region.

WATER QUALITY PROTECTION

Support Investments in Water Infrastructure & Water Quality Protection

Support appropriating the full authorized funding levels for water, wastewater, stormwater, and water reuse programs, including the Clean Water and Drinking Water SRFs, the EPA's Chesapeake Bay Program, the Water Infrastructure Finance and Innovation Act (WIFIA), Water Resources and Development Act (WRDA) and for state programs including grants for local governments and water utilities, and stormwater local assistance funds. Keep state revolving funds (SRFs) at maximum authorization in federal law. Ensure that funding for congressionally directed spending projects is in addition to the authorized SRF funding levels. Ensure that local water infrastructure investments to meet water quality permit load allocations and handle future population and economic growth are protected. Invest in workforce training and development to ensure the availability of skilled workers to fill water sector jobs. Support funding for agricultural conservation programs.

Support Climate and Resiliency Initiatives

Support funding and policy to address robust scientific climate change analysis, adaptation and resiliency planning and coordinated local best practices for flood control, drought, and water storage and reuse. Support drinking water security and resiliency through research, planning, programs and funding to ensure a resilient, reliable, and clean drinking water supply for the region.

Ensure Regulatory Feasibility & Flexibility

Support actions that provide for flexible implementation and a feasible pace for future stormwater, water, and wastewater permits and other regulatory requirements, including reasonable reporting requirements. Support cost-effective scheduling and financing of water quality programs including streamlining permits, flexibility to achieve nutrient and sediment reduction across wastewater, stormwater, and other sectors to protect affordability of water.

Ensure Local Government Input

Ensure that local governments and wastewater and drinking water utilities are given opportunities to provide timely and meaningful input on legislation and management decisions affecting the Chesapeake Bay and local water quality.

HOUSING AND ECONOMIC RESOURCES

Support Efforts to Equitably Increase the Supply of Housing and Promote Housing Affordability

Support legislation and programs (such as the 2023 provisions of the Affordable Housing Credit Improvement Act and Neighborhood Homes Investment Act) to preserve and increase the supply of housing and housing choices to address the full spectrum of need in our region. Ensure that a sufficient supply of housing is preserved and produced as outlined in COG's 2030 Regional Housing Initiative targets including a diverse range of housing unit types, sizes and price points that are affordable for our residents in the region's identified Activity Centers and Equity Emphasis Areas. Support efforts to eliminate barriers to the production of fair and affordable housing by encouraging new financing tools, streamlining development processes, and creating innovative regulatory reforms, such as adaptive re-use of commercial space, that results in the production of a greater variety of housing types and eliminate exclusionary zoning practices. Support legislation, policies, and practices that increase access to opportunity, reverse segregation, and create inclusive communities in concert with efforts to increase supply overall.

Support Efforts to Prevent and End the Experience of Homelessness

Work with federal, state, and local Continuums of Care throughout the region to ensure that the experience of homelessness is rare, brief, and nonrecurring through implementation of a racial equity - informed "Housing First" approach. Support increasing the supply of deeply affordable and supportive housing with wrap-around services that promote housing stability and independent living, including strategies listed above. Voice the need for additional HUD funding for Housing Choice Vouchers to meet the need for permanent housing options as well as robust state and federal resources for local governments to provide necessary supports, such as case management, housing counseling, and navigator services to protect vulnerable residents. Support legislation such as the Housing Alignment and Coordination of Critical and Effective Supportive Health Services Act (ACCESS) to align housing and health care resources and clarify how federal funds can be used by homeless services providers to build their infrastructure to bill Medicaid for reimbursement. Support funding for financial rental assistance and legal aid to tenants, landlords, and moderate-income homeowners to prevent a significant increase in evictions and people experiencing homelessness.

Support Alignment of Workforce Development and Job Creation

Support federal legislation to focus on workforce development and job creation at the local level, and efforts to develop industry standard credentialing and skills programs for sectors experiencing job growth in the region. Support legislation and programs that fund local job development, career and technical education, and overall, more closely align education and job creation.

Support Local Governments and Activity Centers

Work with local governments to support sound land use planning which focuses on employer retention and new job growth in the region's mixed-use Activity Centers.

FOOD SECURITY & HEALTHY FOOD ACCESS

Strengthen Programs that Support Childhood Nutrition and Well-Being

Use federal, state, and local legislative efforts to make access to school meals free for all students. Extend, expand, and simplify programs such as Summer EBT and the Summer Supplemental Nutritional Assistance Program (SNAP). Enhance and expand the Women Infants and Children (WIC) Program. Support other policies which reduce childhood poverty and food insecurity, including local, state, and federal Child Tax Credits. Strengthen farm-to-school programs and investments to connect the region's farmers with schools and childcare facilities. Support policies to provide healthier food and drink options on restaurants' children menus.

Improve Food Security and Healthy Food Access

Support federal, state and local initiatives and investments to increase food and flexible cash assistance to residents in need, including children and their families, college students, adults, and seniors. Increase participation in federal benefit programs, streamline program administration and support and evaluate innovative initiatives to serve residents not eligible for federal programs. Make permanent funding increases to SNAP to address food inflation and participants' nutritional needs, including reauthorization of the Farm Bill. Support revenue generation policies to fund supplemental benefits for SNAP recipients at the local and state level, including leveraging tax policies such as an extreme wealth tax. Support the on-going modernization of SNAP to include increasing information security for SNAP participants and decreasing the incidence of SNAP outages. Create a means to replace funds for participants experiencing fraud or theft. Enhance SNAP acceptance among small and or local vendors through technology innovation and dissemination. Support policies and investments that address disparities in wealth and rates of food insecurity in people of color, including Black and Hispanic/Latino households. Increase investments in programs that improve access to local and regional healthy food, including access on college campuses, at food banks and pantries, farmers markets and CSAs, food hubs, grocery, and in food as medicine programs. Recognize the hunting and fishing rights of indigenous people.

Support Small Farmers and Food System Resilience

Address issues such as Heirs Property which contributes to land loss among low-income people. Support local government efforts to increase farmland preservation, protect agricultural soils, and support programs that facilitate land transition to the next generation of small farmers. Center the unique experiences of Black, Indigenous, and People of Color (BIPOC) in legislative proposals, and policy and program development to facilitate greater access to land ownership, capital, and markets. Support resources and policies that promote values-based group purchasing and institutional procurement initiatives from the region's farms. Invest in regional food system infrastructure and capacity to increase resilience.

Support Local Food Entrepreneurs, Businesses, and Workforce Development

Strengthen programs that support entrepreneurialism, cooperative development, workforce development, and living wages in the regional food economy. Invest in local business development and ownership and target those investments to help address long-standing food system inequities

faced by communities of color. Create career pipelines for food and agriculture workers and improve the health and safety of work environments.

HEALTH & HUMAN SERVICES

Support Efforts to Combat Substance Use Disorders

Work with local, state, and federal partners to increase resources to combat substance use disorders for all ages throughout the region which may include improving access to treatment and recovery services, promoting prevention education, reducing the stigma of drug disorders, supporting research on pain management, and ensuring awareness of overdose-reversing drugs.

Increase Availability of and Access to Mental Health Services

Work with local, state, and federal partners to increase access to and availability of mental health services throughout the region to include psychiatric hospital beds, counseling, telehealth, and other outpatient services; support culturally competent providers from diverse backgrounds; develop communication strategies to combat mental health stigma and promote mental wellness throughout communities; continued expansion of crisis intervention, mental health courts, and diversion programs, where treatment is indicated rather than incarceration, especially for at-risk youth; and re-entry programs to reduce recidivism rates of mental health consumers.

HOMELAND SECURITY AND PUBLIC SAFETY

Public Health Response

Support funding for public health to prevent, prepare for, and respond to public health emergencies and pandemics, such as the COVID-19 crisis. Leverage new and existing funding mechanisms that would provide resources to carry out public health surveillance, reporting, infection control, vaccine distribution, laboratory testing, mass care, planning and exercises, communications and other public health activities. Invest in an adequate workforce capacity and capability to support public health infrastructure. Enact and support the development of more secure supply chain networks, with a focus on vulnerable populations, as it relates to personal protective equipment (PPE) and other life safety equipment used in the response of pandemics.

Support Cybersecurity Preparedness Initiatives

Support cybersecurity programs and initiatives that advance and improve cyber preparedness and response to current and emerging threats. Work with local and state partners to develop resiliency against future cybersecurity attacks and other virtual threats targeted at our citizens and the information technology infrastructure of our communities.

Support Regional Emergency Preparedness

Continue to support emergency response preparedness programs that advance and improve response preparedness to existing and emerging threats. Work with local and state partners to maximize the region's share of federal grant funds and use these funds to promote value added outcomes that continue to increase capacity, capability, and developed standards for regional response in the National Capital Region.

