



SPECIAL PROJECT REPORT

Comparison of Performance of the Washington Metropolitan Area Transit Authority (WMATA) to the Chicago Transit Authority (CTA)

May 13, 2021

Background

OIG was requested by the Board Vice Chair to compare the performance of the CTA to WMATA to determine whether or not the two transit authorities' policies, practices, and operational philosophies resulted in different performance outcomes. In several national transit reports, CTA is reported to operate with lower costs and better asset utilization than most other large transit authorities. Our review sought to understand the reported data and to determine if there were any operational or business practices employed by CTA that WMATA may want to consider in future strategic planning efforts.

Our benchmarking was a high-level review only, and we have predominantly relied on data from the FTA National Transit Data Base to obtain comparable historical data, where available. We obtained additional data from CTA Financial Statements and Board materials, and we spoke with CTA to understand their current challenges and the maturity of some of their more critical business programs.

We also interviewed WMATA senior leadership and program managers (Operations, Finance, Planning) and staff and discussed their thoughts about pandemic recovery and adjusting to shifting demands. We garnered insights from WMATA staff who worked at CTA previously. They provided very helpful observations from their experiences in both organizations. We also interviewed WMATA staff who routinely benchmark WMATA to U.S. and foreign transit performance standards and metrics. The Office of Transit Performance Management (PERF) provided valuable assistance in clarifying WMATA's key focus areas and metrics for performance management, performance reporting, and performance improvement, including its use of routine benchmarking with other transit properties.¹

OIG used FY 2019 as our 'base' year for CTA and WMATA as these are the latest FTA Data Base records available.² We recognize there are differences in Fiscal Year start and end periods between the two authorities; however, we did not attempt to obtain monthly performance data as performance and fiscal trends for both authorities track consistently.

We extended our review to include service and performance impacts through the FY 2020-2021 pandemic period as data were available. We then reviewed both WMATA and CTA's revised FY 2022 and out-year budget and planning assumptions to draw some further parallels.

To better understand CTA's and WMATA's relative performance, we reviewed and compared other aspects of both authorities, including:

- governance models;
- funding and financing sources;
- operating and farebox recovery philosophies;
- similarities and differences in major expense drivers;

¹ The PERF is a unit within the Operations Budget, Performance and Planning (OBPP). The OBPP provides administrative and analytical support for the Chief Operating Officer and operating departments. OBPP responsibilities include COO budget management and analysis, rail transportation and technical training, workforce availability management, bus and rail service planning and scheduling, and transit performance management.

² WMATA's fiscal year is July 1 to June 30. CTA's fiscal year is January to December.

- pandemic impacts and response; and,
- strategic implications for paths forward.

During the CTA review and this benchmarking exercise, it became apparent that CTA and other authorities are looking beyond the pandemic and are undertaking deeper, longer term reviews of their mission and services to find ways to make their services more relevant.

A number of transits had been experiencing slow and steady ridership declines year-over-year heading into the pandemic. The pandemic impacts may have accelerated these declines and are leading transit authorities into uncharted territory; however, the responses from WMATA, CTA, and several other transit authorities show a strong willingness to use non-traditional ways to reimagine their service offerings and increase their relevance to their customers and stakeholders.

We conclude our report with lessons learned and observations for both the Board and WMATA management consideration and further upcoming strategic planning discussions.

Executive Summary

Any high-level comparison with another urban/suburban transit authority has to be qualified with the caveat that some results may be materially affected by variable demographics, transit use culture, and other factors that contribute to different outcomes; however, there remain findings that are worthy of review and consideration for applying best or better practice over similar activities.

Key observations from the CTA benchmarking include:

- CTA and WMATA are comparable transit authorities;
- CTA has lower costs to operate, overall, partly because CTA has a smaller workforce, no significant police/paratransit accountabilities, and a large part-time work force;
- CTA's bus and rail systems, by design and practice, have had greater connectivity;
- CTA has higher average daily hours per peak bus;
- Both CTA and WMATA are reviewing the adequacy of bus and rail network design, scheduling, and affordability to increase modal share and ensure equity;
- Pandemic impacts and response were similar in employee and customer safety actions and protocols; however, CTA ran near full service throughout the pandemic; and WMATA reduced service but accelerated capital and maintenance work with greater access to key assets; and,
- CTA is projecting a faster return to pre-pandemic ridership levels (80 percent recovery by 2023).

Key Observations for Board and Management Strategic Planning:

- WMATA has multiple programs, planning efforts, and outreach underway to underpin new strategies and present options to the Board;
- Federal relief funding buys time, not solutions;

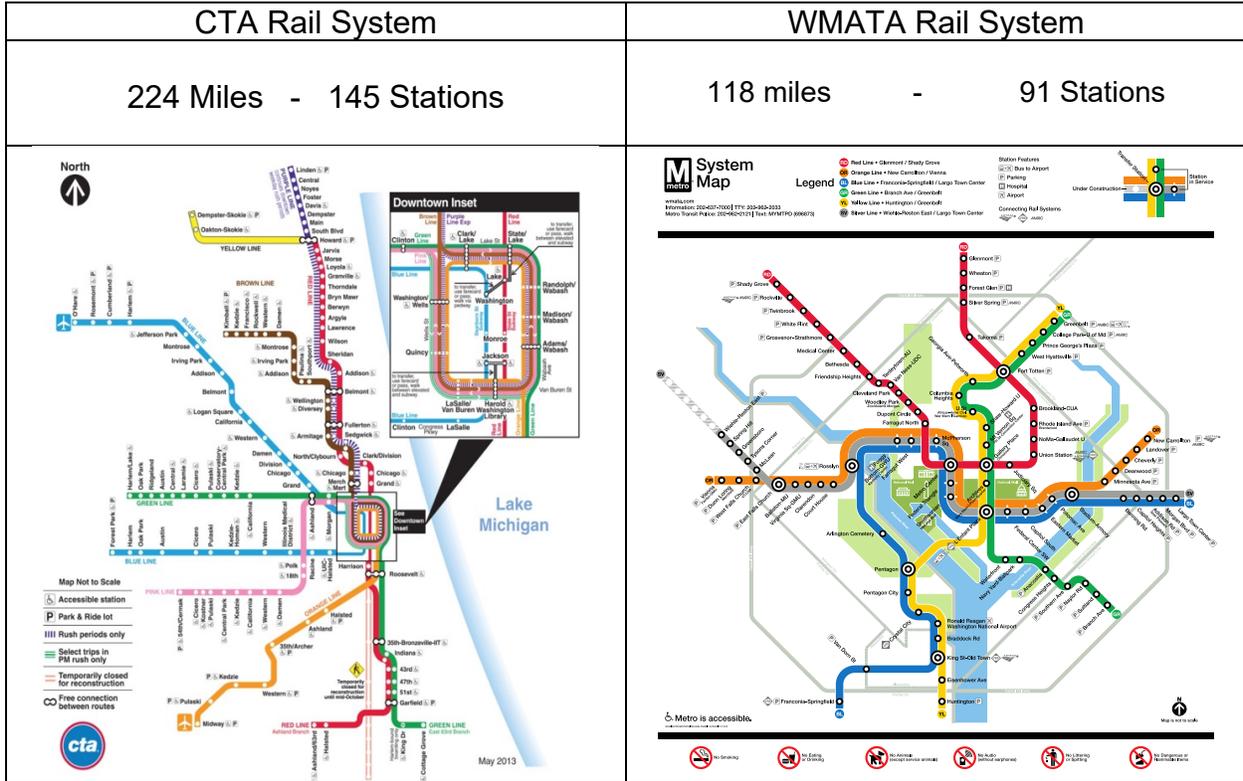
- Better/new metrics are needed to define success;
- Given uncertainties, designing in scalability and agility in operations and capital planning is necessary;
- Some assumptions in the current Strategic Plan are no longer valid;
- WMATA's Strategic Plan needs to be tied to Business Plan Outcomes:
- Mid-day, non-peak, and all-day service options offer potential opportunities for attracting ridership and increasing revenues;
- Managing labor expenses, overheads and productivity remain critical;
- WMATA's business systems are not all mature;
- WMATA's Board has a shared responsibility with management to ensure effective strategic planning.

These findings are discussed in greater detail in the remainder of our Report.

