



November 13, 2019

VIA EMAIL

Chairman Gerald E. Connolly
Subcommittee on Government Operations
Committee on Oversight and Government Reform
2157 Rayburn House Office Building
Washington, DC 20515

Dear Chairman Connolly,

I thank you for the opportunity to testify at the Tuesday, October 22, 2019 oversight hearing titled "Metro: Report Card for America's Subway." I was pleased to report on the progress being made to ensure that Metro provides a safe, reliable and affordable transit experience to hundreds of thousands of customers each day.

Attached you will find responses to the post-hearing questions. If you need additional information or have other questions, please contact Regina Sullivan, Vice President of Government Relations, at rsullivan@wmata.com or 202-962-1632.

Sincerely,

A handwritten signature in black ink that reads "Paul J. Wiedefeld".

Paul J. Wiedefeld
General Manager and
Chief Executive Officer

Enclosure

cc: The Honorable Mark Meadows, Ranking Member

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A District of Columbia,
Maryland and Virginia
Transit Partnership

Questions from Chairman Gerald E. Connolly

- 1. How can WMATA expect to deliver comparable bus service to riders using a contractor when the contract workforce receives lower wages and is more susceptible to higher turnover than the WMATA workforce?**

Answer:

There is a living wage provision required in all WMATA service contracts. Transdev is required to meet the requirements of this provision when negotiating their CBA with Local 689.

- 2. We have received reports of more frequent and lengthier delays under private sector contractor Transdev's operations. Has WMATA established metrics for evaluating contract bus service under Transdev, and how does that service compare to bus service conducted by WMATA employees?**

Answer:

Transdev is required to adhere to all contractual requirements, including performance metrics, related to service.

- 3. Recent significant disruptions to several Northern Virginia bus routes indicate that Transdev has failed to uphold its contractual obligation to provide adequate bus service on WMATA routes. How has Transdev fallen short of its contractual obligations to provide bus services along these routes?**

Answer:

Transdev is required to adhere to all contractual requirements, including its Strike Contingency Plan, related to service.

- 4. What are the contractual penalties or repercussions for Transdev during this recent disruption in service?**

Answer:

Transdev is required to adhere to all contractual requirements, including its Strike Contingency Plan, related to service.

- 5. Did WMATA evaluate the risk of closed bus routes on contractor-managed routes when it privatized bus service operating out of the Cinder Bed facility? What contingency plans did WMATA put in place for such an event?**

Answer:

Transdev is required to adhere to all contractual requirements, including its Strike Contingency Plan, related to service.

Questions from Congressman Glenn Grothman

- 1. Please provide a detailed description of the retirement benefits offered to WMATA employees, including any differences between benefits offered to union employees and non-union employees.**

Answer:

Attached you will find a document titled "Retirement Plan Summaries" that includes a one-page summary of the retirement plans for each of our unions and non-represented employees as follows:

- WMATA Transit Police (Local 246) Retirement Plan Summary
- Local 689 Transit Employee's Retirement Plan Summary
- Local 922 Retirement Plan Summary
- WMATA Retirement Plan Summary, for non-represented employees and Special Police (Local 639)
- Local 2 Retirement Plan Summary

- a. What, if any, changes have WMATA made to these benefits since FY 2015?**

Answer:

WMATA signed a Memorandum of Understanding with Local 639 (Special Police) in February 2016 that made a number of changes, including that all Special Police Officers hired on or after February 25, 2016 are enrolled in the WMATA Defined Contribution Plan (401(a)) rather than the WMATA Defined Benefit Plan.

In addition, as of October 2019, the employee pension contribution for Transit Police Retirement Plan (Local 246), participants increased from 7.27% to 8.5%, the Social Security offset was reduced from 0.50% to 0.25% and the Social Security offset age increased from 66 years of age to 67 years of age.

The attached Retirement Plan Summaries are the most recent summaries and reflect the above changes.

- b. How many years do you have to work to receive full benefits?**

Answer:

Please see the attached "Retirement Plan Summaries" document.

c. How many individuals currently receive defined benefits?

