

GM Board Report

July 16, 2009

Introduction

Good morning.

Let me begin with an update on the events since we last met. There are a number of things to note since our last Board report.

Accident Update

As you heard earlier this morning, there have been some important developments on the investigation of the accident on June 22, since we last met. But first, I want to say that still not a day goes by that we at Metro don't think about those who were killed in the accident. This has been a grueling time -- for the families of the victims who were killed, for our employees and for everyone in this room. I commit to you that we will not rest until a cause has been determined and until we have taken steps to ensure that this type of accident never happens again.

Our thoughts also go out to those who were injured, and we wish them a quick recovery. I'd like to take a moment here to note that we have set up a web page devoted to the accident and the investigation, and people who were injured in the

accident can find the phone number to call to seek emergency assistance or file a claim. That web page can be found at the “About Metro” menu on our web site, where we’ve created a special page called “Fort Totten Metrorail Accident.”

This is a time for action. Even though the NTSB has not completed its investigation, we will not wait. Earlier this week we met with a company that may be able to assist us in developing a system to detect circuit problems in real time. We will continue to explore all avenues that can help us find a solution to this problem.

We have spoken to dozens of representatives from transit properties across the country and around the world. We are working with the American Public Transportation Association to assemble a team of experts on track signals and circuitry. I am anxious for the team to get started on its review of our system.

Our action extends to Capitol Hill. On Tuesday I testified at a congressional subcommittee, on this accident and on the need to fund this system. On Monday, the House transportation appropriations subcommittee approved \$150 million for our capital needs. That action must now be approved by the full appropriations committee and by the House and Senate. I am

grateful for the support of our entire Congressional delegation, which has consistently supported Metro's capital needs. We will need their strength as this bill moves forward. And we will use that funding to fund our most critical needs.

We are taking steps now to prepare for the FY11 budget, even though we just approved this year's budget less than one month ago. We cannot wait. Later this afternoon, my executive staff and I will be meeting for several hours to start outlining a budget framework which I will propose to the Board the next time we meet. The events of last month make our work even more critical.

Across this entire agency, we have been taking actions to ensure that this system is as safe as it can be. We are operating our trains in manual mode and will continue to do so until a suitable backup, designed specifically for our rail system, is developed. We have physically inspected each of the 3,000 track circuits in our rail system. We are running daily computerized tests of all circuits. And, even though they are safe to operate, our oldest railcars have been placed in the center of trains. We plan to replace these cars soon as funding is secured.

I have no doubt that the work that we are doing will have deep and lasting implications for this entire industry. The NTSB's urgent safety recommendation reaches far beyond Metro. Transit officials from across the country and around the world are calling us, trying to understand the cause of the problem, so that they, too can evaluate their own systems.

The problem has been confounding. Components of the circuit that was called into question have been replaced. We continue to test, but problem still persists in the area of the accident.

If there is any good to come of this, it is that this agency – and every transit agency in the country – will be made even safer. If we can do that, then the lives of the nine who perished on June 22, 2009 will not have been in vain.

As a final note on this topic, I would like to thank our millions of customers for their patience. I regret that we have not yet been able to return to pre-accident levels of service on the Red Line. I don't ever want to inconvenience customers in the way that they have been these past few weeks.

However, we also have to be responsive to NTSB and related testing activities. NTSB schedules testing during the day, evenings, weekdays and weekends. But we are making every effort to provide current, accurate information about service levels to assist customers in planning their travel.

We appreciate their patience as we work to provide the best service possible under the circumstances. I am as anxious as they are to restore the entire Red Line to normal service. In the meantime, I thank all of our riders for bearing with us as the NTSB continues its investigation. The safety of our passengers is our #1 priority.

Metro adopts zero tolerance policy on operator use of cell phones or PDAs.

In keeping with our emphasis on safety, on Monday, we instituted a new policy. Any Metro vehicle operator caught using a cellular phone, texting or a personal digital assistant while driving a Metro vehicle, will be terminated. This is under a new zero tolerance policy that has been implemented.

