

June 2011

**PUBLIC  
TRANSPORTATION**

**Washington Metro  
Could Benefit from  
Clarified Board Roles  
and Responsibilities,  
Improved Strategic  
Planning**



**G A O**

Accountability \* Integrity \* Reliability

## Why GAO Did This Study

The Washington Metropolitan Area Transit Authority's (WMATA) public rail transit and bus systems are vital to the national capital region. However, the 35-year-old rail system has experienced safety and reliability problems, including fatal accidents. A 16-member board of directors governs WMATA, setting policies and providing oversight. Recent reports have noted weaknesses in WMATA's governance structure and recommended changing it. GAO assessed WMATA's governance in terms of the board's roles and responsibilities, oversight, and strategic planning. To do so, GAO compiled leading practices from previous GAO work on public and private sector governance, non-GAO transit governance studies, and strategic planning standards; then compared WMATA's approach to those practices. GAO also spoke with six transit agencies selected based on board composition and ridership, among other things.

## What GAO Recommends

GAO recommends among other things that the WMATA board of directors follow through with its efforts to clarify the roles and responsibilities of the board; conduct a regular self-assessment of the board's effectiveness; and improve its strategic planning process by actions such as increasing the board's involvement in the process and updating the agency's performance metrics. WMATA reviewed a draft of this report and noted that it has taken recent actions that begin to address some issues covered in this report.

View [GAO-11-660](#) or key components. For more information, contact David Wise at (202) 512-2834 or [wised@gao.gov](mailto:wised@gao.gov).

## PUBLIC TRANSPORTATION

### Washington Metro Could Benefit from Clarified Board Roles and Responsibilities, Improved Strategic Planning

#### What GAO Found

Although some requirements and guidance for board roles and responsibilities are provided in the WMATA compact and board procedures, WMATA board members, officials, and other stakeholders have reported that sometimes the board focuses on management's day-to-day responsibilities rather than higher level board responsibilities such as oversight and strategic planning. This focus may have resulted from, for example, inadequate delineation and documentation of the board's responsibilities as well as inadequate communication among board members. In addition, while leading governance practices state that effective transit boards monitor the effectiveness of the board's organization, structure, and functioning through a regular board self-assessment, WMATA's board does not do so. As a result, the board lacks a key mechanism for regular, ongoing measurement of its performance. In April 2011, the board released draft bylaws that clarify the roles and responsibilities for the board and propose that the board chair coordinate a board self-evaluation. These draft bylaws represent a good first step toward addressing some of the concerns discussed in this report but will need to be adopted and then effectively implemented to achieve their desired effect.

The board's oversight role is supported by the board's committee structure, which provides a communication channel for information to reach the board. Past board practices such as infrequent meetings of the Audit and Investigations Subcommittee and the lack of routine briefings on outside safety recommendations may have impaired the ability of the board to use information about areas in need of improvement regarding the operations and finances of the agency. However, given the variety in other transit agencies' practices and the lack of clear criteria on how often audit committees should meet, there is no clear standard against which to measure WMATA's practices. The board's draft bylaws propose changes to the organization of the board's committee structure.

WMATA has developed elements of strategic planning over the past 4 years, but the agency's board and management could enhance their strategic focus and long-term planning processes to improve performance. WMATA acknowledged several failed past efforts at strategic planning. WMATA officials said that prior attempts failed due to a lack of management support, employee buy-in, and specific actions to execute the plans; and a focus on tactical versus strategic decision making. WMATA management has developed several elements of strategic planning, such as a mission statement, goals, objectives, and strategies. However, the agency's strategic planning process could benefit from more board and stakeholder involvement, internal and external environmental assessments, longer time frames, program evaluations, and updated performance metrics. In June 2011, the board launched an effort to overhaul its strategic planning process.

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## Abbreviations

APTA	American Public Transportation Association
BART	Bay Area Rapid Transit
CTA	Chicago Transit Authority
FTA	Federal Transit Administration
GM/CEO	general manager/chief executive officer
GSA	General Services Administration
JCC	Jurisdictional Coordinating Committee
MARTA	Metropolitan Atlanta Rapid Transit Authority
MBTA	Massachusetts Bay Transportation Authority
MTA	Metropolitan Transportation Authority
NTSB	National Transportation Safety Board
NVTC	Northern Virginia Transportation Commission
OIG	Office of Inspector General
RAC	Riders' Advisory Council
SEPTA	Southeastern Pennsylvania Transportation Authority
WMATA	Washington Metropolitan Area Transit Authority
WSTC	Washington Suburban Transit Commission

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Accountability \* Integrity \* Reliability

United States Government Accountability Office  
Washington, DC 20548

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June 30, 2011

The Honorable Patty Murray  
Chair  
Subcommittee on Transportation, Housing and Urban  
Development, and Related Agencies  
Committee on Appropriations  
United States Senate

The Honorable Barbara A. Mikulski  
United States Senate

The Washington Metropolitan Area Transit Authority's (WMATA) public rail transit and bus systems are vital to meeting the transportation needs of the national capital region, accounting for nearly 1.2 million passenger trips per weekday. However, WMATA's public rail transit system is 35 years old and has experienced problems related to the safety and reliability of its services, including fatal accidents, equipment breakdowns, delays in scheduled service, crowding on trains, and tunnel fires.<sup>1</sup> In addition, the agency faces challenges in maintaining the aging system while expanding the system to Dulles International Airport, adding 23 miles and additional riders to the rail transit system.<sup>2</sup> In 2008, WMATA estimated that it had about \$11 billion worth of capital needs over 10 years, or \$1.1 billion per year; its capital budget for fiscal year 2011 is \$712.3 million. The agency annually weighs decisions to bridge gaps in its operating budget by raising fares, cutting service, or requesting additional contributions from its member jurisdictions.

WMATA is an interstate compact agency,<sup>3</sup> governed by a 16-member board of directors appointed by its four funding jurisdictions—the federal

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<sup>1</sup>The most recent fatal accident occurred on June 22, 2009, when two WMATA trains collided resulting in nine deaths and 52 injuries.

<sup>2</sup>The Metropolitan Washington Airports Authority is constructing the project. WMATA will operate trains on the extension when it is complete.

<sup>3</sup>Interstate compacts are legal agreements between two or more states that are designed to resolve problems or concerns that transcend state lines. Such compacts enable states to act jointly and collectively to devise solutions for matters that are beyond the authority of an individual state but which are not within the immediate purview of the federal government or easily resolved through a purely federal response.

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government, Maryland, Virginia, and the District of Columbia.<sup>4</sup> The board sets policies and oversees all of WMATA's activities, including capital and operating budgeting, system development and expansion, safety, and procurement. In 2010, two reports concluded that weaknesses in WMATA's governance contributed to the safety and operational reliability challenges facing the transit system and recommended changes to WMATA's governance structure.<sup>5</sup> Our objective was to assess WMATA's governance in terms of the board's roles and responsibilities, oversight, strategic planning, and governance structure, and identify changes, if any, that should be made. Specifically, we addressed the following question: How do roles and responsibilities, oversight, and strategic planning elements of WMATA's practices align with leading governance practices? In addition, we provide information on the appointment of federal members to WMATA's board by the General Services Administration (GSA).

In conducting our work, we focused on WMATA's governance in terms of the board's structure, communication, policies, practices, and documentation relating to its oversight of management and implementation of its organizational mission. We analyzed management's role in certain areas, such as strategic planning; however, we did not fully assess the adequacy of management's role in effectively operating the agency.

To determine relevant governance practices, we compiled practices from several sources, including those practices used in previous GAO work on public and private sector governance and non-GAO studies, reports, and recommendations concerning the governance of transit agencies, other similar organizations, and corporations. Additionally, we incorporated strategic planning practices from the Transit Cooperative Research Program, previous GAO work, and other sources as appropriate. (For a

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<sup>4</sup>As of May 2011, 14 members (8 voting members and 6 alternates) had been appointed to the board. Two alternate positions—one from the federal government and one from the District of Columbia—are unfilled.

<sup>5</sup>Greater Washington Board of Trade and Metropolitan Washington Council of Governments, *Moving Metro Forward: Report of the Joint WMATA Governance Review Task Force* (Washington, D.C.: Nov. 17, 2010) and Riders' Advisory Council, *Report on Governance of the Washington Metropolitan Area Transit Authority* (Washington, D.C.: Dec. 1, 2010). The Riders' Advisory Council is a 21-member council established by WMATA's board in 2005 to advise the board on ridership issues concerning WMATA service.

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full list of sources, see app. I.) We then consolidated and categorized leading governance practices and recommendations along similar themes, such as structure, oversight, and strategic planning.

To determine how WMATA's practices align with these leading governance practices, we reviewed and compared elements of the composition and structure of the WMATA board and senior management, communication between the board and management, policies and other documentation in place to guide WMATA's practices, and WMATA's internal and external oversight practices to the leading governance and strategic planning practices that we identified. We conducted semistructured interviews with WMATA senior management, current board members, local jurisdictions, oversight agencies, and other groups conducting governance reviews. In addition, we conducted semistructured interviews with officials from transit agencies in Atlanta, Boston, Chicago, New York, Philadelphia, and San Francisco. Respectively, we spoke with the Metropolitan Atlanta Rapid Transit Authority (MARTA), Massachusetts Bay Transportation Authority (MBTA), Chicago Transit Authority (CTA), Metropolitan Transportation Authority (MTA), Southeastern Pennsylvania Transportation Authority (SEPTA), and Bay Area Rapid Transit (BART). We chose these transit agencies based on similarities to WMATA along many characteristics, including size and makeup of the board, annual ridership, services provided, budget issues, and complexity of the service area.

We conducted interviews with GSA concerning the appointment of federal members to WMATA's board. Appendix I contains a more complete description of our scope and methodology.

We conducted this performance audit from September 2010 to June 2011 in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

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## Background

WMATA began rail operations in 1976. As of 2011, it operates the nation's second largest rail transit system and sixth largest bus system. WMATA provides service in the District of Columbia, suburban Maryland, and Northern Virginia. In fiscal year 2011, WMATA based its budget on a projected ridership on its rail transit and bus systems of 346 million trips.

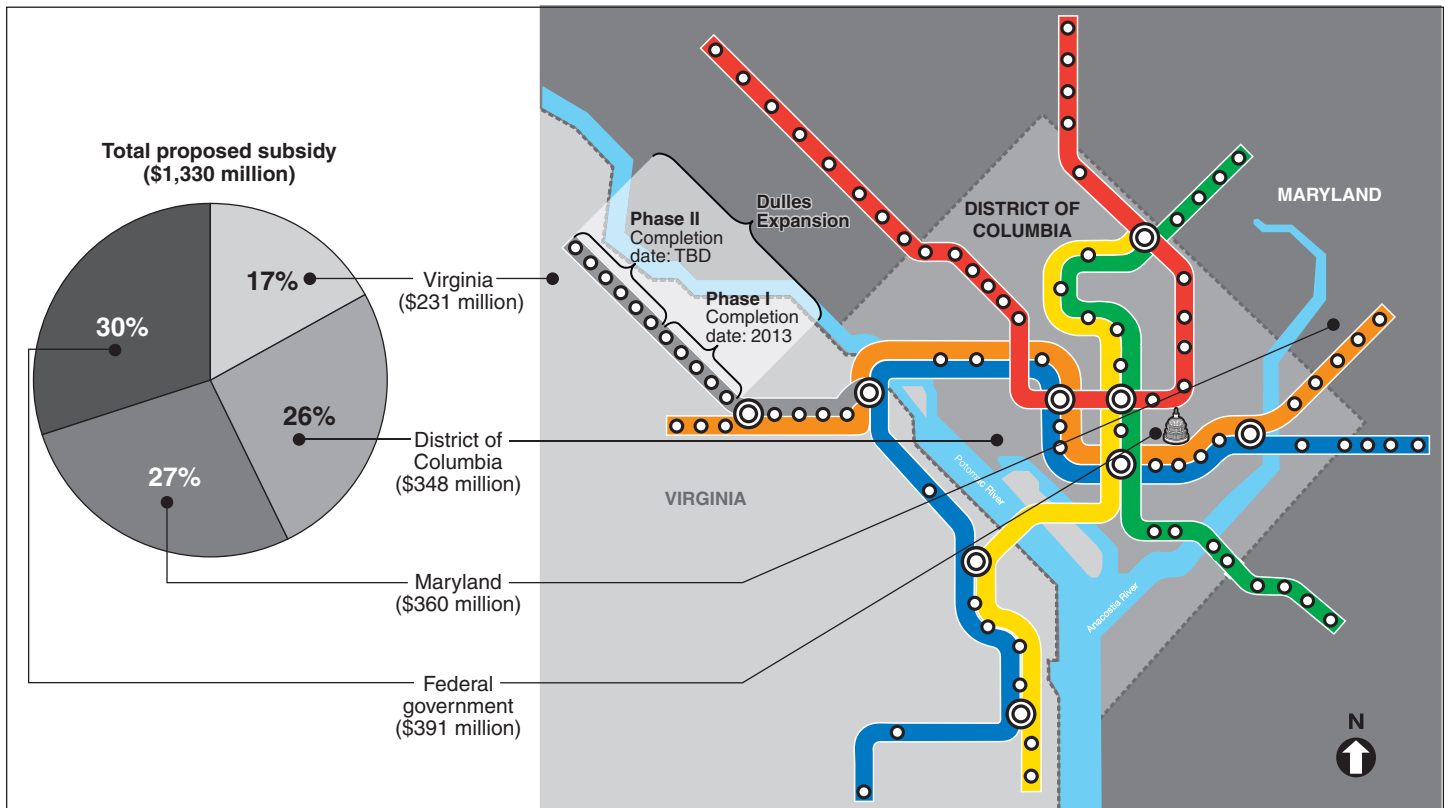


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The rail transit system consists of 106.3 route miles and 86 passenger stations and a fleet of over 1,100 rail cars. A planned expansion of the rail transit system will add 11 stations and extend the system 23 miles in Northern Virginia, providing service to Dulles International Airport and Loudoun County, Virginia. (Figure 1 shows WMATA's rail transit route system and proposed fiscal year 2011 jurisdictional subsidies.) WMATA's Metrobus service operates 320 routes on 135 lines throughout the Metro region, utilizing 12,000 bus stops and 2,398 shelters. In addition, WMATA offers a shared-ride, door-to-door paratransit service for people whose disability prevents them from using bus or rail transit. The paratransit system operates a fleet of over 600 vehicles and is expected to provide 2.7 million passenger trips in fiscal year 2011. WMATA is also the single largest escalator/elevator operator in North America operating 589 escalators and 271 elevators.

WMATA's funding comes from rider fares and parking and a variety of federal, state, and local sources including grants from the federal government and annual contributions by each of the local jurisdictions that WMATA serves. (See fig. 1.) WMATA's fiscal year 2011 budget totals about \$2.2 billion. Of the total amount, about 33 percent, or \$712.3 million, is for capital improvements and about 63 percent, or \$1.45 billion, is for operating expenses.

**Figure 1: Map of WMATA's Metrorail System Including Planned Expansion and Total Capital and Operating Subsidy from Local Jurisdictions, Fiscal Year 2011**



Sources: WMATA and GAO.