Urban Area Security Initiative (UASI) Funding

The National Capital Region (NCR) receives UASI funding for efforts to address the multi-discipline planning, organization, equipment, training, and exercise needs of high-threat, high-density urban areas, and to assist in building and sustaining capabilities to prevent, protect against, mitigate, respond to, and recover from threats or acts of terrorism using the whole community approach. As funding allocations are assessed, policy makers should recognize the complexity of challenges in the NCR that directly impact Federal government operations and security and support an increase in UASI funding to our region to effectively address the unique nexus of U.S. Federal, state, local, and international operations.

Support Resources for Violent Crime Reduction

Provide resources at the local, state and federal level to support the development, implementation and evaluation of strategies to prevent, intervene in, and respond to violent crime. Continue to provide Department of Justice grant funding to support violent crime reduction efforts at the local level.

STAFF CONTACT INFORMATION

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Resolution R7-2024
January 10, 2024

**METROPOLITAN WASHINGTON COUNCIL OF GOVERNMENTS
777 NORTH CAPITOL STREET, NE
WASHINGTON, DC 20002**

RESOLUTION ADOPTING THE COG 2024 LEGISLATIVE PRIORITIES

WHEREAS, the Metropolitan Washington Council of Governments (COG) is comprised of the 24 jurisdictions of the National Capital Region's local governments and their governing officials, plus area members of the Maryland and Virginia legislatures and the U.S. Senate and House of Representatives, and COG provides a focus for action on issues of regional concern; and

WHEREAS, the draft 2024 Legislative Priorities have been reviewed by the individual policy committees and the 2024 Legislative Committee; and

WHEREAS, the COG Board has received and reviewed the draft 2024 Legislative Priorities; and

WHEREAS, the draft 2024 Legislative Priorities addresses the main issues the COG Board of Directors wants to communicate to state and federal officials as important concerns during the upcoming legislative session; and

WHEREAS, in order to communicate the annual priorities in a consistent manner staff developed Guidelines for Legislative and Regulatory Advocacy to ensure that all advocacy efforts are under the direction of the COG Board of Directors.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE METROPOLITAN WASHINGTON COUNCIL OF GOVERNMENTS THAT:

The board adopts the 2024 Legislative Priorities and directs its Executive Director, or his designee, to distribute the priorities to the appropriate state and federal officials representing areas of the COG member jurisdictions.

AGENDA ITEM #11

CHIEF ADMINISTRATIVE OFFICERS WORKGROUP ON WMATA COST STRUCTURE - INTERIM REPORT



MEMORANDUM

TO: COG Metro Funding Strategy Group
FROM: Clark Mercer, COG Executive Director
SUBJECT: Chief Administrative Officers Workgroup on WMATA Cost Structure – Interim Report
DATE: December 19, 2023

Since the COG Leadership Retreat this July, area officials have been coordinating on a path forward on Metro. Attached you will find a product of that work— an interim report from our Chief Administrative Officers Workgroup on WMATA Cost Structure. This workgroup is comprised of a dynamic group of leaders from the District of Columbia, Maryland, and Virginia, and we are grateful for their hard work.

In the last few weeks, important developments in the region, and specific to Metro, have occurred that are worth noting. Metro passed a clean financial audit for the ninth year in a row, saw its highest rail ridership numbers since pre-pandemic, and its General Manager proposed a budget for Fiscal Year 2025. Given the budget timelines of the multiple jurisdictions and states that fund Metro, its budget process involves risk. That is to say, Metro presents a prospective budget that is contingent on multiple legislatures and elected officials at the local, state, and federal levels agreeing to and committing funding. In some years, that degree of risk is lower because there is more confidence that Metro’s members will fund the system at a certain level. For FY 2025, the gap between the funding needed and that is currently provided is substantial. As such the proposed FY 2025 budget reflects that there is more risk next year than is typical, and shows the funding that Metro is confident— as opposed to hopeful— that it will receive. A funding process with such a high degree of uncertainty should cause concern, and as we look to sustainable, long-term solutions for Metro, we must prioritize how to arrive at stable, predictable funding for the system.

The proposed Metro budget includes severe service cuts across the board. You will find the CAO Workgroup’s report to be more nuanced— there are actions that can be taken that fall somewhere in between maintaining current service levels and making drastic cuts that result in a transit “death spiral.” The region’s elected and appointed officials are committed to working with Metro to find a reasonable balance given current budgetary constraints and demand for transit services. The report also highlights the serious impacts that high levels of teleworking, particularly by the region’s largest employer, the federal government, is having on our economy and transit system. Irrespective of what one thinks about the merits of telework, the region needs much deeper engagement with our federal partners to remedy these impacts. Additionally, there have been significant economic development deals discussed regionally involving the future locations of major government agencies or our region’s sports teams. Without question, a well-funded and supported Metro system will be essential to their success.

Governor Moore and his Administration have recently made a strong initial commitment to fund Metro over the next several years. While this proposal still needs to work its way through the

legislative process, we commend Governor Moore for recognizing the importance of Metro to the region, and as an economic engine that supports the entire state of Maryland. We look forward to working with Metro on actions that will lead the District of Columbia and Virginia administrations to make similar financial commitments.

Lastly, while the FY 2025 budget is the near-term concern, this is not just about the next fiscal year. This is a structural issue that we need to solve once and for all, which means we need to work on the near-term and long-term challenges simultaneously. To that end, COG is committed in the year ahead to convening government officials at the local, state, and federal levels, business and nonprofit leaders, and WMATA in an even more comprehensive, regional examination of Metro's funding model for operating and capital expenses, as well as its governance, to ensure a long-term, sustainable solution.

CHIEF ADMINISTRATIVE OFFICERS WORKGROUP ON WMATA COST STRUCTURE - INTERIM REPORT

December 2023



Metropolitan Washington
Council of Governments

CHIEF ADMINISTRATIVE OFFICERS WORKGROUP ON WMATA COST STRUCTURE - INTERIM REPORT

Prepared by the COG Chief Administrative Officers WMATA Cost Structure Workgroup for the COG Metro Funding Strategy Group
December 19, 2023

ABOUT COG

The Metropolitan Washington Council of Governments (COG) is an independent, nonprofit association that brings area leaders together to address major regional issues in the District of Columbia, suburban Maryland, and Northern Virginia. COG's membership is comprised of 300 elected officials from 24 local governments, the Maryland and Virginia state legislatures, and U.S. Congress.

ACCOMMODATIONS POLICY

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INTRODUCTION AND PURPOSE

In this interim report, the Metropolitan Washington Council of Governments (COG) Chief Administrative Officers (CAO) Workgroup on the Washington Metropolitan Area Transit Authority (WMATA or Metro) Cost Structure presents information and analysis on WMATA's costs and revenues ahead of the upcoming Fiscal Year (FY) 2025 budget as well as longer term needs to support WMATA's continuing ability to provide safe, reliable service to our region.

The COG Board of Directors at its July 2023 Leadership Retreat discussed the matter of a deficit of potentially \$750 million to fund the operations of the WMATA services (Metrorail, Metrobus and Metro Access) in FY 2025 as one of the major issues facing the region. The leadership agreed to immediately convene regional and state leaders to collectively work on understanding the nature and magnitude of the fiscal challenge faced by WMATA and to identify a path forward to address this issue both in the immediate and longer terms. Accordingly, in August 2023, the COG Board established the Metro Funding Strategy Group consisting of elected officials and senior administrative representatives, and State Departments of Transportation (DOTs), to work on the issue. The COG Board also charged its Chief Administrative Officers (CAO) Committee to work with WMATA staff to conduct a thorough review of WMATA's cost structure to independently analyze and verify the magnitude of the system's budget deficit, identify ways to optimize the funding needed for FY 2025 and to identify factors to focus on to provide stability and predictability for WMATA's operating costs into the future.

The COG CAO WMATA Cost Structure Workgroup has been meeting regularly since August 2023 and, with the close cooperation of WMATA staff, completed the preliminary task of identifying actions that would reduce the funding deficit for WMATA's FY 2025 operations budget. This Interim Report describes these actions including a description of the developments that have led to the current financial situation facing WMATA and the key factors affecting continued financial stability for WMATA. Also included is an assessment of longer-term considerations of funding gaps in capital needs versus forecast revenues.

Focus of this Report

This Interim Report is focused on WMATA's FY 2025 (July 1, 2024 – June 30, 2025) operating budget, for which initial projections forecast an unfunded deficit of \$750 million. It is important to note that this is not a one-time deficit but rather a structural issue and that WMATA anticipates the \$750 million shortfall for FY 2025 to grow annually into the future. WMATA has identified a set of financial management and internal efficiency actions that it could take which would reduce the forecast FY 2025 operating fund deficit. One of these actions – moving a sizable amount of preventive maintenance dollars from the capital budget into operating funds for FY 2025 (and potentially FY 2026) – is a one-time, non-recurring, budget action that could significantly reduce this deficit for the next one or possibly two fiscal years, but which would accelerate capital budget shortfalls soon after.

