

MINUTES

1297th Meeting of the Board of Directors September 22, 2005

Mr. Kauffman called the meeting to order at 11:15 A.M. Present were:

DIRECTORS

Mr. Dana Kauffman
Mrs. Gladys Mack
Mr. Charles Deegan
Mr. Jim Graham
Mr. Robert Smith

ALTERNATE DIRECTORS

Mr. William Euille
Mr. Daniel Tangherlini
Mr. Marcel Solomon
Mr. Gordon Linton
Mrs. Catherine Hudgins

STAFF

Mr. Richard White
Mr. Harold Bartlett
Mr. William Scott
Ms. Carol O'Keeffe
Mr. Takis Salpeas
Mr. Peter Benjamin
Ms. Leona Agouridis

Ms. Polly Hanson
Mr. James Hughes
Mr. Steve Feil
Mr. Jack Requa
Mr. Frederick Goodine
Mr. Edward Thomas
Ms. Judy O'Leary

APPROVAL OF AGENDA:

The Agenda was accepted as submitted.

APPROVAL OF MINUTES:

The Minutes of the August 18, 2005 meeting were approved as submitted.

PUBLIC COMMENT PERIOD:

Four people spoke during the public comment period conducted at this meeting:

1. Mr. Scott Vining suggested WMATA install software to track the number of people who are eligible for paratransit that actually use the free ride program as opposed to paratransit services to provide more accurate data.
2. Mr. Susan Holland thanked WMATA staff for their dedication and for allowing the E&D committee input during the RFP process of the paratransit contract performance. She encouraged WMATA to offer travel training prior to the implementation to ensure a smooth transition to the fixed route system.
3. Mr. Eric Gilliland commented on the lack of progress on the Metropolitan Branch Trail in the area of the New York Avenue Metro station and urged the Board to rapidly resolve the issues that prevent further construction of this vital bike and pedestrian facility.
4. Mr. Patrick Sheehan thanked WMATA staff and the Board for their efforts during the paratransit contract review process and for the changes made within the system for people with disabilities.

REPORT BY CHAIRMAN:

A. Approval of Resolution Commending Mr. Benjamin on his Retirement:

Mr. Kauffman referred the Board to the request for approval of a Resolution commending Mr. Peter Benjamin, Chief Financial Officer on his retirement. Mr. Benjamin will be retiring on October 1, 2005 and the Board of Directors wishes to acknowledge his 19 and half years of service that he has provided to WMATA and to the citizens of the Washington Metropolitan region. His major achievements have included the introduction of SmarTrip technology, the administration of several significant innovative financing arrangements, including tax advantage leases, commodity swaps, bond refinancing, the TIFIA credit arrangement, and parking surcharge programs. The Board of Directors and the Chief Executive Officer commend Mr. Benjamin for his outstanding leadership that served to enhance the professional image of the Department of Finance and the Authority and extend its best wishes for a happy and healthy retirement.

Mr. Kauffman moved, seconded by Mrs. Mack, that the Board approve the Resolution commending Mr. Benjamin. This motion was unanimously approved.

Ayes: 6 - Mr. Kauffman, Mrs. Mack, Mr. Deegan, Mr. Euille, Mr. Graham, and Mr. Smith

A copy of the approved Resolution (2005-36) has been made a part of the official file.

REPORT BY GENERAL MANAGER/CHIEF EXECUTIVE OFFICER:

A. Approval of Resolution to Appoint Deputy General Manager Finance/Chief Financial Officer:

Mr. White referred the Board to the request for approval of a Resolution to appoint Mr. Charles Woodruff as Deputy General Manager Finance/Chief Financial Officer. Mr. Woodruff has more than 30 years of experience in financial management and a Masters of Science degree in Administration and a Bachelors of Science degree in Economics. Mr. Woodruff will be in charge of all the Authority's financial matters as well as the management of the Department of Finance.

Mr. Smith moved, seconded by Mr. Euille, that the Board approve the appointment of Mr. Charles Woodruff as Deputy General Manager Finance/Chief Financial Officer. This motion was unanimously approved.

