

Good Morning Chairman Evans and members of the Committee on Finance and Revenue. I am Jack Requa, Interim General Manager and CEO of the Washington Metropolitan Area Transit Authority (WMATA), commonly referred to as Metro. I appreciate the opportunity to appear before you to provide a brief overview of our performance in FY 14 and FY 15, with a focus on finances, safety, system rehabilitation and plans for the future. Seated with me is Mort Downey, Chairman of the WMATA Board of Directors and Dennis Anosike, Chief Financial Officer.

Let me start by providing an overview of WMATA's budget.

## Power Point Presentation





## FY2015 Operating Budget

- FY2015 operating budget is **\$1.8 billion**
- Supports day-to-day operation and maintenance costs of Metrobus, Metrorail, and MetroAccess services
- Approximately half the budget is supported by passenger fares and parking fees
- Total jurisdictional subsidy is \$779 million, of which **\$294 million** is from DC

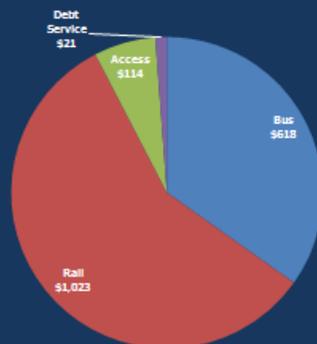
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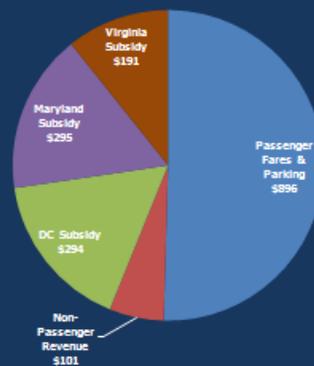
## FY2015 Operating Budget (cont.)

*Figures in millions*

### Expenditures by Mode



### Funding Sources



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## FY2015 Capital Budget

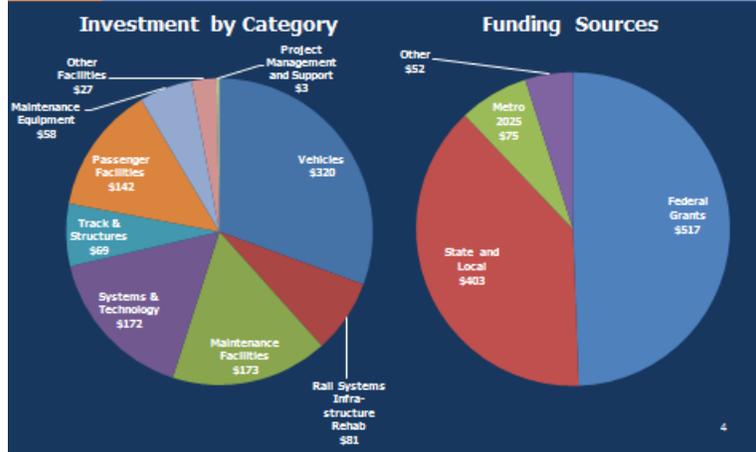
- FY2015 capital budget is **\$1.05 billion**
- Supports long-term investments in safety, state of good repair, and capacity expansion for the transit system
- Federal sources (formula grants and PRIIA) provide approximately half of the funding
- Local jurisdictions provide 'match' funding and additional support
- DC contribution is **\$167 million**

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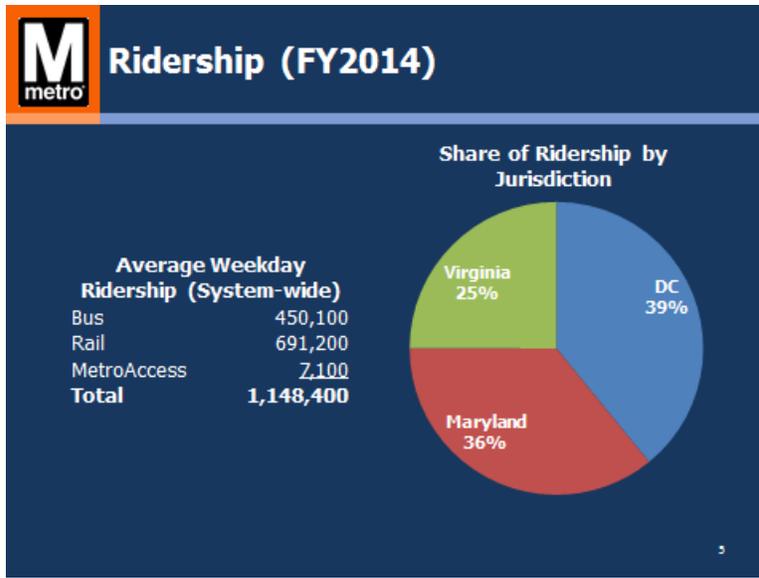