I. Baseline Comparison Between CTA and WMATA

CTA	← Similarly Sized →	WMATA
Suburban & Urban 2 nd Largest U.S. System 3.5 million population served	Markets	Suburban & Urban 5 th Largest U.S. System 3.7 million population served
Operates More as “One System” More Bus-Centric/ Higher Transfer Rate (40%)	Rail-Bus Network Design	Operates More As “Two Systems” More Rail-Centric/ Lower Transfer Rate (14%)
CTA Lower Costs Fewer employees, lower fringe rates, and flexible work rules Less Complex System	Costs to Operate Operating Expense/Passenger Mile Operating Expense/Vehicle Mile	WMATA Higher Costs FTE Reductions since 2017
Contract- Chicago PD	Police & Security Costs	WMATA-Owned MTPD
Supplied By Regional Transit Authority (RTA) and PACE	Paratransit Services	WMATA-Owned Metro Access
Mandated by State Statute (>50% for Regional Transit Authority) 39.4% Total	Farebox Recovery	No mandate Rail Recovery Higher Bus Recovery Lower 45.1% Total
Flexibilities with Part- Time Work Force	Work Rules	More Constrained
No substantive changes Major Bus/Rail Fleet Procurements	5-Year Capital Plan	No substantive changes Major Bus/Rail Fleet Procurements
Operated Full Service During Pandemic	Pandemic Response	Reduced Service-Phased Restart Accelerated Capital and MOW/MOE
Cautiously Optimistic Up to 80% Pre- Pandemic Ridership by FY 2023	Post Pandemic Recovery Pace	More Conservative 34% of Pre-pandemic Ridership in FY 2022

CTA and WMATA Rail Systems



WMATA and CTA Bus Systems



Base System Comparison for CTA and WMATA for FY 2019

ATTRIBUTE/METRIC	CTA	WMATA	Comments
Service Area	310 sq miles 3.5 million pop.	950 sq miles 3.72 million pop.	Similar population served; CHI Metro is also served by Metra commuter rail and PACE (6-county suburban bus systems w/regional paratransit). Washington region is served by MDOT/MARC/VRE/VDOT.
Annual Psgr. Miles	1.960 B	1.705 B	CTA has 20% more buses running longer daily hours
Bus Service Coverage	129 routes 1,536 miles 10,768 stops	269 routes 2,369 miles 11,129 stops +2,554 bus shelters	WMATA has twice as many separately designated bus routes. Bus services discussed later in report.
Rail Service Coverage	102.8 miles 145 stations	118 miles 91 stations	CTA's "L" service is "heavy rail rapid transit," above ground, in subway tunnels and tubes, and at grade/ expressway medians. Red and Blue Lines operate 24/7. CTA's stations are closer.
Fleet – Service Needs Rail Bus	1164 Rail Cars 1566 Busses	920 Rail Cars 1286 Busses	Fleet count represents Vehicles Operated in Maximum Service. Average age of bus fleets very similar.
Fare Revenues	\$588.7 M All \$309.5 M Rail \$279.2 M Bus	\$653.8 M All \$533.5 M Rail \$120.3 M Bus	WMATA is more rail-centric; revenues from on-call service (on demand) are excluded
Operating Expenses	\$1.448 B Tot. \$.623 B Rail \$.824 B Bus	\$2.019 B Tot.* \$1.113 B Rail \$.732 B Bus	Significant delta is Rail Operating Expenses 78.7 % higher.
Operating Expense/ Vehicle Revenue Mile (RM)	\$11.45 Total \$8.47 Rail \$15.61 Bus	\$13.98 Total \$13.07 Rail \$19.56 Bus	WMATA 22% Higher Total WMATA 54% Higher Rail WMATA 25% Higher Bus
Operating Expense/ Passenger Mile (PM)	\$0.74 Total \$0.45 Rail \$1.42 Bus	\$1.18 Total \$0.85 Rail \$1.99 Bus	59% Higher Total 89% Higher Rail 40% Higher Bus
Operating Expense Labor	\$1.15 B	\$1.31 B \$1.17 B**	After adjustments for police/paratransit, almost identical total labor costs.
Operating Expense Materials & Supplies	\$108.0 M	\$137.9 M	Comparable
Operating Expense Fuel & Power	\$71.9 M	\$88.6 M	Comparable
Operating Expense Police & Security	\$14.9 M	\$63.7 M	WMATA's Police Department accounts for \$48.8 million in annual expense difference.
Paratransit	\$18.2 M (PACE)	\$162.0 M	PACE para-transit accounts for \$143.8 million expense difference.

* (Excludes demand response) ** Adjusted for Police and Paratransit

II. CTA and WMATA Have Similar Regional Governance Models

CTA	WMATA
Independent Governmental Agency	Interstate Compact Agency
Created by the Metropolitan Transit Authority Act (70-ILCS-3605)	Created by MD, VA & DC effective February 20, 1967, with Consent of Congress
Overseen by 7- member board	Overseen by 8 voting & 8 alternate directors
Appointments made by Governor & Mayor of Chicago (Governor approves Mayor’s appointees; Illinois State Senate & Mayor approve Governor appointees)	MD, DC, VA & Federal Government appoint 2 voting & 2 alternate directors each. (VA – Directors appointed by Northern VA Transp. Commission; DC – Council; MD by Wash. Suburban Transit Commission; and for the Federal Government, GSA
Heavy suburban and commuter rail network by RTA agencies Metra and PACE	Heavy suburban and commuter rail network operated by VRE and MARC & inter-connected bus network from all 3 jurisdictions
Services are wholly within one state	Multi-jurisdictional authority requiring a financial plan that includes capital funding agreement, 6-yr capital improvement program, & annual budget.

OIG Observations

WMATA, unlike CTA where services are wholly within one state, is a multi-jurisdictional authority that is more complex to govern, fund, and operate.

The challenges faced by CTA and WMATA's boards, and all transit boards in a post-pandemic setting, are to determine how best to align their services to improve accessibility. The boards, representing many interests outside the authorities' control, have a shared responsibility to help management increase accessibility and rail/bus mobility options. Support can extend beyond transit-to-transit connectivity and include other aspects of transportation planning, including land use planning; transit-oriented development; highway planning; traffic pattern management; and, congestion pricing, among others.

III. CTA and WMATA’s Operating Expenses

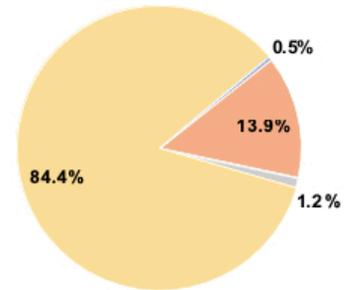
As reported to FTA, CTA’s 2019 operating expenses were \$1.448 billion as compared to WMATA’s operating expenses of \$2.019 billion. The pie charts below identify the major expense categories for each authority. Adjusting for police and paratransit, WMATA’s Operating Expenses were \$1.826 billion.

CTA Annual Operating Expenses

Total Capital Funds Expended **\$425,147,627** 100.0%

Summary of Operating Expenses (OE)

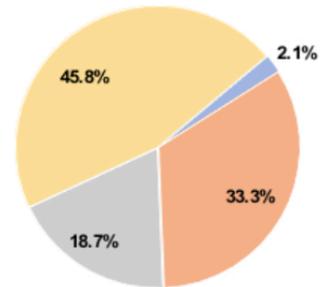
Labor	\$1,149,233,523	79.4%
Materials and Supplies	\$108,047,801	7.5%
Purchased Transportation	\$0	0.0%
Other Operating Expenses	\$190,422,902	13.2%
Total Operating Expenses	\$1,447,704,226	100.0%
Reconciling OE Cash Expenditures	\$65,932,117	
Purchased Transportation (Reported Separately)	\$0	



WMATA Annual Operating Expenses³

Summary of Operating Expenses (OE)

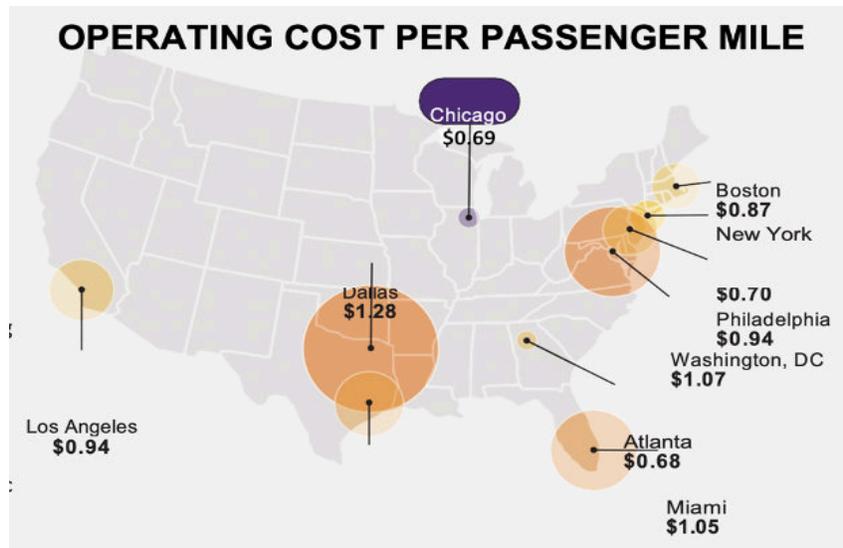
Labor	\$1,312,520,854	65.0%
Materials and Supplies	\$137,927,496	6.8%
Purchased Transportation	\$161,300,649	8.0%
Other Operating Expenses	\$407,639,172	20.2%
Total Operating Expenses	\$2,019,388,171	100.0%
Reconciling OE Cash Expenditures	\$45,152,501	
Purchased Transportation (Reported Separately)	\$1,413,909 *	



³ WMATA’s designation of \$407,639,172 million “Other Operating Expenses” includes: Services \$281,307,449; Utilities \$88,577,882; Casualty & Liability \$34,502,146; and, Miscellaneous \$3,251,695, totaling \$407,639,172. Source, WMATA Finance.