Ayes: 6 - Mr. Kauffman, Mrs. Mack, Mr. Deegan, Mr. Euille, Mr. Graham, and Mr. Smith

A copy of the approved Resolution (2005-37) has been made a part of the official file.

B. Metro Board Digest:

Mr. White referred the Board to the *Metro Board Digest* for September 2005, highlighting the following items:

- Mr. White reported the upcoming Dedicated Funding Conference, hosted by WMATA and co-sponsored by the Federal City Council, the Greater Washington Board of Trade, and the Washington Council of Governments will take place on Monday, October 3, at the U.S. Navy Memorial & Heritage Center, 701 Pennsylvania Avenue, NW, Washington, D.C., from 8 a.m. to noon. Elected officials and leaders of state and local transportation and funding committees will gather for a regional summit on dedicated funding for Metro. The dedicated funding summit will bring together local and state elected officials, businesses and regional stakeholders. Topics to be discussed include an overview of Metro's funding needs, regional funding allocations and targeting an amount of funds to be raised through dedicated funding. Through the

summit, Metro aims to work toward regional consensus about dedicated funding and build on the momentum begun last year to identify dedicated funding options for Metro.

- Mr. White reported on October 15, 2005 Metrorail will open two hours early at 5:00 a.m. in support of the Millions More Movement Rally on the National Mall. Event organizers estimate attendance anywhere from 800,000 to 1 million participants, and Metro is planning for higher-than-normal Saturday ridership.
- Mr. White reported a switch replacement project at the Braddock Road Metrorail station on the Blue and Yellow lines will take place over two weekends: September 23-25 and September 30-October 1. To replace the switch, Metrorail trains will share a single track from Van Dorn Street to Pentagon City on the Blue Line and from Huntington to Pentagon City on the Yellow Line. Because of the lengthy single-track operation, headways between trains will be 38 minutes. We plan to inform customers and stakeholders about the necessary track work and the effects it will have on Metrorail travel through our Web site, the news media, system announcements and the Passenger Information Displays.
- Mr. White reported the new parking facility at White Flint station will open on Saturday, October 8. The six-level parking structure has 1,272 spaces and replaces a surface lot that had 1,158 spaces. The \$17.4 million garage was funded with proceeds from two land sales and fiscal year 2005 TIF revenues. A ceremonial ribbon cutting at the White Flint parking structure will take place on October 12.
- Mr. White invited the Board of Directors to attend the Hispanic Heritage Month celebration, in the JGB Board room today at 1:30 p.m.
- Mr. White reported in the aftermath of Hurricane Katrina, employees immediately asked how they could help and what they could do. Our employee programs and special events office organized a one-week fund raising drive for Hurricane Katrina relief efforts that yielded just over \$40,000 in donations from Metro employees. On September 12, the donations were taken to the American Red Cross national headquarters.

REPORT BY PLANNING AND DEVELOPMENT COMMITTEE:

A. Approval of Resolution to Establish Opening Date for White Flint Parking Garage:

Mr. Solomon referred the Board to the request for approval to establish October 8, 2005 as the actual opening date for the White Flint Parking Structure and establish October 12, 2005 as the ceremonial opening date. The Authority's construction activities on the White Flint Parking Structure in Rockville, Maryland have progressed so that an opening date of October 8, 2005 can be anticipated. The opening of the parking structure will help improve the mobility and quality of life for the citizens of our region and help the Authority achieve its transit goals.

Mr. Deegan pushed back from the table to allow Mr. Solomon to move both Items A and B.

Mr. Solomon moved, seconded by Mr. Smith, that the Board approve the Resolution to establish October 8, 2005 as the opening date for the White Flint Parking Structure. This motion was unanimously approved.

Ayes: 6 - Mr. Kauffman, Mrs. Mack, Mr. Solomon, Mr. Euille, Mr. Graham, and Mr. Smith

A copy of the approved Resolution (2005-38) has been made a part of the official file.

