

City of Alexandria, Virginia

MEMORANDUM

DATE: JANUARY 5, 2011

TO: MEMBERS OF THE TRANSPORTATION COMMISSION

FROM: MARK JINKS DEPUTY CITY MANAGER, AND
JIM MASLANKA, CHIEF OF TRANSIT SERVICES, T&ES

SUBJECT: AGENDA ITEM #3 – WMATA GOVERNANCE

WMATA is a unique transit system, which provides service to people in three major entities, two states and the District of Columbia. WMATA is governed by a Compact between these entities which was passed by them and by the U.S. Congress. The Compact was originally signed in 1966, and has been amended seven times, with only one change affecting WMATA's governance structure. In 2009, federal members were added to the WMATA Board to comply with a new federal- regional funding agreement.

Unfortunately, WMATA has experienced a set of operational setbacks recently, such as problems keeping escalators and elevators in a state of good repair, and serious safety lapses which resulted in a tragic accident involving WMATA trains in June, 2009. The causes of these misfortunes could be many. These include an aging infrastructure and inadequate funds to meet these critical needs. Another factor which has been discussed is updating WMATA's Governance structure. Some people have asserted that the current Board structure was appropriate for building a rail system, but is inadequate for operating a mature transit system.

With this in mind, two public documents have been developed by the Washington Metropolitan Council of Governments (MWCOC) –Board of Trade (BOT) and by the WMATA Rider's Advisory Council. Following are the citations to both of these reports:

<http://www.mwcog.org/uploads/pub-documents/qV5fWI820101117113214.pdf>

http://www.wmata.com/about_metro/riders_advisory_council/documents/ApprovdGovRptFinal01Dec10.pdf

Both of these reports identified weaknesses in the current WMATA governance structure and have suggested changes. The two have very different sets of recommendations. The MWCOC-BOT report is a more radical document, proposing some of these measures:

- A WMATA Governance Commission should be set up by the Signatories and the Appointing Authorities to make improvements to the authority's governance structure and hold the Board accountable for its actions. This group should meet twice a year and be composed of the following individuals:
 - Maryland Governor
 - Virginia Governor
 - District of Columbia Mayor
 - Washington Suburban Transit Commission Chair
 - Northern Virginia Transportation Commission Chair
 - District of Columbia Council Chair
 - General Services Administration Administrator
- MWCOG-BOT felt that it was necessary for a Board Chairman to have the position for at least two years. This person should ensure that all Board members are really working on WMATA issues.
- MWCOG-BOT felt that the WMATA General Manager should be the CEO of the firm, who handles most of the decisions for the Authority, while the Board will provide policy direction.
- Clear definitions need to be set up for the Board and the CEO.
- MWCOG-BOT also felt that the current Board structure did not reflect the interests of the primary signatories of the WMATA Compact (The two states and the District of Columbia- They especially wanted an appointee of Virginia's Governor on the Board)
- MWCOG-BOT recommended that the WMATA Board should not have alternate Board members operating as they do now, with votes in Board committees. Instead they are proposing that alternates only be permitted at Board meetings if principle board members are absent.
- The use of the jurisdictional veto should be minimized to rare occasions such as budget items or service changes. Thought should be given to eliminating it entirely.
- MWCOG-BOT noted that a coordinated process should be established for appointing a WMATA Board, with the right balance of attributes to serve Metro and the region.

The Rider's Advisory Council report provides a useful counterpoint to these discussions. Their key recommendations are the following:

- The Board is analogous to a legislature, and should include public officials
- The Board should set clear, high standards for members
- The Board should focus on high-level policy and objectives
- The Board should act as a regional body rather than as individuals
- WMATA's top official should be a CEO rather than a General Manager
- Board decision-making should include a clear and accessible public input process.