Operating Expense Per Passenger Mile

Using one metric, it is accurate to say that CTA has lower costs to operate per passenger mile for both bus and rail service. In the chart below (prepared by CTA), CTA uses a single metric, Operating Cost/Passenger Mile, to illustrate how its cost of \$.69 Operating Cost/Passenger Mile compares to other large transits.⁴



OIG Observations

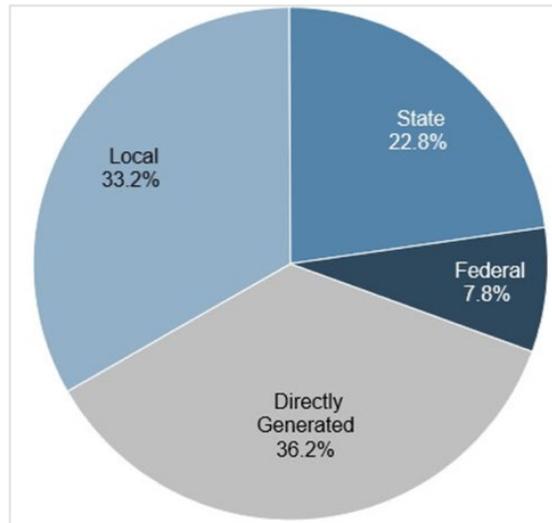
This performance metric is important and has merit, but like any single metric, it needs full context that accounts for differences in the various transits' operating environments.

Police and Paratransit expenses account for approximately \$192 million annually for WMATA. CTA does not own those services and relies on external agencies; therefore these costs are borne mostly by those agencies. After removing those costs, WMATA's operating expense per passenger mile changes from \$1.05 to \$0.94. The majority of the remaining difference in expenses is primarily the result of staffing and collective bargaining agreements.

⁴ *Invest in Transit, The 2018-2023 Regional Transit Strategic Plan for Chicago and Northeastern Illinois, February 2020, p. 2.*

IV. CTA and WMATA Funding and Financing Sources

On average, directly generated revenues fund 36.2 percent of public transit operating expenses in the United States.⁵ Local and State sources fund 33.2 percent and 22.8 percent, respectively; and, the Federal Government directly funds the remaining 7.8 percent.⁶ Most Federal funding is used for capital expenses, with the notable exception of the CARES Act and Coronavirus Response and Relief Supplemental Appropriations Act, which provided operating funds to help transits manage the pandemic impacts.



FY 2019 Funding Sources for U. S. Transit Operations

For CTA, the State of Illinois authorizes the parent Regional Transit Authority (RTA) to assess a sales tax throughout the six-county Northeastern Illinois region. The sales tax is collected by the Illinois Department of Revenue and held in trust for the RTA. The sales tax rates differ by area served in order to recognize the levels of transit service provided in the six-county region. In Cook County the RTA imposes a 1.25% sales tax whereas in DuPage, Kane, Lake, McHenry, and Will Counties the rate is .50%. The RTA sales tax was expected to generate approximately \$1.3 billion in 2020 for regional services.

In 2008, the City of Chicago began imposing an additional Real Estate Transfer Tax (RETT) on real property located in the City. There is a supplemental tax of \$1.50 per \$500 of the transfer price imposed on all real estate sales within the City for the purpose of providing financial assistance to the CTA. This supplemental tax rate is in addition to the tax rate of \$3.75 per \$500 of the transfer price that the City already imposed prior to 2008. The CTA's portion of the RETT was projected to be approximately \$69 million in 2020.

⁵ Directly generated revenues include fare revenues, advertising, parking, etc. Federal funding can benefit WMATA indirectly through programs that facilitate WMATA's services, e.g. – grants for dedicated bus highway lanes.

⁶ 2018 National Transit Summaries and Trends, Office of Budget and Policy December 2019; NTD Report Year 2018.

OIG Observations

When comparing CTA with WMATA, the sources of operating funds are very similar, with the exception of local tax support for CTA.

Washington Metropolitan Area Transit Authority 2019 Annual Agency Profile

Financial Information				
Sources of Operating Funds Expended			Operating Funding Sources	
Fares and Directly Generated	\$795,237,456	38.5%		
Local Funds	\$742,988,149	36.0%	23.0%	2.6%
State Funds	\$475,025,211	23.0%		
Federal Assistance	\$52,703,765	2.6%		
Total Operating Funds Expended	\$2,065,954,581	100.0%	36.0%	38.5%
Sources of Capital Funds Expended			Capital Funding Sources	
Fares and Directly Generated	\$20,325,321	2.1%		
Local Funds	\$316,862,490	33.3%		
State Funds	\$177,603,534	18.7%		
Federal Assistance	\$435,474,418	45.8%		
Total Capital Funds Expended	\$950,265,763	100.0%		

Chicago Transit Authority 2019 Annual Agency Profile

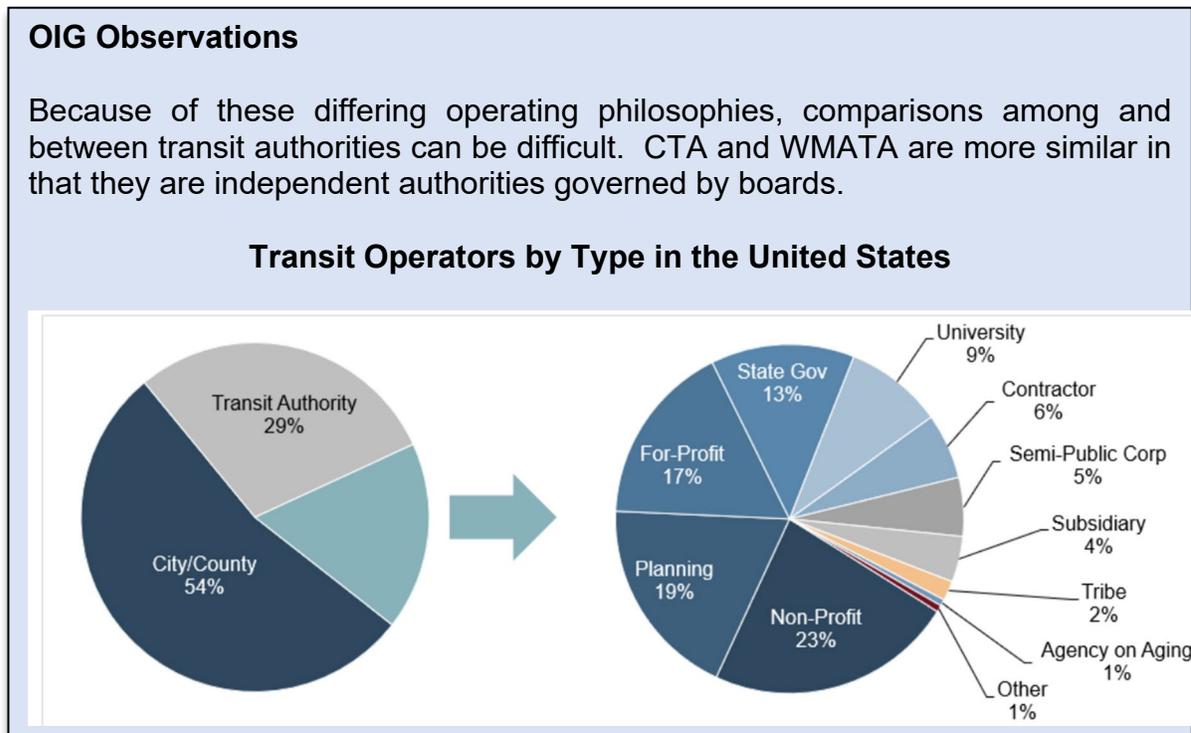
Financial Information				
Sources of Operating Funds Expended			Operating Funding Sources	
Fares and Directly Generated	\$652,314,445	43.1%		
Local Funds	\$531,909,019	35.1%	21.2%	0.6%
State Funds	\$320,300,753	21.2%		
Federal Assistance	\$9,112,126	0.6%		
Total Operating Funds Expended	\$1,513,636,343	100.0%	35.1%	43.1%
Sources of Capital Funds Expended			Capital Funding Sources	
Fares and Directly Generated	\$2,127,392	0.5%		
Local Funds	\$59,253,751	13.9%		
State Funds	\$4,944,963	1.2%		
Federal Assistance	\$358,821,521	84.4%		
Total Capital Funds Expended	\$425,147,627	100.0%		

V. CTA and WMATA – Pricing Strategies and Farebox Recovery

Pricing Strategies

Important differences between CTA and WMATA are the authorities' approaches to fare strategies and service coverage for the rail and bus networks. Transit providers across the U.S. have developed different business models in structuring, maintaining, and pricing their services. These approaches are often defined, and sometimes mandated, by the transit providers' public or quasi-public status:

- Cities/Counties operate services as a government social utility;
- Transit Authorities empowered by multiple jurisdictions operate services for their joint benefit within prescribed budget allowances and constraints of the locality/region;
- State-owned and controlled services are heavily controlled by State DOTs and by State statutes; and,
- Independent contractors maintain and operate bus and rail services under service agreements, with ownership usually retained by the contracting entity.