Note: Federal government funding including federal formula grants and dedicated funding is all provided for capital expenditures. Subsidies for Maryland, Virginia, and the District of Columbia include state and local contributions.

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## WMATA's Governance Structure

WMATA was created in 1967 by an interstate compact—matching legislation passed by Virginia, Maryland, the District of Columbia, and the U.S. Congress<sup>6</sup>—that describes its high-level purpose, powers, general structure, funding, and authorities. The compact, as amended, creates a 16-member board of directors (8 voting and 8 alternate members) to govern WMATA and designates an appointing authority for each signatory to appoint 2 voting members and 2 alternate members to the board. (See table 1.) As of June 2011, GSA—which is responsible for selecting the board members representing the federal government—had appointed 2 voting members and 1 alternate, but had not appointed a second alternate.<sup>7</sup> The District of Columbia also has a single vacancy for an alternate member, leaving board membership at 14. Nine of the 14 active members, including 7 voting members were appointed between January 2010 and May 2011. Also, according to the compact, the board must elect a chair at the beginning of every year. The chair has historically rotated between the three local jurisdictions each year; however, beginning in January 2011, board procedures allow for anyone to be elected chair, including the previous year's chair or a federal board member.

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<sup>6</sup>See Washington Metropolitan Area Transit Authority Compact, Pub. L. No. 89-774, 80 Stat. 1324 (1966). The compact, originally created for the planning, financing, building, and operation of a rail transit system in the Washington area, was most recently amended so that WMATA could become eligible to receive federal grants authorized by the Passenger Rail Investment and Improvement Act of 2008. Pub. L. No. 110-432, title VI, 122 Stat. 4848, 4968-70 (2008). Among the major changes to the compact were the addition of federal representatives to the board and the codification of the Office of the Inspector General. See Washington Metropolitan Area Transportation Regulation Compact Amendments, Pub. L. No. 111-62, 123 Stat. 1998 (2009).

<sup>7</sup>GSA appointed one board member and one alternate board member in January 2010. The alternate board member was later changed to be a board member. In April 2011, an alternate board member representing the District of Columbia became an alternate board member representing the federal government.

**Table 1: Information on the Processes Used to Appoint WMATA Board Members**

Appointing authority	Selection process
<i>Virginia:</i> Northern Virginia Transportation Commission (NVTC)	<ul style="list-style-type: none"> <li>• NVTC appoints WMATA board members from among its board members, who are elected officials.</li> <li>• NVTC appoints the two voting WMATA board members—traditionally one from Fairfax County and one from Arlington County. One alternate is appointed from Fairfax County and the other from the City of Alexandria.<sup>a</sup></li> <li>• Board members are elected annually and can be reappointed.</li> </ul>
<i>Maryland:</i> Washington Suburban Transit Commission (WSTC)	<ul style="list-style-type: none"> <li>• Board members are selected from WSTC members, which are chosen by the Governor of Maryland, Prince George’s County, and Montgomery County. Traditionally, WSTC members appointed by the Governor are appointed as the voting board members, and WSTC members appointed by Prince George’s County and Montgomery County are appointed as alternates.</li> <li>• Board members serve 3-year terms; however, this is not a legal term limit.</li> </ul>
<i>District of Columbia:</i> Council of the District of Columbia (DC Council)	<ul style="list-style-type: none"> <li>• The DC Council traditionally appoints one elected official from among its membership and one appointed official from the Mayor’s administration to serve as its voting WMATA board members. The same arrangement is used for its alternate members.</li> </ul>
<i>Federal Government:</i> GSA	<ul style="list-style-type: none"> <li>• GSA asks local stakeholders, including local transportation boards, federal agencies, and Members of Congress representing local jurisdictions, for suggestions on potential candidates.</li> <li>• The compact requires that one of the voting members must be a regular passenger and customer of WMATA’s bus or rail service.</li> <li>• Board members are appointed to 4-year terms.</li> </ul>

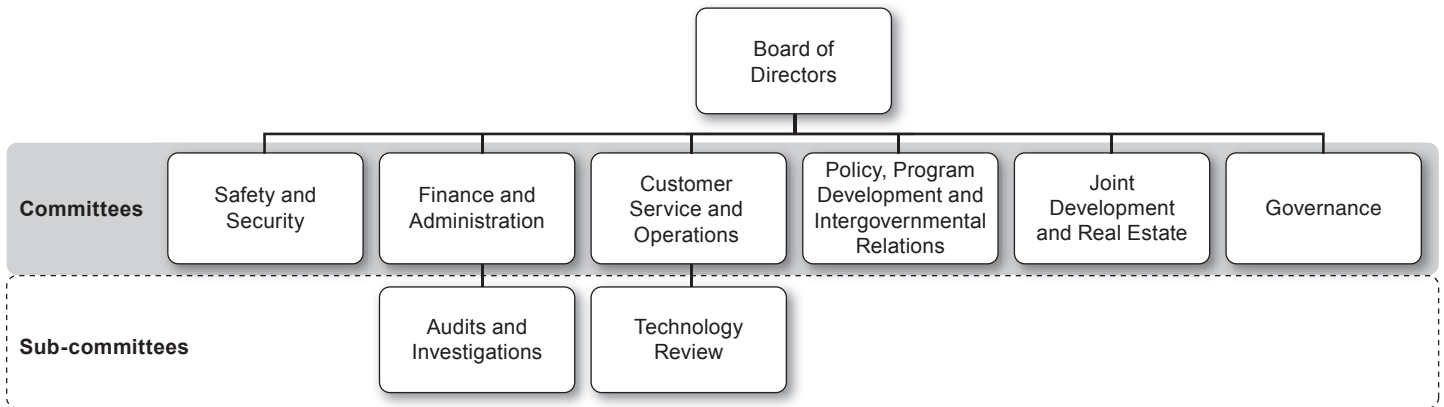
Source: GAO analysis of information provided by appointing authorities and the Governance Task Force Report.

<sup>a</sup>On July 1, 2011, a law will take effect that allows the Governor of Virginia to appoint one of the Virginia board members. See VA H.B. 1500, May 2, 2011, Act of Assembly, Chapter No. 890.

The compact also provides the board with broad policy-making authority, specifically in the areas of planning, budgeting, and financing. To help carry out these functions, the board has established committees, such as safety and security, customer service and operations, and finance and administration. (See fig. 2.) WMATA board procedures allow that alternate board members can vote in committee meetings, but can only vote in full board meetings in the absence of “their” voting member.<sup>8</sup>

<sup>8</sup>Either alternate from the District of Columbia can vote if either of the voting District of Columbia board members is absent.

**Figure 2: WMATA Board of Directors Committee Structure (May 2011)**

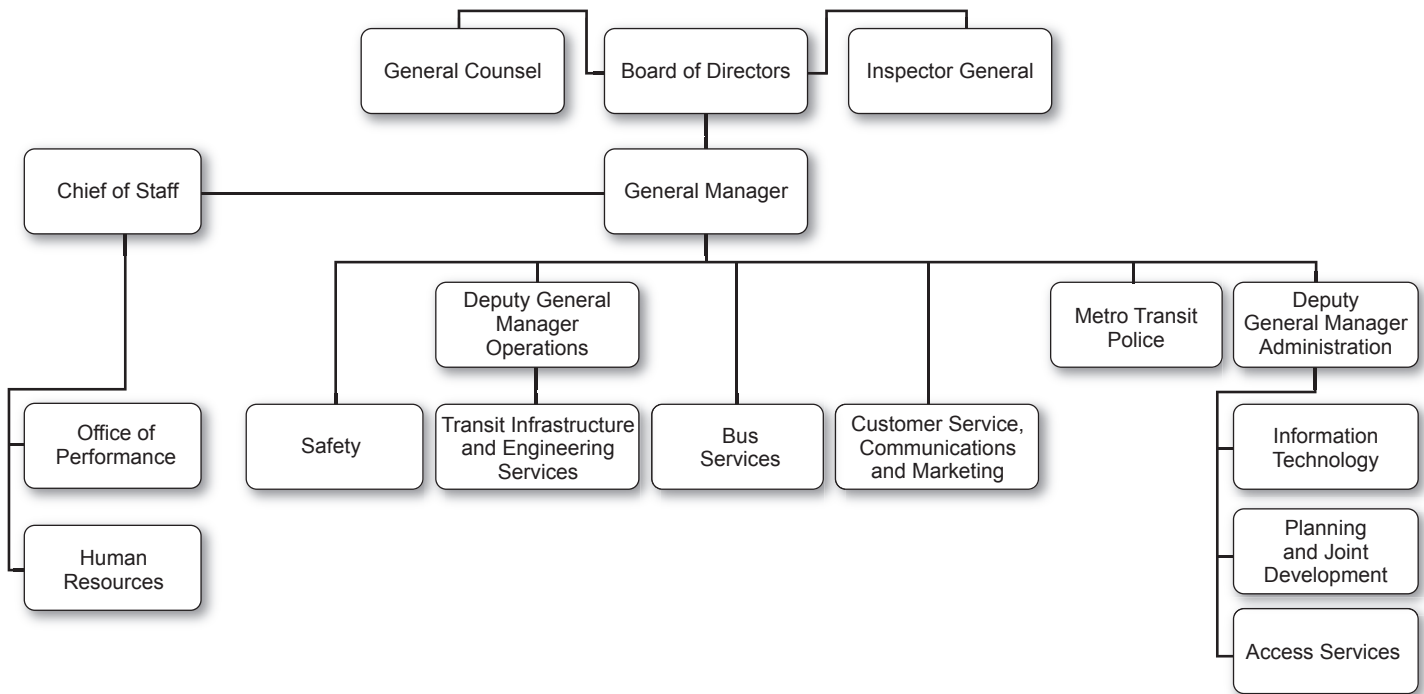


Source: GAO.

Note: Draft bylaws propose changing the committee structure to include six board committees: safety and security; finance and administration; audits and investigations; customer service and operations; planning, program development and real estate; and governance.

In addition, the board is responsible for appointing a general manager/chief executive officer (GM/CEO) and executive leadership team to manage day-to-day operations and to develop policies and procedures, draft a budget, and conduct all other tasks related to operating and maintaining the transit system. Figure 3 shows the organization of WMATA's executive leadership.

**Figure 3: WMATA's Organization Chart as of May 2011**



Source: WMATA.

Note: This organizational chart shows the board of directors and positions considered to be executive management.

## Studies Have Recommended Changes to WMATA's Governance

Three reports issued in 2010 identified weaknesses in WMATA's management and board oversight and called for change in WMATA's governance structure and procedures.<sup>9</sup> The Riders' Advisory Council (RAC) and the Greater Washington Board of Trade and Metropolitan Washington Council of Governments sponsored Task Force (Governance Task Force) both issued reports critiquing WMATA's board and management.<sup>10</sup> Examples of recommendations from both reports include:

<sup>9</sup>Greater Washington Board of Trade and Metropolitan Washington Council of Governments (2010); Riders' Advisory Council (2010); and NTSB, *Collision of Two Washington Metropolitan Area Transit Authority Metrorail Trains Near Fort Totten Station* (Washington, D.C.: July 27, 2010).

<sup>10</sup>According to the board, it has created a work plan that allows the public to track changes being made in response to these recommendations.

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(1) board roles and responsibilities should be more clearly defined and (2) the board should redefine the general manager position as WMATA's chief executive officer and that person should oversee WMATA's daily management. (See app. II for additional information on the recommendations made by these reports.) In addition, a National Transportation Safety Board (NTSB) report on a fatal June 2009 accident discussed how shortcomings in WMATA's internal communications, recognition of hazards, assessment of risk from those hazards, and implementation of corrective actions are evidence of the absence of a safety culture within the organization. The report partially attributes this situation to WMATA's governance due to inadequate or deficient oversight by the board.

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**Stakeholders Believe Inadequate Delineation, Documentation, Communication, and Self-Assessment of the Board's Responsibilities Have Led to Occasional Lack of Strategic Focus**

WMATA board members, officials, and other stakeholders have reported that the board sometimes focuses on management's day-to-day responsibilities rather than higher level board responsibilities such as policy, oversight, and strategic planning. This lack of strategic focus may have resulted from inadequate delineation and documentation of the board's responsibilities, as well as inadequate communication among board members.

Governance practices based on previous GAO work and other relevant studies state that an effective transit board:

- focuses on policy making, principally specific elements such as guidance and strategic issues as well as oversight and monitoring of management and performance;
- clearly defines and formally documents its roles and responsibilities and has a clear view of its role in relationship to that of management. All activities, such as meetings and agenda items, should focus members on policy making and away from day-to-day management issues;
- delegates day-to-day management of the agency to the GM/CEO and other senior management;
- informs and educates its members and provides orientation to new board members; and
- acts as a cohesive group, eliminating personal agendas.

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Current and former board members and senior officials with whom we spoke believed that the WMATA board and individual board members have sometimes focused on the day-to-day operations of the transit agency and become involved in areas that should be the responsibilities of management. Specific cited examples of board involvement in management's responsibilities include hiring and firing employees beyond senior management; approval of a minor personnel policy; and involvement and debate of specific detailed decisions such as station tiles, bicycle facilities, and transit car seat colors.

Consistent with leading governance practices, WMATA board procedures state, "No Member individually shall direct or supervise the GM/CEO or any WMATA employee or contractor managers."<sup>11</sup> However, WMATA officials told us that rather than acting as a cohesive group, individual board members had directed staff to make changes to presentations prior to board meetings. These officials also reported that some individual board members had what they believed to be excessive contact with midlevel managers requesting specific information rather than working through established channels such as the board chairman, GM/CEO, or other senior management.

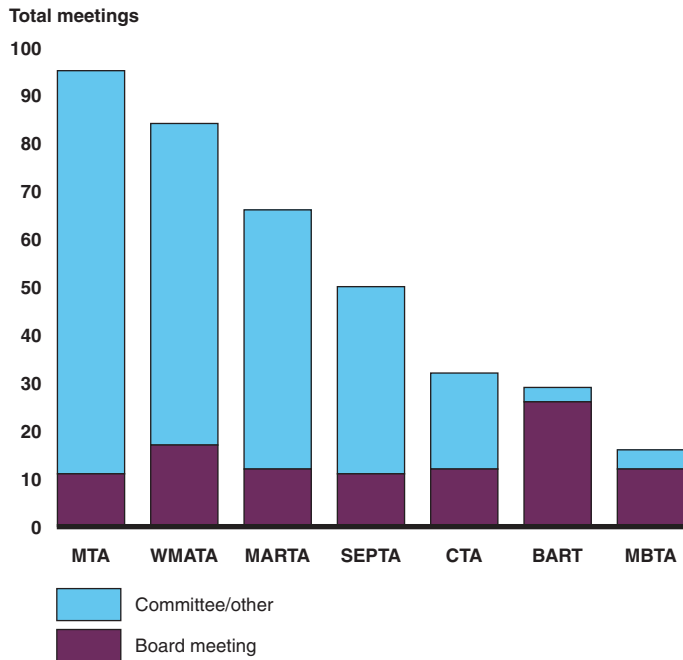
Several board members and WMATA officials also commented that the frequency of board meetings can be inefficient and symptomatic of a lack of a strategic focus by the board. Several board members believed that the board meets too often, which can be an indication that it is too involved in running the agency. Officials and board members also stated that preparing for board activities—while important—can reduce the time staff have available to conduct day-to-day operations and analysis, or monitor and improve the performance of the transit system. Between April 30, 2010, and May 1, 2011, the WMATA board met 84 times—17 board meetings and 67 committee meetings or executive sessions. By comparison, the WMATA board met more frequently than five of the six transit agencies we visited. Only New York's MTA—which carries approximately 8 times the number of daily riders—met more frequently. (See fig. 4.) (Additional information comparing the six transit agencies with WMATA is found in app. III.)