Answer:

See chart below:

Retirement Plan	# Participants*
Local 2	334
WMATA	1229
Local 922	270
Local 689	5532
Transit Police	260

*The above totals consist of retirees, survivors, deferred vested, dependent pensioners and alternate payees.

d. What is the age and years of service breakdown for individuals receiving defined benefits?

Answer:

Please see the attached "Participants Receiving Benefits" document, which includes information on each plan, as follows:

- Police Retirement Recipients
- Transit Employees Retirement Plan Recipients (Local 689)
- Local 922 Participants Receiving Benefits
- WMATA Retirement Plan Recipients (non-represented employees and Local 639)
- Local 2 Retirement Plan Recipients

2. Based on WMATA's FY 2020 budget's Human Capital Summary appendix, the line item of "Pension-Defined Benefit" has increased by about 22 percent from about \$151 million in FY 2018 to \$184 million in FY 2020. What factors are contributing to this increase?

Answer:

The increase is primarily due to changes in the Mortality Table used by the actuary for the Local 689 Pension Plan, as of January 1, 2019. The table was updated to represent a more accurate estimate of life

expectancy and resulted in estimated pension payments being made for longer periods than before since members were projected to live longer than in previous reports. A secondary contributor to the increase was a change in the assumption of the average age when members retire, which was updated to a more accurate trend of members retiring at an earlier age than previously considered by the actuary. Simply put, the actuary report was updated to show members retiring earlier and living longer, hence the amount of funding needed for the plan increased.

- 3. Based on your FY 2020 budget's Human Capital Summary appendix, Average Annual Pay is \$90,673. Can you provide details on how WMATA employee compensation rates compare to national averages for comparable skill sets and job descriptions, and how WMATA's compensation rates are formulated across the current workforce?**

Answer:

The Annual Average Pay of \$90,673 reported in the FY 2020 Human Capital Summary appendix reflects 'average earnings', which includes salary, overtime pay and other direct cash compensation. However, the information that follows is strictly salary-based and not representative of total employee earnings (i.e. including overtime wages, shift differentials or other cash earnings).

WMATA Non-Represented (NRP) Employee Compensation vs. Competitive Market

The chart below compares non-represented incumbents' salaries to the salaries of employees in the market who occupy similar roles. Please note:

- The comparison to the competitive market does not include the unionized workforce (see below).
- Salary determination for non-represented employees is based on salary data for benchmarked jobs, provided by national compensation survey consulting firms.
- WMATA has developed "Market Pricing Protocols" (see attached "WMATA NRP Market Pricing Protocol") that are utilized when comparing jobs to the external market based on their assignment into the following groups: Executives, Directors, Managers, Lead or Senior Professional and Individual Contributors.

WMATA Non-Represented Employee Job Families	Salaries as a % of Market Median (Avg Sal/Mrkt Med)
Business Operations (BO)*	+3.43%
Engineering (EG)	+4.42%
Executive (EX)	+9.91%
General Counsel (GC)	-6.08%
Information Tech (IT)	+5.22%
Line and Safety (LS)**	+6.43%
Metro Police & Security (MS)	+4.62%
Senior Management (SM)	+3.04%
Overall Average	+5.08%

**Job Family consist of back office departmental functions (i.e. Human Resources, Procurement, Finance, etc.)*

***Job family consist of Transit Operations functions (i.e. Bus Services, Rail Services, Transit-Service Maintenance, etc.)*

WMATA Represented Employee Compensation

- Union employee compensation rates result from Collective Bargaining Agreement (CBA) negotiations and do not necessarily reflect market pay levels for similar jobs.
- All employee compensation rates are negotiated with each of our Labor Unions with the exception of the Fraternal Order of Police (FOP, Local 246) which uses a formula to calculate wage increases. For FOP, base wages are increased by a percentage equal to the average of the five highest percentage-increases implemented in the six jurisdictions (District of Columbia, Montgomery County, Prince Georges County, Arlington County, Fairfax County and Alexandria).
- CBA negotiations are aided by national transit salary data that WMATA commissions a third-party consultant to provide (see attached "WMATA 689 Top Ten Transit Comparison Presentation V2").

