COMMONWEALTH of VIRGINIA

Commonwealth Transportation Board

Nicholas Donohue
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Agenda item # 8

RESOLUTION
OF THE
COMMONWEALTH TRANSPORTATION BOARD

October 13, 2026

MOTION

Made By: Mr. Gribbin, **Seconded By:** Mr. Minchew
Action: Motion Carried, Unanimously

Title: Policy and Guidelines for Implementation of Governance and Funding Reforms for the Washington Metropolitan Area Transit Authority (WMATA)

WHEREAS, the Commonwealth Transportation Board (CTB), the Northern Virginia Transportation Commission (NVTC), and the jurisdictions that comprise the NVTC, who provide local funding and receive transit service from the Washington Metropolitan Area Transit Authority (WMATA), are mutually interested in the success of the WMATA; and

WHEREAS, WMATA was established pursuant to an interstate compact between Virginia, Maryland, and the District of Columbia to operate a regional mass transit system in the Washington, D.C. metropolitan area; and

WHEREAS, NVTC was founded in part to represent the interests of the Commonwealth of Virginia during the establishment of WMATA; and

WHEREAS, NVTC's member jurisdictions — the cities of Alexandria, Falls Church, and Fairfax and the counties of Arlington, Fairfax, and Loudoun — are the current WMATA Compact funding partners; and

WHEREAS, Section 33.2-1936 of the Code of Virginia establishes that the Northern Virginia Transportation District has unique needs and that the operation of the rapid heavy rail mass transportation system and the bus mass transportation system by WMATA provides particular and substantial benefit to the persons living, traveling, commuting, and working in the localities embraced by the NVTC; and

WHEREAS, Section 33.2-3401 of the Code of Virginia, pursuant to Chapter 854 of the 2018 Virginia Acts of Assembly, established a WMATA Capital Fund to provide Virginia's agreed upon share of regional dedicated capital funding to WMATA; and

WHEREAS, Section 33.2-1526.1 of the Code of Virginia allocates 46.5 percent of the Commonwealth Mass Transit Fund to NVTC for distribution to WMATA on behalf of its local jurisdictions for capital purposes and operating assistance ("Commonwealth Mass Transit Fund WMATA Allocation"), as determined by NVTC; and

WHEREAS, the Commonwealth Mass Transit Fund WMATA allocation cannot exceed 50 percent of the total WMATA operating and capital assistance required from the WMATA Compact funding partners from Virginia; and

WHEREAS, Section 33.2-1526.1 of the Code of Virginia outlines several requirements that WMATA must comply with to ensure that NVTC receives the full 46.5 percent of funding within the Commonwealth Mass Transit Fund:

1. Section 33.2-1526.1(K) of the Code of Virginia requires that, The Board shall withhold an amount equal to 35 percent of the funds available under 33.2-1526.1(D)(4) if:

    a. In fiscal year 2027, the WMATA Board of Directors does not adopt a policy to establish a methodology for determining the measurement of Metrorail and Metrobus annual unit cost growth using mode-specific operating costs and vehicle revenue hours. Such policy shall determine a baseline year and associated data from which annual unit cost growth will be measured. Baseline operating cost and vehicle revenue data shall be actual and for the most recent year and may be preliminary and not yet audited by the Federal Transit Administration's National Transit Database;

    b. In fiscal year 2028, WMATA does not publish the results of the annual unit cost growth calculation as described in the policy adopted pursuant to subdivision 1, detailing the year-over-year operating expenses and vehicle revenue hours by mode for rail and bus and percentage growth increase from the prior year; and

    c. Starting in fiscal year 2029, and for each fiscal year thereafter, the approved WMATA budget's unit cost of rail or bus service increases by more than three percent.

2. Section 33.2-1526.1(L) of the Code of Virginia requires the CTB shall withhold 20 percent of the funds available if (i) any alternate directors participate or take action at an official WMATA Board meeting or committee meeting as Board directors for a WMATA compact member when both directors appointed by that same WMATA Compact

member are present at the WMATA Board meeting or committee meeting or (ii) the WMATA Board of Directors has not adopted bylaws that would prohibit such participation by alternate directors.