Additional actions WMATA has identified to further reduce the forecast operating deficit include changes to fare and service levels. This report summarizes the collective sense of the CAO

Workgroup on these actions both to reduce the forecast FY 2025 operating budget deficit and means to stabilize WMATA’s operating costs into the future as well.

This report is focused on finances and is intended to inform discussions and actions of the COG Metro Funding Strategy Group. It does not include any discussion of WMATA governance or other potential reforms. These are important issues, but to date have not been a focus of the CAO Workgroup.

The stark reality of WMATA’s deficit necessitates a short-term and long-term set of solutions for the region. Simply put, the stakeholders that fund WMATA cannot currently absorb an additional \$750 million-plus annual payment for the system above and beyond current subsidies. In response to this reality, the CAO Workgroup and WMATA identified several factors that could be used to reduce the short-term operating costs, and this report focuses on the important task of funding WMATA through the next one to two fiscal years. The CAO Workgroup and elected leadership across the region are committed to addressing a long-term and wide set of solutions that will result in WMATA having sustainable governance, operations, and funding so that it will thrive into the future.

CAO Workgroup Members

Local Government Chief Administrative Officers

Jim Parajon	City of Alexandria (CAO Workgroup Chair)
Kevin Donahue	District of Columbia
Glen Lee	District of Columbia (CFO)
Richard Madaleno	Montgomery County
Tara Jackson	Prince George’s County
Kenneth Young	City of College Park
Barack Matite	City of Rockville
David Eubanks	City of Takoma Park
John Peterson	Frederick County
Mark Schwartz	Arlington County
Robert Stalzer	City of Fairfax
Wyatt Shields	City of Falls Church
Bryan Hill	Fairfax County
Tim Hemstreet	Loudoun County

State Representatives

Sarah LeBarron	Maryland Department of Transportation
Drew Morrison	Maryland Department of Transportation
Jennifer Debruhl	Virginia Department of Rail and Public Transportation
Todd Horsley	Virginia Department of Rail and Public Transportation
Andrew D’huyvetter	Northern Virginia Transportation Commission
Scott Kalkwarf	Northern Virginia Transportation Commission

EXECUTIVE SUMMARY

Metropolitan Washington is a diverse and dynamic region, home to almost 6 million residents and forecast to grow by an additional 1.5 million people by 2050. The region's economy features Fortune 500 companies, federal agencies and contractors, and a wide array of local businesses. A robust transportation network connects this region, and WMATA is the largest single provider of public transportation. It accounts for over 80 percent of all public transportation trips in the region through its high-capacity Metrorail system, expansive Metrobus system (complemented by local jurisdictional bus services), and Metro Access paratransit system. Without Metro, the transportation network of downtown D.C. and the broader region could not function. Additionally, meeting the mobility needs of low-income and economically-disadvantaged residents and populations that rely on public transportation, including seniors, students, and new residents, can only be accomplished with WMATA's services.

The region's economy is intertwined with Metro—60 percent of the population, 70 percent of the jobs, and half of all employers are within one-half mile of a Metrorail station. Also, the one-half mile around Metro stations constitutes three percent of the region's land yet contains 65 percent of new office and 50 percent of new apartment developments, a quarter of all affordable housing and 30 percent of the region's total property value – estimated at about \$328 billion. The areas around Metrorail stations are the focus of billions of dollars of business investments and activity, in turn generating significant tax revenues. For example, the Northern Virginia Transportation Commission (NVTC) estimates Northern Virginia's transit network generates \$1.5 billion in annual personal income and sales tax revenue for Virginia. Approximately \$1 billion of it can be attributed to the Metro.

The Metro system is how servicemen and servicewomen get to and from the Pentagon and other military installations, how the region is able to host Presidential inaugurations, support First Amendment demonstrations, and million-person marches, how secondary and university students get to school, and why businesses strategically locate here. In addition to mobility, Metro helps the region advance several interconnected priorities, such as COG's housing, equity, and climate goals. Metro anchors numerous transit-oriented communities across the DMV where jurisdictions are looking to increase the amount of housing at all income levels. It expands economic opportunities for employees and employers. It also provides environmentally friendly travel options, which contributed to the region meeting its 2020 climate goal and will be instrumental to meeting a 2030 goal to reduce greenhouse gas emissions by 50 percent below 2005 levels.

The Pandemic and Its Continued Impacts

The COVID-19 pandemic, affecting the United States starting in March 2020, took lives, disrupted economic activity, and impacted travel demand throughout the region. The sudden, significant, and sustained decline in transit ridership led to a major decline in fare revenues, even as health protocols required intense sanitary precautions at a personal level and for the public transportation systems that were recognized as a critical lifeline service. Many bus systems nationally and regionally discontinued fare collection altogether. By the end of the year though, public transportation system providers were grappling with questions over the sustainability of this practice.

Federal aid came to the rescue, with three tranches of funding that enabled continued public transportation operations by WMATA and the region's other providers. The federal aid funds

supported WMATA's operations in the face of significant reduction in fare revenues and increased costs (due to several reasons including inflation) through the duration of the COVID-19 pandemic. But federal operating assistance has drawn to a close and the remainder of the relief funds will be exhausted in WMATA's FY 2024.

Since 2021 with vaccines available, the region has gradually re-opened and the end of the COVID-19 public health emergency in May 2023 has witnessed by-and-large the return of typical activity. However, the COVID-19 pandemic has led to a notable change in travel demand and travel patterns, as significant numbers of the region's workforce continue to telework at much greater levels than before. In particular, the federal workforce, which historically made up about 40 percent of Metrorail's ridership, is working remotely at much higher levels than before, even as President Biden, other political leaders, and federal agency heads call for a greater return to the office.

As a consequence, rail transit ridership across the region is down significantly from pre-COVID-19 pandemic levels, even as highway traffic has rebounded. Bus ridership, which did not decline as drastically as that of rail, has rebounded yet also remains below pre-COVID-19 pandemic levels. These changes in commuting have led to a mismatch between transit service and ridership thus further impacting financial sustainability.

The disruption to national and global supply chains at the peak of the COVID-19 pandemic for extended periods of time affected people's work and living arrangements, impacting the labor force. The impacts of these changes continue to be felt at present and reflected in inflated costs of material and labor. The decline in rider revenues at the same time as heightened inflation across the nation has placed WMATA and other transit operators in a precarious financial situation, known nationally as the "transit fiscal cliff". During the height of the COVID-19 pandemic in 2020, WMATA issued a one-time subsidy credit to its funding partners of \$135 million, given the federal aid that WMATA had received. However, this reduction in subsidy levels during 2020 was not reset in subsequent years and led to lower levels of subsidy. These primary factors have resulted in WMATA's FY 2025 operating budget challenge and the gap between traditional revenues and identified needs, leading to the intensive discussions on how to address this situation.

COG CAO Workgroup Recommendations

The COG CAO Workgroup has spent the second half of 2023 discussing options for cost management and optimization for WMATA services and concurs with WMATA that additional funding is needed to provide an acceptable level of service during FY 2025. Without any additional funding, beyond the agreed annual three percent increase in subsidies by WMATA funding partners above the FY 2024 level, there will have to be drastic and unacceptable levels of service cuts which could seriously affect the viability of WMATA and its service.

To ensure WMATA is in a strong position to serve the region, the CAO Workgroup recommends the following actions:

- 1. Re-baseline WMATA's Subsidy. *Subsidy payments from WMATA members should be reset to account for the impacts of the COVID-19 pandemic on operating costs and should serve as the baseline subsidy for future calculations.*** Beginning with the operating budget for FY2020, WMATA started applying the Maryland and Virginia legislative caps of allowable annual increase in operating subsidy to three percent relative to the previous year's amounts. During the height of the COVID-19 pandemic in 2020, WMATA issued a one-time

subsidy credit to its funding partners of \$135 million, given the federal aid that WMATA had received. This made good sense at the time given the drastic drop in ridership and revenues experienced by all of the region's transit operators, the general uncertainty in the economic outlook of the WMATA funding partners, and the substantial federal dollars coming to WMATA and the region.

However, WMATA did not receive authorization from Maryland and Virginia to reset the operating subsidy levels for its FY 2022 operating budget to account for the subsidy credit provided in FY 2021. With no explicit authorization from Maryland and Virginia to reset the subsidy levels, the reduced subsidy levels from FY2021 became the base amount for applying the annual three percent increase. Additionally, in 2021 WMATA did not increase the subsidy by the allowable three percent. WMATA estimates that the combined effect of this one-time subsidy credit, the forgone six percent annual increase over a two year period, and the reduced baseline subsidy levels for subsequent budgets is that the operating subsidy for FY 2025 is lower than what it would have been by about \$196 million. Additionally, historic levels of inflation, binding labor agreements related to the increase in labor costs during this period, have created an additional deficit of about \$266 million. The result is that WMATA's base budget reflects where the system was several years ago. As such, WMATA funding partners must take legislative action to authorize WMATA to reset the operating subsidy baseline to account for the impacts of the COVID-19 pandemic on operating costs. WMATA funding partners should be prepared to provide the additional subsidy amounts resulting from the re-baselining. Given the existing shared funding responsibilities in Virginia, the state should play a large role in contributing to the re-baselining.