4. DC recently passed legislation that decriminalizes fare evasion, an issue reportedly costing WMATA about \$36 million in lost revenue this year alone. How is WMATA accounting for this lost revenue?

To what extent has fare evasion increased since this legislation passed?

Answer:

Fare evasion laws vary across the jurisdictions Metro serves. The laws carry both civil and criminal penalties in the State of Maryland and Commonwealth of Virginia. However, fare evasion is no longer considered a criminal offense in the District of Columbia. Metro Transit Police enforce applicable laws. Metro Transit Police also provide training to bus operators to de-escalate fare-related conflicts.

Metro currently estimates a conservative \$40 million in fare revenue loss from both Metrobus (~\$29 million) and Metrorail (~\$11 million) for fiscal year 2019 due to fare evasion. Fare evasion can also lead to lower formula grant receipts due to undercounting of ridership.

Metro measures fare evasion through several means, including automatic and manual passenger counts, electronic gate sensors, and fine issuances. Both manual and automated counts on Metrobus show that fare evasion is increasing. Metro initiated the fare evasion project and thus far has deployed 11 electronic gate sensors at the Gallery Place Metrorail station. In addition, the design of upgraded faregates is currently underway to replace 30-year-old faregates systemwide, which we expect will improve customer service and prevent fare evasion. We anticipate that new technologies will further improve our measurement and reporting of fare evasion.

Metro plans to survey Metrorail and Metrobus customers before the end of the year to better understand rider perceptions of fare evasion and any changes in the customer experience since the District's de-criminalization of fare evasion.

- 5. According to your FY 2020 budget's Sources of Funds summary, passenger fares and parking revenue will comprise an estimated \$723 million of the combine \$3.6 billion in FY 2020 funds for both the operating and capital budget. As such, these revenues will only make up about 20 percent of the total funding sources. How does WMATA plan on increasing revenue from passenger fares in order to fund more of the annual budget need?***

Answer:

WMATA's passenger revenue of \$723 million represents a relatively high cost recovery (20%) compared to its peers. For example, passenger revenues make up nine percent and eight percent of annual operating and capital budgets for New York MTA and Chicago Transit Authority respectively. Furthermore, Massachusetts Bay Transportation Authority has a four percent revenue recovery while San Francisco Municipal Transportation Agency's revenue recovery is approximately 17 percent.

Overall, WMATA has worked to improve operating revenue while minimizing the impacts of higher fares on riders. Between FY2018 and FY2020, WMATA increased passenger fares by \$20 million and increased non-fare revenues by \$15 million. Furthermore, since FY2017, WMATA has generated \$100 million in non-fare revenue through its advertising program to support Metro services. In FY2021, WMATA will continue to optimize its fares, including a modest fare increase in order to grow ridership. In addition, WMATA expects further growth in non-fare revenue through advertising and station commercialization initiatives.

6. ***WMATA recently achieved dedicated funding commitments from DC, Maryland, and Virginia. What steps is WMATA taking to openly document the methods to calculate each contributing jurisdiction's obligations and demonstrate how their funding share is being allocated to specific expenses and capital investments?***

Answer:

A strategic transformation of the capital program is underway, including active capital planning, bolstered project delivery, and improved tracking of the performance of capital investments. The FY2021-FY2030 Capital Program will continue to prioritize rehabilitation and replacement of infrastructure, equipment, and vehicle assets that improve passenger and worker safety, service reliability, and financial sustainability.

The Capital Program will continue Metro's rebuilding of infrastructure through an agency-wide investment plan funded by historic levels of capital investment for the National Capital Region. Metro takes seriously the responsibility to be good stewards of capital funding. Metro will continue to move capital planning and programming to a more proactive approach with visible enterprise-wide capital planning, updated and consolidated capital asset inventory information, and incorporating performance measures to assess investments against baseline need and State of Good Repair targets.

The WMATA Board of Directors was recently updated on these key capital investments and the evolution of the capital planning program.

The links to the presentation can be found here:

<https://www.wmata.com/about/board/meetings/board-pdfs/upload/3A-Capital-Improvement-Program-Update.pdf>