

“FISCAL YEAR 2009 ACTUAL AND MID-YEAR 2010 SPENDING”

Testimony of

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General Manager

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Before the

Council of the District of Columbia’s

Committee on Public Works and Transportation

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Good morning, Chairman Graham and other members of the Committee on Public Works and Transportation and staff, thank you for the opportunity to testify today on Metro's fiscal year 2009 actual results and the mid-year spending status of our fiscal year 2010 budget. I am John B. Catoe, Jr., General Manager of the Washington Metropolitan Area Transit Authority, commonly known as WMATA or Metro. As you know, I am retiring from Metro tomorrow, April 2, 2010.

Metro's Board of Directors has selected Richard Sarles as the interim general manager, and he began his service on March 29, 2010. Richard is an outstanding transit professional with many years of experience who will be a great interim general manager.

Before I begin discussing our budget results for fiscal year 2009 and the results to date for fiscal year 2010, let me take a few moments to reflect on the last ten months and what we have been doing to improve safety within the Authority. Last June, something went terribly wrong on our railroad just north of the Fort Totten Station. No one at Metro or in this region will ever forget that day which took nine lives and changed many others

forever. Before the accident and after, Metro's top priority has always been safety.

Chairman Graham, I want to assure you, the members of the Council of the District of Columbia, and the citizens of the District who are watching this hearing, that we are and will continue to take every precaution to keep our system as safe as it can possibly be.

We have implemented and will continue to implement numerous measures to make Metro safer for customers and employees. For example, we have made the following changes to our operations since the accident:

- All Metrorail trains are being operated manually by train operators and this will continue until further notice.
- Metro is running twice-daily computerized tests of the track circuits, once after each rush hour. Circuit performance is judged by a higher standard. If a circuit fails to meet the performance standard, crews are dispatched immediately to investigate. This may also call for a change in train operations to ensure employee and passenger safety.
- Metro is working to develop a real-time system to monitor and provide alerts for track circuit failures. The NTSB has commented positively on our efforts to create this system from scratch as such a system is not commercially available.

We are taking other actions as well. By the end of this summer, Metro will have installed rollback protection software on all 182 of its 5000 series rail cars. Metro is also installing rollback protection on all 1000 and 4000 series railcars (388 cars). This extra

layer of protection is designed to prevent trains from rolling backward while operating in manual mode. This will put Metro in compliance with an NTSB recommendation that all rail passenger cars have rollback protection. Metro's 2000, 3000 and 6000 series rail cars (546 rail cars total) already have the rollback protection software.

Metro is also going to repair door control units on 546 rail cars by the spring of 2011. And, Metro is working toward replacement of our oldest rail cars, which can begin as soon as funding is identified and approved by the Board of Directors.

Since 2004, Metro has closed 187 of 250 corrective action plans. We are currently working to close the remaining 63. We are increasing the staffing resources in our Safety Department, and we expect to have a new Chief Safety Officer on board in the near future. We are also working with our union partners to enhance safety task forces in every Metro location, and are expanding and enhancing our safety training with the assistance of other transit agencies, the FTA-funded National Transit Institute of Rutgers University, and the Transportation Safety Institute, whose parent organization is the Research and Innovative Technology Administration within the U.S. Department of Transportation.

We are also revising the Metrorail and Metrobus Safety Rules and Procedures and the Authority's System Safety Program Plan, and are revising and restructuring our right-of-way protection program and work methods. Pilot programs for these areas being developed to analyze and evaluate the new processes and procedures.

Metro strives for complete transparency with regards to its safety efforts. As part of our on-going commitment to transparency, Metro has created *Moving Forward on Safety*, a web page dedicated to safety that is designed to let our customers keep track of our efforts to implement improvements. Through this page our customers can monitor the corrective actions we are taking to ensure the safe operation of our track circuits, see how we are responding to recommendations from the oversight agencies, and find information on the investigation into the June 22 accident on the Red Line.

FISCAL YEAR 2009

Metro recorded a five and a half million dollar surplus in fiscal year 2009 despite the fact that Metrorail and Metrobus average weekday ridership growth was below the budget estimate by 5% and 4% respectively. The surplus was aided in large measure by the 18-month fare increase implemented in 2008 and by higher than budgeted non-passenger revenues. The operating groups performed ahead of budget in both straight and overtime pay. Fuel and propulsion power savings also contributed to the favorable budget variance. The capital budget in fiscal year 2009 was established at \$617 million, of which \$537 million was obligated and \$391 million was expended, leaving \$226 million unexpended at the end of the year.

FISCAL YEAR 2010 – MID YEAR RESULTS

Operating Budget

As of December 31, 2009, cumulative Metrorail ridership was 6% below the budgeted levels, Metrobus ridership was 11% below budget and MetroAccess ridership was 4% higher than budget. Total mid-year operating revenues were \$367 million, which is \$22 million, or 6% below the year-to-date budgeted amount of \$389 million. Monetarily, the largest budget shortfall continues to be in rail passenger revenue at \$241 million, which is \$19 million, or 7% below the year-to-date budgeted amount of \$260 million. Bus passenger revenue was \$53 million, \$6 million or 11% below the \$59 million budget expectation. MetroAccess passenger revenues, at about \$2 million are 14% less than the \$2.5 million revenue projection for the year to date. Parking revenues have also come in at less than expected through mid-year at \$23 million, which is \$2 million or 8% under the \$25 million budget.

