

PRESENTED AND ADOPTED: December 18, 2014

SUBJECT: APPROVAL OF THE BOARD OF DIRECTORS SELF-EVALUATION

2014-64

**RESOLUTION
OF THE
BOARD OF DIRECTORS
OF THE
WASHINGTON METROPOLITAN AREA TRANSIT AUTHORITY**

WHEREAS, Under the Bylaws of the Washington Metropolitan Area Transit Authority (WMATA) Board of Directors, the Governance Committee is responsible for regular and timely completion of Board self-evaluation; and

WHEREAS, The Board shall approve acceptance of the "2014 Performance Self-Evaluation Report" (Report), attached to this resolution; and

WHEREAS, The Report finds that from January 2014 to November 2014, the Board of Directors has advanced several initiatives including the Momentum 2025 Strategic Plan; governance improvements including better-utilizing alternate members, enhancing transparency, redefining the Board's role in joint development matters and aligning its Code of Ethics with guidance from the U.S. Department of Transportation; building relationships with stakeholders; inspiring WMATA's Diversity and Inclusion Week; and advancing transit-oriented development at the Takoma and Greenbelt stations; and

WHEREAS, The Report finds that the Board of Directors is well-positioned and determined to deal with new challenges including the General Manager/Chief Executive Officer's January 2015 retirement, enhanced monitoring of financial management matters, including grants management and procurement actions pursuant to the Financial Management Oversight report, and potentially significant changes in Board membership; now, therefore be it

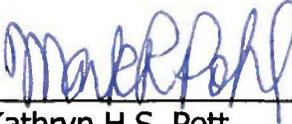
RESOLVED, That the Board of Directors approves acceptance of the attached 2014 Performance Self-Evaluation Report; and be it finally

Motioned by Mr. Dyke, seconded by Mr. Bulger

Ayes: 8 – Mr. Downs, Mr. Downey, Mr. Nichols, Mr. Euille , Mr. Dyke, Mr. Bulger, Mr. Costa and Mr. Goldman

RESOLVED, That this Resolution shall be effective immediately.

Reviewed as to form and legal sufficiency,

for 

Kathryn H.S. Pett
General Counsel

WMATA File Structure No.:
2.1.1 Board Bylaws

**WMATA Board of Directors
2014 Performance Self-Evaluation Report
November 2014**

Since our last self-evaluation in January 2014, the Board has made significant progress in maintaining a laser like focus on safety, improving customer service, advancing the Momentum 2025 Strategic Plan and making organizational and operational changes needed to become a more effective Board. In that last regard, the Board acted to better utilize the talents and skills of its alternate members, a goal discussed in our last self-evaluation.

During that period, the Board continued its efforts to work on governance including adopting revisions to the Code of Ethics which move us more in line with guidance provided by the U.S. Department of Transportation. That included new procedures to protect confidentiality and enhance transparency. Those efforts helped establish a framework for collaboration that manifested itself in the strong push to advance the Momentum 2025 Strategic Plan. The Board successfully expanded membership on the Customer Service and Operations Committee to support a Board goal of improving customer service. The Board has now reached full strength on membership with the addition of a Federal alternate. Board members were generally active and engaged participants in deliberations, especially as new challenges arose.

As noted in our last report, much cooperation, respect and teamwork was shown in 2014 among members and staff. More time has been devoted to building relationships between the Board and stakeholders, especially as related to the Momentum 2025

Strategic Plan and now with respect to completion of the Capital Funding Agreement ("CFA").

Overall, the Board has positioned itself well to continue the progress on major goals while also making adjustments to address new challenges, including the selection of a new GM/CEO.

Set forth below are some examples of noteworthy accomplishments that put some of our narrative in perspective:

- Successful start of Silver Line service (Aug 2014)
- Helped secure \$75 million commitment from the regulatory jurisdictions for the Momentum 2025 Strategic Plan
- Improvements made in evaluations and compensation review
- Board input for hiring critical WMATA positions (Counsel, CFO, GM, and Board Secretary)
- Inspiring Diversity and Inclusion Week
- Approved a revised Code of Ethics and bylaws
- Redefined Board roles in joint development matters
- Approved new bus stop accessibility standards
- Approved FY2015 Capital and Operating budgets, including lowering some fares for Metro Access
- Advanced transit oriented development process at Takoma and Greenbelt stations