Nationally, 29 percent of transit providers, like CTA and WMATA, are independent public authorities led by boards.⁷

⁷ 2018 National Transit Summaries and Trends, Office of Budget and Policy December 2019; NTD Report Year 2018.

Farebox Recovery – Balancing Ridership and Access

Farebox recovery is one of the more common metrics by which transits measure the effectiveness of their operations. CTA, like WMATA, generates revenue from both farebox and non-farebox revenues. CTA also receives supplemental funding for operating expenses from the RTA. The RTA oversees local transportation operators in the six-county Chicago metropolitan area. State law requires that the three RTA agencies, CTA, Metra (the suburban rail system) and Pace (the suburban bus system) recover collectively at least 50 percent of operating costs from farebox and other system revenues.⁸ Historically, and consistent with many transit operations, CTA's rail services cover more of their operating expenses than bus services (>50%). During the pandemic, the Illinois statutory farebox recovery mandate was paused, but a number of transit advocates are calling for a revision or revocation of this statutory requirement going forward.⁹

Unlike CTA and WMATA, a small number of U.S. transit providers view their transit services almost as a 'social utility' (managing farebox recovery to a bare minimum that just meets FTA funding requirements of ~20% recovery). Others operate their services using a quasi-private business model (mandated goals for farebox recovery) and also emphasize more traditional financial performance metrics (sales; revenue growth and yield; return on assets). Depending upon the over-arching operating philosophy, transits adopt fare strategies that support their authorities' mandates. CTA's fare strategies are largely dictated by State statute; the RTA requires that all authorities collectively obtain at least a 50 percent farebox recovery from operating their services.

WMATA, as a multi-jurisdictional transportation provider, has adopted fare strategies that seek to balance service levels among the three jurisdictions served, and maintain a fare structure and pricing strategy that provide higher levels of return for rail and greater levels of access for bus. WMATA predominantly uses a mileage-based fare structure, with longer trips requiring higher fares. WMATA has not sought to prioritize rail ridership over revenues and, subsequently, WMATA posts one of the highest farebox recovery rates for rail in the U.S.

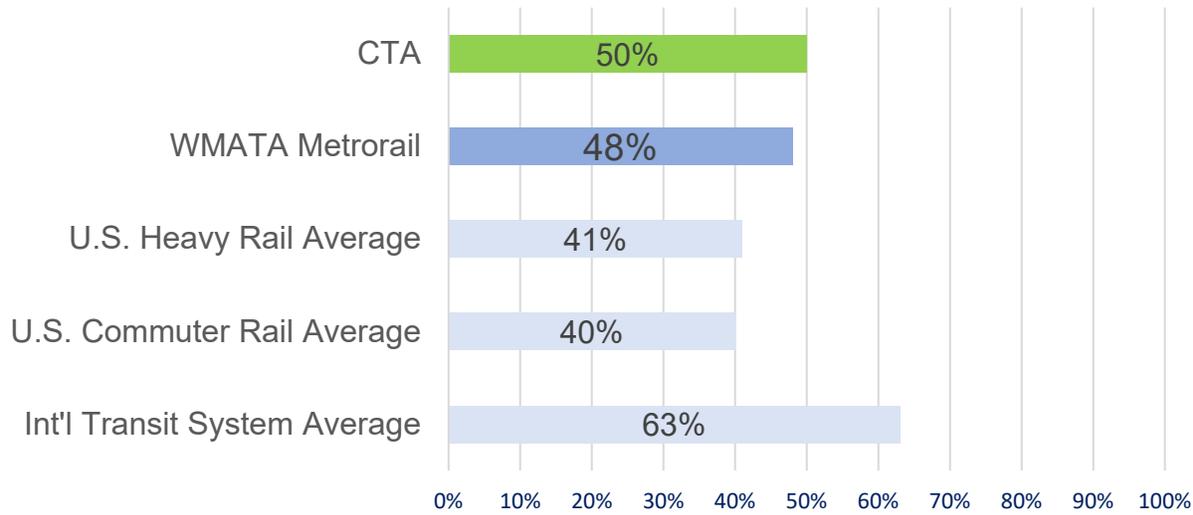
Another important point is that comparing farebox recovery rates between bus and rail may not be fair or meaningful. WMATA has a farebox recovery from rail, historically greater than 50 percent (48 percent in 2019), and a lower recovery from bus operations, about 20 percent (17 percent in 2019). CTA's recovery rates for rail are similar, but CTA posts a much higher farebox recovery for bus (34 percent), due to greater use of its fleet in peak hours and use of part-time employees.¹⁰

⁸ RTA required PACE to achieve a 30.3 percent farebox recovery in 2019. Source: *PACE THE SUBURBAN BUS DIVISION OF THE REGIONAL TRANSPORTATION AUTHORITY NORTHEASTERN ILLINOIS ANNUAL FINANCIAL REPORT*, 2019.

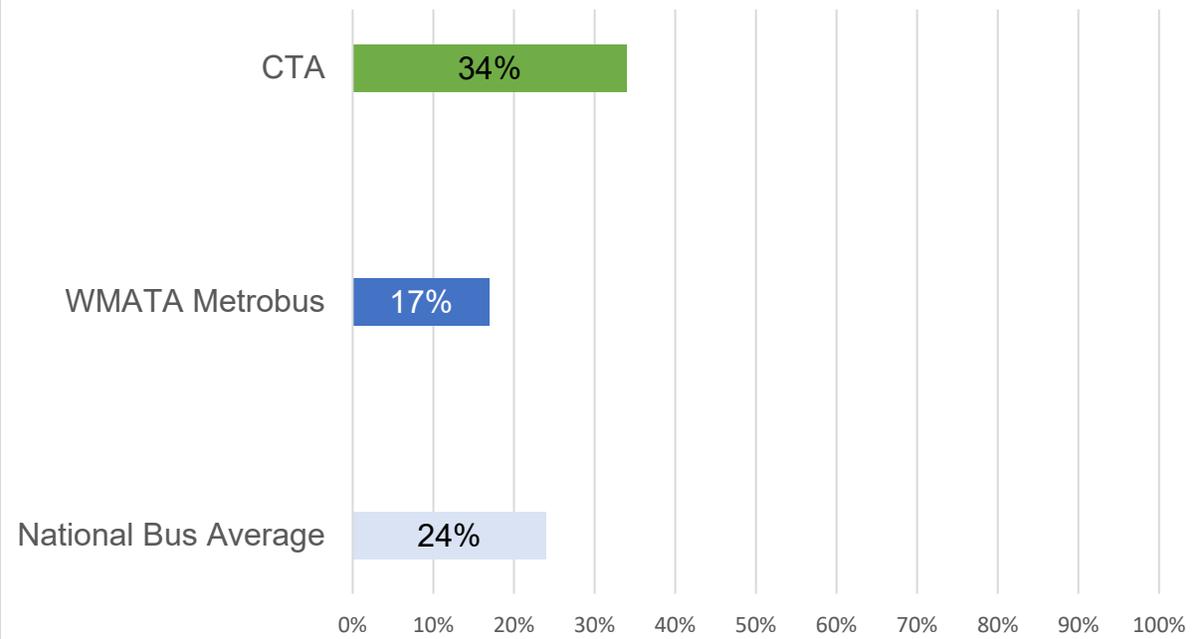
⁹ "Public transit is critical to Chicago's COVID-19 response," Active Transportation Alliance; <https://activetrans.org/blog/public-transit-is-critical-to-chicagos-covid-19-response>

¹⁰ *Metro Fare Policy Primer, Final Report, WMATA Fare Strategy Working Group, May 2019*, p. 19, and FTA NTD for 2019.

Average Farebox Recover Ratio - Heavy Rail & International Transit Systems



Average Farebox Recover Ratio - U.S. Bus Systems



VI. CTA's Bus and Rail Systems Have Service Flexibility

From the planning and scheduling perspective, CTA is generally very efficient at serving bus and rail ridership markets and is sensitive to service demand. The CTA Service Standards and availability of part-time workers (bus operators, motor operators, conductors, flaggers and rapid transit operators) allow more flexibility to adjust schedules.¹¹ For instance, both bus and rail headways are increased and scalable during AM and PM rush hours, and then decreased as needed.