B. Approval of Bus Systems Integration:

Mr. Solomon referred the Board to the request for programmatic approval to modify two or three existing contracts for integration of bus systems, authorize task orders to the on-call engineering consultant, and authorize the initiation and award of a contract for implementation of an interim real-time customer information system.

Mr. Solomon moved, seconded by Mrs. Mack, that the Board approve the programmatic changes to modify or initiate and award contracts for the Bus Systems Integration. This motion was unanimously approved.

Ayes: 6 - Mr. Kauffman, Mrs. Mack, Mr. Solomon, Mr. Euille, Mr. Graham, and Mr. Smith

REPORT BY REAL ESTATE COMMITTEE:

A. Approval of Extension of the Negotiation Period for the Silver Spring Transit Center:

Mr. Graham referred the Board to the request for approval of an extension of the negotiation period for the Silver Spring Transit Center. On April 21, 2005, the Board approved revisions to the term sheet with Silver Spring Metro, LLC, the Selected Developer of the Silver Spring site, and authorized staff to negotiate an agreement incorporating the revised terms. WMATA and the Developer have moved forward with negotiations but, due to the complexity of the project and the fact that it must be coordinated with the planning for the Silver Spring Transit Center, negotiations have been protracted. A 120-day extension of the negotiation period is requested.

Mr. Graham moved, seconded by Mr. Deegan, that the Board approve the 120 day extension of the negotiation period for the Silver Spring Transit Center. This motion was unanimously approved.

Ayes: 6 - Mr. Kauffman, Mrs. Mack, Mr. Deegan, Mr. Euille, Mr. Graham, and Mr. Smith

B. Approval of Extension of the Negotiation Period for the Arlington Bus Garage Joint Development Site:

Mr. Graham referred the Board to the request for approval of an extension of the negotiation period for the Arlington Bus Garage Joint Development Site. On April 22, 2005 the Board approved the reinstatement of Ashton Park Associates (APA) as selected developer for the Arlington bus garage property to July 22, 2005. During that time, a new, more concise joint development term sheet format was created and negotiations began. Staff now expects negotiations to be concluded by October 15, 2005.

Mr. Graham moved, seconded by Mr. Deegan, that the Board approve the extension of negotiation period for the Arlington Bus Garage Joint Development Site to October 15, 2005. This motion was unanimously approved.

Ayes: 6 - Mr. Kauffman, Mrs. Mack, Mr. Deegan, Mr. Euille, Mr. Graham, and Mr. Smith

C. Approval of Resolution to Release Allocation of TIF Funds to the State of Maryland for the Takoma-Langley Transit Center:

Mr. Graham referred the Board to the request for approval for the use of TIF Funds for the Takoma-Langley Transit Center. On June 20, 2005, the Board approved Resolution #2005-22, allocating \$6,744,320 of WMATA's TIF to the State of Maryland for the Takoma-Langley Transit Center. The resolution authorized the immediate release of \$800,000 and required subsequent Board

approval of the release of the remaining \$5.9 million of the allocation. This action will allow the release of the entire projected Maryland allocation of \$6,744,320 as it becomes available.

Mr. Graham moved, seconded by Mr. Smith, that the Board approve the Resolution to release allocation of TIIF Funds to the State of Maryland for the Takoma-Langley Transit Center. This motion was unanimously approved.

Ayes: 6 - Mr. Kauffman, Mrs. Mack, Mr. Deegan, Mr. Euille, Mr. Graham, and Mr. Smith

A copy of the approved Resolution (2005-39) has been made a part of the official file.

Mr. Graham noted the Committee also discussed the unsolicited offer for the Jackson Graham Building, and asked staff to prepare an outline of a public solicitation which will be reviewed at a future meeting of the Committee.