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<sup>11</sup>Interim Procedures for WMATA Board of Directors, 2011.



**Figure 4: Number of Board Meetings at Selected Transit Agencies, April 30, 2010, through May 1, 2011**



Source: GAO analysis of information from MTA, WMATA, MARTA, SEPTA, CTA, BART, and MBTA.

Note: The number of meetings for MARTA is an estimate based on its 2011 meeting schedule.

Board members and stakeholders, such as RAC and the Governance Task Force, told us that the lack of strategic focus by the board may be in part attributed to inadequate delineation and documentation of board roles, inadequate communication among board members, and other factors. Roles and responsibilities for the board are delineated in two primary documents: the compact and board procedures. As mentioned earlier, the compact provides the board with specific tasks and authorities such as developing a mass transit plan, capital and current expense budgets, and a financing plan; selecting a GM/CEO, an independent auditor, and an audit committee; and adhering to legal requirements such as the Davis-Bacon Act.<sup>12</sup> The compact also states that “subject to policy direction by the

<sup>12</sup>The Davis-Bacon Act generally requires employers to pay locally prevailing wages and fringe benefits to laborers and mechanics employed on federally-funded construction projects in excess of \$2,000. See 40 U.S.C. § 3141 et seq. In addition, the compact grants the board other responsibilities include bonding, execution of leases or property, and setting fare and procurement policy.

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board,” the GM/CEO “shall be responsible for all activities” of WMATA.<sup>13</sup> In addition, board procedures further delineate that the board “determines agency policy and provides oversight for the funding, operation and expansion of safe, reliable, and effective transit service within the Transit Zone.”<sup>14</sup>

Although the compact and board procedures provide some guidance, there is a perception among WMATA officials, some board members, and other stakeholders that the described roles and responsibilities are too broad and not clearly defined. The Governance Task Force found that “the lack of delineation of responsibilities has created an environment where there is no clear understanding of who is accountable for issues such as day-to-day management, communication, operations, and safety.”<sup>15</sup> In addition, some board members we spoke with told us that while the existing documentation generally provides clarity, it should be improved. For example, throughout the history of WMATA, the board has made specific delegations of authority to the GM/CEO covering such issues as procurements and personnel policies. However, according to board members and WMATA’s general counsel, these delegations—and other board resolutions—are not organized or readily accessible to the board.

Inadequate board communication including failure to orient, inform, and educate new and existing board members has also contributed to the lack of a strategic focus of the board, according to board members. For example, in the past, orientation for new board members has been informal, driven primarily through the initiative of the new board members themselves. In comparison, officials at four of the six transit agencies we visited told us that they provide a formal orientation for new board members. For example, as a result of MARTA’s orientation process, a MARTA official stated that roles and responsibilities for the board are clear and well-defined. Their orientation includes (1) presentations by the senior executive team on subjects such as the MARTA Act and its specific criteria and allowances as well as the bylaws, (2) discussion of the roles and responsibilities of board members, (3) an explanation of meeting structure, and (4) a tour of key facilities. In contrast, at WMATA, we

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<sup>13</sup>Washington Metropolitan Area Transit Authority Compact, Title III, Article III, § 9(b).

<sup>14</sup>Interim Procedures for WMATA Board of Directors, 2011.

<sup>15</sup>Greater Washington Board of Trade and Metropolitan Washington Council of Governments (2010).

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observed that current efforts to inform and educate board members, such as discussion during meetings, have not consistently proven to be effective in informing board members of their role relative to management's role in day-to-day operations.

Other factors might have also contributed to the lack of a strategic focus for the board. For example, in the past, WMATA's board procedures were subject to change by the annually rotated chairperson. One senior WMATA manager told us that each time the procedures change it takes time for the board members to adjust. In addition, the Congressional Research Service noted that the model of the WMATA board—which is closer to a public utility model than a private sector model—requires action in decisions such as fare setting, route selection, and frequency of service determinations that are normally viewed as day-to-day decisions in the private sector.<sup>16</sup> The WMATA compact delineates that the board should develop and adopt a mass transit plan that includes specific elements such as routes, schedules, and fares. In contrast, officials at SEPTA told us that, although the SEPTA board also plays a role in approving budgets, service plans, and some procurements, SEPTA's enabling legislation articulates that the board's focus is to be on long-term planning and policy rather than the day-to-day administration of the agency's business.<sup>17</sup>

Additionally, WMATA's board does not conduct a self-assessment. According to leading governance practices, effective transit boards monitor their progress on an annual basis and conduct a thorough self-assessment every 3 to 5 years. Such an assessment would not only evaluate progress in terms of the transit system's performance, but also evaluate the effectiveness of the board's organization, structure, and

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<sup>16</sup>Congressional Research Service, 7-5700, *Washington Metropolitan Area Transit Authority (WMATA): Issues and Options for Congress* (Washington, D.C.: April 2010).

<sup>17</sup>See 74 Pa. Cons. Stat. § 1712(b), which provides: "Limit on exercise of powers. The board shall not involve itself in the day-to-day administration of the authority's business. It shall limit its exercise of powers to such areas of discretion or policy as the functions and programs of the authority, the authority's operating and capital budgets, the authority's standard of services, utilization of technology, the organizational structure and, subject to the provisions of this chapter, the selection of and the establishment of salaries for personnel."

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functioning, and its impact on performance.<sup>18</sup> The WMATA board does not do this type of an assessment; two board members with whom we spoke pointed out that the only form of board assessment is the replacement of board members by their appointing authorities. As a result, the board is lacking a key mechanism for regular, ongoing measurement of its performance. By comparison, New York's MTA board is required by law to complete an annual board self-assessment whereby the board as a whole and each of the committees, individually, assesses its effectiveness. In addition, MTA's Office of Inspector General (OIG) has statutory authority that makes it permissible for it to audit and investigate the board of directors, or its members if the need arises; past oversight efforts have included reviewing the board's oversight of MTA capital mega-projects. MTA's Inspector General told us that the ability to use such a broad, general authority in this manner is an important oversight mechanism for MTA. By comparison, the WMATA board has not adopted procedures to allow the WMATA OIG to investigate claims against the board, including alleged wrongdoing by board members or alleged instances of the board not following procedures or protocols.

Some WMATA board members agreed that the board should focus on policy making and should have a role in setting goals, strategic planning, budgeting, oversight, and monitoring performance. Specifically, these board members commented that the board should be more focused on setting and evaluating performance metrics based on a strong strategic planning process, an area that has been lacking in the past.<sup>19</sup> Starting in December 2010, the board and management began taking steps to further identify and delineate roles and responsibilities including the establishment of the Governance Committee.<sup>20</sup> Additionally, in April 2011,

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<sup>18</sup>A comprehensive self-assessment includes evaluating the board's composition, membership, orientation, meetings, committee structure, and information flow, as well as transit system performance criteria. This assessment also includes periodically evaluating key management processes, including, at a minimum, processes for risk assessment and mitigation, internal control, and financial reporting. See, Transit Cooperative Research Program, *TCRP Report 85: Public Transit Board Governance Guidebook* (Washington, D.C.: 2002) and GAO, *Legal Services Corporation: Governance and Accountability Practices Need to be Modernized and Strengthened*, [GAO-07-993](#) (Washington, D.C.: Aug. 15, 2007).

<sup>19</sup>We discuss the board's roles in strategic planning and oversight in more detail later in this report.

<sup>20</sup>In January 2011 the Governance Committee developed a work plan that includes tasks such as updating board procedures, developing bylaws, and improving focus on board policy development.

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the board released draft bylaws intended to be permanent and amendable only by a majority vote of the board. If adopted and then effectively implemented, the draft bylaws would address some of the issues described above. For example, the draft bylaws

- assign roles and responsibilities for the board, board members, and the chair and mandate an orientation program, a self-evaluation of the board, and standardization of communication procedures and conduits.
- require the board to act as a cohesive group, focusing on policy making, strategic planning, and oversight, as well as its specific roles in creating and adopting a budget, determining a fare structure and service levels, and developing a business plan.
- clarify that the GM/CEO has been delegated the authority and is primarily responsible for the overall administration and operation of WMATA subject to policy direction and oversight from the board.

In addition, the board has requested that WMATA's general counsel organize and catalog board resolutions that delegate authority to the GM/CEO. The board has also organized a new, more formal, orientation program for new board members and plans to draft amended board procedures and a revised code of ethics.

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## WMATA's Board Is Structured to Receive Information That Could Facilitate More Effective Oversight of the System

To help carry out its role as an oversight body, WMATA's board is structured to have access to information that could help facilitate effective oversight of management and the agency's operations. According to leading governance practices, a board needs to have an effective oversight process, supported by timely and accurate information and clear communication channels. The types of oversight information available to the board are important because they can provide the board with understanding about areas in need of attention and improvement regarding the operations and finances of the agency. However, past board practices such as infrequent meetings of the Audit and Investigations Subcommittee and the lack of routine briefings on the status of recommendations from outside parties may have impaired the ability of the board to use this information to effectively carry out its oversight role.

The board receives or has access to several key sources of information related to finance, operations, and safety that could facilitate effective

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oversight. For example, in 2006, WMATA established the OIG to conduct and supervise audits, program evaluations, and investigations.<sup>21</sup> The inspector general is appointed by the board and reports directly to it. The board also receives information that could facilitate effective board monitoring and oversight from two important external entities. At the federal level, the Federal Transit Administration (FTA) conducts a triennial review, a procurement systems review, and a financial management review.<sup>22</sup> In the most recent series of these reviews, in 2007 and 2008, FTA recommended improvements in several areas, including preventative maintenance; internal controls related to real property, facilities, and equipment; procurement policies and procedures; and WMATA's cost allocation plan and grant budget accounting.<sup>23</sup> FTA officials stated that these types of findings and recommendations were typical of those found at other transit agencies.

Additionally, the Tri-state Oversight Committee was created in 1997 by state-level agencies in Virginia and Maryland and the District of Columbia to jointly oversee rail safety and security at WMATA.<sup>24</sup> In 2007, the committee made several findings and observations, many of which dealt with updating agency documentation or policies, such as the system safety program plan.<sup>25</sup> More recently, in 2010, the committee reported that WMATA has worked to resolve outstanding safety issues and findings from

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<sup>21</sup>WMATA Board of Directors Resolution 2006-18. The OIG has since been codified in the compact.

<sup>22</sup>The triennial review examines how WMATA meets the statutory and administrative requirements of the Urbanized Area Formula Grants Program; the Procurement Systems Review assesses WMATA's compliance with federal procurement requirements set out in FTA Circular 4220.1F; and the Financial Management Oversight Review examines the effectiveness of WMATA's internal control environment.

<sup>23</sup>See, FTA, *Final Report: FY2008 Triennial Review of the Washington Metropolitan Area Transit Authority Washington, DC* (Washington, D.C.: September 2008); FTA *Final Report: Procurement System Review for the Washington Metropolitan Area Transit Authority (WMATA)* (Washington, D.C.: Aug. 29, 2007); and FTA, *Financial Management Oversight Review of the Washington Metropolitan Area Transit Authority* (Washington, D.C.: Oct. 21, 2008).

<sup>24</sup>The Tri-State Oversight Committee is required by regulation to approve WMATA's safety and security plans; investigate accidents and hazardous conditions that meet certain criteria, as prescribed in 49 C.F.R. Part 659; require and approve WMATA's corrective action plans to address safety deficiencies; and conduct independent reviews of the implementation of the safety and security plans on at least a triennial basis.

<sup>25</sup>Tri-State Oversight Committee, *Washington Metropolitan Area Transit Authority Triennial On-Site Safety Review* (Washington, D.C.: June 2007).

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previous internal and external safety reviews and investigations.<sup>26</sup> Additionally, there are other mechanisms for the board to obtain relevant information from stakeholders, including RAC, the Jurisdictional Coordinating Committee (JCC), and a regular public comment period during board meetings.

Internally, the board's six committees provide procedures and communication channels to facilitate the flow of guidance and oversight information to the board in areas such as finance, safety, security, and customer service. For example, one of the board's key governance areas is its responsibility to annually adopt a capital budget for the agency. The Finance and Administration Committee—with its overall responsibility for monitoring the financial integrity and viability of WMATA—recommends capital and operating budget approval to the board, monitors capital and operating budget implementation and management, develops budget preparation guidance, and recommends proposed budgetary changes to the board. Additionally, the committee recommends policies for fare setting and oversees the operation and development of fare collection mechanisms, among other things.

The Audits and Investigations Subcommittee, which is part of the Finance and Administration Committee, serves as the main avenue for information that can be used to facilitate the board's oversight of financial reporting and audit processes—including the financial reporting and related audits and OIG reports—which are reported or otherwise available to the board. According to the subcommittee chair, the subcommittee provides input, along with management, into an internal audit plan developed by the OIG each year prior to the adoption of the annual budget and uses the OIG's quarterly reports to monitor the status of corrective actions taken by WMATA on outstanding OIG recommendations. The subcommittee chair also noted that the subcommittee uses an independent auditor's report on WMATA's financial statements and single audit report to facilitate its oversight of the quality and integrity of WMATA's internal controls, compliance systems and accounting, auditing, and financial reporting processes. Furthermore, the subcommittee chair explained that the board also uses this information to monitor the status of corrective actions taken on past recommendations made by the external auditor.

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<sup>26</sup>Tri-State Oversight Committee, *2010 Triennial Safety and Security Review of the Washington Metropolitan Area Transit Authority (WMATA)* (Washington, D.C.: Oct. 8, 2010).

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The board's Audits and Investigations Subcommittee is the board's main channel for audit information and provides the opportunity for financial oversight information to reach the board. However, the subcommittee has met relatively infrequently. The subcommittee met once in 2008 and twice in both 2009 and 2010—including meeting with the OIG to discuss safety and investigative matters and to discuss and accept the external auditor's annually required report on the audit of WMATA's financial statements.<sup>27</sup> Additionally, the current placement of the subcommittee within a full committee differs from other transit agency practices. By comparison, some transit agencies we visited had an audit committee that met more often and had the audit and financial reporting function elevated to a committee. For example, the audit committees at SEPTA and New York's MTA met four and seven times, respectively, over the last year; while Boston's MBTA met less often. However, given the variety in other transit agencies' practices and the lack of clear criteria on how often audit committees should meet, there is no clear standard against which to measure WMATA's practices.