Additional proposals have been advanced to change WMATA Governance. Some regional officials have been discussing options for giving the Commonwealth representation on the WMATA Board. The latest of these is that the Commonwealth would receive one seat on the Board, either a principle (voting) seat or an alternate (Non-voting except in Committees). The key question which comes to mind is how this can be accommodated, without a loss of representation on the Board. The current practice has been for the Northern Virginia Transportation Commission to appoint a voting member from Fairfax County and Arlington County, with alternates from Fairfax County and the City of Alexandria. If this practice is changed to allow the Commonwealth to be represented, who would lose a seat, or how would a seat be rotated among jurisdictions?

Finally the WMATA Board itself has also responded to calls for changes in Governance by developing their own set of interim recommendations. First it is setting up a Board Governance Committee, which should develop a proposed set of bylaws within 60 days of December 16, 2010 formalizing the Board's Committee structure, and will also consider formulating bylaw changes on the term and rotation of the Chair. The Board requested legal guidance on two matters: 1) the role of alternate members; and 2) the current Compact requirement that "no action by the Board shall be effective unless a majority if the Board present and voting, which majority shall include at least one Director or Alternate from each Signatory, concur therein". The Board also ordered an orientation session for new Board members, and emphasized its commitment to making the chief operating officer a CEO who would not be micromanaged by the Board.

In addition to these recommendations, Senator Mikulski has asked the Government Accounting Office to develop a report on WMATA Governance by July 1, 2011.

In examining all of these proposals, there appear to be common threads. These include making the top staff officer a CEO rather than a General Manager. There is a sense that the Board Committee structure should be examined, and that the role of the Board Chairman should be reconsidered. There is considerable difference of opinion on most other issues. Upon reading all of these the following questions still come to mind:

1. How can Alexandria maintain some representation on the WMATA Board?
2. Who should be represented on the WMATA Board?
3. How many people should be on the WMATA Board? Should they be term limited?
4. What should the role of Alternates be on the WMATA Board?
5. How should the entry of Loudoun County into WMATA be handled?
6. Should there be a Council of signatories and agencies appointing members to the Board which will oversee the Board?

7. Should the Chairman of the board have more authority than the present chairman and have a longer term?
8. Should a jurisdictional veto be kept?
9. How will the Virginia situation be resolved, namely that local jurisdictions pay the majority of WMATA operating and capital funds. How should their interests be represented, if there the Commonwealth is seated on the Board?
10. What problems will a WMATA Board reorganization address?

The following table includes City staff's draft recommendations that were prepared at the request of the Mayor, and that Council is looking for the Transportation Commission's input to help Council form their positions on this set of issues. This proposal provides recommendations in all of the key areas. Staff's proposal is the following:

WMATA Governance

Current WMATA Status and Structure	Board of Trade, COG Recommendations	Draft Proposed Alexandria Recommendations
GOVERNANCE COMMISSION		
<ul style="list-style-type: none"> • Not applicable 	<ul style="list-style-type: none"> • Establish permanent WMATA Governance Commission composed of: <ul style="list-style-type: none"> • Maryland Governor • Virginia Governor • DC Mayor • Washington Suburban Transit Chair (MD) • NVTC Chair (VA) • DC Council Chair • GSA Administrator 	<ul style="list-style-type: none"> • Create Ad Hoc Committee appointed by: <ul style="list-style-type: none"> • Maryland Governor • Virginia Governor • DC Mayor • Washington Suburban Transit Chair (MD) • NVTC Chair (VA) • DC Council Chair • GSA Administrator
<ul style="list-style-type: none"> • Not applicable 	<ul style="list-style-type: none"> • Governance Commission: <ul style="list-style-type: none"> • Defines WMATA Board responsibilities, uniform job description • Holds WMATA Board accountable • Coordinates process for appointing WMATA Board with “the right balance of attributes” and “most qualified 	<ul style="list-style-type: none"> • Ad Hoc Committee: <ul style="list-style-type: none"> • Recommends to WMATA Board what its responsibilities and job description should be • Could be reconstituted as needed by Mayor and Governors, <u>or</u> • Could meet once per year

