



# WMATA Annual Reporting Requirements

Commonwealth Transportation Board

Todd Horsley, Director of Northern Virginia Transit Programs  
September 17, 2024



# Background

- The Code of Virginia allocates 46.5% of the Commonwealth Mass Transit Fund (CMTF), ~\$220 million annually, to the six localities in the Northern Virginia Transportation Commission (NVTC) to help them meet their annual WMATA subsidy payments.
- In 2018, legislation that created an additional state dedicated WMATA Capital Fund placed requirements on NVTC and WMATA to receive Commonwealth funding.
- The CTB must annually certify that WMATA meets these requirements; if WMATA does not, the Board must withhold a prescribed share of the funding available.
- To effect the law, the CTB adopted its “Policy and Guidelines for Implementation of Governance and Funding Reforms for WMATA” in September 2018.
  - Policy was last amended in September 2023 to incorporate legislative changes effective for FY 24.

# WMATA Certification Process

- By July 1, WMATA must certify compliance with applicable law and CTB policy over its previous fiscal year concerning the following areas :
  - (1) Board Governance
  - (2) Capital Improvement Plan
  - (3) Strategic Plan
  - (4) 3% cap on annual growth in total Virginia Operating Assistance
  - (5) Submission of Budget and Annual CTB Update
- WMATA provides required documentation/certifications by policy deadlines
- Office of Attorney General reviews for compliance with statutory requirements
- DRPT reviews for compliance with CTB policy requirements (non-statutory)

# FY 24 WMATA Legislative Changes

- The CTB shall adjust the annual funding allocation to ensure that the CMTF's share does not exceed 50% of the total NVTC subsidy for WMATA (operating and capital)
- The CTB shall withhold 20% of funds (passed through NVTC) each year unless:
  - WMATA submits a detailed annual operating budget, proposed capital expenditures, and defined-benefit pension plan financial statements by April 1
  - WMATA's General Manager and two principal Virginia Board Members address the CTB regarding the WMATA budget, system performance, and utilization of the Commonwealth's investment
- Adds additional strategic plan requirements to review routes, operating efficiency, overlapping service, and unserved areas

# (1) WMATA Board Governance

## Legislative Requirement

- Alternate directors shall not participate or take action at an official WMATA Board meeting or Committee meeting unless they are serving in absence of a primary director
- WMATA Board must adopt bylaws that would prohibit such participation by alternate directors

## Consequences of Non-compliance (Code of Virginia)

- Board shall withhold 20% of state WMATA allocation if found to be non-compliant

## DRPT Recommendation

- **WMATA has met the requirements of the statute and Board policy**
- **No enforcement action is recommended**

## (2) WMATA Capital Improvement Plan

### Legislative Requirement

- WMATA must adopt every year by July 1 a capital improvement program that covers a 6-year period
- WMATA must hold an in-person public hearing in Northern Virginia
  - WMATA held a hybrid public hearing on the CIP on February 28, 2024, in Arlington that was hosted by Commonwealth appointee and WMATA Board Chair Paul Smedberg

### Consequences of Non-compliance (Code of Virginia)

- Board shall withhold 20% of state WMATA allocation if found to be non-compliant

### DRPT Recommendation

- **WMATA has met the requirements of the statute and Board policy**
- **No enforcement action is recommended**

## (3) WMATA Strategic Plan

### Legislative Requirement

- WMATA must adopt or update within the preceding 36 months a strategic plan and hold an in-person public hearing on the strategic plan in Northern Virginia
  - WMATA held the required public hearing and the WMATA Board adopted a compliant strategic plan, “Your Metro, the Way Forward” on February 23, 2023
- Next update due on June 30, 2026

### Consequences of Non-compliance (Code of Virginia)

- Board shall withhold 20% of state WMATA allocation if found to be non-compliant

### DRPT Recommendation

- **WMATA has met the requirements of the statute and Board policy**
- **No enforcement action is recommended**

# (4) 3% Cap on Growth in Operating Assistance

## Legislative Requirement

- Total Virginia operating subsidy in current approved WMATA budget increased by no more than 3% over the prior year approved budget
- Operating costs related to the following are excluded from this calculation:
  - Any service, equipment, or facility that is required by any applicable law, rule or regulation
  - Any capital project approved by the WMATA Board
  - Any payment/obligation resulting from a legal dispute or proceeding
  - Any service increases approved by the WMATA Board

## Consequences of Non-compliance (Code of Virginia)

- Board shall withhold 35% of state WMATA allocation if found to be non-compliant

## DRPT Recommendation

- **Virginia's 2025-2026 budget suspended this requirement for FY 25 & FY 26 due to the increased subsidies requested to close WMATA's operating budget deficit.**
  - **Virginia's operating subsidy increase between FY24 and FY25 is 39.2%.**



# (5) Submission of Budget and Annual CTB Update

## Legislative Requirement

- WMATA must submit a detailed annual operating budget, proposed capital expenditures, and financial statements on defined-benefit pension plans to the CTB by April 1
  - Submitted on March 22, 2024
- Virginia's Principal Members of the WMATA Board and the WMATA General Manager must annually address the CTB
  - Commonwealth appointee Paul Smedberg, NVTC appointee Matt Letourneau, and WMATA General Manager Randy Clarke addressed the CTB on October 17, 2023

## Consequences of Non-compliance (Code of Virginia)

- Board shall withhold 20% of state WMATA allocation if found to be non-compliant

## DRPT Recommendation

- **WMATA has met the requirements of the statute and Board policy**
- **No enforcement action is recommended**

# Next Steps

- October 2024 – WMATA General Manager and Virginia board members address CTB and DRPT presents the annual certification resolution and decision memo to the Board for action on FY24 compliance recommendations
- April 1, 2025 – WMATA submits detailed proposed operating budget and proposed capital expenditures for FY26



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