Service frequencies can also be timely adjusted for specific markets. The CTA Red Line can be operated more frequently southbound in the AM rush than northbound. In the evening, this pattern is reversed so there is more Red Line service going northbound than southbound. Each CTA rail line is scheduled independently, and there is more leeway to adjust service levels based on the Service Standards.

In the chart below, for our base year, CTA operated 22 percent more buses, had greater Average Daily Hours of Service Per Peak Bus, and generated 94 percent more passenger trips than WMATA's bus services. WMATA's average daily hours of service per peak bus were only eight hours versus a peer average of ten hours.¹²

Appendix: 2019 FTA National Transit Database Bus Operating Data

Agency	Peak Vehicle Requirement	Annual Passenger Trips	Annual Operating Expenses	Average Daily Hours of Service Per Peak Bus	Average Daily Miles of Service Per Peak Bus	Operating Cost Per Service Hour
Atlanta (MARTA)	448	51,447,770	\$238,999,058	14	172	\$105
New York (NYCT)	3,262	691,616,614	\$2,685,918,268	11	72	\$220
Chicago (CTA)	1,566	237,276,400	\$824,288,048	10	92	\$142
Los Angeles (LACMTA)	1,784	254,580,163	\$1,209,706,503	10	101	\$191
Boston (MBTA)	779	99,301,293	\$424,586,999	10	75	\$156
Philadelphia (SEPTA)	1,185	153,878,781	\$648,600,448	10	95	\$157
Seattle (KCM)	986	103,527,532	\$611,275,588	9	98	\$192
Baltimore (MTA)	615	63,988,571	\$339,883,861	9	94	\$178
Washington (WMATA)	1,286	122,127,065	\$721,829,401	8	78	\$194
Miami (MDT)	601	47,827,138	\$357,568,873	8	109	\$214

WMATA recognizes there are more opportunities in its bus market and launched the *Washington Area Bus Transformation Project* in September 2019, concluding that the bus system was not keeping pace with the population growth and demand for faster, more reliable service. WMATA was progressing with its bus network transformation when the pandemic

¹¹ WAGES AND WORKING CONDITION AGREEMENT BETWEEN AMALGAMATED TRANSIT UNION LOCAL UNION 241 AND CHICAGO TRANSIT AUTHORITY, Effective January 1, 2007.

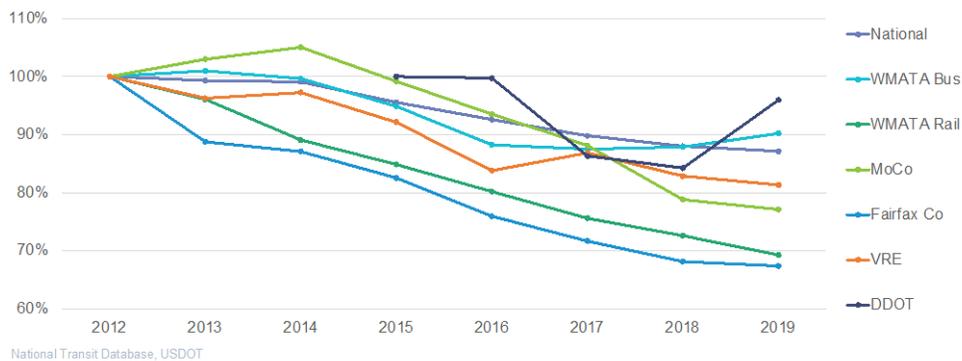
¹² All Day Service analysis, WMATA Planning.

occurred, and additional challenges and opportunities arose for bus network design and deployment.

In December 2020, WMATA’s board approved the interim *FY 22 Consolidated Bus Network Plan*, acknowledging the special circumstances and service needs precipitated by the pandemic. Moving through the pandemic recovery, and as WMATA updates its demand forecasts and balances its system, WMATA may be positioned to further rationalize and optimize its bus services as contemplated in the Bus Transformation Strategy. WMATA has a current study underway for an “all day” service plan which we will report on later in this report.

WMATA’s Rail Service has predominantly been a rush hour, commuter-driven service, where trainset length and minimal spacing between trains have been operational priorities to serve peak loads. WMATA also operates with headways that provide the same level of service on all lines (with the exception of the Red Line) in all directions for the same period of time. This policy provides a kind of service balancing and equity among the regions, and facilitates trainset assignments at various junctions, but this policy can also lead to inefficiencies in that it may overserve markets or directions. As previously stated, WMATA has among the highest cost recovery ratios for rail and was beginning to realize some improvements in ridership before the pandemic, but regional trips per mile had been decreasing for several years into our base year (2019) for WMATA and CTA.¹³

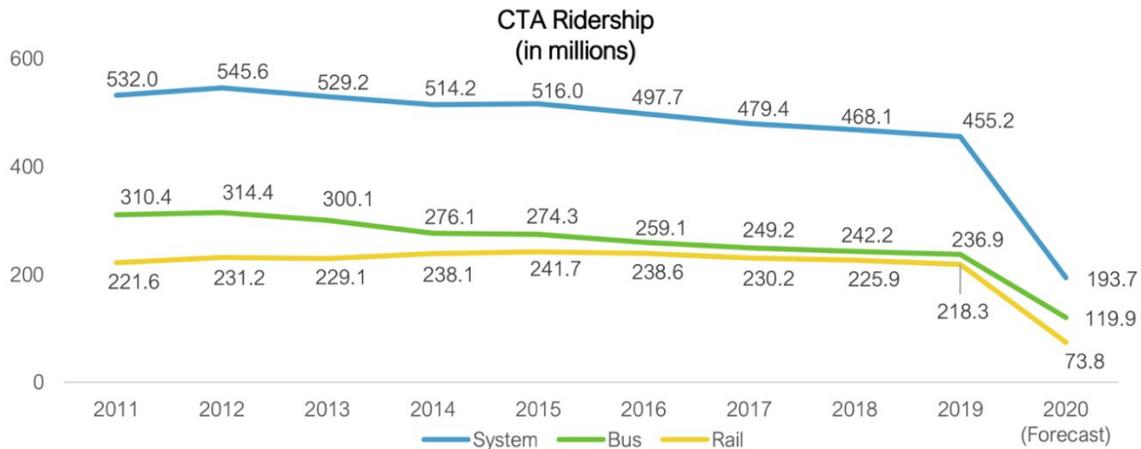
Annual Trips Per Mile, Percent Change 2012-2019



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¹³ “Did COVID kill transit... or save it from itself?” Herbert Higginbotham, National Director, Transit + Shared Mobility Cambridge Systematics, Transportation Research Forum Washington DC Chapter December 9, 2020.



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OIG Observations

Through SafeTrack and the Back2Good initiatives, Metro had begun to address reliability issues and was showing progress in recovering ridership and revenues into FY 2019. It is not clear what baselines are appropriate to measure the success of recovery efforts given the extent and impacts of the pandemic on future demand.

In the chart below, even when considering some of the constraints on rail service scheduling, WMATA posts highly comparable rail passenger miles to CTA, with a smaller rail fleet and smaller system.¹⁵

	System Name and City	Fare Type	Annual Passenger Miles	Annual Unlinked Trips	Average Trip Length (mi)	Average Stop Distance (mi)
Heavy Rail	BART (San Francisco)	Distance	1,808,935,691	131,810,212	13.72	4.55
	WMATA Metrorail (Washington, DC)	Distance	1,326,262,650	227,053,037	5.84	2.57
	MARTA (Atlanta)	Flat	468,811,412	68,280,860	6.87	2.53
	MBTA "T" (Boston)	Flat	557,734,891	164,102,709	3.40	1.50
	CTA "L" (Chicago)	Flat	1,359,029,663	230,204,047	5.90	1.43
	SEPTA (Philadelphia)	Flat	344,859,706	93,879,889	3.67	1.41
	MTA Subway (NYC)	Flat	10,683,847,750	2,699,537,600	3.96	1.05
Commuter Rail	NJ Transit Rail (New Jersey)	Zone	2,077,067,508	88,578,277	23.45	6.18
	MBTA Commuter Rail (Metro Boston)	Zone	697,665,040	33,949,637	20.55	5.62
	LIRR (Long Island, NY)	Zone/Time	2,996,872,220	103,630,405	28.92	5.15
	MTA Metro North RR (Metro NYC)	Zone/Time	2,270,934,422	86,362,532	26.30	4.40
	METRA (Metro Chicago)	Zone	1,577,342,949	70,592,215	22.34	4.03

¹⁴ CTA, *Public Transit, An Essential Key to Recovery*, p. 11.

¹⁵ *Metro Fare Policy Primer, Final Report, Washington Metropolitan Area Transit Authority, Fare Strategy Working Group, May 2019, p. 19.*

VII. CTA and WMATA Major Expense Drivers

Labor Expenses

Labor, as a percent of total operating expenses (OE), is a major cost driver for both CTA, \$1.149 billion (79.4% total OE) and WMATA, \$1.313 billion (65% total OE).¹⁶

Part of the explanation for labor expense differences is straight-forward:

- CTA had fewer FTEs (9,939) than WMATA's FTEs (12,260) in 2019.¹⁷
- CTA does not have its own police force and contracts with the City of Chicago to provide law enforcement and security services. In 2019, CTA expended \$14.9 million for police and security services compared to WMATA's expense of \$63.7 million.
- PACE provides paratransit services in the Chicago region; WMATA's 2019 expenses were \$162 million.
- CTA has more flexibility in work rules, with a large part-time workforce.