3. Section 33.2-1526.1(M) of the Code of Virginia requires that the CTB shall withhold 20 percent of the funds available each year unless (i) WMATA has adopted a detailed capital improvement program covering the current fiscal year and, at a minimum, the next five fiscal years, and at least one public hearing on such capital improvement program has been held in a locality embraced by the NVTC; and (ii) WMATA, by June 30, 2027 and each fiscal year thereafter, has complied with its reporting commitments under the DMV Moves Plan, comprised of the most recent 20-year capital plan, to be updated every five years, including: (a) an analysis of potential capital investments that reduce operating costs; (b) funding or financial plans for major projects with capital costs greater than $300 million, adjusted with inflation; (c) an assessment of state of good repair needs; (d) a review of the performance of fixed-route bus service, including schedules, route design, connectivity, and vehicle sizes; (e) an evaluation of opportunities to improve operating efficiency of the transit network, including reliability of trips and travel speed; (f) an examination and identification of opportunities to share services where multiple transit providers' services overlap; and (g) an examination of opportunities to improve service in underserved areas; and (iii) WMATA has submitted an annual report to the Metropolitan Washington Council of Governments and the Northern Virginia Transportation Commission on system performance, detailing progress toward DMV Moves goals and objectives.

4. Section 33.2-1526.1(N)(1) of the Code of Virginia requires that for fiscal year 2029, the Board shall withhold 35 percent of the appropriation of funds available pursuant to 33.2-1526.1(D)(4) if the Board of Directors of the Washington Metropolitan Area Transit Authority has not approved a rail signaling and automation workforce transition plan, developed in consultation with affected collective bargaining units, on or before July 1, 2028.

5. Section 33. 2-1526.1(N)(2) of the Code of Virginia requires that starting July 1, 2028, if a rail or bus operator employed by the Washington Metropolitan Area Transit Authority is terminated due to a reduction in force caused by the automation of the rail system, the Board shall withhold 35 percent of the appropriation of funds available pursuant to 33.2-1526.1(D)(4) in the subsequent fiscal year.

6. Section 33.2-1526.1(O) of the Code of Virginia requires that the CTB shall withhold 20 percent of the funds available each year unless (i) WMATA has prepared and submitted a detailed proposed annual operating budget and any proposed capital expenditures and projects for the following fiscal year to the CTB by April 1; and (ii) the Commonwealth’s and NVTC’s principal representatives to

the WMATA Board and the WMATA General Manager annually address the CTB regarding the WMATA budget, system performance, and utilization of the Commonwealth's investment in the WMATA system.

WHEREAS, the FY 2027-2028 Biennial Budget Item 433 G.1.iii further elaborates on Section 33.2-1526.1(M)(3) that the annual report on the performance of WMATA and its capital program, include actual prior-year and anticipated next-year cost savings and cost efficiency efforts, and the use and outcomes of additional dedicated funding, if applicable.

WHEREAS, it is in the best interest of the CTB, NVTC, and the jurisdictions that are WMATA Compact funding partners to ensure that WMATA receives the full allocation of funding from the Commonwealth Mass Transit Fund that is distributed by the NVTC on behalf of its jurisdictions; and

NOW THEREFORE, BE IT RESOLVED that the Board hereby adopts the following policy and guidelines to govern future Board decisions related to the Governance and Funding Reforms for the Washington Metropolitan Area Transit Authority enacted by the General Assembly of Virginia in 2018 and updated in subsequent years:

3% Cap on Metrorail and Metrobus Per Unit Cost Growth Per Unit Cost (33.2-1526.1(K))

1. The CTB shall withhold an amount equal to 35 percent of the funds available under 33.2-1526.1(D)(4) if:

   a. By June 30, 2027, the WMATA Board of Directors does not adopt a policy to establish a methodology for determining the measurement of Metrorail and Metrobus annual unit cost growth using mode-specific operating costs and vehicle revenue hours.

      i. Such policy shall determine a baseline year and associated data from which annual unit cost growth will be measured.

      ii. Baseline operating cost and vehicle revenue data shall be actual and for the most recent year and may be preliminary and not yet audited by the Federal Transit Administration's National Transit Database.

      iii. The methodology shall include the data sources and other information to be included annually with the results of the unit cost growth calculation to allow for annual third party verification.

      iv. WMATA and the Director of DRPT shall work in formal partnership to jointly develop and refine the methodology, ensuring the Commonwealth's recommendations are fully considered and addressed before the methodology is

presented for WMATA Board adoption.

b. By June 30, 2028, WMATA does not annually publish preliminarily in the Proposed Budget Book, with a final version as an appendix to the Board adopted budget resolution and in the Remediated Budget Book, the results of the unit cost growth calculation and any other information outlined in the methodology, detailing the year-over-year operating expenses and vehicle revenue hours by mode for rail and bus and percentage growth increase from the prior year.

c. Starting in fiscal year 2029, and for each fiscal year thereafter, the approved WMATA budget's unit cost of rail or bus service increases by more than three percent, as indicated in the adopted budget resolution.