2. **Keep the Operating Cost Increase Cap in Place.** *While WMATA's baseline budget must be adjusted upwards, the current cap in year over year operating subsidy increases to its funding partners should stay in place.* In 2018, the region came together with support from COG and other partners to establish \$500 million-a-year in dedicated funding to help Metro to implement its \$15.5 billion, 10-year capital improvement program. As part of that commitment, a 3 percent cap was put in place to provide room for WMATA's budget to increase year over year, in a responsible and predictable manner. While future work will look at whether this 3 percent cap is the most effective tool at addressing rises in cost (i.e. should it be a different percentage, or should it be tied to a metric like the Consumer Price Index for Urban Wage Earners given today's inflation rates), the bottom line is that WMATA's year over year cost increases must be predictable and manageable.
3. **Reduce Administrative Costs.** The CAO Workgroup applauds management actions WMATA has identified to date and recommends they be retained for FY 2025. One-time cost savings predicted for FY 2025 total nearly \$100 million and will be carried over into FY 2025. WMATA has also identified \$50 million in recurring costs that impact FY 2025 and beyond. Given that 70 percent of WMATA's costs are tied directly to personnel, management will need to continue to thoroughly pursue all opportunities to reduce its administrative and management costs to be best in class. Such actions should be taken in a manner that is equitable and ensures WMATA remains competitive in a very tight labor market.
4. **Increase Fares, Improve Participation of Metro Lift, and Decrease Evasion.** While it is important to keep fares affordable to encourage ridership and provide accessibility, the CAO Workgroup recommends an increase in fares to help narrow the funding gap and ensure

riders are also contributing to the shortfall. Although any proposed increase in fares must be accompanied by – with the support of the region – new strategies to increase participation in Metro Lift, WMATA’s new low-income fare product. While over 5,000 people have been signed up for Metro Lift, an estimated 400,000 area residents are believed to be eligible. And, while the CAO Workgroup recognizes that some amount of fare evasion is typical in any major transit system, it encourages WMATA to continue to take steps to curb this practice. The CAO Workgroup applauds the installation of faregate barriers and notes that this is resulting in substantial decreases in evasion.

5. **Transfer Capital Preventive Maintenance Funds to Operating Costs.** The CAO Workgroup recognizes the importance of maintaining the WMATA system in a state of good repair by fully funding its capital program; accordingly, it considers a sizable transfer of capital funds as an interim measure to help the region secure the significant additional funding needed for WMATA’s operations in FY 2025 and potentially in FY 2026. Determining the amount of capital fund transfer must be balanced with the targeted service and fare changes. It is acknowledged that WMATA, as well as many other transit agencies, often transfer some capital funds (e.g., \$30 million, \$60 million) to cover preventive maintenance costs in the operating budgets, but not at the amount called for in FY 2025 budget discussions. Other major transit agencies do this as well, some in proportionately larger amounts as a share of the budget, but such transfers are based upon the size and requirements of their service as well as their unique funding arrangements. More importantly, any sizable increase in transfers in FY 2025 and beyond would accelerate the impending deficit in WMATA’s capital funding program.
6. **Implement Targeted Service Reductions.** While the CAO Workgroup understands that WMATA is currently engaged in a larger exercise to reexamine its service offerings to better match demand, it believes that targeted service reductions for FY 2025 should be thoroughly examined and implemented. The CAO Workgroup feels strongly that any drastic service cuts should be avoided while working with funding partners and local jurisdictions to identify and implement targeted reductions that both better balance service and demand and minimize the impact on the transit dependent population, while providing enough service to maintain the ridership recovery and accommodate a greater return of the workforce commuting to and from the office. It is important that local elected and executive officials are part of these discussions when reductions are being considered, and clearly understand what specific services would be reduced, so that they can weigh the impacts to their communities.
7. **Continue Advocating for a Greater Return of In-Office Participation by the Federal Government.** While the CAO Workgroup recognizes that the way people work has changed over the last few years, it also notes that the federal government remains an outlier when compared to local and state governments, and the private sector. This affects productivity first and foremost, though it also has significant impacts on the way the region’s economy is structured, including on WMATA. The CAO Workgroup echoes the call for a greater return to office participation by the federal government that the region’s Chief Administrative Officers made earlier this year.
8. **Increase Federal Contributions to WMATA.** WMATA services are extensively used by the federal workforce and as such they form the system’s largest group of customers. Pre-COVID-19 pandemic, it was estimated that approximately 40 percent of federal workers were

regular users of Metrorail and about 17 percent of all Metrorail riders were federal workers. Many federal agency offices are within close proximity of a Metrorail station and station proximity is an important factor in locating federal agency offices in this region. While the federal government contributes to WMATA's operating costs, it does so only through transit benefits provided to its employees. As these employees are using the Metro system significantly less, due to current teleworking practices, the federal transit benefit funds are not reaching WMATA. The criticality of Metro services for federal government employees and the impact of the current teleworking practices of the federal agencies in the region are compelling reasons for WMATA to directly receive these federal transit benefit funds.

If these eight recommendations are implemented, the CAO Workgroup is confident that WMATA will have the tools necessary to serve the region over the next one to two fiscal years. However, at the end of this period, the ability for WMATA to shift sizeable preventive maintenance funds to operating costs will no longer be a viable option, and WMATA – and the region– will face serious consequences. As such, the CAO Workgroup makes a ninth and final recommendation to this interim report:

9. **Undertake a Comprehensive, Regional Examination of WMATA.** The issues that WMATA faces have been discussed for years and have been accelerated by the effects of COVID-19. It is time that the region came together to offer– and implement– solutions. Over the next year, the CAO Workgroup is prepared to engage WMATA, the Metro Funding Strategy Group, and private and nonprofit partners to do just that. WMATA's operating and funding model and its governance will be examined to develop actionable recommendations that will ensure a safe and reliable system with sustainable and predictable funding over the long term.

The CAO Workgroup believes its engagement over the past few months with WMATA has helped develop a better shared regional understanding of the financial situation and inform and support initial actions to rein in costs and present various options. The CAO Workgroup remains committed to engaging with WMATA, the Strategy Group, and regional stakeholders on the operating cost factors as the budget process moves forward over the next several weeks and months.

The CAO Workgroup's engagement with WMATA over the past months has also highlighted that in future years, WMATA will be facing a significant shortfall in its capital funding, used to maintain the system in a state of good repair (SGR). This shortfall is anticipated by FY 2029 – or sooner in the event of sizable transfers to cover preventive maintenance costs – and also requires urgent attention. The 2018 regional agreement that currently provides \$500 million annually in dedicated capital funding did not account or allow for inflation related increases in SGR costs. WMATA estimates that the current stream of dedicated capital funds will fall short of being able to support new work activities and will mostly be dedicated to debt service costs by FY 2029.

Any capital funds transferred to meet the immediate term operating budget shortfall in FY 2025 – and possibly FY 2026 – by funding preventive maintenance costs (above the levels that WMATA periodically does, about \$60 million), something which the CAO Workgroup reluctantly recommends, will accelerate the date by which WMATA's dedicated capital funds will be unable to adequately fund its SGR program. The date by which this situation is accelerated depends on the amount of capital funds that are transferred for operations in FY 2025 and beyond. For example, WMATA has estimated that if the maximum allowable (by the FTA) amount of \$345 million is transferred from capital to operating programs, the capital fund deficit will begin in FY 2028 instead of FY 2029. And uncertainty over inflation and major rehabilitation project costs continues, which could also affect the sustainability and effectiveness of the SGR program. Accordingly, a regional funding solution is

needed to meet Metro's capital and maintenance needs as soon as 2026. Any regional effort that develops a long-term funding strategy for WMATA operations must also include the capital needs as well. The CAO Workgroup remains committed to examining the system's capital needs as part of a comprehensive, regional examination of WMATA's operating and funding model and its governance to ensure a safe and reliable system with sustainable and predictable funding over the long term.

INTERIM REPORT

Metro's Value to the Region

Metropolitan Washington is a diverse and dynamic region, home to almost 6 million residents and forecast to grow by an additional 1.5 million people by 2050. The region's economy features Fortune 500 companies, federal agencies and contractors, and a wide array of local businesses. A robust transportation network connects this region, and WMATA is the largest single provider of public transportation. It accounts for over 80 percent of all public transportation trips in the region through its high-capacity Metrorail system, expansive Metrobus system (complemented by local jurisdictional bus services), and Metro Access paratransit system. Without Metro, the transportation network of downtown D.C. and the broader region could not function. Additionally, meeting the mobility needs of low-income and economically-disadvantaged residents and populations that rely on public transportation, including seniors, students, and new residents, can only be accomplished with WMATA's services.