Productivity Measures

For a high-level comparison of employee productivity, we used two metrics: revenue-per-employee and passenger trips per employee.¹⁸ The revenues considered were the fares and directly generated revenues.

CTA's revenue-to-employee ratio was 5.2 percent lower than WMATA's at \$65,638 in 2019 versus WMATA's revenue-per-employee ratio of \$69,055.¹⁹ The revenue-per-employee metric should have a frame of reference; ideally, the performance should be considered against the historical ratios over several years to be able to see if the ratios are rising or falling, and the metric is useful when comparing performance against a peer group.

As another measure of productivity, we also reviewed the annual unlinked passenger trips per employee, which is reported in the FTA Data Base. CTA had 45.9 passenger trips per employee, and WMATA had 30.8 passenger trips per employee.²⁰ Unlinked trips are total boardings on an individual vehicle. Linked trips refer to the total number of riders and measures the actual number of complete trips from origin to destination, including transfers. Unlinked trips are viewed as a measure of transit utilization (at the system, route, or sub route level), while linked trips are used to measure revenue passengers.²¹

In a similar finding, WMATA was previously advised of the impacts of headcount growth without corresponding revenue growth. In 2015, WMATA contracted with McKinsey & Company to conduct a series of evaluations for WMATA, culminating in a report to the board in early 2016.

¹⁶ WMATA's adjusted 2019 labor costs are \$1.17 billion, when excluding Police and Paratransit expenses.

¹⁷ WMATA's adjusted headcount for 2019 is 11,516, when excluding 644 MTPD and 50 FTEs for Access.

¹⁸ An effective metric for measuring the productivity and output value, widely accepted by CFOs as the standard workforce productivity metric, is the total annual revenue divided by the average number of full-time employees.

¹⁹ FTA NTDB, CTA \$652.314 million/9939 employees; WMATA \$795.237/11,516 employees.

²⁰ FTA NTDB, CTA 455.744 million trips/9939 employees; WMATA 354.656 million trips/11,516 employees.

²¹ https://www.bts.gov/archive/publications/transportation_statistics_annual_report/2003/chapter_02/chapter_02_box_page_72#:~:text=Unlinked%20trips%20are%20total%20boardings,origin%20to%20destination%2C%20including%20transfers.

The 2016 McKinsey Report noted that WMATA's operating expenses were growing faster than revenues (4% per annum over FY11-15), and that the headcount growth alone was driving 74% of total expense growth. They further noted that the primary driver was the headcount growth of 6% among waged employee.²²

OIG Observations

WMATA has made improvements in managing headcount since the 2016 McKinsey report. It may be worthwhile for WMATA to consider using several complementary productivity metrics to track the economy, efficiency, and effectiveness of labor expenses, especially in a time of declining ridership and revenues. We will continue to evaluate the usefulness of these metrics in future reports.

VIII. CTA and WMATA Experienced Similar Pandemic Impacts

No transit authority in the U.S. was spared from the significant impacts of the pandemic, especially in the earliest months of 2020. CTA made a decision to run near normal (pre-pandemic) rail and bus service frequencies throughout the pandemic.²³ During the first three months of the start of the pandemic, CTA continued to carry over 250,000 riders on weekdays, but the revenue loss for 2020 was \$574 million, and individual route losses for a number of months were not dissimilar to WMATA's route losses for rail and bus (as much as 60-80%).

CTA's safety response to the virus was almost identical to WMATA's, with greatly enhanced cleaning, disinfecting, distribution of PPE supplies, establishing criteria for managing social distancing, and protecting customer-facing staff. Like WMATA, CTA also used their real-time information public dashboards to advise of crowding, and they continued exercising service flexibilities. Even with these efforts, and a faster return of bus passengers than most transits, CTA's losses were significant and continue into CY 2021.

CTA is projecting a 2021 budget shortfall, after receipt of federal funds, of approximately \$372 million. This budget shortfall is factored into CTA's proposed 2021 operating budget of \$1.65 billion.²⁴ As part of the first CARES Act relief funding, the CTA received \$479.2 million. Under the new relief bill, the CTA will receive \$361 million, or 77.5%, of the \$486 million provided to the Chicago region. Like WMATA, CTA is not planning any employee reductions going into their fiscal year. WMATA's budget projections indicate that the \$642.0 million of available COVID relief federal funds will be allocated to FY 2021 and \$722.9 million will be allocated to FY 2022.²⁵ The preponderance of these funds will be used to offset revenue losses.

²² WMATA Memorandum, December 16, 2015, McKinsey Briefing Paper.

²³ CTA elected not to reduce any scheduled services, but in some cases annulled services when employees were not available.

²⁴ [https://www.transitchicago.com/assets/1/6/FY2021_BUDGET_BOOK_-_FINAL_\(Online_Version\).pdf](https://www.transitchicago.com/assets/1/6/FY2021_BUDGET_BOOK_-_FINAL_(Online_Version).pdf)

²⁵ WMATA Board Finance and Capital Committee Information Item III-A, April 8, 2021.

IX. Pandemic Recovery - Managing Uncertainty and Finding Opportunity

CTA Projects a Faster Recovery

Both CTA and WMATA are dealing with the uncertainties of the larger economic recovery, including job losses, teleworking, impacts and effectiveness of vaccination programs, future requirements for masking, social distancing, cleaning and disinfecting, and understanding and responding to the public's interest and confidence in using mass transit.

For FY 2021, the CTA estimated an operating budget deficit of \$375 million attributed solely to the impacts of the COVID-19 pandemic. Further, state sales tax funding that supports transit is well below anticipated levels. Despite these anticipated downturns, CTA is projecting \$567.990 million in system generated revenues in FY 2022, which represents an 82 percent fare recovery from their FY 2020 budget (and 2019 actuals), and are projecting \$603.137 million in FY 2023, which represents an 87 percent fare recovery.²⁶ In conversations with CTA, they indicated that these optimistic assumptions would be revisited in their upcoming budget discussions.

CTA 2020-2023 Budgets & Forecasts

	2020 Budget	Amended 2020 Budget	2020 Forecast	Proposed 2021 Budget	2022 Plan	2023 Plan
<u>Operating Expenses</u>						
Labor	\$ 1,133,287	\$ 1,136,251	\$ 1,136,119	\$ 1,169,104	\$ 1,198,332	\$ 1,228,290
Material	74,686	76,280	76,252	87,767	90,400	93,112
Fuel	44,376	40,941	39,671	38,138	34,595	43,768
Power	32,639	29,229	27,699	31,685	32,385	31,012
Provision for Injuries and Damages	22,000	22,000	22,000	31,680	31,680	31,680
Purchase of Security Services	20,445	20,228	20,163	20,176	20,479	20,786
<u>Other Expenses</u>						
Pension Obligation Bonds (Net)	109,396	106,114	106,626	105,971	105,971	105,971
Contractual Services	107,428	110,702	108,550	116,908	120,415	124,027
Utilities, Non-Capital Grant, Travel, Leases, Other	24,209	20,578	19,113	30,556	31,473	32,417
Other Debt Service	2,000	29,800	6,517	13,081	14,329	15,362
Other Expenses Total	243,032	267,194	240,806	266,515	272,188	277,778
Total Operating Expenses	\$ 1,570,466	\$ 1,592,123	\$ 1,562,710	\$ 1,645,065	\$ 1,680,059	\$ 1,726,425
<u>System Generated Revenue</u>						
Fare and Passes	\$ 585,660	\$ 210,605	\$ 221,479	\$ 248,275	\$ 468,238	\$ 497,502
Reduced Fare Subsidy	14,606	14,606	14,606	14,606	14,606	14,606
Advertising, Charter & Concessions	39,852	23,520	22,149	24,512	33,139	37,038
Investment Income	3,000	1,870	1,553	1,000	1,500	2,000
Statutory Required Contributions	5,000	5,000	5,000	5,000	5,000	5,000
Other Revenue	47,538	36,253	37,315	44,923	45,507	46,991
System Generated Revenue	\$ 695,657	\$ 291,854	\$ 302,102	\$ 338,317	\$ 567,990	\$ 603,137

WMATA's most recent revenue projections for FY 2022 (\$ 237.3 million) are only 30.2 percent of the FY 2019 pre-pandemic level revenues (\$784.6 million).²⁷ In our interviews, most managers spoke to a 14 percent recovery by rail and up to a 40 percent recovery in bus going into the new Fiscal Year. These forecasts are much more conservative than CTA's and may take into account more remote working with the federal workforce and other factors more

²⁶ President's 2021 Budget Recommendations, *Public Transit, An Essential Key to Recovery*, [https://www.transitchicago.com/assets/1/6/FY2021_BUDGET_BOOK_-_FINAL_\(Online_Version\).pdf](https://www.transitchicago.com/assets/1/6/FY2021_BUDGET_BOOK_-_FINAL_(Online_Version).pdf). Note CTA's Fiscal Year is a January-December calendar year.