According to the board procedures, the Safety and Security Committee is responsible for providing safety and security policy direction; oversight to assure that all facilities, equipment, and operations of the transit system are safe and secure; and safety and security goals for the GM/CEO and the agency. To carry out its duties, the committee reviews WMATA's system safety program plan for consistency with safety goals and receives periodic reports from the Tri-State Oversight Committee. It also works with FTA and NTSB, as appropriate, to review the status of WMATA safety with the goal of assuring that all safety recommendations from any internal or external safety review or investigation are handled expeditiously and effectively. The committee has met regularly since October 2010, according to the agency.

A 2010 report by NTSB highlighted problems with the flow of safety oversight information.<sup>28</sup> That report states that the WMATA board chairman told NTSB that prior to the June 2009 accident the board did not receive routine briefings on safety recommendations or corrective action plans; rather the board counted on the GM/CEO to identify relevant issues

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<sup>27</sup>A previous version of an audit committee was dissolved in January 2007, as a result of a board decision to reduce the total number of committees, and reinstated in February 2008 as a subcommittee.

<sup>28</sup>NTSB (2010).



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that required the board's attention. In response, NTSB recommended that the board evaluate actions taken in response to recommendations and corrective action plans from NTSB, FTA, and the Tri-State Oversight Committee. WMATA has several offices, including the OIG, tasked with internal and external recommendation tracking. The Safety and Security Committee receives regular reports from the agency's Chief Safety Officer and Chief of Police on the status of the responsiveness of the agency to internal and external safety findings, including the status of corrective action plans, as well as any significant accidents or incidents. WMATA officials told us that they are developing an updated safety recommendation tracking system, and NTSB has closed this recommendation as implemented. Additionally, NTSB concluded that, before the June 2009 accident, the board did not exercise oversight responsibility for the safety of the WMATA system, leading it to recommend that the board elevate its safety oversight role by developing a policy statement to explicitly and publicly assume the responsibility for continual oversight of system safety. WMATA has implemented this recommendation.

The board's other committees have additional oversight responsibilities. For example, the Customer Service and Operations Committee is responsible for overseeing transit system performance and service standards; the quality of operations programs and procedures; and customer service, communication, and outreach activities, including public and media relations. The objective of the committee is to help ensure that WMATA operational activities and programs are designed to provide reliable, effective and clean transit service, responsive to customer needs. The Policy, Program Development and Intergovernmental Relations Committee is responsible for coordination of regional planning issues and planning for transit service, access, and system expansion, among other things.

As mentioned earlier, in April 2011, the recently created Governance Committee released draft bylaws which, if adopted, would elevate the Audits and Investigations Subcommittee to a full committee, streamline board communications by standardizing communication procedures and channels, and formalize the board's relationship with advisory committees such as JCC and RAC.

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While there is no single approach to best support all transit agency oversight, officials at MTA noted that they also used additional ways to support their oversight functions that they believed had benefits.<sup>29</sup> For example, officials told us that, pursuant to state statute, the agency uses an independent engineer to evaluate key technical or capital-intensive projects, assess risk, and act as a control on those projects. One WMATA board member indicated a desire to have access to independent expertise for consultation, noting that such resources could improve the board's effectiveness.

Additionally, the Governance Task Force and RAC have recommended that WMATA change elements of its board structure—such as increasing the size of the board and changing the role of alternates—to improve its governance. Our analysis, however, indicates that most of the recommended changes have trade-offs—there are both benefits and drawbacks to them. We compared the various recommendations to leading governance practices, approaches taken by other transit agencies, and the views of board members and stakeholders. Board members and stakeholders indicated that proposed changes to the board's structure and processes—such as eliminating alternate board members, changing the size of the board, or eliminating the jurisdictional veto—have trade-offs, and we did not find consistent support among leading governance practices or other transit agencies that these changes would improve governance. Some other proposed changes such as uniform compensation and coordinated board member appointments will require action by the three jurisdictions. To accomplish that task, the Governance Task Force recommended that the signatories and the appointing authorities form a WMATA Governance Commission<sup>30</sup> to make improvements to the authority's governance structure and hold the board accountable for its performance. Such an additional oversight body could help facilitate coordination among the jurisdictions. However, we did not identify governance leading practices, or find other transit agencies with a comparable oversight board over a board of directors. Furthermore, such a commission was viewed by some stakeholders we spoke with as redundant because it would be comprised of most of the same

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<sup>29</sup>We did not assess the costs of these additional oversight mechanisms.

<sup>30</sup>The Governance Task Force recommended that the commission consist of the Governors of Maryland and Virginia, the District of Columbia Mayor and Council Chair, the Chairs of the Maryland and Virginia appointing authorities, and the GSA Administrator.

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membership that is responsible for appointing the board of directors. Appendix II discusses selected recommendations in more detail.

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## WMATA Has Made Progress, but Does Not Fully Address All Elements of Sound Strategic Planning

### WMATA Has Established Some Strategic Planning Elements

WMATA has developed elements of strategic planning over the past 4 years, but the agency's board and management could improve their strategic focus and long-term planning processes. Leading organizations that we have analyzed use strategic planning to articulate a comprehensive mission as well as to identify and achieve long-range goals and objectives for all levels of the organization. While strategic planning practices may vary among organizations according to agency-specific needs and missions, according to leading strategic planning practices we identified, effective strategic planning generally includes a mission statement, long-term goals and objectives, and strategies to achieve the goals; covers the major functions and operations of an agency; and establishes a multiyear time frame and performance metrics for gauging progress. According to the literature, the process for strategic planning should also include assessing the organization's external and internal environments, conducting a stakeholder analysis and involving the board and key stakeholders in the strategic planning process, identifying key strategic issues facing the organization, developing a process for implementing and managing these issues, and reassessing the strategic planning process.<sup>31</sup>

WMATA has not succeeded in past attempts at strategic planning. WMATA officials acknowledged several failed efforts at strategic planning, which

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<sup>31</sup>J.M. Bryson, *Strategic Planning For Public and Nonprofit Organizations: A Guide to Strengthening and Sustaining Organizational Achievement* (San Francisco: Jossey-Bass, 2004); GAO, *Executive Guide: Effectively Implementing the Government Performance and Results Act*, [GAO/GGD-96-118](#) (Washington, D.C.: June 1996); GAO, *Agencies' Strategic Plans Under GPRA: Key Questions to Facilitate Congressional Review*, [GAO/GGD-10.1.16](#) (Washington, D.C.: May 1997); Transit Cooperative Research Program, *TCRP Report 85: Public Transit Board Governance Guidebook* (Washington, D.C.: 2002).

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they said occurred because of a lack of management support and employee buy-in, a lack of specific actions to execute the plans, and a focus on tactical versus strategic decision making.

According to a senior WMATA official, however, the agency is in the process of developing a strategic planning and performance management system, which consists of a strategic framework, a GM/CEO's annual execution plan, and internal departmental execution plans.<sup>32</sup> The strategic framework is a one-page document, available on WMATA's Web site, which outlines the agency's mission statement, along with 5 goals and 12 objectives. The agency's departmental execution plans are internal documents—not available on the Web site—that identify actions, measures, targets, and responsibility for meeting WMATA's strategic goals and objectives. The final component of WMATA's strategic planning system is the GM/CEO's execution plan, which a senior WMATA official told us identifies annual safety, operational, and financial performance measures and targets. According to a senior WMATA official, as of May 2011, this document was being reviewed by the board. It was not made available to us.

WMATA has developed several elements of effective strategic planning through its strategic framework and execution plans, such as a mission statement, goals, objectives, strategies, and metrics. The agency's strategic framework includes a mission statement for the agency, which was approved by the board, along with goals and objectives for the programs and operations of the agency. WMATA also has developed some processes for implementing and managing its strategic issues through departmental execution plans. These plans contain strategies for key actions that are linked to the strategic goals and objectives. WMATA has also linked the prioritization of its capital needs to its strategic goals and objectives, as part of aligning its activities to support the agency's goals. Furthermore, the departmental execution plans also include performance metrics and targets for tracking progress on the agency's key actions for achieving its goals and objectives, some of which are publicly available and regularly reported to the board.

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<sup>32</sup>WMATA's strategic planning and performance management system is in various stages of development. Goals and objectives are developed and publicly available; however, some of the departmental execution plans are still being revised.

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## WMATA's Strategic Planning Process Lacks Board and Stakeholder Awareness and Involvement

WMATA's strategic planning and performance management system does not include some strategic planning elements of leading organizations that we have studied, such as stakeholder awareness and involvement, environmental assessments, a long-term time frame and regular updating, program evaluations, and up-to-date performance metrics. Specifically:

*Board and stakeholder awareness and involvement are lacking.*

According to strategic planning practices we identified, a strategic planning process at a transit agency should be driven by the board, as part of its role in setting the direction and priorities of the organization. Board involvement in the strategic planning process allows the board to help the system identify and maintain focus on strategic priorities. Board leadership can also help implementation of strategic actions proceed more effectively by providing support from an agency's highest level. Furthermore, boards can help an agency identify and assess external opportunities and challenges as part of their responsibility for relating an organization to its external environment. Several other major transit agencies we studied use board-driven strategic planning processes to establish the direction of the agency. For example, the strategic goals and plan for San Francisco's BART are formally adopted by the agency's board and serve as the guiding document for the agency's budget process.

WMATA's strategic framework was not developed with board input and did not include a process to identify priorities and direction from the board. For example, several WMATA board members told us that the board has not been involved in strategic planning. Some board members also were not aware of the agency's strategic planning efforts, as several members told us they were not clear on the nature of WMATA's strategic planning process or if the agency had a strategic plan at all. As discussed earlier, the board's documented roles and responsibilities also do not delineate a role for the board in strategic planning. Board members expressed an interest in being more involved in strategic planning and setting the direction of the agency. WMATA's Governance Committee has also cited strategic planning as an upcoming task for the board. A senior WMATA official also told us the board is in the process of reviewing and approving the GM/CEO's 2011 execution plan. However, without prior board involvement, WMATA's strategic planning process may not appropriately reflect the views of parties potentially affected by or interested in the agency's activities.

WMATA has also not fully communicated its strategic planning process to some of its internal stakeholders. Strategic planning processes can be important tools for communicating an organization's intentions internally

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and ensuring the entire organization is moving in the same direction, according to strategic planning practices we identified. Further, a strategic planning process that affects an entire organization should involve an organization's key decision makers. WMATA's strategic plans have not been communicated to all key decision makers. For example, a senior WMATA official noted that the agency's strategic planning efforts did not account for workforce attrition and he was unaware of the internal execution plan for WMATA's Human Resources department, which includes actions to identify retirement forecasts for employees. Without good communication, WMATA cannot ensure its strategic planning process fully articulates the agency's mission, goals, and objectives to its internal stakeholders.

A lack of transparency also exists among some external stakeholders, such as the jurisdictions and the general public, in terms of understanding the agency's strategic actions, priorities, and vision. According to strategic planning practices we identified, stakeholder analysis and involvement are important aspects of an effective strategic planning process.<sup>33</sup> A stakeholder analysis can help an organization identify and incorporate the various criteria their external stakeholders use to judge the organization and how the organization is performing against those criteria. A senior WMATA official told us that JCC, which consists of representatives from the three local jurisdictions, was consulted on the agency's strategic goals, performance measures, and reporting, but some officials from the jurisdictions told us they were not aware of the agency's strategic planning efforts and did not believe the agency engaged in any strategic planning. Such awareness may be hindered because, of the three components of WMATA's strategic planning process, only the one-page strategic framework is publicly available. More publicly available information on WMATA's strategic planning process could improve awareness of the agency's efforts and challenges among external stakeholders. In commenting on a draft of this report, WMATA noted that in June 2011 it launched a new strategic planning initiative that will include input from external stakeholders.

Senior officials at several transit agencies told us or have stated publicly that stakeholder involvement and awareness of their strategic planning efforts have created greater external understanding and support for the agency and helped regional stakeholders understand their decisions and

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<sup>33</sup>Bryson (2004); GAO, [GAO/GGD-96-118](#); and GAO, [GAO/GGD-10.1.16](#).

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needs. For example, officials with New York’s MTA told us that regional stakeholder awareness of the agency’s strategic planning efforts and future needs have increased stakeholder buy-in for the agency’s planning. Research on transit agency strategic planning has also shown that stakeholder awareness of strategic planning can help define the agency’s core role and responsibilities to the community. Additionally, if an organization does not understand and effectively meet its stakeholders’ performance criteria, then the agency may not satisfy its stakeholders and could receive less support from them.<sup>34</sup>

*Internal and external environmental factors that could affect goals are not clearly assessed.* WMATA’s strategic planning and performance management system does not clearly state key internal and external risk factors that could significantly affect the achievement of its goals and objectives. We have previously reported that for strategic planning to be done well, organizations must assess their internal and external environments.<sup>35</sup> An agency should study its internal environment to identify strengths and weaknesses of the organization. Organizations should also identify external opportunities and challenges, as many external forces that fall beyond an organization’s influence can affect its chances for success. Some of the external factors that may be identified in these assessments could be economic, demographic, social, or environmental and may be stable, predictable, or variable. Other transit agencies we studied take into account factors that may affect the achievement of their goals. For example, the strategic plan for SEPTA in Philadelphia includes an analysis of the internal and external factors, such as a potential loss of dedicated funding and unfunded mandates for the agency, that could impact the agency’s strategic objectives. SEPTA’s plan states that this assessment helps the agency identify the strengths, weaknesses, opportunities, and threats to the agency from its environment.

While WMATA has taken into account threats to its capital program by assessing the potential risks for the delivery of its capital projects, it has not conducted an external environment assessment for the rest of its strategic planning and performance management system, though a WMATA official told us the agency has plans to do so in the future.

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<sup>34</sup>Bryson (2004).

<sup>35</sup>GAO, [GAO/GGD-10.1.16](#).

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Without such assessments, WMATA may not be able to respond effectively to changes in its environment.

*Time frame and updating of strategic plan are unclear.* WMATA's strategic planning efforts do not clearly establish a long-term, multiyear outlook and do not include a schedule for updating or revising the agency's strategic goals, objectives, and strategies. While strategic planning practices we identified vary on prescribing a specific time frame necessary for strategic plans, the ones that did identify a time frame state that strategic planning efforts should look at least 4-6 years into the future. Several other transit agencies, such as BART and MTA, have multiyear plans and regularly update their strategic plans. For example, MTA officials told us they plan 4 and 5 years into the future and annually review the agency's priorities. MTA officials said this process helps the agency's board focus on long-term issues and avoid short-sighted decisions. In commenting on a draft of this report, WMATA noted that its new strategic planning process will develop a multiyear vision and multiyear business and operational plans.

WMATA uses a 10-year plan for its capital program linked to the agency's strategic goals and objectives. But it is not clear from our review of the strategic framework or departmental execution plans if WMATA planned several years into the future for all of its major operations and departments. For example, WMATA does not include any multiyear goals or actions in its departmental execution plans that extend beyond fiscal year 2012. In addition, WMATA officials told us that, as a result of insufficient long-term planning, priorities such as new technology, staff, and capital needs are approved—and sometimes underfunded—during the annual budget process rather than planned for strategically. In terms of regular updating, senior WMATA officials told us that the GM/CEO's execution plan will include performance metrics and targets the board will annually review. The agency's strategic framework and departmental execution plans do not include procedures for regular review and update. Ensuring a multiyear time frame and regular updating of the agency's strategic planning system can encourage the board and staff to have a more long-range view in decision making and priority setting.