The region's economy is intertwined with Metro—60 percent of the population, 70 percent of the jobs, and half of all employers are within one-half mile of a Metrorail station. Also, the one-half mile around Metro stations constitutes three percent of the region's land yet contains 65 percent of new office and 50 percent of new apartment developments, a quarter of all affordable housing and 30 percent of the region's total property value – estimated at about \$328 billion. The areas around Metrorail stations are the focus of billions of dollars of business investments and activity, in turn generating significant tax revenues. For example, the Northern Virginia Transportation Commission (NVTC) estimates Northern Virginia's transit network generates \$1.5 billion in annual personal income and sales tax revenue for Virginia. Approximately \$1 billion of it can be attributed to the Metro.

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Developments since 2008

In June 2008, WMATA recorded its highest regular ridership on the Metrorail system. The onset of the Great Recession later that year had a multi-year effect on ridership, which has yet to recover to the same level fifteen years later. In addition, several tragic safety incidents, notably in 2009 and 2015, brought to light deficiencies in the system's operations and state of good repair which required considerable action, including complete closures of the system and disruptions during the SafeTrack work program and successive rehabilitation projects. However, ridership trends were positive as the decade of the 2010s drew to a close with the opening of the first phase of the Silver

Line and as the backlog of state of good repair projects was completed. The onset of the COVID-19 pandemic in 2020 changed the trajectory, with a huge negative impact on transit ridership, and which more importantly has led to an apparent lasting negative change in the demand for commuter travel, especially on the rail system and into the downtown core of the District of Columbia. Greatly increased telework, particularly by federal employees but across many white-collar jobs, has led to this reduced ridership. Three-and-a-half years since the COVID-19 pandemic began, rail ridership is barely sixty percent of the 2019 level. Metrobus has done better, serving as it does as the only means of transportation for many less affluent persons, with ridership approaching ninety percent of pre- COVID-19 pandemic at times.

The COVID-19 pandemic not only led to significant reductions in ridership and a related loss of passenger revenues. A sharp increase in fare evasion, due to several factors, also impacted revenues, which has led to WMATA instituting new physical and technological measures to combat this issue. At the same time, interest in equity and in promoting public transportation as a climate-friendly mode of transportation led to several fare initiatives which also impacted revenue by reducing average fares paid, such as the introduction of free rail-bus transfers and reductions in the price of weekly bus passes.

COG and WMATA

COG has a long history of involvement in WMATA funding and governance given its role as a regional forum. Working with regional leaders and other regional organizations, especially the Greater Washington Board of Trade (BOT), COG has studied WMATA governance and funding several times in the past decade. COG also stood up the Washington Metrorail Safety Commission on behalf of the states and has coordinated with WMATA and area fire departments to develop safety protocols and improved emergency communications.

In 2016, COG and BOT supported a regional series of *Metro at 40* forums to discuss ongoing issues of performance and funding. Previously in 2010, COG and BOT created the Joint WMATA Governance Review Task Force to assess and provide recommendations to improve WMATA's performance and reliability, including through improved governance.

More recently, in 2017, COG's Chief Administrative Officers (CAO) met to develop a technical report on a comprehensive-long-term approach to funding Metro's capital needs for state of good repair. This directly contributed to the 2018 agreement by the District of Columbia, Maryland, and Virginia to provide dedicated capital funds of \$500 million annually to WMATA for use in leveraging borrowing to fund a backlog of SGR needs in their capital program to maintain system safety and reliability.

COG Retreat, July 14, 2023

During the early part of 2023, as part of the development and adoption of its FY 2024 operations budget, WMATA staff indicated that the federal COVID-19 pandemic aid funding WMATA was using for its annual operations would soon be fully drawn down and that WMATA would have to find a way to restore this funding in order to maintain its service levels in the following fiscal year, 2025. Later in the year, around July 2023, WMATA released its preliminary estimate of operating funding for FY 2025 depicting a potential deficit of \$750M attributable to the loss of federal aid funding, higher than usual inflation impacts and the cumulative impact of a subsidy credit WMATA had provided its member jurisdictions during the peak COVID-19 pandemic period (2020). WMATA staff informed the board that they would have to examine and outline an approach on how best to address this

potential operating funding deficit by the end of the year to allow staff to develop its FY 2025 operating budget for timely adoption by the board.

Metro's operating funding deficit for FY 2025, was one of the major topics discussed at the COG's annual Leadership Retreat of local elected officials on July 14, 2023. During the retreat, following an overview briefing by COG staff, WMATA General Manager & CEO Randy Clarke provided a detailed briefing on the matter of operating budget and the deficit for FY 2025 and the breakdown of the forecast \$750M in potential funding deficit in FY 2025. Clarke's briefing was followed by a panel of speakers including Charles Allen, District of Columbia Council member; Paul Wiedefeld, Maryland Secretary of Transportation; Jenny Reed, District of Columbia Director of the Office of Budget and Performance Management; and Jennifer DeBruhl, Virginia Department of Rail and Public Transportation Director. Each panelist discussed their agency/administration's own fiscal situations in the context of assisting the region in addressing the WMATA operating budget deficit. There was a discussion among all retreat participants on the matter.

The consensus from the discussion was that WMATA was the most significant provider of public transportation in the region; WMATA is critical to the aspirations for an equitable, sustainable, and prosperous region with safe and reliable mobility and accessibility to all. The leadership agreed to immediately convene regional and state leaders to collectively work on understanding the nature and magnitude of fiscal challenge faced by WMATA and identify a path forward to addressing this issue both in the immediate and longer terms.

In August 2023, the COG Board established the Metro Funding Strategy Group consisting of elected officials and senior state administrative representatives to work on the issue. The COG Board also charged its Chief Administrative Officers (CAO) Committee to work with WMATA staff to conduct a thorough review of WMATA's cost structure, identify ways to optimize the funding needed for FY 2025 and identify factors to focus on to optimize WMATA's operating costs that the region could fund into the future. Members of the CAO Workgroup include the CAO of the COG member jurisdictions, representative of the Transportation Secretaries of Maryland and Virginia, the District of Columbia Chief Financial Officer (DC OCFO), the Northern Virginia Transportation Commission and the Washington Suburban Transit Commission. The DC OCFO agreed to support the COG CAO Workgroup by working directly with WMATA's office of the CFO and other staff to better understand the operating cost structure of WMATA.

Workgroup Focus and Discussions

The CAO WMATA Cost Structure Workgroup met regularly starting in August 2023 and was greatly assisted by the participation of WMATA staff and the staff from the DC CFO's office. Representatives of executives of Maryland and Virginia and the Mayor of the District of Columbia also participated in the detailed review and discussions.

A key outcome of the CAO Workgroup's initial discussions was the identification of the operating cost elements that WMATA and the jurisdictions have available to manage the costs. These are: administrative and management costs, the subsidy payments including federal contributions, fares, service levels, and the budgetary exercise of shifting of capital preventive maintenance funds to operations.

The consensus of the CAO Workgroup was that no action in just one of these areas would be able to address the fiscal challenge of FY 2025. To be able to address the significant fiscal deficit forecast for WMATA's FY 2025 and the longer term, the CAO Workgroup believes action would be needed on all of the above elements. Relying too heavily on one of the above solutions risks an inadequate outcome to address the problem and placing an undue burden on a limited stakeholder. A balanced and longer-lasting approach would tap into each option identified, at varying levels, that would allow for a solution for FY 2025 and set the stage for a longer-term agreement for FY 2026 and beyond. The CAO Workgroup also recognized that working on these cost elements will need a thoughtful, collaborative, and coordinated approach to design and implement. Additionally, the CAO Workgroup recognized that most any action on these cost elements will be challenging and will not be free of some consequence which will have to be minimized and cannot be eliminated.

During the CAO Workgroup's meetings, WMATA was also working, under the direction of its board, as part of its own process examining many of the above cost elements to determine what potential actions could be taken to reduce the forecast deficit in operating funds for FY 2025.