²⁷ WMATA Finance and Capital Committee Action Item III-A, April 8, 2021

unique to the Washington, DC region. Both CTA and WMATA related the difficulties in obtaining high-confidence forecasts for returning to pre-pandemic ridership levels.

WMATA Proposed FY2022 Operating Budget

Proposed FY2022 Operating Budget				
Revenue Rebounds with Vaccine Availability but Still Significantly Below Historic Levels				
	FY2019 Actual	FY2020 Actual	FY2021 Budget	FY2022 New Proposed
<i>\$ in Millions</i>				
Fare Revenues	\$666.3	\$485.0	\$114.9	\$168.9
Non-Fare Revenues ¹	\$118.3	\$95.8	\$65.7	\$68.4
Generated Revenue	\$784.6	\$580.8	\$180.6	\$237.3
Federal Funds	-	\$221.0	\$642.0	\$722.9
Total Revenue	\$784.6	\$801.7	\$822.5	\$960.2

Revisiting Farebox Recovery & Post-pandemic Market Opportunities

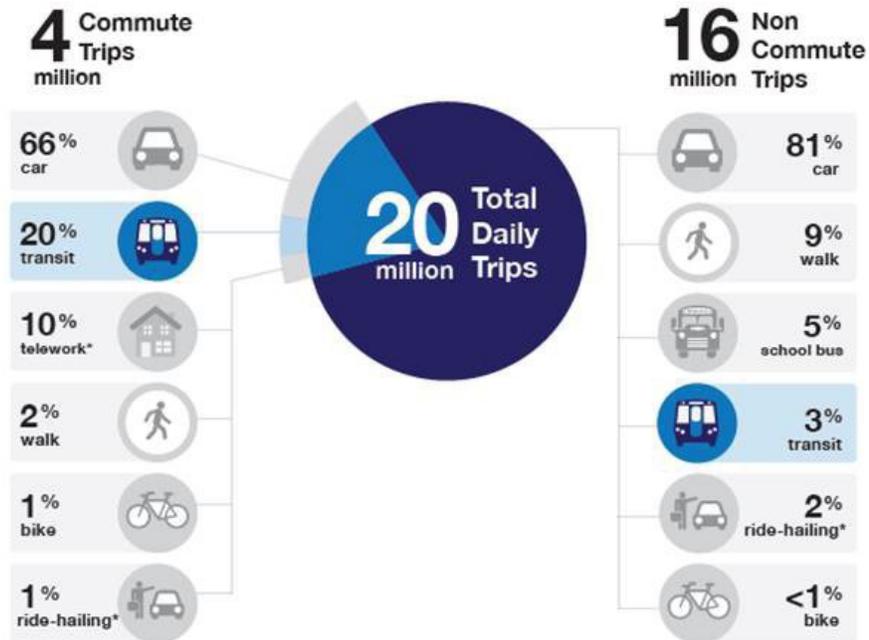
CTA’s fiscal recovery may also be affected by the continued pausing or possible revocation of the State’s farebox recovery requirement. There have been more frequent public discussions generating pressure to revise CTA’s fare and pricing policies oriented toward providing maximum service coverage with lower fares.²⁸ CTA is also continuing to leverage its scheduling flexibility and has recently increased express service on those bus routes where new demand and traffic patterns (shorter, mid-day trips) are emerging.

WMATA, while not having a mandated farebox recovery rate, is also reviewing the short and long-term impacts of the pandemic and considering ways not only to recover lost ridership but to increase modal share. Historically, for rail and bus, WMATA has been much more oriented to servicing peak (rush hour) demand; however, the traditional rush hour commuter market has been steadily shrinking. The pandemic has accelerated and flattened peak travel demand even further, and the extent and permanency of teleworking may continue this trend. In its place, WMATA planners are looking at ways to provide “all day” service with agile and scalable express for more dense routes and micro-transit and other alternatives for others.

²⁸ <https://news.wttw.com/2020/04/07/chicago-s-transit-agencies-got-143b-bailout-money-will-it-be-enough>

Previously, WMATA Planning staff identified the potential of a large, almost untapped market of 16 million non-commute trips daily in the Washington Region.

Washington Region Daily Trips



The staff noted that by capturing just two percent of the non-commute travel market, WMATA could add 320,000 trips each weekday. The staff also concluded that improved all-day service advances social equity as frequent, reliable service during midday, nights, and weekends would benefit many minority and lower-income residents working extended hours.

From our discussions, it is clear that WMATA managers and planners in all departments are reviewing options that seek to increase WMATA’s presence and relevance with its customers and stakeholders.

Capital Programs Prioritization

Despite the challenges to the operating budget, which covers day-to-day service, the CTA continues to pursue almost all of its pre-pandemic major capital programs and its large State of Good Repair (SOGR) backlog. The current five-year Capital Improvement Program (CIP) is budgeted at \$3.4 billion, which includes fleet upgrades and acquisitions, facilities upgrades, infrastructure upgrades, and service reliability.

CTA’s capital projects to continue or begin in 2021 include:

- Testing of the 10 new (Chinese manufactured) 7000-Series rail cars
- Quarter-life overhaul work on 5000-Series rail cars

- Roll-out of expanded all-electric busses and first orders for zero-emission busses
- Start of station and track structure construction as part of Red and Purple Modernization Phase One

WMATA has similarly advanced its CIP with no substantive changes to the plan and with the understanding that WMATA will continue to take advantage of greater access to vehicles and infrastructure for capital and maintenance work as the opportunities arise.

OIG Observations

It is noteworthy that CTA and WMATA, and other transit authorities we reviewed, have not yet made any major changes to their capital spending plans. It was our expectation that some level of capital spending would be affected, and there would be a reprioritization of capital to accelerate some programs and projects over others. It may be that the majority of capital spending is driven by the long lead times for equipment acquisitions and large infrastructure projects are considered sunk costs, commonly referred to as the “flywheel effect”. Going forward, WMATA may consider some capital spend reprogramming to accelerate some programs over others and in anticipation of greater than normal capital funds being available from new authorizations and appropriations.

OIG also recommends that WMATA consider developing interim policies and procedures, with appropriate internal controls, to expedite project selection/execution. The protracted procurement processes may make it more difficult for WMATA to obtain the preferred levels of service from the better vendors, especially when there is heightened competition for such services.

X. Observations for Board and Management Strategic Planning

OIG has identified several areas that the board and WMATA management may want to consider including in their strategic planning discussions.

1. WMATA Has Multiple Programs, Planning Efforts, and Outreach Underway to Underpin New Strategies and Present Options to the Board

WMATA has a number of planning efforts and programs already underway that will facilitate and accelerate updating the current Strategic Plan to a more holistic future state business model. WMATA's current Strategic Plan, *Keeping Metro Safe, Reliable & Affordable, 2019-2028*, serves as a foundation outlining major challenges; however, there are a number of core assumptions in that Plan that need updating and revision to address near-term and long-term pandemic impacts.

The ongoing work of the Capital Planning and Program Management group, the creation of an intermodal planning group, prioritization and progress toward achieving the 2025 Initiatives, and work of the Bus Transformation Project, inform and help further frame WMATA's strategic options. This work will be further coordinated with the Regional Transit System Plan and the Metropolitan Council of Governments Region Forward Plan as those Plans are revised.

To accelerate these efforts, on January 28, 2020, WMATA's General Manager and CEO issued a Staff Notice to all employees announcing a multi-discipline working group and executive steering committee to prepare for the 2023 budget cycle and a set path to a five-year planning horizon. The General Manager and CEO solicited best ideas and set a goal to move WMATA to the "next" level of performance using technology and lessons learned, managing overhead, and ensuring quality and equity. These efforts will result in multiple proposals and scenarios that will help the board and WMATA management undertake meaningful course corrections in the coming months and reset longer term priorities.

WMATA's most recent outreach, while precipitated by potential service reductions, resulted in an unprecedented response providing excellent reference points for ongoing customer and stakeholder engagement to further inform future planning.

2. Federal Relief Acts Buy Time, Not Solutions

Several key interviewees emphasized that the CARES Act and Coronavirus Response and Relief Supplemental Act of 2021, provided desperately needed funds that only temporarily avoid service reductions and keep WMATA as a 'going concern'. This was true of almost every transit authority and every transportation company. Even with the substantial infusion of funds, the horizon to the next crossroads is less than two years away.

Prior to the pandemic, WMATA was making gains improving safety and reliability and was seeing the benefits of major capital programs and substantial SOGR progress, some of which was accelerated during the pandemic. Those programs remain very important but there are also pressing challenges to more closely examine all operating costs, associated overheads,

and capital resource allocations. Equally, there are strong desires to balance service to ensure mobility and accessibility equity.