REPORT BY BUDGET COMMITTEE:

A. Approval of Resolution for FY07 Operating Budget Guidance:

Mrs. Mack referred the Board to the request for approval of the guidance for development of the FY07 operating budget, and includes the following: the proposed growth in state/local subsidy for the Metro operating budget is 5.9% over the approved 2006 budgeted subsidy, for a total of \$461 million; the CEO's proposal will not include a fare increase; the proposed baseline operating expense budget will include the best available estimate for fuel costs and costs associated with any staffing increase to be proposed by the CEO reflecting the findings of the APTA Peer Review of Bus; staff will propose necessary cost containment actions to achieve the targeted subsidy; the incremental expense to implement a living wage program will be shown as an option.

Mrs. Mack moved, seconded by Mr. Smith, that the Board approve the Resolution for the FY07 Operating Budget Guidance. This motion was unanimously approved.

Ayes: 6 - Mr. Kauffman, Mrs. Mack, Mr. Deegan, Mr. Euille, Mr. Graham, and Mr. Smith

A copy of the approved Resolution (2005-40) has been made a part of the official file.

B. Approval of Core Exchange Items Contracts:

Mrs. Mack referred the Board to the request for approval of the core exchange items contracts. This item provides staff with authority to modify the core exchange contracts as needed to meet operational needs. There are six of these contracts to repair/refurbish major bus parts. The item will provide more efficient procurement parts by permitting rapid adjustments to quantities and dollars under competitive pre-priced contracts without the need for reprogramming authority. This action provides more flexibility to purchase items for inventory; therefore there is no immediate impact on the operating budget.

Mrs. Mack noted the request to track the expenditure incurred with this type of inventory item over an annual period.

Mrs. Mack moved, seconded by Mr. Euille, that the Board approve the core exchange items contracts. This motion was unanimously approved.

Ayes: 6 - Mr. Kauffman, Mrs. Mack, Mr. Deegan, Mr. Euille, Mr. Graham, and Mr. Smith

C. Approval of Resolution to Reprogram Funds for Bus Purchase:

Mrs. Mack referred the Board to the request for approval of a Resolution to reprogram funds for bus purchase. This item is to reprogram \$47M in Metro Matters railcar and facilities capital for the early purchase of 22 additional hybrid electric buses and 177 advanced technology diesel buses in FY06. This is within the scope of the approved Metro Matters Funding Agreement and is consistent with Board authorizations for bus purchases. Funds are returned to the Metro Matters railcar and facilities programs in FY07 and FY08. There is no change in the overall budget or program. This action simply borrows the funds to purchase the buses earlier than planned.

Mrs. Mack moved, seconded by Mr. Deegan, that the Board approve the Resolution to reprogram funds for bus purchase. This motion was unanimously approved.

Ayes: 6 - Mr. Kauffman, Mrs. Mack, Mr. Deegan, Mr. Euille, Mr. Graham, and Mr. Smith

A copy of the approved Resolution (2005-41) has been made a part of the official file.

D. Approval of D.C. Reimbursable Project-Hurricane Katrina Response:

Mrs. Mack referred the Board to the request for approval of D.C. reimbursable project for Hurricane Katrina response. This item authorizes the CEO to enter into a reimbursable operating agreement with the District of Columbia for activities associated with the Hurricane Katrina relief efforts. WMATA has already provided \$118k in charter contracts, bus services, and

SmarTrip cards for evacuees, at the request of the District, and additional requests may exceed the CEO's spending limit of \$200k. This will authorize the CEO to accept additional reimbursable activities for this project over the \$200k limit. The funding will be provided by the District of Columbia.

Mrs. Mack moved, seconded by Mr. Deegan, that the Board approve the D.C. reimbursable project for Hurricane Katrina response. This motion was unanimously approved.

Ayes: 6 - Mr. Kauffman, Mrs. Mack, Mr. Deegan, Mr. Euille, Mr. Graham, and Mr. Smith

E. Approval of Resolution to Execute Diesel Fuel Swap Agreement with Consultation:

Mrs. Mack referred the Board to the request for approval to execute diesel fuel swap agreement with consultation. During discussion of budget guidance the Committee concluded that it would be in the Authority's best interest to have the ability to enter into a diesel swap in order to stabilize the costs for diesel fuel. These transactions are extremely time and market sensitive and require staff to have flexibility to execute them at the appropriate time. This request will allow the CEO to execute an agreement, should he determine it to be in the Authority's best interests, after consultation with the Board.