The new policy will allow train and bus operators to use personal cell phones during a Metro-defined emergency situation only.

House Appropriations Subcommittee approves \$150 million for Metro in Fiscal Year 2010.

As I referred to earlier, the House Appropriations Subcommittee on Transportation has approved \$150 million in capital grants for Metro in Fiscal Year 2010, to be matched by contributions from Metro's local funding partners.

Before we can actually receive this funding, the Compact amendments still need to be approved by Congress, and the appropriations bill must be approved by the full Appropriations Committee; then it must pass the full House and the Senate.

We expect that the legislation will direct us to use these funds for investments in safety, and we should have that information within the next few days.

I know that maintaining the long-standing partnership between Metro and the federal government is key to Metro's ability to provide the National Capital Region with safe and reliable transit service. This investment will not only help to keep Metro running safely, it will spur economic recovery in the Washington region and across the country through the purchase of parts and materials. We are a long way from the finish line but this is a very positive step forward.

A successful July 4th

I would like to thank all of the thousands of employees who worked on the Fourth of July holiday and who were instrumental in the success of that day. In addition to our regular operational staff, we had 65 specially trained additional customer service employees working from 11 a.m. to 7 p.m. at 35 Metrostations.

That day Hundreds of thousands of customers helped Metro set the transit agency's highest ridership with 631,206 trips for the Independence Day.

Improvements of the X1, X2 and X3

Metro is working with the District of Columbia's Department of Transportation in hosting two public meetings to discuss the Metrobus routes X1, X2 and X3, along Benning Road and H Street. A public meeting was held on Tuesday evening at the Sherwood Recreation Center and another will be held this evening at 6:30 p.m. at the Marshall Heights Community Development Organization on Benning Road. The purpose of the meetings is to get rider comments, questions and suggestions about ways to improve the bus service.

The Leadership Program

At this point I would like to introduce Andrea Burnside, Assistant General Manager, Department of Workforce Services who will present the participants in Metro's Senior Leadership Development Program (SLDP)

Andrea Burnside:

Metro's formal succession planning program began in 2000.

- Our program is widely recognized as the most advanced in transit. Our program has been featured at numerous APTA conferences, including the annual conference last year in San Diego and more recently at the Bus Conference in Seattle, where three of our participants were invited to present at a special session. Over the years many properties have sought information, perspectives and lessons learned about our program. We've received recent inquiries from SEPTA, Los Angeles, and Miami.

- The model we use is consistent with generally accepted principles in the succession planning field and employed by most Fortune 500 Companies (theories and practices

espoused by the Center for Creative Leadership).

- Over the life of our formal leadership succession program, we have had a good success rate, with 15 program participants being promoted to director or manager positions.

In 2008, General Manager John Catoe – a long time and well-known supporter of succession planning in the transit industry - challenged us to “up the ante.” As a result, the program underwent the most significant update in its nine year history.

- Major changes included: participant placement in full-time development positions, a new requirement to complete a certificate program in transportation at either Morgan State or George Mason Universities, and the provision that if the participant is in “good standing” at the end of the 18 month development period they will be placed in a director-level position.
- I would now like to introduce the eight employees selected for the most recent program that began July 2008.

NAME	Years of Metro Service	Last Work Area Before Entering Program	ENO or APTA Leadership/ Promotion
Raphael (Ray) Alfred	8	Special Assistant to the GM, GMGR	Completed ENO Training Program in 2008
Chun Dong	3	Engineer, ELES	Recently promoted to Director Operations Control Center Operations (Bus)
Royland Fraser	17	Manager, Special Projects, PLNT	
Raquelle Gilbert	20	Operations Supervisor, Montgomery Bus Division, BUS	
Leroy Jones, Jr.	10	Supervisor, Track & Way, TSSM	Recently promoted to AGS, District 1, BUS

Beck Pak	27	Senior Project Manager/Systems, ESVC	
Michael Sherman	3	Human Resources Generalist III, WORX	
Shi (Shelley) Xie	10	Labor Economist, LABR	

This concludes my report.