Based on the revenue to date and the year-end forecast, the current projection, without corrective action, would result in a year-end shortfall of \$40 million. Metro has implemented the following actions to close the budget gap:

- Red Line recovery \$6.0 million- Recovery of personnel costs incurred in FY 2009 and FY 2010 as a result of the Red Line accident.
- FY 2009 Surplus: \$5.6 million
- ARRA Funds: \$10.0 million. – Funds from the federal stimulus program, the American Recovery and Reinvestment Act of 2009.

- Fare increase (surcharge) of 10 cents: \$9.6 million. – Fare increase (surcharge) began February 28, 2010 and will be in effect through June.
- Reduction in call center hours: \$0.2 million. – The customer call center office has reduced hours, eliminating nine positions.
- Reduction in sales office hours: \$0.1 million. – The sales office has reduced hours, resulting in personnel cost savings.
- Staff reductions and other departmental reductions: \$2.2 million.
- Departmental reductions \$6.4 million – Additional departmental reductions, including:
 1. Further reductions to overtime and temporary staff:- \$0.8 million.
 2. Application of receivable balance for SmarTrip services:- \$0.4 million.
 3. Additional savings in fuel and propulsion for bus services: \$0.65 million.
 4. Through a combination of reducing service expenses, material and supply expenses, consultants and contract services, the departments will save \$1.73 million.
 5. The Departments of Bus Services and Transit Infrastructure and Engineering Services (TIES) will reduce service expenses and material and supplies within the operating budget:- \$0.82 million.
 6. Rail Operations and TIES have identified reductions of \$2.0 million in forecasted wage expenses due to personnel vacancy levels.

Capital Program

Metro continues to implement its multi-year capital improvement program (CIP). That program currently consists of two components: Metro Matters, which is an expenditure-based program and in its final year, and Metro's "Stimulus" program which is obligation-based and funded through the American Recovery and Reinvestment Act of 2009.

Those programs have a combined fiscal year 2010 capital budget of \$825 million. Of this amount, 57%, or \$470 million, has been obligated through December, and \$177 million, or 21% has been spent. \$648 million remains unexpended against the combined program budget, leaving \$355 million targeted for obligation by June 30.

The Metro Matters component of the CIP has a fiscal year 2010 budget of \$623 million. Of that, \$345 million, or 55%, has been obligated, and \$163 million, or 26%, has been spent through the mid-year. The "Stimulus" program budget for fiscal year 2010 is \$202 million. \$125 million of that, or 62% has been obligated and \$14 million, or 7%, has been spent through December.

SNOW

I would like to take a moment to discuss Metro's response efforts associated with the February snowstorms. Snow response operations began days prior to the February 5/6th record-breaking snowstorm with the implementation of Metro's Severe Weather Plan, which focuses on pre-planning. As we tracked the progress of the impending snowstorm, we prepared both equipment and employees and stockpiled de-icing and salt materials.

As the severity of the snowstorm increased so did Metro's snow response operations. Train and bus operators and emergency personnel were placed on 12-hour shifts, and some stayed overnight in local hotels or at Metro facilities. Metro personnel worked around the clock to clear the rails of snow and ice and operate above ground as long as it was considered safe for passengers and employees. When Metro's snow commander determined it was unsafe to run rail operations above ground, Metro ran underground service.

Bus and paratransit vehicles discontinued service once the road conditions in the jurisdictions deteriorated and Metro's snow commander considered them too dangerous. The rapid deterioration of conditions was exemplified on February 5 when within a single hour approximately 45 buses were temporarily stuck in the snow due to hazardous road conditions.

Metro continued round-the-clock snow response operations for a period of eight days which started during the February 5/6th snowstorm and continued through the second snowstorm on February 9th. Metro was able to fully re-establish all above ground rail operations by February 16 (the day following Presidents Day) for the morning rush hour.

Metro's recovery efforts continue with additional repairs and maintenance on the rail cars and buses due to the damaging effects of the snow.

Metro has been able to develop the following list of lessons learned, both positive and negative, from the February snowstorms, which can be applied to future disasters regardless of the cause.

1. Metro's pre-planning, execution of the Severe Weather Plan, and coordination with the National Capital Region allowed for an effective and coordinated response given the challenging scenario of the two back-to-back snowstorms.
2. Metro's new Emergency Operations Center proved to be well-designed and comfortable for a week-long activation; however, added technologies and tools could strengthen coordination and decision-making capabilities for Metro as well as information-sharing to the Region.
3. Operational decisions and suspension of service were predicated on snow conditions and forecasts with the utmost concern for the safety of passengers and employees. Very few incidents of an unsafe nature occurred due to the priority Metro placed on safety.
4. Bus and paratransit return-to-service was largely dependent upon road conditions, which is directly impacted by jurisdictional snow removal capabilities. In other disaster scenarios, the return-to-service will also be dependent upon debris removal capabilities of the individual jurisdictions.

5. Rail transit return-to-service was dependent upon the ability of Metro rail employees to clear tracks, yards, and railcars, and to continue priority maintenance services required to run trains safely. Quicker recovery of rail operations could occur if Metro were to have the equipment and people (in-house or contracted) dedicated to perform such work during a disaster.

Chairman Graham, at this point I want to conclude my statement and respond to any questions that the Committee may have.