Metro Financial Update				
FY2025 Potential Scenarios		PRELIMINARY		
\$ in Millions		Scenario A Historic PM	Scenario B FY2024 PM	Scenario C Max PM
FY2025 Deficit		\$750	\$750	\$750
FY2024 Forecast	Operational Efficiency FY23 – FY24 (one-time)	- \$95	- \$95	- \$95
	FY2024 Revenue Forecast Adjustment*	+ \$45	+ \$45	+ \$45
FY2025 Initiatives	Cost Efficiency Task Force (recurring)**	- \$50	- \$50	- \$50
	Preventive Maintenance Transfer Options	- \$0	- \$139	- \$285
	Total Preventive Maintenance	[\$60]	[\$199]	[\$345]
Revised FY2025 Deficit Forecast*		\$650	\$510	\$365
October Discussion	Potential Service Cuts	TBD	TBD	TBD
	Potential Fare Increases	TBD	TBD	TBD
	Potential Inflation Reduction	- \$23	- \$23	- \$23
	Potential Federal SmartBenefits Replacement	- \$50	- \$50	- \$50
	Potential Deficit w/ Federal Replacement	\$577	\$437	\$292

* \$45M Revenue Forecast Adjustment - includes \$65M average fare and trip adjustment (rev. decrease) offset by \$20M fare evasion recovery (rev. increase)
 ** Amount above annual 3 percent growth cap from FY2024-2025
 Note: Totals may not sum due to independent rounding

WMATA staff shared the results of its work in two sets; in the first set of findings WMATA shared its estimates of potential reduction in FY 2025 operating costs through some financial management and internal efficiency actions it could take. These actions were estimated to reduce FY 2025 operating costs by a net of about \$100M. As part of this analysis WMATA also identified a range for potential transfer of capital funds to the operating budget to fund preventive maintenance costs above and beyond the \$60M in such transfers WMATA has already assumed for its FY 2025 budget. WMATA also identified potential actions it would have to take to realize these capital funds depending upon the amount transferred. This analysis also showed how such a transfer would accelerate the shortfall in capital funds that WMATA currently estimates it will have to contend with starting in FY 2029 if not earlier. Lastly, this analysis also showed that with some federal action the deficit could be further reduced by about \$25M. For example, re-allocating budgeted federal agency funds for SmartTrip Benefits that have been unused but designated for WMATA. While the CAO

Workgroup supports a federal contribution to WMATA operations and believes this should be explored as part of the longer term WMATA funding model, the group was not confident that such a contribution would be reasonable to expect for WMATS's FY 2025 budget.

In the second set of findings WMATA staff shared additional work it had done with its board, that examined the potential of additional actions that could impact the operating funding needs in FY 2025. These actions include changes in fares and service levels. The WMATA analysis addressed the competing impacts of these two actions – fare increases would bring in more revenue per person, yet it could also lose riders. Similarly, service reductions, if not designed appropriately, could lose riders-emphasizing the need for a thoughtful and thorough approach to service changes.

FY2025 Scenarios

FY2025 Potential Scenarios

	Operating Budget: Illustrative Concepts				
	Scenario 1	Scenario 2	Scenario 3	Scenario 4	Scenario 5
<i>\$ in Millions</i>	Standard PM No service cuts Most add'l Subsidy	Max PM No service cuts Some add'l Subsidy	Max PM Targeted service cuts Least add'l Subsidy	Max PM ^C Major (~33%) svc. cuts No add'l subsidy	Standard PM Severe (~60%) svc. cuts No add'l subsidy
FY2025 Deficit	\$750	\$750	\$750	\$750	\$750
One-Time Savings + Cost Efficiencies	-\$145	-\$145	-\$145	-\$145	-\$145
FY24 Revenue Adjustment ^A	+\$45	+\$45	+\$45	+\$45	+\$45
Preventive Maintenance Transfer Options ^B	-\$0	-\$285	-\$285	-\$220	-\$0
Fare Increase ^D	-\$0	-\$0	-\$25	-\$25	-\$25
Service Cuts ^D	-\$0	-\$0	-\$25	-\$405	-\$625
Additional Subsidy to Balance Budget^E	\$650	\$365	\$315	\$0	\$0
Potential Inflation Reduction	-\$23	-\$23	-\$23	-\$23	-\$23
Potential Federal SmartBenefits Replacement	-\$50	-\$50	-\$50	-\$50	-\$50
	\$577	\$292	\$242	Service cut relief	
FTE Impact ^D	-	-	-175	-2,900	-4,700

A. \$45M Revenue Forecast Adjustment - includes \$65M average fare and trip adjustment (rev. decrease) offset by \$20M fare evasion recovery (rev. increase)

B. Additional PM transfer above \$80M annual base amount

Note: Totals may not sum due to independent rounding

C. Maximum PM transfer reduced due to cuts to eligible maintenance activity

D. 10 to 12.5% increase; does not include parking.

E. Amount above annual 3 percent growth cap from FY2024-2025

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WASHINGTON METROPOLITAN AREA TRANSIT AUTHORITY

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District of Columbia Office of the Chief Financial Officer Analysis

In support of the CAO Workgroup discussions, the District of Columbia Office of the Chief Financial Officer's (DC OCFO) took the lead in evaluating recent operating costs and revenues for WMATA to provide independent analysis and assurance to the CAO Workgroup on key topics. The DC OCFO staff worked with WMATA to examine several factors including a review of the preliminary FY 2025 operating budget gap, state contributions, FY 2025 operating costs and cash flow. The review also included the cost savings WMATA had identified from the financial management and internal efficiency actions WMATA could take to reduce the FY 2025 operating budget deficit.

The DC OCFO staff confirmed the preliminary estimates of annual operating gap of \$750 million for WMATA's FY 2025 to continue operations at the current levels. The review also confirmed the key factors leading to this deficit including: the end of the federal COVID-19 pandemic relief, which had been used to offset the decline in fare revenue, the increase in operating expenses over the years, and the subsidy credit provided to its members during the COVID-19 pandemic. Pre- COVID-19 pandemic in FY 2018, WMATA fare revenue covered 45 percent of operating expenses while the

forecast for FY 2025 is that revenues will cover just 20 percent of operating expenses; During the FY 2018 to FY 2024 period, operating expenses grew at a rate of 4.5 percent while operating revenues declined annually by 6.5 percent. Importantly, WMATA did not increase its subsidy requests in 2021 and 2022 after having provided subsidy credit to its members when federal relief fund was first made available to WMATA. The OCFO review determined that without this subsidy credit, member subsidy amounts would have increased annually at 6 percent.

Workgroup Recommendations

The COG CAO Workgroup has spent the second half of 2023 discussing options for cost management and optimization for WMATA services and concurs with WMATA that additional funding is needed to provide an acceptable level of service during FY 2025. Without any additional funding, beyond the agreed annual three percent increase in subsidies by WMATA funding partners above the FY 2024 level, there will have to be drastic and unacceptable levels of service cuts which could seriously affect the viability of WMATA and its service.

To ensure WMATA is in a strong position to serve the region, the CAO Workgroup recommends the following actions:

- 1. Re-baseline WMATA's Subsidy. *Subsidy payments from WMATA members should be reset to account for the impacts of the COVID-19 pandemic on operating costs and should serve as the baseline subsidy for future calculations.*** Beginning with the operating budget for FY2020, WMATA started applying the Maryland and Virginia legislative caps of allowable annual increase in operating subsidy to three percent relative to the previous year's amounts. During the height of the COVID-19 pandemic in 2020, WMATA issued a one-time subsidy credit to its funding partners of \$135 million, given the federal aid that WMATA had received. This made good sense at the time given the drastic drop in ridership and revenues experienced by all of the region's transit operators, the general uncertainty in the economic outlook of the WMATA funding partners, and the substantial federal dollars coming to WMATA and the region.

However, WMATA did not receive authorization from Maryland and Virginia to reset the operating subsidy levels for its FY 2022 operating budget to account for the subsidy credit provided in FY 2021. With no explicit authorization from Maryland and Virginia to reset the subsidy levels, the reduced subsidy levels from FY2021 became the base amount for applying the annual three percent increase. Additionally, in 2021 WMATA did not increase the subsidy by the allowable three percent. WMATA estimates that the combined effect of this one-time subsidy credit, the forgone six percent annual increase over a two year period, and the reduced baseline subsidy levels for subsequent budgets is that the operating subsidy for FY 2025 is lower than what it would have been by about \$196 million. Additionally, historic levels of inflation, binding labor agreements related to the increase in labor costs during this period, have created an additional deficit of about \$266 million. The result is that WMATA's base budget reflects where the system was several years ago. As such, WMATA funding partners must take legislative action to authorize WMATA to reset the operating subsidy baseline to account for the impacts of the COVID-19 pandemic on operating costs. WMATA funding partners should be prepared to provide the additional subsidy amounts resulting from the re-baselining. Given the existing shared funding responsibilities in Virginia, the state should play a large role in contributing to the re-baselining.