Long-term planning and regular updating could help WMATA address some problems with the transit system. According to senior WMATA officials, board members, and other stakeholders, WMATA has historically concentrated on system expansion and has not sufficiently focused on the long-term maintenance of the system. The agency has well-documented maintenance issues, such as problems with the system's escalators



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breaking down frequently. Additionally, WMATA's GM/CEO has stated publicly that the agency lacks a long-term, systematic plan for its track rebuilding program and is unable to plan major track maintenance for more than 6 months in advance. One WMATA official told us that certain maintenance projects and technological upgrades undergo an inefficient and lengthy process from conception to implementation.

*Program evaluations are not systematic.* While WMATA does perform some evaluations that assess the effectiveness of its programs, these evaluations are not conducted on a regular basis or uniformly across the agency and the agency's strategic planning documents do not describe or identify any program evaluations used for establishing or revising the agency's goals and objectives. We have previously reported that program evaluations can be a potentially critical source of information in assessing the appropriateness and reasonableness of goals, the effectiveness of strategies, and the implementation of programs.<sup>36</sup> A systematic evaluation of how a program was implemented can also provide important information about the success or failure of a program and suggest ways to improve it. A senior WMATA official told us that the agency conducts performance spotlights on areas with negative performance indicators, as a way of evaluating and identifying the causes and possible solutions to an indicator's performance. However, the agency's strategic planning documents and comments from a senior official do not describe or identify any program evaluations used for establishing or revising the agency's goals and objectives or for evaluating the progress towards achieving those goals.

*Some performance metrics are outdated and were not developed with board involvement.* WMATA has made significant progress in performance management, but some weaknesses remain. Strategic planning practices we identified state that strategic planning processes should be linked to performance measurement and include metrics for gauging progress toward the attainment of each of the plan's long-term goals. This is necessary for monitoring whether goals are being achieved and if changes are necessary. To its credit, WMATA created an Office of Performance in 2010 to develop a performance management framework for the agency's operations through enhanced performance measurement and reporting. The office has created a "vital signs" report, which is a scorecard of 12 key

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<sup>36</sup>GAO, *Managing For Results: Critical Issues for Improving Federal Agencies' Strategic Plans*, GAO/GGD-97-180 (Washington, D.C.: Sept. 16, 1997).

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performance indicators for WMATA. The board also receives regular reports from the office on the agency's performance. Additionally, the office has worked to establish consistency throughout the agency by standardizing the tracking of information for performance measurement. Further, WMATA's performance metrics and targets are linked to the agency's strategic goals and objectives.

Although WMATA board members and officials indicated that the office is a good start to improving the performance management of the agency, some of WMATA's performance metrics and targets are out of date and the board has not been fully involved in assessing the metrics and their criteria. As part of its strategic planning efforts, WMATA has established performance metrics and targets in its departmental execution plans for measuring each key action for achieving the agency's goals and objectives. Performance metrics and targets need to be updated to anticipate changes in the agency's resources and operating environment. Senior WMATA officials have acknowledged that some of the agency's performance metrics and targets are based on data and information that is out of date.

To address this issue, in May 2011, a senior WMATA official told us management has proposed revised performance targets to the board's Customer Service and Operations Committee. According to leading strategic planning practices, as part of a board's role in overseeing the agency and monitoring progress towards the achievement of strategic goals, a board should review an agency's performance measures on a regular basis. For example, BART's board works with management to revisit goals and performance metrics on an annual basis. By comparison, the WMATA board has not conducted a comprehensive assessment of the criteria used for setting the agency's performance measures. A senior WMATA official has told us that the agency's performance targets will be reevaluated by the board on an annual basis or if operating conditions change. Without such review and input from the board, WMATA's performance metrics and targets may not reflect the agency's current challenges or accurately measure WMATA's progress towards achieving its goals and objectives.

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## GSA Lacks a Formal Process to Appoint Federal Board Members

As a result of compact changes, WMATA's board expanded in August 2009 to include two members and two alternates representing the federal government; as of June 2011, the agency responsible for making the appointments—GSA—had appointed two federal board members and one alternate. GSA officials noted the lack of compensation for board members deters some possible candidates, particularly for alternates. GSA officials told us they based appointments on the following qualifications: the appointees must (1) be WMATA riders, (2) be able to serve part-time and without additional compensation for their service, and (3) possess transportation experience. Such qualifications do not follow leading governance practices that call for linking the composition and skill set of a board to the entity's particular challenges and strategic vision. Furthermore, GSA has not developed a documented process for fulfilling its obligation under the compact to appoint federal board members. Without documenting the steps and criteria for identifying and screening candidates and selecting board members, GSA cannot be assured that it is appointing qualified board members who have knowledge of the federal interest in WMATA and federal employees who ride the system.

Once federal board members are appointed, GSA officials told us that GSA does not have a role in providing staff support and providing guidance on the federal views. By comparison, other WMATA board members are provided staff support from their appointing jurisdictions. One federal board member told us that he sometimes coordinates with the U.S. Department of Transportation on issues; however, the relationship is not formal.

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## Conclusions

WMATA faces challenges in many areas, including projected shortfalls in meeting long-term capital costs, increases in ridership levels, and plans for system expansion. In addition, following the fatal June 2009 rail accident, WMATA board members and management have been tasked by NTSB and other stakeholders with making WMATA a safer system. However, the absence of a clear delineation of the board's roles and responsibilities for providing oversight of management as well as the absence of a board-driven strategic vision raise concerns about WMATA's ability to systematically and effectively confront its many challenges.

WMATA currently has some elements of effective governance in place. However, board members and WMATA senior officials described a culture in which there is a lack of clarity about the roles of the board and individual board members, which has resulted in their overreach into management responsibilities. Such a culture limits the ability of the board

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to provide leadership, direction, and a strategic vision to management. Without a long-term strategic vision, board members approve priorities such as new technology and capital needs during the annual budget process rather than proactively prioritize needs over the long term.

Recent changes in the board, as well as the development of the Governance Committee and draft bylaws, present an opportunity to better formalize and document the roles and responsibilities of the board and management and to collaboratively create and implement a long-term, strategic vision for WMATA. In addition, regular evaluations by the board of its own effectiveness relative to WMATA's performance could help facilitate understanding by board members of how well the board is functioning and how to improve board activities and interactions. Successfully addressing these issues could better position WMATA to meet the agency's future challenges.

In addition, GSA, which became responsible for appointing federal members to WMATA's board in 2009 as a result of changes to WMATA's compact, has subsequently appointed two members and one of two alternates. Qualifications for appointment include riding WMATA and possessing transportation experience. Such qualifications, although important, do not follow leading governance practices that call for a board to have the skill set to deal with the agency's particular challenges. In addition, GSA has not documented a process or specific criteria for making the appointments and it, therefore, lacks assurance that it appoints qualified board members.

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## Recommendations for Executive Action

In order to improve the strategic focus of WMATA's board and improve the agency's performance, the board of directors working with the GM/CEO should take the following three actions:

1. As WMATA takes steps to clarify the roles and responsibilities of the board and management in its draft bylaws, it needs to ensure that a clear delineation of the roles and responsibilities of each are adopted and effectively implemented.
2. Improve the agency's strategic planning process by (1) defining and documenting roles for the board, management, and stakeholders in strategic planning; (2) ensuring that the strategic plan is sufficiently long term; (3) ensuring that board-approved strategic goals and objectives are linked to updated performance measures; (4) including internal and external assessments and program evaluations; and (5)

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reviewing the strategic plan on a regular basis and updating it as needed.

3. Conduct a regular assessment of the board's performance, including elements such as an evaluation of the effectiveness of the board's organization, structure, and functioning, and its impact on performance.

In addition, we recommend that the Administrator of the General Services Administration document specific criteria for identifying and selecting candidates to represent the federal government on WMATA's board.

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## Agency Comments

We provided a draft of this report to WMATA, GSA, the Department of Transportation, and NTSB for their review and comment. WMATA and GSA provided written comments, which are reproduced in appendix IV and appendix V, respectively. WMATA and the Department of Transportation also provided technical comments, which we incorporated into the report as appropriate. NTSB had no comments. WMATA recognized the balance that we have striven for in the report between areas of concern in WMATA's recent past and the progress the agency has recently made on those issues. However, WMATA felt the report could be strengthened by additional information on WMATA's recent actions. We revised the report to include additional WMATA actions, such as launching a new strategic planning process that will take a multi-year perspective. GSA agreed, in part, with our recommendation and findings. GSA disagreed with our statement that it cannot assure that it is appointing qualified board members. We acknowledge the effort GSA has taken to identify and appoint board members; however, past efforts do not assure that future replacements for existing board members will be qualified and appointed in a timely manner.

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We are sending copies of this report to interested congressional committees, the Secretary of the Department of Transportation, the Administrator of the General Services Administration, the Chairman of the National Transportation Safety Board, and the Chairman and GM/CEO of WMATA. In addition, this report will be available at no charge on GAO's Web site at <http://www.gao.gov>.

If you or your staff have any questions or would like to discuss this work, please contact me at (202) 512-2834 or [wised@gao.gov](mailto:wised@gao.gov). Contact points for our Offices of Congressional Relations and Public Affairs may be found on the last page of this report. Individuals making key contributions to this report are listed in appendix VI.



David J. Wise  
Director, Physical Infrastructure Issues

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# Appendix I: Objectives, Scope, and Methodology

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Our objective was to assess the Washington Metropolitan Area Transit Authority's (WMATA) governance in terms of the board's roles and responsibilities, oversight, strategic planning, and governance structure, and identify changes, if any, that should be made. Specifically, we addressed the following question: How do roles and responsibilities, oversight, and strategic planning elements of WMATA's practices align with leading governance practices? In addition, we provide information on the appointment of federal members to WMATA's board.

For the purpose of this work, we focused on WMATA's governance in terms of the board's structure, communication, policies, practices, and documentation relating to its oversight of management and carrying out of its organizational mission. In addition, we analyzed management's role in certain areas, such as strategic planning; however, we did not fully assess the adequacy of management's role in effectively operating the agency.

We selected leading governance practices relevant to transit agencies from several sources, including those practices used in previous GAO work on public and private sector governance challenges at several organizations<sup>1</sup> and non-GAO studies, reports, and recommendations concerning the governance of transit agencies, other similar organizations, and corporations.<sup>2</sup> Additionally, we selected strategic planning practices from

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<sup>1</sup>GAO, *Pension Benefit Guaranty Corporation: Governance Structure Needs Improvements to Ensure Policy Direction and Oversight*, [GAO-07-808](#) (Washington, D.C.: July 6, 2007); GAO, *Legal Services Corporation: Governance and Accountability Practices Need to Be Modernized and Strengthened*, [GAO-07-993](#) (Washington, D.C.: Aug. 15, 2007); GAO, *Smithsonian Institution: Board of Regents Has Implemented Many Governance Reforms, but Ensuring Accountability and Oversight Will Require Ongoing Action*, [GAO-08-632](#) (Washington, D.C.: May 15, 2008); and GAO, *Federally Created Entities: An Overview of Key Attributes*, [GAO-10-97](#) (Washington, D.C.: Oct. 29, 2009). The Pension Benefit Guaranty Corporation report, for example, compiled its governance practices from several sources, including Carolyn K. Brancato and Christian A. Plath, *Corporate Governance Handbook 2005: Developments in Best Practices, Compliance, and Legal Standards*, Special Report SR-05-02, The Conference Board (New York, N.Y.: 2005); Richard Steinberg, PriceWaterhouseCoopers, *Corporate Governance and the Board: What Works Best*, The Institute of Internal Auditors Research Foundation (May 1, 2000); and Scott Green, *Sarbanes-Oxley and the Board of Directors: Techniques and Best Practices for Corporate Governance*, John Wiley and Sons, Inc. (Hoboken, New Jersey: 2005). The Legal Services Corporation report included practices from: Matteo Tomello and Carolyn K. Brancato, *Corporate Governance Handbook, 2007: Legal Standards and Board Practices* (New York, N.Y.: 2007); GAO, *Results-Oriented Government: Practices That Can Help Enhance and Sustain Collaboration among Federal Agencies*, [GAO-06-15](#) (Washington, D.C.: Oct. 21, 2005).

<sup>2</sup>Transit Cooperative Research Program, *TCRP Report 85: Public Transit Board Governance Guidebook* (Washington, D.C.: 2002).

the Transit Cooperative Research Program,<sup>3</sup> previous GAO work,<sup>4</sup> and other sources as appropriate.<sup>5</sup> We then consolidated and categorized governance practices and recommendations along similar themes, such as structure, oversight, and strategic planning (see table 2).

**Table 2: Categories of Leading Practices**

<b>Board structure and responsibilities</b>
• Board composition, structure, and organization
• Board cohesion
• Board compensation
• Board duties and responsibilities
• Board leadership
• Board procedures
• Board access to information or records
• Communication
• General manager/CEO
<b>Strategic planning</b>
• Funding or revenue considerations
• Strategic and performance planning
• Performance evaluation
<b>Oversight and monitoring</b>
• Conduct and ethical considerations

<sup>3</sup>Transit Cooperative Research Program, *Strategic Planning and Management in Transit Agencies: A Synthesis of Transit Practice* (Washington, D.C.: 2005).

<sup>4</sup>GAO, *Depot Maintenance: Improved Strategic Planning Needed to Ensure That Navy Depots Can Meet Future Maintenance Requirements*, [GAO-10-585](#) (Washington, D.C.: June 11, 2010); GAO, *Performance Measurement and Evaluation: Definitions and Relationships*, [GAO-05-739SP](#) (Washington, D.C.: May 2005); GAO, *Agencies' Strategic Plans Under GPR: Key Questions to Facilitate Congressional Review*, [GAO/GGD-10.1.16](#) (Washington, D.C.: May 1997); GAO, *Managing For Results: Critical Issues for Improving Federal Agencies' Strategic Plans*, [GAO/GGD-97-180](#) (Washington, D.C.: Sept. 16, 1997); GAO, *Executive Guide: Effectively Implementing the Government Performance and Results Act*, [GAO/GGD-96-118](#) (Washington, D.C.: June 1996).

<sup>5</sup>Office of Management and Budget, *OMB Circular No. A-11, Part 6, Preparation and Submission of Strategic Plans, Annual Performance Plans, and Annual Program Performance Reports*, (Washington, D.C.: June 2005); Government Performance and Results Act of 1993; GPR: Modernization Act of 2010; Committee on Governmental Affairs, United States Senate, Report 103-58: Report to Accompany S.20 (Washington, D.C.: June 16, 1993); John M. Bryson, *Strategic Planning For Public and Nonprofit Organizations: A Guide to Strengthening and Sustaining Organizational Achievement*, 3<sup>rd</sup> ed. (San Francisco: Jossey-Bass, 2004).



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**Appendix I: Objectives, Scope, and Methodology**

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- Financial and internal controls
  - Independent audit or investigator general
  - Stakeholder involvement and access to information or records
  - Board performance
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Source: GAO analysis of [GAO-06-15](#); [GAO-07-808](#); [GAO-07-993](#); [GAO-08-632](#); [GAO-10-97](#); [GAO-10-585](#); [GAO-05-739SP](#); [GAO/GGD-10.1.16](#); [GAO/GGD-97-180](#); [GAO/GGD-96-118](#); Transit Cooperative Research Program(2002 and 2005); OMB Circular No. A-11, Part 6; Government Performance and Results Act of 1993; GPRA Modernization Act of 2010; United States Senate Report 103-58; and Bryson (2004).