Mrs. Mack moved, seconded by Mr. Euille, that the Board approve the resolution to execute the diesel fuel swap. This motion was unanimously approved.

Ayes: 6 - Mr. Kauffman, Mrs. Mack, Mr. Deegan, Mr. Euille, Mr. Graham, and Mr. Smith

A copy of the approved Resolution (2005-42) has been made a part of the official file.

F. Consideration of Budget Development & Review Procedures:

Mrs. Mack referred the Board to the request for approval to modify the budget development review process. The Committee forwarded without recommendation a proposal to change the Authority's budget development and review process. The proposal would include the following: the preparation of scope, schedule, and budget for development of a business plan. The plan would include an update of the strategic plan and adoption of performance measures and benchmarks for the operating and capital budgets. Develop budgeting best practices in conjunction with Jurisdictional staff. Improve inclusiveness of stakeholders in the process. The emphasis of the review includes: long-range financial planning, revenue forecasting process, linkages

between business and financial plans, budget process, index for fare changes, showing options.

Mrs. Mack moved, seconded by Mr. Euille, that the Board approve the Resolution for budget development and review processes.

Mr. Graham questioned whether any cost is associated with the proposal. Mrs. Mack stated there is not a fiscal impact of the proposal or an appropriation of funds.

Mr. Graham made a friendly amendment that the team must include the CFO and CAO of the major funding partners in addition to the JCC. Mrs. Mack accepted this friendly amendment.

Ayes: 5 - Mr. Kauffman, Mrs. Mack, Mr. Deegan, Mr. Euille, and Mr. Smith
Abstain: 1 - Mr. Graham

A copy of the approved Resolution (2005-43) has been made a part of the official file.

REPORT BY POLICY AND LEGISLATIVE COMMITTEE:

A. Approval of Resolution to Create Riders' Advisory Council; Adoption of Governing By-Laws and Standards of Conduct:

Mr. Kauffman referred the Board to the request for approval for the creation of a Riders' Advisory Council and adoption of governing bylaws and Standards of Conduct. The Riders' Advisory Council will consist of 21 members, six residing with each jurisdiction and reflecting the varied groups of riders from all services and representing the diversity of the system ridership and an additional three members appointed without regard to ridership pattern or demographics (one of whom shall always be the Chair of the WMATA Elderly and Disabled Transportation Advisory Committee).

Mr. Kauffman moved, seconded by Mr. Graham, that the Board approve the creation of a Riders' Advisory Council and adoption of governing bylaws and Standards of Conduct. This motion was unanimously approved.

Ayes: 6 - Mr. Kauffman, Mrs. Mack, Mr. Deegan, Mr. Euille, Mr. Graham, and Mr. Smith

A copy of the approved Resolution (2005-44) has been made a part of the official file.

REPORT BY CUSTOMER SERVICE, OPERATIONS & SAFETY COMMITTEE:

A. Approval to Award Paratransit Services Contract:

Mr. Smith referred the Board to the request for approval to award the paratransit services contract to MV Transportation, Inc. in the amount of \$203,542,817 for a contract period of four base years. Additionally, to recommend the approval of additional contract authority to cover the cost of performance incentives for four years (\$6 million) and fuel escalation prior to the cutover of operations (\$500,000) for a total award amount of \$210,042,817 for the four base years of the contract. MV is one of the largest paratransit providers in the nation, operating more than 130 paratransit service contracts and 3,000 vehicles nationwide. The change over date for the new contractor is January 15, 2006.

Mr. Smith moved, seconded by Mr. Graham, that the Board approve the award of paratransit services contract. This motion was unanimously approved.