2. **Keep the Operating Cost Increase Cap in Place.** *While WMATA's baseline budget must be adjusted upwards, the current cap in year over year operating subsidy increases to its funding partners should stay in place.* In 2018, the region came together with support from COG and other partners to establish \$500 million-a-year in dedicated funding to help Metro to implement its \$15.5 billion, 10-year capital improvement program. As part of that commitment, a 3 percent cap was put in place to provide room for WMATA's budget to increase year over year, in a responsible and predictable manner. While future work will look at whether this 3 percent cap is the most effective tool at addressing rises in cost (i.e. should it be a different percentage, or should it be tied to a metric like the Consumer Price Index for Urban Wage Earners given today's inflation rates), the bottom line is that WMATA's year over year cost increases must be predictable and manageable.
3. **Reduce Administrative Costs.** The CAO Workgroup applauds management actions WMATA has identified to date and recommends they be retained for FY 2025. One-time cost savings predicted for FY 2025 total nearly \$100 million and will be carried over into FY 2025. WMATA has also identified \$50 million in recurring costs that impact FY 2025 and beyond. Given that 70 percent of WMATA's costs are tied directly to personnel, management will need to continue to thoroughly pursue all opportunities to reduce its administrative and management costs to be best in class. Such actions should be taken in a manner that is equitable and ensures WMATA remains competitive in a very tight labor market.
4. **Increase Fares, Improve Participation of Metro Lift, and Decrease Evasion.** While it is important to keep fares affordable to encourage ridership and provide accessibility, the CAO Workgroup recommends an increase in fares to help narrow the funding gap and ensure riders are also contributing to the shortfall. Although any proposed increase in fares must be accompanied by – with the support of the region – new strategies to increase participation in Metro Lift, WMATA's new low-income fare product. While over 5,000 people have been signed up for Metro Lift, an estimated 400,000 area residents are believed to be eligible. And, while the CAO Workgroup recognizes that some amount of fare evasion is typical in any major transit system, it encourages WMATA to continue to take steps to curb this practice. The CAO Workgroup applauds the installation of faregate barriers and notes that this is resulting in substantial decreases in evasion.
5. **Transfer Capital Preventive Maintenance Funds to Operating Costs.** The CAO Workgroup recognizes the importance of maintaining the WMATA system in a state of good repair by fully funding its capital program; accordingly, it considers a sizable transfer of capital funds as an interim measure to help the region secure the significant additional funding needed for WMATA's operations in FY 2025 and potentially in FY 2026. Determining the amount of capital fund transfer must be balanced with the targeted service and fare changes. It is acknowledged that WMATA, as well as many other transit agencies, often transfer some capital funds (e.g., \$30 million, \$60 million) to cover preventive maintenance costs in the operating budgets, but not at the amount called for in FY 2025 budget discussions. Other major transit agencies do this as well, some in proportionately larger amounts as a share of the budget, but such transfers are based upon the size and requirements of their service as well as their unique funding arrangements. More importantly, any sizable increase in transfers in FY 2025 and beyond would accelerate the impending deficit in WMATA's capital funding program.

6. **Implement Targeted Service Reductions.** While the CAO Workgroup understands that WMATA is currently engaged in a larger exercise to reexamine its service offerings to better match demand, it believes that targeted service reductions for FY 2025 should be thoroughly examined and implemented. The CAO Workgroup feels strongly that any drastic service cuts should be avoided while working with funding partners and local jurisdictions to identify and implement targeted reductions that both better balance service and demand and minimize the impact on the transit dependent population, while providing enough service to maintain the ridership recovery and accommodate a greater return of the workforce commuting to and from the office. It is important that local elected and executive officials are part of these discussions when reductions are being considered, and clearly understand what specific services would be reduced, so that they can weigh the impacts to their communities.
7. **Continue Advocating for a Greater Return of In-Office Participation by the Federal Government.** While the CAO Workgroup recognizes that the way people work has changed over the last few years, it also notes that the federal government remains an outlier when compared to local and state governments, and the private sector. This affects productivity first and foremost, though it also has significant impacts on the way the region's economy is structured, including on WMATA. The CAO Workgroup echoes the call for a greater return to office participation by the federal government that the region's Chief Administrative Officers made earlier this year.
8. **Increase Federal Contributions to WMATA.** WMATA services are extensively used by the federal workforce and as such they form the system's largest group of customers. Pre-COVID-19 pandemic, it was estimated that approximately 40 percent of federal workers were regular users of Metrorail and about 17 percent of all Metrorail riders were federal workers. Many federal agency offices are within close proximity of a Metrorail station and station proximity is an important factor in locating federal agency offices in this region. While the federal government contributes to WMATA's operating costs, it does so only through transit benefits provided to its employees. As these employees are using the Metro system significantly less, due to current teleworking practices, the federal transit benefit funds are not reaching WMATA. The criticality of Metro services for federal government employees and the impact of the current teleworking practices of the federal agencies in the region are compelling reasons for WMATA to directly receive these federal transit benefit funds.

LARGER TOPICS TIED TO WMATA'S OPERATING PROGRAM

The following section summarizes the analysis primarily by the DC OCFO and CAO Workgroup discussions and sentiments on a few larger topics tied to WMATA's operating program.

JURISDICTIONAL SUBSIDIES

In an effort to better understand how the 3 percent cap on annual increase in operating subsidy had worked, the OCFO analysis determined that jurisdictional subsidies were increasing by four percent annually. While state subsidy contributions are constrained by Maryland and Virginia laws that limit annual operating subsidy increases to 3 percent, various exclusions to this three percent "cap" on growth in the base operating subsidy have been negotiated or determined that have resulted in an average annual increase of 4 percent. The exclusions include:

- Costs as a result of changes in law
- Costs arising from legal disputes
- Service increases (Most notably the opening of the Silver Line extension to Dulles Airport and Loudoun County.)
- Additional capital expenses from service increases

The OCFO found that since 2018 the cost of "exclusions" has equaled about \$250 million annually, leading to the annual growth of four percent in the regional operating subsidy.

COVID-19 PANDEMIC FEDERAL RELIEF

The COVID-19 pandemic started in March 2020 and immediately impacted ridership and service needs, as well as rider revenues with bus operators suspending fare collection completely. Late that month the federal government passed the Coronavirus Aid, Relief, and Economic Security (CARES) Act which provided financial assistance to public transportation agencies across the nation. At the end of 2020, WMATA was discussing possible actions to significantly reduce service in the upcoming year when the Coronavirus Response and Relief Supplemental Appropriations (CRRSA) Act with additional assistance was passed in December 2020. Finally, ahead of the WMATA FY 2022 budget approval the federal government passed the American Rescue Plan Act of 2021 (ARP) in March 2022. The three tranches of federal assistance enabled WMATA to continue operating service at levels which were gradually restored to near pre- COVID-19 pandemic levels. The remaining federal funds have been used to cover the budget into the current fiscal year, FY 2024, but have been exhausted.

It should be noted that funds from the federal assistance acts were distributed or credited to other public transportation providers in the region, including local jurisdiction bus operators that did not normally take or receive federal funds.

Given the federal aid, WMATA did not increase jurisdictional study contribution requests in 2021 and 2022 even at the legislatively permitted three percent per year. Instead, federal relief revenues were used in place of increasing jurisdictional contributions. If those annual increases had not been suspended, funding partners would have subsidized WMATA with an additional \$195 million. This would have led to partners' contributions increasing approximately six percent annually. In contrast,

the OCFO noted that the District’s General Fund revenue growth in the same period was 4.0 percent annually; in other words, WMATA’s subsidies were growing faster than the District’s revenues.

LABOR COSTS

An important factor in WMATA’s operating costs is the cost of labor, which makes up over seventy percent of costs. This is consistent with labor’s share of operating costs at other major public transportation providers. The DC OCFO worked with WMATA staff to review the recent experience in labor costs increases and found:

WMATA has Collective Bargaining Agreements (CBAs) with five unions, with the largest of these Local 689 of the Amalgamated Transit Union (AFL-CIO/CLC). Wages are only part of compensation and employee costs, which also include health care, pension benefits, etc.

However, the negotiated wage rate with Local 689 has drawn attention to the more than ten percent increase in FY 2023 in accordance with the CBA. Annual increases are shown in the table below.

Table 1: Local 689 CBA Annual Increases (Source: DC OCFO)

Year	GWI	COLA	PBP	Annual Increase
FY2021*	2.00%	N.A.	N.A.	2.00%
FY2022	2.50%	3.15%	0.00%	5.65%
FY2023	2.50%	6.76%	1.00%	10.26%
FY2024	2.50%	1.10%	1.00%	4.60%

**FY2021 annual increase was a flat 2.00% per the CBA*

The compensation factors included:

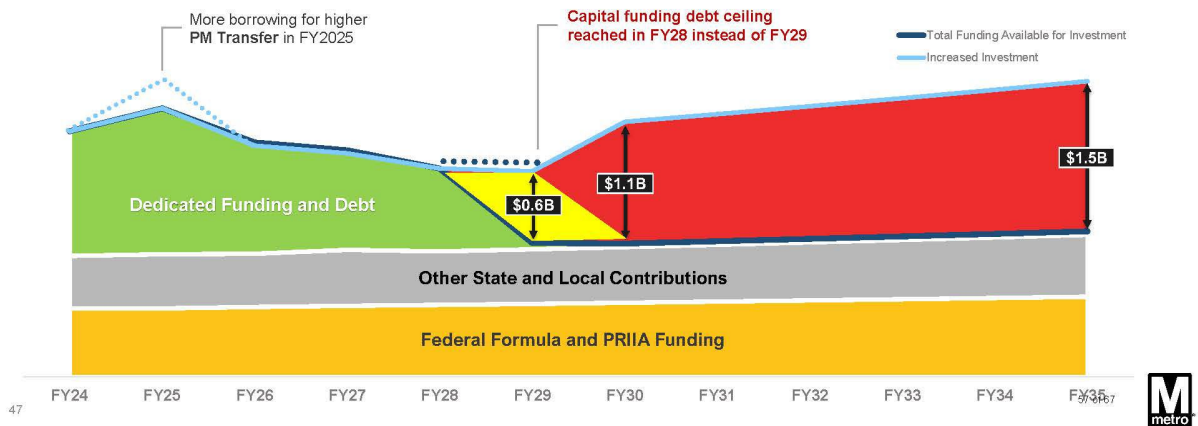
- General Wage Increase (GWI) of 2.5 percent per year;
- Cost-of-Living Adjustment (COLA) equal to the Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W) minus GWI;
- Performance Base Pay (PBP) adjustment that provides a 1 percent wage increase when combined Metrorail and Metrobus systemwide ridership increases by an average of 2 percent or more from the prior fiscal year.