To determine how WMATA’s practices align with these leading governance practices, we reviewed and compared the composition and structure of the WMATA board and senior management, communication between the board and management, policies and other documentation in place to guide agency practices, and internal and external oversight practices to the governance and strategic planning practices. We conducted semistructured interviews with WMATA senior management listed in table 3. We also conducted semistructured interviews with local jurisdictions, current board members, oversight agencies, and other groups conducting governance reviews.<sup>6</sup> In addition, we conducted semistructured interviews with officials from transit agencies and other stakeholder groups—such as metropolitan planning organizations—in Atlanta, Boston, Chicago, New York, Philadelphia, and San Francisco. We chose these agencies based on similarities to WMATA along characteristics, such as size and makeup of the board, annual ridership, services provided, budget issues, and complexity of the service area.

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<sup>6</sup>We spoke with those board members who were active from January 13, 2011, to March 14, 2011.

**Table 3: Entities and Offices Interviewed**

<b>Location</b>	<b>Transit agency officials and offices</b>	<b>External stakeholders (appointing authorities, oversight organizations, metropolitan planning organizations, and riders' groups)</b>
Washington	<p><b>Washington Metropolitan Area Transit Authority (WMATA):</b></p> <ul style="list-style-type: none"> <li>• Board members</li> <li>• General Manager/Chief Executive Officer</li> <li>• Inspector General</li> <li>• General Counsel</li> <li>• Chief Financial Officer</li> <li>• Chief of Staff</li> <li>• Transit Infrastructure and Engineering Services Department</li> <li>• Office of Management and Budget Services</li> <li>• Office of Safety</li> <li>• Office of Performance</li> <li>• Chief of Police</li> </ul>	<ul style="list-style-type: none"> <li>• Washington Suburban Transit Commission</li> <li>• General Services Administration</li> <li>• Northern Virginia Transportation Commission</li> <li>• Federal Transit Administration (FTA)</li> <li>• National Transportation Safety Board</li> <li>• Tri-State Oversight Committee</li> <li>• Board of Trade and Washington Metropolitan Council of Governments</li> <li>• Riders' Advisory Council</li> <li>• American Public Transportation Association</li> </ul>
Atlanta	<p><b>Metropolitan Atlanta Rapid Transit Authority (MARTA):</b></p> <ul style="list-style-type: none"> <li>• Board Chairman</li> <li>• General Manager</li> <li>• Audit Director</li> </ul>	
Boston	<p><b>Massachusetts Bay Transportation Authority (MBTA):</b></p> <ul style="list-style-type: none"> <li>• Board Chairman and members</li> <li>• General Manager</li> <li>• General Counsel</li> <li>• Chief Financial Officer</li> </ul>	<ul style="list-style-type: none"> <li>• Secretary of Transportation, Massachusetts Department of Transportation</li> <li>• Executive Director, MBTA Advisory Board</li> <li>• Riders Oversight Committee</li> </ul>
Chicago	<p><b>Chicago Transit Authority (CTA):</b></p> <ul style="list-style-type: none"> <li>• Board members</li> <li>• President</li> <li>• Inspector General</li> <li>• General Counsel</li> <li>• Chief Financial Officer</li> <li>• Chief of Staff</li> <li>• Deputy Chief of Staff</li> <li>• Acting Chief Operating Officer</li> <li>• Chief Infrastructure Officer</li> <li>• Chief Technology Officer</li> <li>• Chief Safety and Security Officer</li> <li>• General Manager – Safety and Risk Compliance</li> <li>• Chief Administrative Officer</li> </ul>	<ul style="list-style-type: none"> <li>• City of Chicago Mayor's Office of Intergovernmental Affairs</li> <li>• Regional Transportation Authority</li> <li>• Chicago Metropolitan Agency for Planning</li> </ul>

**Appendix I: Objectives, Scope, and Methodology**

Location	Transit agency officials and offices	External stakeholders (appointing authorities, oversight organizations, metropolitan planning organizations, and riders' groups)
Philadelphia	<p><b>Southeastern Pennsylvania Transportation Authority (SEPTA):</b></p> <ul style="list-style-type: none"> <li>• General Manager</li> <li>• Assistant General Manager – Audit and Investigative Services</li> <li>• General Counsel</li> <li>• Chief Financial Officer/Treasurer</li> </ul> <p><b>Delaware River Port Authority:</b></p> <ul style="list-style-type: none"> <li>• Chief Executive Officer</li> </ul> <p><b>Port Authority Transit Corporation :</b></p> <ul style="list-style-type: none"> <li>• President</li> <li>• General Manager</li> <li>• Assistant General Manager</li> </ul>	<ul style="list-style-type: none"> <li>• FTA</li> <li>• Delaware Valley Regional Planning Commission</li> <li>• Delaware Valley Association of Rail Passengers</li> </ul>
New York	<p><b>Metropolitan Transportation Authority (MTA):</b></p> <ul style="list-style-type: none"> <li>• General Counsel</li> <li>• Chief Financial Officer</li> <li>• Chief of Staff</li> <li>• Inspector General</li> </ul> <p><b>Port Authority of New York and New Jersey:</b></p> <ul style="list-style-type: none"> <li>• Inspector General</li> <li>• Board Chairman</li> </ul> <p><b>Port Authority Trans-Hudson:</b></p> <ul style="list-style-type: none"> <li>• General Manager</li> </ul>	<ul style="list-style-type: none"> <li>• New York Metropolitan Transportation Council</li> <li>• Permanent Citizens Action Committee</li> </ul>
San Francisco	<p><b>Bay Area Rapid Transit (BART):</b></p> <p>Board Chairman</p> <p>General Manager</p> <p>Deputy General Manager</p> <p>Internal Auditor</p> <p>General Counsel</p> <p>Chief Financial Officer</p> <p>Chief of Staff</p> <p>Chief Safety Officer</p> <p>Assistant General Manager, Operations</p> <p>Manager Transit System Compliance</p> <p>Manager, Grant Compliance Division</p> <p>Office of Planning and Budget</p> <p>Procurement Department</p> <p>Office of Civil Rights</p> <p>Capital Development</p>	<ul style="list-style-type: none"> <li>• Metropolitan Transportation Commission</li> </ul>

Source: GAO.

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We conducted this performance audit from September 2010 to June 2011 in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

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# Appendix II: Discussion of Recommendations Concerning WMATA Board Structural Changes

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This appendix provides additional discussion of selected recommendations from the Metropolitan Washington Council of Governments and Greater Washington Board of Trade sponsored Task Force (Governance Task Force) and includes the Riders' Advisory Council (RAC) response or related recommendation, when applicable.<sup>1</sup>

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## Size and Makeup of the WMATA Board

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### Current Arrangement

The WMATA compact provides that the authority shall be governed by a board with 8 board members, 2 appointed by each signatory, and 2 from the federal government. In addition, each signatory and the federal government should appoint 2 alternate board members. The total membership of the board is 16, including board members and alternate board members. The WMATA board procedures allow that alternate board members can vote in committee meetings and attend and participate in full board meetings, but can only vote in absence of "their" voting member.

### Governance Task Force Recommendation

The role of alternate members of WMATA's board is greater than that envisaged by the compact, and it is unusual to have alternate members on a transit board. Therefore, WMATA should "eliminate the role of alternates and increase the number of primary members from two to three for each Appointing Authority, resulting in a 12-member Board, with one member appointed by the Chief Executive of each Signatory."

### Leading Governance Practice and Other Transit Agencies

According to some corporate governance guidelines, boards should have no fewer than 5 members and no more than 15.<sup>2</sup> Other transit agencies we visited ranged in size from 5 to 17 voting members (see table 4).

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<sup>1</sup>Greater Washington Board of Trade and Metropolitan Washington Council of Governments, *Moving Metro Forward: Report of the Joint WMATA Governance Review Task Force* (Washington, D.C.: Nov. 17, 2010) and Riders' Advisory Council, *Report on Governance of the Washington Metropolitan Area Transit Authority* (Washington, D.C.: Dec. 1, 2010).

<sup>2</sup>GAO, [GAO-07-808](#).

**Appendix II: Discussion of Recommendations  
Concerning WMATA Board Structural  
Changes**

**Table 4: Size and Composition of the Selected Transit Agencies**

<b>Transit agency</b>	<b>Washington, D.C. WMATA</b>	<b>New York MTA</b>	<b>Boston MBTA</b>	<b>San Francisco BART</b>	<b>Philadelphia SEPTA</b>	<b>Atlanta MARTA</b>	<b>Chicago CTA</b>
Number of voting board members	8	17	5	9	15	11	7
Number of alternate or nonvoting members	8 alternates	2 nonvoting members 4 alternate nonvoting members	None	None	None	1 nonvoting member	None

Source: GAO analysis of transit agency governance documents.

WMATA’s use of alternate board members is unique among the transit agencies we visited. We did not find leading governance practices on the use of alternates or nonvoting board members.

**Discussion**

WMATA’s 8 voting member board compares with private sector corporate governance guidelines; however, including alternates, WMATA’s board is among the largest boards that we reviewed, and larger than the size recommended by corporate governance guidelines. A 12-member board with no alternates, as recommended, would align with corporate governance guidelines. In addition, eliminating alternates would create a board comparable with four of the six transit agencies we visited. While the Governance Task Force report recommended a change in the role of alternates and number of primary board members, the report did not find the current size of the board a problem. RAC also commented that the current size of the board functions well and alternates provide for representation for more riders. Eliminating the role of alternates and increasing the number of primary members as recommended are changes that would require a compact amendment.

Board members and stakeholders told us that there are trade-offs to changing the size of the board. One board member offered that the current size of the board is structurally weak and can make consensus-building more difficult. However, another board member noted that the extension of the rail system to Loudoun County will add another jurisdiction to the rail service area. Therefore, reducing the size of the board would make it difficult to envelop the additional jurisdiction.

Board members varied in their views on the role of alternates. Several board members commented that if the board has alternates—as currently required by the compact—then those board members should be active and

informed on board business, and the current role of the alternates provides that opportunity and can be a good way to learn about the authority. Other board members commented that alternates bring knowledge and value to the board and that alternates allow committee work to be distributed among more members. However, two board members believed that the time and commitment needed to be an alternate is too high given that alternates cannot vote in board meetings. Two others suggested that the compact be changed to allow alternates to become voting members. Staff from each appointing authority told us that board positions can be hard to fill. Staff from the General Services Administration (GSA) further stated that filling alternate positions, in particular, can be difficult.

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## **Coordinated Appointing Process**

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### **Current Arrangement**

The WMATA compact provides that board members shall be appointed by the Northern Virginia Transportation Commission, for Virginia; by the Council of the District of Columbia, for the District of Columbia; and by the Washington Suburban Transit Commission, for Maryland. Federal board members are appointed by GSA.<sup>3</sup> The WMATA compact does not have any specific requirements for board members, except that one of the federal board members must be a regular rider of the transit system. There is no requirement that jurisdictions coordinate on board appointments.

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### **Governance Task Force Recommendation**

There are no criteria or procedures in the current appointment process to ensure the WMATA board collectively has the balance of attributes it needs to perform effectively. Therefore, jurisdictions should have a “coordinated process for appointing a board with the right balance of attributes to serve WMATA and the region.”

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<sup>3</sup>Public Law 111-62.

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## Leading Governance Practice and Other Transit Agencies

Leading governance practices state that an effective transit board is balanced along several dimensions and that it is important to have board members who are political, as well as those with business, financial, legal, and marketing backgrounds.<sup>4</sup>

Requirements for balance of experience on boards at transit agencies we visited or spoke with vary, but some have legislative or procedural requirements for expertise on their boards. For example:

- In Boston, MBTA's enabling legislation requires that among its board of directors, two shall be experts in public or private transportation finance; two shall have practical experience in transportation planning and policy; and one shall be a registered civil engineer with at least 10 years experience.
- In New York, beginning in June 2009, newly appointed MTA board members were required to have experience in one or more of the following areas: transportation, public administration, business management, finance, accounting, law, engineering, land use, urban and regional planning, management of large capital projects, labor relations, or have experience in some other area of activity central to the mission of the authority. Additionally, geographic representation requirements apply.
- In Chicago, CTA board members cannot hold government (local, state, federal) office; rather, they must come from the local private sector and community.
- In San Francisco, BART board members are directly elected based on geographic regions.

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## Discussion

Despite the lack of requirements, WMATA's board includes members with diverse backgrounds or experience in transit, local and federal government, business, and nonprofit organizations. In addition, the jurisdictional nature of the appointing process ensures geographically diverse representation.

Several current WMATA board members agreed that having a mix of expertise on the board is beneficial; however, the board members disagreed about whether expertise requirements were beneficial, or even

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<sup>4</sup>Transit Cooperative Research Program (2002).



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possible. One board member told us that the current board has as much transit expertise as it has ever had, while another pointed out that board members with transit expertise tend to get too involved in operations.

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## Jurisdictional Veto

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### Current Arrangement

Under the WMATA compact, if both voting members from the same jurisdiction vote against an action, this would constitute a jurisdictional veto.<sup>5</sup>

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### Governance Task Force Recommendation

The Governance Task Force found that the threat of using the veto has sometimes acted as an impediment to making the best regional decisions. Therefore, the board should “limit use of the [jurisdictional] veto to matters relating to the budget or system expansion.” Additionally, “the signatories should determine the appropriate role of the veto in WMATA’s decision-making process and give serious consideration to eliminating it entirely.”

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### Leading Governance Practice and Other Transit Agencies

We were unable to find clear leading governance practices related to a jurisdictional veto and none of the other transit agencies we visited use a similar veto.

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### Discussion

WMATA board members we spoke with had varied views of the current and future role of the jurisdictional veto. These views include that the jurisdictional veto is:

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<sup>5</sup>According to a WMATA official, the term “jurisdictional veto” is a practical description of what can occur per the voting rules set forth in the compact if two board members from a signatory vote against an action. Specifically, the compact provides that: “Four (board members) or alternates consisting of at least one (board member) or alternate appointed from each signatory, shall constitute a quorum and no action by the board shall be effective unless a majority of the board present and voting, which majority shall include at least one (board member) or alternate from each signatory, concur therein; provided, however, that a plan of financing may be adopted or a mass transit plan adopted, altered, revised or amended by the unanimous vote of the (board members) representing any two signatories.” Washington Metropolitan Area Transit Authority Compact, Title III, Article III, § 8(a).

- helpful, because the threat of a veto can force consensus;
- rarely used;
- necessary to protect jurisdictions;
- redundant, because a jurisdiction could also withhold funding as a “de facto” veto;
- should be limited to route planning and budget issues; and
- should be eliminated.

WMATA’s General Counsel pointed out that the compact provides for limited exceptions to the use of the veto. One such exception is for the mass transit plan, which serves as the plan for system expansion. However, in this case, a jurisdiction could later decline to approve operational funding for the system expansion, so the region has always moved by consensus on system expansion, even though the jurisdictional veto does not apply to approving a plan for system expansion or a plan of finance for the system expansion.