Participation by Alternate Directors of the WMATA Board (Section 33.2-1526.1(L))

1. The CTB shall withhold an amount equal to 20 percent of the funds available under 33.2-1526.1(D)(4) if: if the WMATA Board of Directors has not adopted bylaws that prohibit the participation of alternate directors specified in clause (ii) of Section 33.2-1526.1(L).

2. When determining whether to withhold funding in response to an action taken by an alternate director that is prohibited by Section 33.2-1526.1(L), the CTB shall consider the following as prohibited activities by alternate directors at an official WMATA Board or committee meeting (unless the alternate director is acting in the absence of a Board director who serves on the committee): (i) participating in the discussion among Board directors; (ii) making or seconding a motion; (iii) voting on motions, resolutions or other Board actions; (iv) being counted toward the required quorum; (v) attendance or participation in any Executive Session of the WMATA Board or its committees; (vi) any action in violation of WMATA Bylaws in regards to the activities of alternate directors.

3. Attendance by alternate directors at official WMATA Board or committee meetings, excluding Executive Sessions, shall not be a basis for withholding funding, nor shall the provision of information or reports to directors at a WMATA committee meeting in response to a request to do so by the director chairing the committee meeting. Alternates may participate in board liaison activities with outside groups and report back to the full Board or Committee during a meeting, when included as an agenda item.

4. WMATA shall provide a written notification to the CTB by July 1 of each year if it has changed its bylaws that prohibit the participation of alternate directors specified in clause (ii) of Section 33.2-1526.1(L).

5. WMATA shall immediately notify DRPT in writing if a violation of its bylaws by an alternate director or some other action prohibited by this CTB policy occurs.

Adoption of a Detailed Capital Improvement Program and Strategic Planning Documents (Section 33.2-1526.1(M))

1. The CTB shall withhold an amount equal to 20 percent of the funds available under 33.2-1526.1(D)(4) if:

    a. WMATA has not annually adopted or updated before July 1 of each year a detailed capital improvement program covering the current fiscal year and the next five fiscal years, including projections of funding sources and uses for the six-year period.

        i. WMATA has not annually held, before July 1 of each year, at least one public hearing on such capital improvement program held in a locality embraced by the NVTC.

    b. WMATA, by June 30, 2027, and each fiscal year thereafter, has not complied with its reporting commitments under the DMV Moves Plan, comprised of the most recent 20-year capital plan, to be updated every five years, including: (a) an analysis of potential capital investments that reduce operating costs; (b) funding or financial plans for major projects with capital costs greater than $300 million, adjusted with inflation and (c) an assessment of state of good repair needs.

    c. As an appendix the 20-year capital plan to be updated every five years, WMATA does not include a service evaluation that contains: a) a review of the performance of fixed-route bus service, including schedules, route design, connectivity, and vehicle sizes, b) an evaluation of opportunities to improve operating efficiency of the transit network, including reliability of trips and travel speed, c) an examination and identification of opportunities to share services where multiple transit providers' services overlap; and d) an examination of opportunities to improve service in underserved area.

    d. Before July 1, starting in 2027, WMATA has not submitted to the Metropolitan Washington Council of Governments, the Northern Virginia Transportation Commission, and DRPT an annual report on system performance, detailing progress toward DMV Moves goals and objectives. The report shall include actual prior-year and anticipated next-year cost savings and cost efficiency efforts in the operating and/or capital budgets, and the use and outcomes of DMVMoves funding, if applicable.

Fulfilment of Rail Modernization Requirements (Section 33.2-1526.1(N))

1. The CTB shall withhold an amount equal to 35 percent of the funds available under 33.2-1526.1(D)(4) if:

    a. If the WMATA Board of Directors has not adopted a rail signaling and automation workforce transition plan, developed in consultation with affected collective bargaining units, on or before July 1, 2028.

    b. Starting July 1, 2028, if a rail or bus operator employed WMATA is terminated due to a reduction in force caused by the automation of the rail system.