These accomplishments indeed demonstrate that 2014 has been a very successful year for the Board in implementing its stated goals. Since the last self-evaluation, however, there have been several developments that presented the Board with new challenges and a need to make adjustments to continue to lead the Agency effectively:

- The GM/CEO's announcement that he will retire in January 2015
- Release of the Financial Management Oversight (FMO) report and related litigation that require enhanced monitoring of financial, grant management, operational and procurement systems and restructuring of the governance structure
- The imminent and potentially significant changing of the Board's membership. There will be at least four new members with the possibility of an additional six new members

While the Board has shown a strong ability to respond to these developments and others in a timely and effective manner, it has required the Board to examine and expand its oversight and fiduciary responsibilities, especially since the Board will be working with a new, yet to be determined CEO/GM. In order to structure the appropriate framework for that new relationship, going forward the Board is committed to:

- Strengthen its sense of teamwork and collegiality and function better as a regional entity, especially with so many new members joining. In addressing this regional role, the Board must establish a closer working relationship with the MWAA Board, especially as it relates to construction of the Silver Line. Outreach to MWAA Board leadership has already begun

- Enhance its advocacy for the Momentum 2025 Strategic Plan, work closer with its jurisdictional partners, and be actively involved in getting the Capital Funding Agreement (CFA) completed in time to exercise the option for acquiring additional Series 7000 rail cars
- Continue steps to make risk assessment a top Board and Agency priority including risk related to cybersecurity and legal actions
- Exercise more aggressive and transparent oversight of grant management, financial, procurement and operational performances. Steps have already been taken toward that objective but more is needed to fully and effectively respond to issues raised by the FMO report and avoid future problems. The Board is fully committed to assuring that oversight, audits and internal controls are state of the art and best practices and provide management reports regularly to the Board to verify accountability. Further, the Board will launch a Total Management Quality study to review policy and procedures throughout the Agency with an emphasis on needed changes in the Human Resources area and enhanced compliance with regulatory requirements
- Develop more capacity to drive Board policy and decision making to more effectively carry out its oversight role. In that regard, the Board has redefined the job description and role of the Board Corporate Secretary to more fully support the Board's policy efforts. The role will function more as a Chief of Staff for the Board. A recruitment process is already underway to identify the best possible candidates
- Take administrative steps to improve committee meeting procedures, agenda development, make better use of committee time and restructure executive session deliberations to enhance decision making

- **Make needed changes in management reporting and oversight responsibilities, especially in the financial area, so that adequate safeguards are in place to assure accountability and to alert the Board to potential problems. This will include revisiting the reporting line for the General Counsel as well as a continued restructuring of that office to make it a more effective component of the Agency team and to assure the Board receives candid legal guidance directly and in a timely manner**
- **Maintain efforts to provide clear directions to the Inspector General (“IG”) so that potential problems are presented to the Audits and Investigations Committee and the Board quickly, that any policy differences between management and the IG are resolved in an orderly and prompt manner by the Audits and Investigations Committee and the Board, and that the IG aggressively monitor the Audits and Investigations Committee and the Board’s External Auditor to assure the Committee and the Board are made aware of any potential problems, especially with internal controls and compliance.**
- **Increase efforts to promote and monitor diversity efforts and have a strong accountability process to ensure goals are met. Specifically, the DBE program is in need of significant overhauling in order to accomplish our desired goals**
- **Move quickly to identify a new GM/CEO that can build on the outstanding advances made under the leadership of Richard Sarles. That will also involve making needed organizational and operational changes mentioned above to assure the new GM/CEO has the needed support to succeed**

The Board is proud of progress made since its last self-evaluation and feels confident it is well positioned to be the regional leader for transit for years to come. We do, however, recognize that recent developments require the Board to “step up its game” to meet the challenges ahead. That’s essential to provide the region with the high quality of service it requires and to maintain WMATA as a powerful economic development tool and enhancer of the quality of life our region deserves.

To help address these matters during a time of transition to a new GM/CEO, the Board will convene a retreat shortly after the new GM/CEO comes on board to strengthen the team approach needed to accomplish the tasks outlined above.

The challenges which emerged since our last self-evaluation combined with the selection of a new Agency leader presents an opportunity for the Board to recharge its commitment and more affirmatively carry out its fiduciary role. That opportunity must not be missed. We stand ready to move WMATA to its next level of greatness and relevance to our region. We are confident that the changes we have made combined with the outstanding performance expected from WMATA staff and employees will maintain and enhance the Agency’s reputation for excellence.