Ayes: 6 - Mr. Kauffman, Mrs. Mack, Mr. Deegan, Mr. Euille, Mr. Graham, and Mr. Smith

ADMINISTRATIVE ACTIONS:

OTHER ITEMS:

Mr. Kauffman referred the Board to the six Administrative Action Items:

Mr. Kauffman moved, seconded by Mr. Graham, that the Board approve Items Number 1, 2, 4, 5, 6. Mr. Smith requested Item 3 to be considered separately.

1. Approval to Initiate & Award A Contract for Bus Cleaning Services:

Approval is requested to initiate and award a contract for on-site cleaning of WMATA Bus Fleet on a monthly basis. This contract will cover a one year base period with four one year options.

2. Approval to Initiate & Award A Contract for Third Rail De-icer:

Approval is requested to initiate and award a competitive procurement of a requirements contract for third rail de-icer. This contract will include a base year for 40,000 gallons in FY06 and one option year for 20,000 additional gallons in FY07. The total quantity of this contract if all options are exercised is 60,000 gallons of de-icer.

4. Approval of Award A Contract for Vehicle Engineering & Technical Services:

Approval is requested to award Contract C05102 to Booz Allen Hamilton, Inc. To provide professional engineering and technical services in support of programs associated with the procurement, rehabilitation, repair and maintenance of WMATA buses and rail cars. The contract term is a one year base period with four one-year options.

5. Approval of Modify A Contract for Fiber Optic License Agreement:

Approval is requested for the Chief Executive Officer to negotiate and execute the First Amendment to License Agreement with Neon Transcom, Inc. for installation and operation of a fiber optic cable system in the WMATA system.

6. Approval of International Travel for WMATA Employee to Participate in the International Transit Studies Program:

Approval is requested for authorization of international travel for Scott Kubly as a WMATA representative for participation in the International Transit Studies Program.

Ayes: 6 - Mr. Kauffman, Mrs. Mack, Mr. Deegan, Mr. Euille, Mr. Graham, and Mr. Smith

3. Approval to Award A Contract for Planning, Architectural, & Engineering Services for "New Starts" Projects:

Approval is requested to award the Contract SF5111 to DMJM Harris to provide planning, architectural, and engineering services for future WMATA "New Starts" projects. The contract term is five years.

Mr. Smith questioned if this is an open-end contract for "New Starts". Staff stated it is an annual contract subject to Board approval of the project and budget, if and when the previously approved work plan that identifies initiatives or concepts develops further to the planning or preliminary engineering phases.

Mr. Graham questioned the processes used to identify and select DMJM Harris proposal. Staff stated there was open competition for the procurement and it was a best value determination in accordance with the Brooks Act. Staff stated the contract is different from the consolidated approach used with CTC, and it is one of three separate contracts to be awarded.

Mr. Euille moved, seconded by Mr. Smith, that the Board approve the planning, architectural, and engineering services for future WMATA "New Starts" projects. This motion was unanimously approved.

Ayes: 6 - Mr. Kauffman, Mrs. Mack, Mr. Deegan, Mr. Euille, Mr. Graham, and

Ayes: 6 - Mr. Kauffman, Mrs. Mack, Mr. Deegan, Mr. Euille, Mr. Graham, and Mr. Smith

REPORT BY NVTC: No report was given.

REPORT BY D.C.: No report was given.

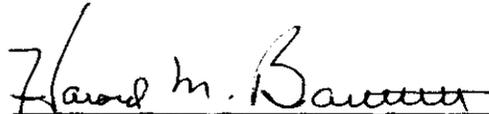
REPORT BY WSTC: No report was given.

ADJOURNMENT:

Mr. Kauffman moved, seconded by Mr. Euille, that the Board meet in Executive Session immediately following this meeting to discuss legal and personnel matters. This motion was unanimously approved.

Ayes: 6 - Mr. Kauffman, Mrs. Mack, Mr. Deegan, Mr. Euille, Mr. Graham, and Mr. Smith

This meeting was adjourned at 12:36 P.M.



Harold M. Bartlett, Secretary/Chief of Staff