RAC, in its report, differed from the Governance Task Force’s recommendations, commenting that while “the veto may rankle and appear to create the opportunity for ‘gridlock,’ WMATA is above all else a cooperative endeavor between three signatories with their own interests. It must ensure that no one is put at a disadvantage to ensure ongoing support from leaders and residents of all three. Messy as it is, the veto is necessary and should stay.” The elimination of the jurisdictional veto would require a compact change.

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## Role of the Chairperson

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### Current Arrangement

According to the compact, the board must elect a chair at the beginning of every year. The board recently changed its procedures to end a policy that required the chair to rotate between jurisdictions every year.

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### Governance Task Force Recommendation

A term length of 1 year is too short for the chair to assume true leadership. Therefore, “the board should increase the term length of the chair from

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one to two years.” In addition, responsibilities should be clearly defined to ensure “the chair has sufficient authority to assume a true leadership role.”

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### Leading Governance Practice and Other Transit Agencies

Leading governance practices state that a strong chairperson is essential for an effective transit board and note that it is the chair’s role to lead and motivate the board in achievement of the transit system’s mission, strategic goals, and performance.<sup>6</sup> Practices at other transit agencies vary—for example, MARTA has similar rotations among jurisdictions, although they are not required by legislation or procedures. Other transit agencies have structures allowing for stronger chairs. For example, officials at SEPTA told us that the SEPTA board has a strong chair, who helps organize board activities, creates a clear chain of command within the board, and helps ensure communication with management and dissemination of information to board members.

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### Discussion

Board members had differing views on chair rotation and the role of the chair including comments that (1) the change to a longer term chairmanship will have little impact, (2) the current role of the chair is not a strong position, and (3) that it is most important that the chair think regionally. However, two board members, respectively, commented that a stronger, or longer-term, chair will lead to improvements. Three other board members, respectively, told us that the annual rotation did not make sense, resulted in a lost sense of responsibilities, and the practice needs to be changed.

The board recently updated procedures to eliminate the need to rotate the chairmanship. However, the compact requires that a chair be elected each year. The compact does not require that the chair be a different board member each year; however, a compact change would be required to lengthen the term of the chair. Board procedures or other board-approved documentation could be adjusted to strengthen the role of the chair.

RAC made a similar recommendation, writing that “the Board chair should no longer automatically rotate. Instead, Board members should elect the best chair each year. Reelection of capable chairs is encouraged for continuity.”

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<sup>6</sup>Transit Cooperative Research Program (2002).

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## Compensation Policy

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### Current Arrangement

The WMATA compact states that “members of the board and alternates shall serve without compensation but may be reimbursed for necessary expenses incurred as an incident to the performance of their duties.” However, some board members receive some remuneration by their appointing jurisdiction.

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### Governance Task Force Recommendation

The lack of consistency among the appointing authorities as regards compensation arrangements is illogical and runs contrary to the spirit of regional cooperation. Therefore, “a uniform compensation policy” should be developed “for all members of the WMATA board.”

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### Leading Governance Practice and Other Transit Agencies

Leading governance practices state that boards should have uniform compensation policies.<sup>7</sup> The majority of transit boards are voluntary and members either are not compensated or receive a modest per diem.

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### Discussion

Board members we spoke with had varying perspectives on the issue of compensation. Several board members commented either that financial support for service on the board should be uniform, or that board members should receive no support, or both. However, some board members that receive support told us that the stipend they receive helps offset the expenses of participating on the board.

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## Governance Commission

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### Current Situation

The WMATA board currently has no fixed oversight body, other than the jurisdictional appointing authorities that can change board members.

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<sup>7</sup>Transit Cooperative Research Program (2002).

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**Governance Task Force  
Recommendation**

WMATA’s signatories and appointing authorities do not meet, and they have never agreed to uniform expectations or role descriptions for their board members. This has resulted in a lack of clear delineation of responsibilities among WMATA’s governing entities. Therefore, “the Signatories and the Appointing Authorities should come together to form a WMATA Governance Commission,<sup>8</sup> to make improvements to the authority’s governance structure and hold the board accountable for its performance. The Commission would be responsible for undertaking several of the Governance Task Force recommendations.”

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**Leading Governance  
Practice and Other Transit  
Agencies**

We did not identify governance leading practices or find other transit agencies with a comparable oversight board over a board of directors. Among the transit agencies we visited, Boston MBTA is part of the state government. Other transit agencies we visited, such as San Francisco BART and Chicago CTA, are independent agencies with varying degrees of accountability to other local agencies.

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**Discussion**

Many of the board members we spoke with were unclear about the purpose of the governance commission, concerned about its purpose, or generally disapproved of the concept.

Staff from the Governance Task Force told us that the proposed governance commission was not designed to be an additional level of bureaucracy, rather a forum for key stakeholders to gather and discuss issues. A governance commission could fill an existing gap in accountability and oversight over board members. However, such a commission could be viewed as redundant because it would be comprised of most of the same membership that is responsible for appointing the board of directors.

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<sup>8</sup>It was recommended that the commission consist of the Governors of Maryland and Virginia, the Mayor of the District of Columbia, the Chairs of the Maryland and Virginia appointing authorities, the District of Columbia Council Chair, and the GSA Administrator.

# Appendix III: Comparison of Selected Transit Agencies to WMATA

Tables 5 through 11 include data on the transit agencies we visited or spoke with and show how those agencies compare to WMATA across several data points, including ridership and budget.

**Table 5: Jurisdictions Represented On Transit Agency Boards**

Transit agency	Jurisdiction represented
WMATA	<ul style="list-style-type: none"> <li>Multiple states and districts represented.</li> <li>District of Columbia, Maryland, Virginia, federal government.</li> <li>Jurisdictions represented equally with 2 voting members and 2 alternate members each.</li> </ul>
Metropolitan Transportation Authority (MTA) (New York)	<ul style="list-style-type: none"> <li>One city and multiple counties represented, though not equally.</li> <li>Members are nominated by the Governor of New York with four seats recommended by the Mayor of New York City and one each by the county executives of Nassau, Suffolk, and Westchester counties. The executives of Dutchess, Orange, Rockland, and Putnam counties also nominate members and these members cast a collective single vote on the board.</li> <li>Connecticut, which is served by MTA, is not represented on the board.</li> </ul>
Chicago Transit Authority (CTA) (Chicago)	<ul style="list-style-type: none"> <li>Multijurisdictional board with city and state members.</li> <li>City of Chicago and State of Illinois appoint board members.</li> </ul>
Massachusetts Bay Transportation Authority (MBTA) (Boston)	<ul style="list-style-type: none"> <li>Multiple cities served but only state of Massachusetts appoints board members.</li> <li>Advisory board with one member from each community approves mass transit plan and budget.</li> </ul>
Bay Area Rapid Transit (BART) (San Francisco)	<ul style="list-style-type: none"> <li>Multiple counties represented.</li> <li>Alameda, Contra Costa, and San Francisco Counties.</li> <li>Board members are directly elected.</li> </ul>
Southeastern Pennsylvania Transportation Authority (SEPTA) (Philadelphia)	<ul style="list-style-type: none"> <li>Multiple city/counties served with both suburban and urban areas represented.</li> <li>Two members each from the five cities/counties in SEPTA's service area—the City of Philadelphia, Bucks County, Chester County, Delaware County, and Montgomery County.</li> <li>The Governor of Pennsylvania, Pennsylvania Senate Majority Leader, Senate Minority Leader, House Majority Leader, and House Minority Leader all appoint one member each to the board.</li> </ul>
Metropolitan Atlanta Rapid Transit Authority (MARTA) (Atlanta)	<ul style="list-style-type: none"> <li>Multijurisdictional with one city and two counties represented.</li> <li>City of Atlanta, DeKalb County, Fulton County as well as representatives from the Georgia Regional Transportation Authority and Georgia Department of Transportation.</li> </ul>

Source: GAO analysis of transit agency documents.

**Appendix III: Comparison of Selected Transit Agencies to WMATA**

**Table 6: Transit Services Provided**

<b>Transit agency</b>	<b>Heavy rail</b>	<b>Bus</b>	<b>Paratransit</b>	<b>Other service</b>
WMATA	Yes	Yes	Yes	
MTA (New York)	Yes	Yes	Yes	Yes (MTA also has commuter rail service and its affiliate, Triborough Bridge and Tunnel Authority, operates bridges and tunnels.)
CTA (Chicago)	Yes	Yes	No	No
MBTA (Boston)	Yes	Yes	Yes	Yes (streetcar, trackless trolleys including Bus Rapid Transit lines)
BART (San Francisco)	Yes	No	Yes	No
SEPTA (Philadelphia)	Yes	Yes	Yes	Yes (trolley, trackless trolley, and commuter rail)
MARTA (Atlanta)	Yes	Yes	Yes	Yes (will operate a streetcar, which will open in 2013)

Source: GAO analysis of transit agency documents.

**Table 7: Size of Rail Operations**

<b>Transit agency</b>	<b>Number of miles of track</b>	<b>Number of stations</b>
MTA (New York)	2,047 miles	735
CTA (Chicago)	224.1 miles	143
WMATA	106 miles	86
BART (San Francisco)	104 miles	44
MARTA (Atlanta)	47.6 miles	38
MBTA (Boston)	38 miles (885 miles of total track, including other forms such as trolley and light rail)	53 (also, 78 stations served by streetcars and light rail)
SEPTA (Philadelphia)	25 subway/elevated (176 total miles including commuter rail)	52 subway 280 total

Source: GAO analysis of transit agency documents.

**Appendix III: Comparison of Selected Transit Agencies to WMATA**

**Table 8: Heavy Rail Ridership as of 4th Quarter 2010**

<b>Transit agency</b>	<b>Average weekday passenger trips</b>
MTA (New York)	8,047,700
WMATA	928,100
CTA (Chicago)	663,900
MBTA (Boston)	495,200
BART (San Francisco)	361,100
SEPTA (Philadelphia)	331,300
MARTA (Atlanta)	240,900

Source: GAO analysis of American Public Transportation Association (APTA) 4th Quarter Transit Ridership data (2010).

Note: Passenger trips are the number of passengers who board public transportation vehicles. Passengers are counted each time they board, no matter how many vehicles they use to travel from their origin to their destination.

**Table 9: Transit Agencies Ranked by Passenger Trips in 2009**

<b>National rank</b>	<b>Transit agency</b>	<b>Passenger trips</b>
1	MTA (New York)	3,206,871,200
2	CTA (Chicago)	521,241,800
4	WMATA	435,858,900
5	MBTA (Boston)	367,247,600
6	SEPTA (Philadelphia)	348,314,700
9	MARTA (Atlanta)	156,542,400
13	BART (San Francisco)	114,654,600

Source: GAO analysis of APTA Transit Ridership data (2009).

Note: Passenger trips are the number of passengers who board public transportation vehicles. Passengers are counted each time they board, no matter how many vehicles they use to travel from their origin to their destination.



**Appendix III: Comparison of Selected Transit Agencies to WMATA**

**Table 10: Operating and Capital Budgets**

<b>Transit agency</b>	<b>Annual operating budget</b>	<b>Annual capital budget</b>
MTA (New York)	\$13.4 billion	\$5.3 billion <sup>a</sup>
WMATA	\$1.5 billion	\$712 million
CTA (Chicago)	\$1.4 billion	\$638 million
MBTA (Boston)	\$1.4 billion	\$525 million
SEPTA (Philadelphia)	\$1.2 billion	\$303.6 million
BART (San Francisco)	\$588.7 million	\$777.4 million
MARTA (Atlanta)	\$404.4 million	\$320.8 million

Source: National Transit Database and agency information.

Note: Data for MBTA and MARTA are for 2009, which were the most recent figures available. Data for MTA, WMATA, CTA, BART, and SEPTA are for 2011.

<sup>a</sup>MTA's capital budget for 2010 through 2014 is \$26.3 billion, which amounts to a \$5.26 billion average annual budget.

**Table 11: Size of Workforce**

<b>Transit agency</b>	<b>Number of employees</b>
MTA (New York)	69,756
WMATA	10,974
CTA (Chicago)	10,208
SEPTA (Philadelphia)	9,268
MBTA (Boston)	6,100
MARTA (Atlanta)	4,542
BART (San Francisco)	3,017

Source: GAO analysis of transit agency documents.

# Appendix IV: Comments from the Washington Metropolitan Area Transit Authority



June 24, 2011

Mr. David Wise  
Director, Physical Infrastructure Issues  
U.S. Government Accountability Office  
441 G Street, NW  
Washington, DC 20548

Re: GAO Report 11-660: "PUBLIC TRANSPORTATION-Washington Metro Could Benefit from Clarified Board Roles and Responsibilities, Improved Strategic Planning"

Dear Mr. Wise:

The Washington Metropolitan Area Transit Authority (WMATA) Board of Directors is deeply committed to addressing the various issues that were studied and discussed in [GAO Report 11-660](#). As you are aware, the Board has been seriously engaged in refining its approach to governance since November 2010. Our efforts have taken into account reports on governance issued in 2010 by various groups as well as comments from other stakeholders and our understanding of best practices related to governance. Our work is necessitated by the fact that the Board and the senior leadership of Metro must deal concurrently with several parallel demands --- improving safety, working towards a state of good repair, improving customer service and meeting growing rider demand -- in a highly constrained financial environment.

In addition, 2011 has seen the largest number of new Board members in many years. Since January, fully half of the 14 Directors and Alternates are new to the Board. Remarkably, there is consensus among these Board members that the Board's focus must be directed to policy matters and agency oversight. To that end, the Board has taken several significant actions to clarify its role with respect to that of the General Manager and Chief Executive Officer (GM/CEO) and delegate the day to day running of the Authority to the GM/CEO.

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Mr. David Wise  
Page 2

The Board has taken several key actions and is pursuing some additional initiatives:

1. A Governance Committee has been created as a standing Committee of the Board.
2. A Safety and Security Committee has been meeting regularly since October, 2010.
3. The Board has been actively engaged in drafting permanent Board By-Laws and Rules of Procedure. (attached)
  - a. Created a work plan that allows easy tracking by the public of changes that have been proposed in response to outside report recommendations. (attached)
  - b. Actively sought out comments from a variety of stakeholder groups using a variety of media.
  - c. Proposed a Standing Committee role for the current audit and investigations subcommittee.
  - d. The proposed by-laws include the provision for the Board conducting a self-evaluation.
4. The Board is reviewing and updating its Code of Ethics.
5. The monthly Vital Signs Report has been institutionalized as a Board oversight and monitoring tool. (attached)
6. A Vision and Strategic Planning process has been launched to develop a multi-year vision, accompanied by multi-year business and operational plans; the effort will include input from WMATA's stakeholders.
7. The Board has delegated authority to the GM/CEO to approve reprogramming and procurement actions in order to streamline the current processes; all within the policies adopted by the Board and parameters provided by the budget.