## FY2015 Capital Budget (cont.)

*figures in millions*



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## Financial Reforms

WMATA has a favorable cash position and we are performing according to budget with almost \$300 million of cash on hand and the ability to make timely payments to vendors and contractors. The Authority is favorable to budget on expenses, and expects to end this fiscal year with sufficient funds to balance the FY15 budget, as well as cover the FY 14 shortfall (\$23 million) without seeking additional jurisdiction support.

To ensure a strong foundation, we are also working to improve our financial management and the tools we use to accurately account – project by project, grant by grant – the use of federal, state and local funds.

WMATA is committed to addressing the Financial Management Oversight report that we received from the FTA in June 2014. WMATA has been working closely with the FTA to address the 65 Corrective Action Plan items. FTA has indicated that WMATA has complied with 62 of the findings. The three remaining

items -- one has a deadline later this year and recognizing the complexity of the work underway, FTA has granted an extension for two of the findings.

In terms of restoring sound financial management, WMATA's financial situation has vastly improved since the FTA's Financial Management Oversight Report was issued last year. Federal reimbursements to WMATA have increased --\$72 million in reimbursements have been received from FTA since January 1, based on proper documentation provided by WMATA. Additionally, new federal funding has been awarded -- three federal grants for a total of \$585 million in the last two months. This will soon be more than \$700 million with an expected award of a fourth grant in March.

Financial institutions have confidence in WMATA's financial capacity and on February 26<sup>th</sup>, Wells Fargo renewed a \$75 million credit line for WMATA. We have a \$302.5 million line of credit with three different banks to support cash flow requirements. WMATA maintains strong credit ratings of Aa3 with Moody's and AA- with S&P -- these ratings reflect market confidence in our long-term financial stability and capacity to repay debt.

The President's budget expresses further confidence in WMATA's progress as the Administration would no longer require any further FMO certifications after October 1.

WMATA now has a strong, experienced financial management team in place. The new organization includes a new office of compliance, and a professional grants management team led by a new CFO who previously served as CFO for the Chicago Transit Authority, and a Board Chairman who served for 12 years as CFO of the NY Metropolitan Transit Authority. We have re-written internal manuals and have made excellent progress on re-training our employees -- all current, relevant employees who are involved with

procurement and grants management have been trained. Future training will be required for new employees as well as refresher training for current employees.

WMATA's external financial audit for FY14 has been delayed as we work with new auditors but is on track for completion in April. All creditors have been notified and none have raised an objection. WMATA also owes this audit to the District of Columbia and all funding jurisdictions and will provide the audit upon its completion.

### **Yellow Line Incident**

I would like to provide the Committee a brief update on the Yellow Line incident.

An investigation by the National Transportation Safety Board (NTSB) is now underway, and Metro is fully engaged and cooperating with the effort. We recognize that a complete and impartial review depends upon confidentiality, so we are following the ground rules laid out by the NTSB.

Metro has provided NTSB investigators with access to conduct several track walks and examine equipment, and we have submitted more than 680 documents containing 7,800 pages of information, including: 372 hours of surveillance video, 300 photographs, fire alarm records, equipment maintenance records, training and operations records, and passenger and witness statements.

The NTSB has issued its first recommendations to Metro and the entire industry, concerning training and inspection of tunnel ventilation systems. In line with those recommendations, Metro has already conducted a thorough test of our subway tunnel ventilation system and provided familiarization training for all 39 controllers at our Rail Operations Control Center. We are now in the process of developing

additional protocols and training associated with tunnel fan use that are responsive to the NTSB recommendations.

As the NTSB continues its review; we are not waiting. Metro has identified and begun to implement 10 early safety actions. Metro has started installation of new signage on the outside of all railcars to clearly identify emergency doors and release handles for first responders who may not be familiar with Metro evacuation procedures. Metro train operators have been given independent authority to operate the air intake systems on their railcars, and the protocols for employees at our rail control center have been streamlined to prevent unnecessary distractions.