2. Starting with the FY 2029 Budget Book, WMATA shall indicate in the human capital table of budgeted FTEs, whether terminations are anticipated to be required due to the automation of the rail system. For a mitigation opportunity to be considered, WMATA must notify DRPT 30 days prior to any terminations, if the reason is due to a reduction in force caused by the automation of the rail system.

Submission of a Detail Annual Operating Budget and Capital Expenditures and Projects (Section 33.2-1526.1(O))

1. The CTB shall withhold an amount equal to 35 percent of the funds available under 33.2-1526.1(D)(4) if:

    a. WMATA has not prepared and submitted a detailed proposed annual operating budget and any proposed capital expenditures and projects for the following fiscal year to DRPT to transmit to the CTB by April 1 of each year.

    b. The Commonwealth's and NVTC's principal representatives to the WMATA Board and the WMATA General Manager fail to annually address the CTB regarding the WMATA budget, system performance, and utilization of the Commonwealth's investment in the WMATA system.

2. The proposed annual budget submission by WMATA to DRPT shall include information on expenditures, indebtedness, pensions, and other liabilities, and other information as prescribed by the CTB. The budget submission shall also include the audited financial statements for each defined-benefit pension plan to which WMATA contributes for the previous fiscal year, presented in accordance with the Governmental Accounting Standards Board (GASB) Statement Number 67.

Resolution of Withholding of Funds

The CTB will release any withheld funding upon approval or implementation of an approved mitigation action. The CTB will determine what constitutes an approved mitigation action. The CTB shall retain as a penalty any funding withheld during a fiscal year in response to a violation for which there is no mitigation.

Additional Considerations

1. The CTB, DRPT, WMATA, the NVTC, and NVTC's member jurisdictions shall proactively collaborate to avoid activities that would require the CTB to withhold funding.

2. DRPT will analyze all necessary documentation and deliver to the CTB annually, a recommendation on enforcement actions, if any, that are required to be taken by this policy.

3. DRPT will provide published reports referenced in this policy to the CTB.

4. After December 15 of each year, the NVTC shall deliver to the CTB the findings included in its report on the performance and condition of WMATA required under Section 33.2-3403 of the Code of Virginia.

5. The CTB reserves the right to approve exceptions to this policy at any time in response to special or extraordinary circumstances.

6. Given that the condition of the WMATA system may change over time, the CTB will consider revisions and/or updates to these guidelines at least every two years.

BE IT FURTHER RESOLVED, that all versions of the Policy and Guidelines for Implementation of Governance and Funding Reforms for the Washington Metropolitan Area Transit Authority (WMATA) approved by the Board prior to this action are superseded by this revised policy and are hereby rescinded.

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CTB Decision Brief

Title: Update to Policy and Guidelines for Implementation of Governance and Funding Reforms for the Washington Metropolitan Area Transit Authority (WMATA)

Issue: Section 33.2-1526.1 (K), (L), (M), and (N) of the Code of Virginia require the CTB to withhold funding available to WMATA pursuant to Section 33.2-1526.1(D)(3) under certain conditions. The CTB approved the Policy and Guidelines for Implementation of Governance and Funding Reforms for the Washington Metropolitan Area Transit Authority (WMATA) CTB on September 20, 2023. DRPT's recommendations for changes to the policy were reviewed with the CTB at its Workshop on September 15, 2026.

Facts: DRPT recommends changes to the policy resulting from legislation approved during the 2026 General Assembly as well as an identification of opportunities to streamline requirements. DRPT worked collaboratively with NVTC and WMATA on the proposed changes to the policy. CTB Policy updates address and provides a mechanism for enforcing 2026 General Assembly approved modifications to Section 33.2-1526.1 (K), (L), (M), (N) of the Code of Virginia and the addition of Section 33.2-1526.1 (O), which the CTB can use to withhold funds from WMATA. DRPT also identified an opportunity to streamline requirements, primarily by eliminating the need for WMATA to assert compliance when it can be verified with publicly available information that is tracked on an ongoing basis by DRPT, as well as by allowing flexibility in delivering the compliance recommendation to CTB with the intention of seeking to align it with the requirement that the WMATA General Manager and Virginia Board members annually present to the CTB.

Recommendation: DRPT recommends that the CTB approve the updated Policy and Guidelines for Implementation of Governance and Funding Reforms for WMATA.

Action Required by CTB: Approval of the attached resolution updating the Policy and Guidelines for Implementation of Governance and Funding Reforms for WMATA.

Options: Approve, Deny or Defer.