Mr. David Wise  
Page 3

On behalf of the WMATA Board of Directors, I want to thank you for the careful work that has been done on this report. We appreciate very much the attention you have given to WMATA staff's previous factual comments. We recognize the careful balance you have striven for in the report between areas of concern in WMATA's recent past and the progress WMATA has made to date on those issues. It is never easy to evaluate an organization in transition. We believe that the report could be strengthened by more clearly calling out WMATA's progress, where appropriate, in each of the findings or subject areas.

Sincerely,



Catherine Hudgins  
Chair  
WMATA Board of Directors

Attachments

**Attachments**

Draft By-Laws and Rules of Procedure can be viewed at:  
[http://www.wmata.com/about\\_metro/board\\_of\\_directors/board\\_docs/052611\\_DraftBylaw  
sandProceduresforDisc.pdf](http://www.wmata.com/about_metro/board_of_directors/board_docs/052611_DraftBylawandProceduresforDisc.pdf)

Workplan (see attached)

Vital Signs Report can be viewed at:  
[http://www.wmata.com/about\\_metro/scorecard/documents/Vital\\_Signs\\_June\\_2011.pdf](http://www.wmata.com/about_metro/scorecard/documents/Vital_Signs_June_2011.pdf)

**Appendix IV: Comments from the Washington  
Metropolitan Area Transit Authority**

**WMATA Governance Committee Work Plan Updated Through June 23, 2011**

Discussion Topics	Expected Action or Product	Target Completion Date	Status
A. End Rotating Chair	Interim 2011 Procedures	Complete	On January 27, 2011, the Board adopted Interim Procedures eliminating the annually rotating Chair requirement (Resolution 2011-07). Proposed Bylaws Article III further provides that the Chair "shall be elected without regard to jurisdiction of residence or representation."
B. Increase Chair Term to 2 years	Possible but not required by Interim 2011 Procedures	Complete	See above regarding Interim Procedures. Proposed Bylaws Article III follows Compact § 7 requirement to annually elect a Chair and Vice-Chair, without further requirements or limitations, thus permitting a Chair to serve more than a single one-year term.
C1. Define the Roles and Responsibilities of Board Chair	Adopt Board Bylaws	July 2011	Proposed Bylaws Article III establishes that the Board Chair "is dedicated to facilitating the work of the Board, encouraging the creation of common ground and consensus that moves the Board's work forward in a manner that promotes and enhances WMATA's overall mission." Proposed Article III further details the Board Chair's roles and responsibilities in the categories of facilitating the work of the Board, establishing strong Board and CEO relationship and fostering Board communication with external stakeholders. Specifically, under Proposed Article III.A.6, the Chair "facilitates self-evaluation of the Board."
C2. Define the Roles and Responsibilities of Board Members	Adopt Bylaws	July 2011	Proposed Bylaws Article II states that, "The Board governs through policies and exercises oversight over policy compliance and results." Article II also states that, "The Board is primarily responsible for policy, financial direction and WMATA's relationships with its customers, jurisdictional partners and signatories." Proposed Article II further details Board Member responsibilities in the areas of ensuring a safe and reliable system; exercising fiduciary responsibilities; engaging in strategic regional leadership; overseeing planning, operations and customer service; exercising individual responsibilities as a Member of the Board; and evaluating the CEO, Board Secretary, General Counsel and Inspector General.
D. Review Board Procedures to Assure Collective Board Action in Governing	Adopt Bylaws	July 2011	Proposed Bylaws Article II states, "Active healthy debate is encouraged; once a decision is made, the Board speaks with one voice." See also Board Chair's responsibility to encourage common ground and consensus and serve as the Board's primary spokesperson in Proposed Article III.
E. Limit Jurisdictional Veto	Adopt Bylaws/Procedures	July 2011	Proposed Bylaws Article VIII, part H, encourages resolving inter-signatory disputes without the use of the jurisdictional veto, and proposed Article III, part A.7, makes it the Chair's responsibility to facilitate this process. Proposed Procedures Section IV.C supplements the Bylaws by requiring Members to provide advance notice to the Chair whenever they intend to exercise a jurisdictional veto, and requiring the Chair to then facilitate a resolution. The Proposed Bylaws also seek to avoid situations in which the jurisdictional veto might be exercised by encouraging active communication and collegiality among Board Members, setting common goals and consensus building. A few

**Appendix IV: Comments from the Washington  
Metropolitan Area Transit Authority**

**WMATA Governance Committee Work Plan Updated Through June 23, 2011**

Discussion Topics	Expected Action or Product	Target Completion Date	Status
			examples are: Article II ("Board Members place the public interest of the Authority and the people of the region foremost"); Article II.E.4 ("Help build good working relationships among Board Members"); Article III ("The Chair is dedicated to facilitating the work of the Board, encouraging the creation of common ground and consensus that moves the Board's forward in a manner that promotes and enhances WMATA's overall mission"); and Article III.A.5 (the Chair "builds strong relationships among Board Members").
F. Examine the Role of Alternate Members and Update as Appropriate	Adopt Bylaws/Procedures	July 2011	The Governance Committee extensively discussed the roles of Alternate Members in Board and Committee meetings. Proposed Bylaws Article VIII, parts B and G, provide that in Board meetings alternates vote in the absence of a principle Board Member (per Compact § 5(a)). Proposed Bylaws Article XII, part B, provides that, "Any Board Member may attend and participate in Committee meetings."
G. Review and Update Committee Structure and Voting	Adopt Bylaws	July 2011	Proposed Bylaws Article XII eliminates standing subcommittees and establishes six revised Committees and their responsibilities: Safety and Security; Finance and Administration; Audits and Investigations; Customer Service and Operations; Planning, Program Development and Real Estate; and Governance. Proposed Article XII also provides flexibility regarding composition—from five members to committees of the whole—and permits all Board Members (Directors and alternates) to attend and participate in meetings.
H. Define the Role of the Federal Government	Adopt Bylaws	July 2011	The Proposed Bylaws do not distinguish between federal and signatory Board Members, other than following WMATA Compact § 8, which precludes federal members from exercising a jurisdictional veto or from being needed to constitute a quorum in Board meetings. Proposed Bylaws Article XII.B provides that Committee quorum must include at least one Member for each signatory and a federal Member.
I. Define GM as CEO	Resolution	Complete	On January 27, 2011, the Board directed that the General Manager serves as the Chief Executive Officer. Resolution 2010-72. The Proposed Bylaws and Procedures thus refer to the General Manager and Chief Executive Officer (CEO).

**Appendix IV: Comments from the Washington  
Metropolitan Area Transit Authority**

**WMATA Governance Committee Work Plan Updated Through June 23, 2011**

Discussion Topics	Expected Action or Product	Target Completion Date	Status
J. Focus on Board Policy Development Functions Balanced by Effective Customer Service Procedures	Adopt Bylaws/ Strategic Planning	July 2011/Summer 2011	The Proposed Bylaws repeatedly emphasize that the Board's focus is on policy development and oversight, and aim to enhance customer service. Examples include: Article II ("The Board governs through policies and exercises oversight over policy compliance and results"); Article II.C.4 ("Adopt and review key performance and service standards to provide policy guidance regarding the quantity and quality of service"); Article IV ("The Board is primarily responsible for policy, financial direction and WMATA's relationships with its customers, jurisdictional partners and signatories"); and Article XII ("The Customer Service and Operations Committee shall ensure that WMATA operational activities and programs are designed to provide reliable, effective and clean transit service, responsive to customer needs"). Meanwhile, per Proposed Article IV, the CEO's province is "the overall administration and operations of WMATA, subject to policy direction and oversight from the Board."
K. Integrate KPI Information with Strategic Planning to Assure Safe Reliable Service from High Performing Organization	Board Strategic Planning Session	Summer 2011	Reserved for review following the Board's Strategic Planning Sessions during the Summer 2011. In addition, the Proposed Bylaws incorporate an ongoing Board responsibility to engage in strategic regional leadership, including to adopt and regularly update a business plan, Article II.C.1; develop strategic priorities and targets, and report them, Article II.C.2; and adopt and review key performance and service standards, Article II.C.4.
L. Establish Annual GM/CEO Performance Goals	Adopt Bylaws	July 2011	Proposed Bylaws Article III, part B.2, makes it the Chair's responsibility to work with the CEO to develop CEO performance measurements, which the full Board reviews and agrees upon. Proposed Article III, part A.9, makes it the Chair's responsibility to initiate the annual performance review of the CEO and other Board-appointed officers.
M. Develop Orientation and Leadership Activities for Board Members	Orientation Briefings/Adopt Bylaws	February 2011/July 2011	At the Board's direction, orientation briefings were conducted and materials are available to all new Board Members. In addition, Proposed Article XII.B requires the Governance Committee to "implement an orientation program to assist all Board Members in understanding the transit system and their individual and Board roles and responsibilities, while building cohesion among the Members." Further, by Proposed Article III.A.6, the Chair "facilitates self-evaluation of the Board," which will be an opportunity to develop leadership skills and note areas for improvement, such as attendance.
N. Set High Attendance Standards	Adopt Bylaws	July 2011	Proposed Bylaws Article II, Part E, requires all Board members to exercise individual responsibility, including in part E.2 to, "Regularly attend and participate in Board and Committee meetings and Authority activities that build knowledge, awareness and support for WMATA, including use of Metro transit systems."



**Appendix IV: Comments from the Washington  
Metropolitan Area Transit Authority**

**WMATA Governance Committee Work Plan Updated Through June 23, 2011**

Discussion Topics	Expected Action or Product	Target Completion Date	Status
O. Ride the System	Adopt Bylaws	July 2011	See status of item N, above, regarding the requirement in Proposed Bylaws Art. II.E.2 for all Board Members to regularly use Metro transit systems.
P. Solicit Public Input	Adopt Bylaws/Procedures	July 2011	Proposed Bylaws Article VII, "Communication with the Public," highlights that, "The Board is committed to the broadest possible communication with customers, jurisdictional partners, signatories, the federal government, stakeholders, funding partners, transportation agencies, Board-established advisory bodies, other transportation service providers, and oversight agencies including the Tri-State Oversight Committee, and will provide regular opportunities to receive and respond to comments." Further, Proposed Bylaws Article VIII.E, "Public Comment," establishes an opportunity for public comment at monthly Board meetings, in addition to presentations or comments from jurisdictions, variety of advisory bodies and others at the invitation of a Chair. Proposed Procedures Section III, "Communication with the Public," details how public comment will be solicited at both Board and Committee meetings. Specifically, Section III.C.2 requires Committee agendas to "clearly identify all agenda items on which comments will be received." Finally, other provisions in the Proposed Bylaws also encourage public input including Article II.B.1 ("Provide opportunities for customer and stakeholder input"), and Article II.E.5 ("Facilitate stakeholder input and feedback").
Q. Clarify Policies about Releasing Information	Strategic Planning	Summer 2011	Although there may be further changes, the Proposed Bylaws emphasize the principles of transparency and communication, such as in Article II.A.1 ("Develop Board policies and encourage Authority practices that ensure safety, transparency, accountability . . . regular communication"); Article II.C.2 ("Develop Board strategic priorities and targets, and include them in an annual report to customers and stakeholders"); Article II.B.2 ("Assure transparency in reports on priorities and targets"); Article II.B.3 ("Maintain clear lines of communication between the Board, the [CEO], the public and all stakeholders"); and Article III.C.1 (the Chair "represents the Board as the primary spokesperson to the media, customers and external stakeholders (on behalf of the Board <u>not</u> the Authority)"). Further, the Proposed Bylaws emphasize public access to Board proceedings, such as in Article VII, "Board and Committee meetings (other than executive sessions) will be publicly broadcast to the extent technologically feasible." Currently, the audio of such meetings are streamed online, and an online archive contains the audio of all public Board and Committee meetings.
R. Establish Procedures by which Customers	Adopt Bylaws/Procedures	July 2011	Proposed Procedures Section III.A details how customers have access to individual Board members, how communications from and to customers are shared to

**Appendix IV: Comments from the Washington  
Metropolitan Area Transit Authority**

**WMATA Governance Committee Work Plan Updated Through June 23, 2011**

Discussion Topics	Expected Action or Product	Target Completion Date	Status
Have Access to Individual Board Members and Board Members Respond to Customers			enhance the Board's understanding of public opinion and WMATA operations, and how the Board members have discretion in responding to customers: "Board Members will ensure that all communications they receive that require staff assistance are shared with the full Board and CEO. Board Members shall exercise discretion in providing personal answers to policy-oriented communications, and will provide any such answers to the rest of the Board and management. All other customer communications shall be submitted to the CEO for an appropriate response. The CEO shall assure that all agency responses are shared with the full Board."
S. Start all Meetings with Public Comment	Adopt Procedures	July 2011	Proposed Procedures Section IV includes the receipt of public comment as an agenda item, immediately following the call to order and approval of the agenda and minutes. Proposed Section III.C expands public comment to Committee meetings and provides more customer friendly, informal and flexible procedures to maximize public participation. For example, the Section III.C equally emphasizes written and oral comment and requires a convenient and accessible method for customers to electronically submit comments, provides that Committee Chairs may designate agenda items upon which comment is sought, and reduces the procedural requirements to make oral comments at both Board and Committee meetings.

# Appendix V: Comments from the General Services Administration



The Administrator

June 28, 2011

The Honorable Gene L. Dodaro  
Comptroller General of the United States  
U.S. Government Accountability Office  
Washington DC 20548

Dear Mr. Dodaro:

The U.S. General Services Administration (GSA) appreciates the opportunity to review and comment on the draft report, "Public Transportation: Washington Metro Could Benefit from Clarified Board Roles and Responsibilities, Improved Strategic Planning."

GSA agrees in part to the findings and recommendations. However, we do not agree that GSA cannot assure that qualified candidates are being appointed to the Board. Although GSA lacks a published and formal process to appoint Federal board members (page 30), GSA has worked with both public (Federal, state and local) and private sector (local transportation industry) stakeholders to identify and interview qualified candidates. As stated in the report, GSA has the responsibility of identifying and selecting two members and two alternates representing the Federal Government. As of the date of this report, GSA has appointed two members and one alternate. Only one alternative position remains vacant and our agency is currently reviewing eligible candidates. All three GSA-selected representatives were deemed qualified with the requisite amount of experience. Both appointed members are WMATA riders despite the stipulation that only one of the four members selected must be a WMATA rider. Based on the selections made by the agency, we respectfully disagree with the GAO Report's assertion that GSA cannot be assured of appointing qualified board members.

If you have any additional questions or concerns, please do not hesitate to contact me. Staff inquiries may be directed to Mr. Rodney P. Emery, Associate Administrator, Office of Congressional and Intergovernmental Affairs. He can be reached at (202) 501-0563.

Sincerely,

A handwritten signature in cursive script that reads "Martha Johnson".

Martha Johnson  
Administrator

U.S. General Services Administration  
1275 First Street, NE  
Washington, DC 20417  
Telephone: (202) 501-0800  
Fax: (202) 219-1243

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# Appendix VI: GAO Contact and Staff Acknowledgments

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## GAO Contact

David J. Wise, (202) 512-2834 or [wised@gao.gov](mailto:wised@gao.gov)

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## Staff Acknowledgments

In addition to the contact named above, Teresa Spisak (Assistant Director), Matthew LaTour, Jessica Evans, Colin Fallon, William King, Susan Sachs, and Mindi Weisenbloom made key contributions to this report.

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