3. Better and New Metrics Are Needed to Define Success

In every interview, we asked management and staff what constitutes “success” for WMATA. The responses we most often received included improvements for increasing ridership, safety performance, reliability, accessibility, or affordability. When we reviewed the metrics and Key Performance Indicators (KPI’s) used to measure these performance categories, we did not always find an easily identifiable metric, or set of metrics.

It was clear that safety performance can be measured in terms of injuries, lost time, reduced accidents and incidents, and other objective ways, all of which are important; however, it is less clear how improvements in safety culture can be captured. Ridership alone is straight-forward, but ridership needs to be viewed in the context of other factors, including effective use of available seat miles, costs of delivery, and revenue generation.

It was also less clear what the success criteria are for accessibility and affordability. Accessibility and affordability are important social justice concerns and deserve considerable attention. Accessibility was the subject of a recent Bloomberg News article in which several transit executives cited the limitations of using ‘ridership’ as the main metric for defining a transit organization’s success.²⁹ Transportation planners have said, “*Accessibility refers to people’s overall ability to reach desired services and activities (together called opportunities), and therefore the time and money that people and businesses must devote to transportation. Accessibility is the ultimate goal of most transportation planning.*”³⁰

For WMATA, developing new metrics for measuring efforts to improve accessibility and mobility will require significant analysis of demographics and travel patterns under multiple scenarios. Accessibility is also driven by factors outside of WMATA’s control. While challenging, much of this work is well underway, and the results will help validate WMATA’s relevance and underscore WMATA’s ability to provide greater mobility for the Region’s essential workers.

Lastly, at CTA and at WMATA, and with transit in general, we did not find widespread use of employee productivity metrics commonly used in other business sectors. It may be worthwhile for WMATA to consider using several complementary productivity metrics to track and measure the economy, efficiency, and effectiveness of labor.

4. Given Uncertainties, Designing Scalability and Agility Into Operations and Capital Planning is Necessary

In addition to future revenue uncertainties, which inform one set of decisions, at the other end of the spectrum is the likelihood of unplanned additional funding becoming available for WMATA, especially the availability of more capital funds. The Passenger Rail Investment and

²⁹ <https://www.bloomberg.com/news/articles/2021-02-16/post-covid-transit-needs-a-new-metric-for-success>

³⁰ *Evaluating Accessibility for Transport Planning Measuring People’s Ability to Reach Desired Services and Activities*, 16 March 2021, Victoria Transport Policy Institute.

Improvement Act (PRIIA) is scheduled to be reauthorized and reappropriated, and further funds may come in the form of additional pandemic relief. Under these circumstances, WMATA may find it is more expedient and effective to accelerate high value programs, such as ATC-CBTC, to provide WMATA with greater operational flexibility. Or, there may be opportunities for "green-funded" projects or opportunities to avoid or reduce issuance of long-term debt to stabilize cash flows.³¹

5. Some Assumptions in Current Strategic Plan are No Longer Valid

The current Strategic Plan, *Keeping Metro Safe, Reliable & Affordable*, has been overtaken by events in a number of material ways.

Revenue forecasts will need to be amended into FY 2023 and out-years as further relief funds to fill revenue gaps may not be forthcoming. There may be requirements to shift allocations between rail and bus to create and/or accommodate increased ridership and demand.

Additionally, while WMATA has made steady progress in reducing its SOGR backlog and, in 2018 established a more stable funding mechanism, WMATA should reexamine its priorities and scheduling for the \$15.5 billion in capital programs and ten-year horizon.

6. WMATA's Strategic Plan Needs to be Tied to Business Plan Outcomes

Most strategic plans are prepared with large, over-arching goals that require multiple departments cooperating closely to contribute to the desired mission outcomes. This kind of alignment is difficult to achieve and requires multi-year business plans that have achievable milestones and KPI's that keep performance meeting expectations.

In its review, OIG found that the vision of the current Strategic Plan, *Keeping Metro Safe, Reliable, and Affordable*, was well understood with safety and reliability as paramount goals; these have been constant themes in prioritizing WMATA's operations. However, OIG did not consistently find the alignment, metrics, and leading indicators for measuring and achieving the Plan's goals across WMATA.

The General Manager and CEO's current efforts, that involve cross-functional teams and wide participation in charting WMATA's future direction, offer WMATA the opportunity to improve Strategic Plan alignment and applicability to more employees.

7. Mid-day, Non-peak, and All-day Service Studies May Identify New Potential Market Opportunities

WMATA has several studies and reviews underway to more closely examine the feasibility of shifting rail and bus resources from peak commuter to mid-day/non-peak service, and potentially to all-day and/or increased weekend service for some routes. Each of these studies

³¹ Green funding represents the financial backing of a business considered environmentally sound and socially conscious. In relief bill discussions, green-funded projects are those that are environmentally friendly.

help inform critical discussions about services, scheduling, and commitment of substantial resources to reposition WMATA in a post-pandemic environment.

8. Managing Labor Expenses, Overhead, and Productivity Remain Critical

In our comparisons with CTA, we repeatedly were reminded of the benefits that accrued to its operations by having a strong part-time work provision in the agreement with its major union. The part-time workers considerably augment union membership and provide CTA with the ability to manage flexible assignments for up to 25 percent of its key workers (bus operators, motor operators, conductors, flaggers, rapid transit operators, and bus and car servicers) where fringe benefit rates are 15 percent versus 72.225 percent for full-time workers.

We also discussed with CTA the challenges of managing overtime, which follow other discussions OIG has had with New York MTA and other transit authorities. While some overtime benefits efficiency, excessive overtime or overtime abuse remains a serious problem. Excessive overtime has been linked to fatigue, increased employee health problems, poor safety performance, and decreased productivity.³² As WMATA may elect to shift resources to accommodate schedule and frequency changes, overtime will continue to be an important area to monitor and control.

WMATA's collective-bargaining workers are part of an industry where there are numerous examples of management and labor working closely together, sometimes under financial stress or other duress, to forge agreements that benefit the workers and the authority. The General Manager and CEO has included union leadership in the working group which will be helpful in addressing any needed changes to future labor agreements.

9. WMATA's Business Systems Are Not All Mature

In order to achieve the outcomes desired by the board and management, WMATA needs to have mature and effective business systems in place. Progress has been made since the findings and recommendations of the McKinsey Report, but there remain key business systems and programs that have not fully evolved and therefore cannot provide all of the results that could benefit WMATA.

Among the more important business systems are financial systems and asset management systems. The current Strategic Plan emphasizes the importance of transit asset management and employing new software, technologies, and processes to lead to improved condition-based and predictive maintenance benefits. Some progress has been made in asset management, but OIG recommends that implementing these systems and accelerating their deployment should be among the highest priorities for WMATA.

³² <https://www.circadian.com/blog/item/22-5-negative-effects-of-high-overtime-levels.html>

10. WMATA's Board a Shared Responsibility with Management to Ensure Effective Strategic Planning

WMATA's near and long-term recovery, and future growth, will require ongoing coordination with the supporting jurisdictions. Board members have the knowledge and experience from their respective agencies and authorities, and have responsibilities to help with improving accessibility and mobility among and between the jurisdictions they represent.

The Northern Virginia Transportation Commission's recent *2020 Report on the Performance and Condition of the Washington Metropolitan Area Transit Authority*, is an example of the vested and shared interests and common goals between WMATA and supporting jurisdictions. This report commented on the progress of four key strategies for WMATA:

- recommendations to rebuild ridership;
- recommendations to improve operational efficiencies;
- plans to increase non-fare revenues; and,
- recommendations to control cost escalation and improve workforce productivity.

As WMATA management and the board redefine challenges and opportunities, jurisdictional support to improve accessibility is critical.

Closing Comments

OIG conducted this comparative review and benchmarking to gather information about a comparable transit authority facing many of the same challenges affecting WMATA. Our review began with a 2019 base year, and we found areas where CTA has performance advantages in headcount, system complexity, and flexible work rules. CTA also has a more substantial, lower cost, bus centric ridership base. We found WMATA performed better in rail service on farebox recovery and comparably in other areas.

Into the pandemic, both authorities responded to the opportunities for their regions. WMATA has been able to capitalize on greater access to infrastructure and fleet to accelerate SOGR and capital projects. CTA is forecasting a faster recovery, which may occur in its region, and WMATA is being more conservative.

WMATA is moving forward with a strategic "reset" and has formed a multi-discipline steering committee to solicit and review proposals that can potentially improve mobility and accessibility for its region. Several projects are well underway to identify new service opportunities and the board and management will have important decisions to consider in the coming weeks. More work is needed to gain confidence in the data and forecasts that support these changes, and OIG will continue to review key projects and business systems upon which the board and management rely.

We hope this report facilitates further coordination and the ongoing discussions for ensuring a productive strategic planning process.

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