

Day Four – Wednesday, June 8
***“Metro Spending Often Veers
From Core Transit Mission”***

Key Message Points

- **Overall, we spend taxpayer and rider dollars wisely.** In recent years, we cut \$82 million out of our operating budget in an effort to limit fare increases while increasing service to our customers. Our budget is actually lower today than it was in fiscal 2000, adjusting for inflation and increased service.
- The authority has a solid track record of completing its rail construction projects on time or ahead of schedule and on or under budget, saving \$339 million (13 percent of \$2.5 billion) since 1997.
- We have a responsible and actively involved board that does not abuse its authority and is committed to providing quality public transportation to the region.
- Our budget is reviewed every year by state and local budget and transportation officials from Maryland, Virginia and D.C. And budget hearings are held with the D.C. Council and with state legislators in Annapolis, Maryland. We are adding a Riders Advisory Council this year to further strengthen the review process.
- In the last four years, Metro has been subject to more than a dozen outside, independent reviews, primarily focused on finances and contracting. We actively follow up on the recommendations. That said, we welcome any additional oversight.
- Metro has one of the most robust programs in the transit industry for generating revenue beyond fares and subsidies. We earned almost \$800 million between 1996 and 2004 through advertising, joint development, fiber optics right-of-way leases, investments, and other innovative financing ideas. Part of that revenue enabled Metro to go eight consecutive years without a fare increase.
- Although we’ve been criticized for expenditures deemed inconsistent with our core mission, our purchase of the Carmen E. Turner facility and our contractual arrangement with Verizon are long term investments critical to Metro’s future.

Labor/Management Earnings

- Like all transit systems, approximately 75-80 percent of our operating expenses are labor costs: Over the past three years, our salary adjustments for management and labor have been below market for this region.
- Less than two percent (1.9) of salaried employees and 1.7 percent of the unionized wage employees earned \$100,000 or more last year. In a region where there is a high cost of living, and when compared to other top transit properties, Metro is not the leader for high-paid salaried employees. Metro's percentage of employees earning more than \$100,000 is comparable locally to Montgomery County and D.C. Among other transit agencies, Metro's percentage is comparable to New York, San Francisco, Los Angeles and New Jersey.
- In FY 2000, hourly employees earned \$20.4 million in unscheduled overtime. Last year, total overtime earnings dropped to \$16.2 million, a 21 percent decrease. Overtime costs were driven by security demand, vacancies, extra service for region-wide special events and absences. Metro is pursuing, with its largest union, ATU Local 689, capping the amount of overtime any single employee can earn. WMATA actions are subject to collective bargaining that must be negotiated with the union.
- The general manager's earnings are consistent with other general managers in the transit industry. Richard White is currently the sixth highest paid transit agency GM-CEO in the country. Metro is the nation's fourth largest transit agency.

Labor and Management Initiatives

- Metro initiated a salary slowdown, for all non-union employees, that is resulting in less than three percent (2.7 percent) salary growth over a three-year period. This is well below the nearly five percent (4.8 percent) average for six local jurisdictions served by Metro.
- Metro management is currently negotiating new contracts with unions representing bus and rail operators, police, and professional, technical, administrative and clerical white collar workers. The Authority is doubling the employee share of health care costs for salaried employees, and is pursuing similar adjustments for its unionized workforce.
- We are working to aggressively fill vacancies in rail and bus operations to help reduce overtime.

- The issues raised in a 2003 audit were the result of an isolated incident, and serious personnel actions, including dismissal were taken against employees. The issues were discovered through Metro's own internal checks and balance system. In other words, the system worked.

Board of Directors

- In fulfilling its mission of providing policy oversight to the Authority, there will always be policy-based differences of opinion that get reflected in decisions that are made.
- The WMATA Board of Directors has a Standards of Conduct policy and takes its fiduciary responsibilities very seriously.
- The examples concerning Board expenditures cited in today's article are not compelling:

Mr. Zimmerman's travel record is extremely modest and is directly related to transit conferences where he can learn from what is done elsewhere.

The business arrangement by Mrs. Mack's United Planning Organization agency with Metro was done in accordance with all of the Authority's policies and procedures. The lease charge (\$1.30 per day per parking space) was based on an analysis of the market comparable to the Bladensburg Avenue area (the spaces are leased at Metro's Bladensburg bus facility). Comparisons to the daily Metro parking rate for customers are completely inappropriate and are not market-based.

Non-Passenger Revenues

- Recently approved advertising and other non-passenger revenue initiatives, like ATM machines and wrapped trains, will help pay for future enhancements for our customers, such as bomb-resistant trash cans on station platforms.

Verizon

- Metro was asked by local fire and police officials to provide an underground emergency radio communications system. As a result, Metro obtained \$17-20 million worth of infrastructure for its own radio communications system that it could not have afforded otherwise through this arrangement with Bell Atlantic (now Verizon).

- Today, this contract enables the vast majority of Metro customers, firefighters, police officers, and paramedics to use their cell phones and emergency radios in tunnels.
- If the contract were being negotiated today, the arrangement would be different. But back in the early 1990s when the deal was made, no one could have accurately predicted the proliferation in cell phone use and technology.
- The agreement with Verizon allows other cellular providers to establish service in the subway tunnels. Verizon is negotiating with a group of telecommunications providers, which could lead to Metro riders being able to use cell phones -- with service provided by other companies -- while traveling in the rail system.

Carmen E. Turner/Pennsy Drive Facility

- Buying the Carmen E. Turner facility in Prince George's County was a purchase of opportunity that arose when the Hechinger Corporation went bankrupt. Previously, Metro had gone more than 10 years without buying or building space for critical training and support functions. We're continuing to work toward moving equipment and facilities into the building, and at this time, 78 percent has been renovated. We see this as an investment for a lifetime.
- Even if you add the \$19.5 million it cost to buy the building, and the \$16.5 million it cost to renovate it, that total is still well below the current appraised value of \$45 million.
- It holds an internationally renowned and award winning facility that provides training of first responders and emergency transit personnel in a simulated tunnel equipped with two railcars. To date we have trained over 3,000 people from Puerto Rico, Thailand, Australia, Virginia, Maryland and the District of Columbia, along with federal agency employees.
- Over the next few years, 20 percent of the Authority's 3,000 skilled, technical maintenance employees will be eligible for retirement. The building currently is the only central training facility that Metro has, and it includes training facilities for elevator and escalator mechanics on an actual escalator.