As another early action, Metro's Office of Emergency Management has created an enhanced schedule for full-scale emergency drills to be conducted over the next three years in all of the local jurisdictions. These drills will supplement our regular schedule of trainings, which already includes at least one full-scale drill a year. These drills bring multiple jurisdictions and law-enforcement agencies together to test response capabilities, build coordination and provide an opportunity to practice unified command in a real-life setting – and we believe that these additional drills can only further benefit the region.

Metro is also working with the fire chiefs from all of the local jurisdictions, through the Metropolitan Washington Council of Government (COG) to establish formal radio testing and reporting protocol within the Metro system. Each jurisdiction has its own radio system operating inside Metrorail tunnels, independent of the system used by Metro employees. And while the jurisdictions are responsible for their own testing, there have historically been no formalized testing schedules or reporting requirements. WMATA and its regional partners are actively working to address those shortcomings.

## **Rebuilding Metro**

Thanks to the support of the District of Columbia, Metro has made significant progress in our catch up rebuilding effort to improve safety, state of good repair and service for our customers.

With matching support from the District and funding jurisdictions, WMATA has invested federal Passenger Rail Investment and Improvement Act (PRIIA) and federal formula funding to support a \$5 billion multi-year capital program that is making long-deferred safety and state of good repair improvements to the system. This ranges from upgrades to our tracks, structures and signal systems, to the design of state-of-the-art new railcars that will exceed the latest safety standards.

The new 7000 Series railcars represent a significant advancement in safety and technology, and will soon begin to replace our oldest cars, the 1000 Series. Getting these 40-year old cars out of passenger service is a top safety priority and will satisfy one of our remaining NTSB recommendations.

Also on the safety front, we have developed industry-leading safety programs, including an award-winning railroad worker training program, and the first Close Call program on a major transit property to encourage confidential reporting of safety hazards. We have also begun implementing the first Fatigue Management System of any transit property, leading the industry in combining worker wellness programs and hours of service standards that we, at Metro, are establishing as a policy matter. Dedication and commitment to safety throughout the organization has resulted in the reduction of employee injuries for four straight years.

We are also proud of our progress here in the District on a number of projects:

- New escalators have been installed at Columbia Heights, Foggy Bottom, Dupont Circle, Van Ness, and Georgia Avenue-Petworth. Work is currently underway to replace the escalators at the Woodley Park station.

- To reduce crowding and accommodate growing ridership, Metro added articulated buses on 16<sup>th</sup> Street and restored them on Georgia Avenue. These buses increased the number of trips operated by 45 percent.
- Real-time customer information displays have been installed at District Metrobus stops.
- In collaboration with the District, we initiated CAPS-DC pilot project – that provides the option of taking a same-day, unshared taxicab ride for any medical-related trip instead of using MetroAccess. As of January 31<sup>st</sup>, 3,315 trips have been provided by CAPS-DC service.
- We have restructured the Metrobus 30s line (Friendship Heights – Southeast line)
- We also Increased trips on Metrobus bus lines (V7, W4, 96, A7, D31, D32, D34, U2 and W1)) serving DC Public School students to reduce overcrowding
- And participated in the 16<sup>th</sup> Street bus lane study

I want to thank you and the District for your support. I can tell you that your investment is well spent.

## **Preparing for the Future**

While all of this critical work continues, it is equally important that we prepare for the future.

In 2013, the WMATA Board approved the *Momentum* strategic plan. This plan looks beyond today's trends and lays out near-term goals for 2025 along with steps that Metro must take to support the region's future.

This preparation for future additional riders includes a lot of work in the District of Columbia, especially the core that is vital to returning the overall system to a state of good repair.

As I mentioned earlier, the 7000-series railcars represent a significant advancement in technology and are critical to many key objectives. Metro has already committed to purchasing 528 new cars, and we have an option for an additional 220 railcars.

With the cost of engineering of these cars already paid through our initial railcar order and pricing secured through our competitive procurement, we will not likely find a more cost-effective way to expand our fleet and increase capacity for Metrorail. Our deadline for exercising these options is July 25 of 2015.

This additional capacity for Metrorail, along with the associated traction power and rail storage upgrades, represents a significant portion of the investments our Board has identified to help Metro prepare for the region's growth.

I recognize these investments to improve Metro are vital to the regional economy and yet still must be justified by regional decision-makers in the context of all demands on public dollars.

Just as it always has, the momentum to rebuild, sustain, and grow Metro to support the region requires the support of all stakeholders.

Our accomplishments to date, and the ability to continue serving the transportation needs of the District and the region, would not be possible without the steadfast support of the District of Columbia.

Thank you again for that support and the opportunity to be with you today.

I will be happy to address any questions you may have.