The CBA agreement did not foresee a situation in which ridership decreased significantly for a year as occurred during the COVID-19 pandemic, and then increased in subsequent years as ridership returned leading to the agreed increases, even though ridership continues to remain substantially below pre- COVID-19 pandemic levels.

WMATA LONGER TERM SUBSIDY

The DC OCFO reviewed the scenarios put forward by WMATA in their second set of briefings to the CAO Workgroup in October and November 2023 regarding potential operating and capital expenses in FY 2025. The finding was that scenarios 2 through 4 would help address the operating budget gap for one year. But these scenarios would also accelerate the upcoming “fiscal cliff” for WMATA’s capital budget, which based on WMATA’s stated needs will require need an additional \$500 million annually from funding partners beginning with FY 2029 if not sooner.

Increasing PM transfer will exhaust funding faster and decrease state of good repair investments



While FY 2025 is the immediate issue, there is a structural problem with WMATA’s fiscal model. WMATA’s operating revenue declined by roughly \$350 to \$400 million a year due to the COVID-19 pandemic and its impact to date on travel demand. The operating budget gap of \$650 million currently forecast for FY2025 will grow by up to \$40M or more annually (to account for 3% inflation thereafter). In addition, forecasts indicate that WMATA’s capital spending will outpace resources available for capital projects by roughly \$500 million annually beginning no later than FY 2029.

In conclusion, the WMATA fiscal model is unsustainable, with the future gap in operating and capital costs, more than current revenues and subsidies, totaling more than \$1.25 billion annually. This growth rate in demand for subsidy far outpaces the forecast growth rate of funding partner economies and available revenues. A more prudent financial practice and stricter limits on jurisdictional subsidy growth must simultaneously be adopted to prevent another financial crisis from occurring and begin to affect the reliable, safe, and effective regional public transportation service.

The work to develop a long-term solution to the WMATA financial model must begin as soon as the FY 2025 solution is developed. Given the significant impact to jurisdictional budgets as well as implications for raising dedicated revenue, this work cannot be left solely to the WMATA board, as they have neither the authority to appropriate funding nor raise revenues.

Therefore, the CAO Workgroup also recommends a regional convening of all decision makers and stakeholders of the transit service provided by WMATA to undertake a comprehensive regional examination of WMATA. Over the next year, the CAO Workgroup is prepared to engage WMATA, the Metro Funding Strategy Group, and private and nonprofit partners to do just that. WMATA’s operating and funding model and its governance will be examined to develop actionable recommendations that will ensure a safe and reliable system with sustainable and predictable funding over the long term. Part of the considerations for such a detailed examination include:

- **Increased federal contributions.** Moving the federal workforce has been at the front and center of WMATA planning and decision making since its inception. Yet with the change in remote work, federal workforce ridership has dropped substantially, being a large driver of continued low revenues for WMATA. The region must continue its work to seek additional assistance for the nation's Metro system. This could either be through an increase to a direct contribution like PRIIA or by shifting the federal employee transit benefits contribution to be a direct subsidy to WMATA.
- **New Regional Dedicated Funding Source** – The region needs to determine what a new dedicated funding source means. What would be the likely source of such revenue, how the revenue interacts with existing sources, how would it be designed and implemented in the “tri state” region and how will this impact the current jurisdictional subsidies. Further, the revenue source(s) will require close monitoring, and the WMATA budgets adjusted accordingly, to ensure that changes to the dedicated revenue/funding source(s), for any variety of economic driven impacts, will be accounted for without creating additional unplanned and unnecessary budget gaps for WMATA in the future.
- **Cost Controls / Prudent Financial Practices** - The region should also explore all means through which WMATA is able to control escalation in operating costs to an amount that is within the total funding provided by the region. Topics to explore under this item include removal of uncertain cost escalations in collective bargaining agreements, predictable funding requests year over year for the region and / or the WMATA members; multi-year revenue and expenditure forecasting that shows a balanced program to help avoid sudden fiscal cliffs, and for WMATA to provide clearer insight into changes that may need to be made soon because of certain revenue or expenditure considerations.

APPENDIX A: PREVIOUS STUDIES AND BRIEFINGS

This appendix contains links to recent presentations, current agreements, and previous reports and studies of the funding and governance of the Washington Metropolitan Area Transit Authority (WMATA or Metro). It includes WMATA presentations and items, as well as previous work by COG (in several cases in conjunction with the Greater Washington Board of Trade).

WMATA FINANCIAL INFORMATION

COG Retreat, July 14, 2023

Metro Funding was one of the two topics discussed at the COG Retreat on July 14, 2023. Following an overview briefing by COG staff, WMATA GM & CEO Randy Clarke gave a presentation. He was followed by a panel of speakers including Charles Allen, District of Columbia Councilmember; Jenny Reed, District of Columbia Director of the Office of Budget and Performance Management; Jennifer DeBruhl, Virginia Department of Rail and Public Transportation Director; and Paul Wiedefeld, Maryland Secretary of Transportation.

[WMATA's Compact Agreement And Funding Sources \(COG\)](#)

[WMATA Immediate Term Fiscal Challenge](#) (GM Clarke)

WMATA Board Presentations

The WMATA Board of Directors and its Finance and Capital Committee have discussed the funding situation several times in 2023.

[Future Funding Planning](#), June 22, 2023

<https://www.youtube.com/watch?v=hhJ2EkCXKxk> (recording of meeting, beginning at time 33:30)

[Metro Financial Update](#), September 28, 2023

[Future Financial Planning - FY2025 Service, Fares and Capital Planning Update](#), October 26, 2023

WMATA Public Records: Labor and Employee Relations

The following Collective Bargaining Agreements (CBAs) are located on WMATA's [Public Records](#) website.

- [Union Contract FOP \(formerly L639/246, IBT\) Metro Transit Police](#)
- [Union Contract Local 2, OPEIU](#)
- [Union Contract Local 639/246, IBT \(Metro Special Police\)](#)
- [Union Contract Local 689, ATU](#)
- [Union Contract Local 922, IBT](#)

REPORTS AND STUDIES

COG

White paper and supporting slides prepared under contract by ICF and Foursquare ITP to evaluate the funding situation and solutions for major transit systems across the US.

[National Transit Funding White Paper, June 2023](#)

[National Transit Funding, Supporting Slide Deck, June 2023](#)

COG Technical Panel Report on Metro Funding (2017)

<https://www.mwcog.org/documents/2017/04/26/cog-technical-panel-report-on-metro-metro/>

Metro at 40 Forums – a COG/BOT joint effort (2016)

<https://www.mwcog.org/about-us/newsroom/2016/03/31/leaders-focus-on-restoring-metros-world-class-reputation-at-regional-summit/>

<https://www.mwcog.org/about-us/newsroom/2016/06/21/at-second-metro-forum-the-heads-of-5-major-north-american-transit-systems-shared-their-insights/>

Moving Metro Forward: Report of the Joint WMATA Governance Review Task Force – a COG/BOT joint effort (2010)

<https://www.mwcog.org/documents/2010/11/17/moving-metro-forward-report-of-the-joint-wmata-governance-review-task-force-wmata-metro/>

WMATA

FY 2024 Budget

<https://www.wmata.com/about/records/upload/FY2024-Approved-Budget-FINAL-20231006.pdf>
(budget book)

<https://www.wmata.com/initiatives/budget/> (supporting documents, short explanatory videos)

Why Metro Matters (webpage)

<https://www.wmata.com/initiatives/case-for-transit/>

Previous Regional Initiatives

Secretary LaHood Report (December 2017)

<https://www.novatransit.org/uploads/LinkedDocs/2017/LaHood%20Report%20Final.pdf>

Regional Mobility Panel (1997)

<http://www.dccwatch.com/govern/regmob6.htm>

<https://planitmetro.com/wp-content/uploads/2011/03/RegionalMobilityPanel97.pdf>

WMATA Riders' Advisory Council Report on Governance (2010)

<https://www.wmata.com/about/riders-advisory-council/upload/ApprovdGovRptFinal01Dec10.pdf>

Government Accountability Office (GAO)

Report: Washington Metro Could Benefit from Clarified Board Roles and Responsibilities, Improved Strategic Planning (2011)

<https://www.gao.gov/products/gao-11-660>



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