WMATA BOARD

<p>MD: 2 voting/2 alternates= 4 DC: 2 voting/2 alternates= 4 VA: 2 voting/2 alternates= 4 GSA: <u>2 voting/2 alternates= 4*</u> 8 + 8 = 16 members</p> <p>*2 GSA alternate seats vacant</p>	<ul style="list-style-type: none"> 12 Member Board with one each appointed by MD & VA Governors and DC Mayor 	<ul style="list-style-type: none"> 17 member Board*: <ul style="list-style-type: none"> MD: 5 voting VA: 5 voting** DC: 5 voting GSA: <u>2</u> voting <p>17 *No Alternates **4 NVTC appointed, 1 transit or management professional each appointed by VA Governor, MD Governor, and DC Mayor</p>
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<ul style="list-style-type: none"> Alternates vote at Committee level 	<ul style="list-style-type: none"> Alternates only vote as substitute for absent Board members 	<ul style="list-style-type: none"> Alternates converted to full Board members
<ul style="list-style-type: none"> Board terms not limited 	<ul style="list-style-type: none"> Limit terms to 2 four-year terms 	<ul style="list-style-type: none"> Limit to 10 years going forward
<ul style="list-style-type: none"> Compensation policies vary 	<ul style="list-style-type: none"> Uniform compensation policy 	<ul style="list-style-type: none"> Uniform compensation policy with recognition of part-time public service nature of Board position Higher compensation for Board Chair

Current WMATA Status and Structure	Board of Trade, COG Recommendations	Draft Proposed Alexandria Recommendations
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BOARD CHAIR

<ul style="list-style-type: none"> Selected annually from voting members and rotates among MD, VA, DC 	<ul style="list-style-type: none"> Regionally focused Chair with a 4-year term selected from outside the Board’s membership 	<ul style="list-style-type: none"> Elected every two years by Board from among Board members with continued rotation among MD, VA, & DC appointees
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MISCELLANEOUS

<ul style="list-style-type: none"> Not applicable 	<ul style="list-style-type: none"> Not applicable 	<ul style="list-style-type: none"> Ability to create a representative Executive Committee
<ul style="list-style-type: none"> Board votes require at least one positive vote from DC, MD, and VA (i.e. allows a veto) 	<ul style="list-style-type: none"> Eventually eliminate veto provision 	<ul style="list-style-type: none"> No veto, except in cases of annual budget and CIP adoption, and fare rate increases. Then a veto could only be used if <u>all</u> Board members from one state (or DC) did not vote Yes.
<ul style="list-style-type: none"> Established long-range capital plan, but no overarching integrated operating strategic plan 	<ul style="list-style-type: none"> Silent on issue, but report focuses on charts aimed at long-term improvements 	<ul style="list-style-type: none"> Develop a participatory long-term integrated system-wide strategic plan which would include implicit multi-year funding commitments. CEO leads strategic plan development and Board approves.
<ul style="list-style-type: none"> Virginia state government staff do not participate to any significant degree with local, DC and Maryland staff in assisting WMATA staff and Board with issues 	<ul style="list-style-type: none"> Silent on issue 	<ul style="list-style-type: none"> Virginia state government staff should be regular participants in WMATA decision-making process like DC and MD staff
<ul style="list-style-type: none"> WMATA head executive is now titled “General Manager and Chief Executive Officer” 	<ul style="list-style-type: none"> Change WMATA General Manager to Chief Executive Officer (CEO) with clear authority and autonomy to oversee day-to-day management 	<ul style="list-style-type: none"> Concur. A strong CEO with a well-defined Chief Operating Officer (COO) and other well-focused senior management. The CEO should have freedom to restructure the WMATA organization.

Staff encourages the Transportation Commission to review Alexandria staff's proposal, as a possible addition to regional discussions involving WMATA Governance. A week after the Board of Trade/MWCOG proposal was distributed on November 17, 2010, the Governor of Virginia, Governor of Maryland, and Mayor-Elect of the District of Columbia convened and issued a statement that they wanted their staffs to develop a proposal in 45 days which would implement the Board of Trade/MWCOG report's recommendations. If the report's recommendations are enacted, Alexandria would lose a significant amount of WMATA representation. Therefore, it is important to provide input to the regional discussion as soon as possible.