

Remarks by Mayor Anthony Williams
CEO and Executive Director
Federal City Council
Before the Board of Directors of WMATA
September 28, 2017

Mr. Chairman and Members of the Board, on behalf of Federal City Council, Greater Washington Board of Trade, and the 2030 Group, thank you for inviting representatives from the regional business community to discuss the current state of Metro system and share our thoughts regarding our efforts in the region to improve the system in order to make it safer, more reliable, and more efficient.

I am pleased to be joined here today by Ed Walter, Chairman of Federal City Council, Deborah Ratner Salzberg, President of Forest City representing The 2030 Group, and Steve Proctor, a Member of the Board of the Greater Washington Board of Trade. Together we represent a growing coalition of business groups and organizations whose Members employ tens of thousands of people throughout the region that depend upon a safe, reliable, and efficient Metro system.

Metro has demonstrated its value to our regional economy and the development of our neighborhoods. It has changed the landscape of the metropolitan area, fostered new development, increased our area's global competitiveness, and continues to make our region more livable, increase access to jobs, housing, and entertainment, improve mobility for disadvantaged populations, and remains a powerful engine of social change and growth.

We also know that a dysfunctional and unreliable Metro system, puts our region at a competitive disadvantage to other areas of the country when it comes to attracting large employers to the area. It limits access, mobility and the livability of the region.

This is why as employers and investors in communities all across this region, we have been calling on our elected officials in the region to take bold and aggressive action to address the challenges facing Metro. Indeed, as we previously shared with your staff, on June 22nd, Federal City Council, the Greater Washington Board of Trade, and the 2030 Group lead a coalition of 21 organizations, in sending a letter to Mayor Bowser, Governors Hogan and McAuliffe, and USDOT Secretary Chao, outlining a shared vision of reform that has at its core three fundamental principles: reforms to WMATA's governance structure, operations, and funding regime.

Since we originally sent this letter, 11 other organizations have signed onto these reform principles bringing the total number of groups advocating for these three principles of reform to 32. Therefore, I think it's fair to say that there is consensus within the business community that bold and comprehensive reform is necessary and that now is the time to act.

We appreciate that this Board and WMATA's General Manager have taken action to improve the system and have instituted some reforms administratively. But more needs to be done in order to deliver to the public the safe, reliable and efficient Metro system that the riding public deserves. Specifically, as we have said, we believe that reform must include three equally important and related components: governance, operations, and funding.

First, regarding reforms to Metro's governance structure, we believe that in order to be most effective, the following reforms are critical:

- 1) The Board should be right-sized, and include members who meet specialized qualifications, such as expertise in transit operations, management, finance, and safety to direct Metro;
- 2) The fiduciary responsibility of the Board Members should be clarified to ensure that the first responsibility is to the interests of the overall system rather than to the interests of each appointing jurisdiction;
- 3) The Board should be compensated equally by WMATA; and

4) The Board should empower the GM with the authority to better deliver services and to use more efficient business practices to obtain greater cost savings in the system.

In our view, the problems Metro is facing today, are not simply the result of chronic disinvestment. While funding is certainly a significant factor, we believe that at their core, these problems are inevitably the product of a governance structure that, as designed, is fundamentally flawed and naturally leads to short-term thinking which leads to poor outcomes.

To be clear, therefore, our position on the need for governance reform is not a criticism of the individuals that serve or have served on WMATA's Board, but of the underlying structure that hinders the effectiveness of the governing body. As a result, we believe that without dramatic change to WMATA's governance structure, in line with the reforms we are advocating, the system will never reach its full potential. Instead, we will simply continue to throw good money after bad while lurching from crisis to crisis, as we have done for much of the last 20 years.

Second, in terms of operational reforms, we believe that management must, to a greater extent than it has to date, reconsider Metro's core business model. Given Metro's long-standing structural budget deficit, all business practices that would reduce operating costs, including but not limited to opportunities to contract for services, must be evaluated and considered. Moreover, this should not simply be an afterthought, but rather it should be central to the GM's cost management philosophy.

We are pleased that the elected leadership in Maryland, Virginia, and the District, also recognize that these type of governance and operational reforms are critical to any long term efforts to reform Metro. Indeed, just last month, former USDOT Secretary Ray LaHood, in a meeting with Governors Hogan and McAuliffe, and Mayor Bowser, endorsed the reform of WMATA's Board structure as a critical part of any Metro reform plan. We echo his comments and are optimistic that his vision of reform, which is consistent with our own, will continue to gain support and form the basis of a comprehensive reform plan.

On the question of funding, the business community believes that sufficient, dedicated, and bondable funding is essential for the system's long term stability.

We have been impressed by the analytical rigor with which the Chief Administrative Officer's Technical Panel has approached the challenge of identifying the funding needs of the system across a ten-year budget window. But we understand that there are ongoing conversations within the region about the appropriate level of funding and the source of this additional funding. We encourage the elected leadership of the region to continue to engage in this discussion and to seek consensus around a solution.

While a uniform funding solution is most ideal and may be preferred, we recognize that given the differences in the localities, this may not be possible. Consequently, it is our strong belief, that whatever agreement on the funding source is reached, the funding source **MUST** be bondable and adequate to address the current and future needs of the system.

In conclusion, a safe, reliable and efficient Metro system is essential to the region's continued economic vitality and growth.

Given the current state of system, the alarming financial outlook for next year, and the critical legislative events on the horizon, we believe that the time to act is now.

As leaders, we understand well that the vitality of our regional economy, is not merely the result of fate, happenstance, or simple geography. But rather it is the result of forethought, regional cooperation, and smart and strategic investments in our infrastructure and in our people.

In fact, this is not simply an academic discussion or theoretical exercise. On the contrary, with the extraordinary opportunity presented to this region by the Amazon Headquarters solicitation, this discussion is playing out in real time with real world consequences.

If we are to continue to be a region that can attract the largest and most innovative corporations, like Amazon, as well as the most skilled and talented workforce the country has to offer, we must seize upon the unique opportunity before us and act boldly and aggressively to reform the Metro system.

It is through our combined efforts that we can restore the system to what was once the envy of cities around the world. We can do this only if we muster the political will to make the hard choices necessary to reform the Metro system and put it on a long term path of sustainability.

The business community stands ready to work hand in hand with others throughout the region to accomplish this goal.

Thank you again for this opportunity to address the Board today.

We are happy to take your questions.