THE CAPITAL REGION'S CRITICAL LINK: ENSURING METRORAIL'S FUTURE AS A SAFE, RELIABLE, AND AFFORDABLE TRANSPORTATION OPTION

HEARING

BEFORE THE

COMMITTEE ON GOVERNMENT REFORM

HOUSE OF REPRESENTATIVES

ONE HUNDRED NINTH CONGRESS

FIRST SESSION

FEBRUARY 18, 2005

Serial No. 109–2

Printed for the use of the Committee on Government Reform

Available via the World Wide Web: http://www.gpo.gov/congress/house
http://www.house.gov/reform

U.S. GOVERNMENT PRINTING OFFICE

99–581 PDF WASHINGTON : 2005

For sale by the Superintendent of Documents, U.S. Government Printing Office
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FRIDAY, FEBRUARY 18, 2005

HOUSE OF REPRESENTATIVES,
COMMITTEE ON GOVERNMENT REFORM,
Washington, DC.

The committee met, pursuant to notice, at 10:07 a.m., in room 2154, Rayburn House Office Building, Hon. Tom Davis (chairman of the committee) presiding.

Present: Representatives Tom Davis, Cummings, Van Hollen and Norton.

Staff present: Melissa Wojciak, staff director; David Marin, deputy staff director/communications director; Keith Ausbrook, chief counsel; Bill Womack, legislative director; Rob White, press secretary; Drew Crockett, deputy director of communications; Shalley Kim, professional staff member; Teresa Austin, chief clerk; Sarah D'Orsie, deputy clerk; Earley Green, minority chief clerk; Rosalind Parker, minority counsel; and Jean Gosa, minority assistant clerk.

Chairman TOM DAVIS. Well, good morning. The committee will come to order, and I want to thank everybody for coming this morning.

The Washington Metro system has become a vital part of everyday life in the Nation's Capital, providing an indispensable commuting option for hundreds of thousands of the area's workers and out-of-town visitors each day. A significant segment of the Federal work force also relies on the system, making it an integral component of the government's ability to function. It is also the primary means of transportation for those attending events of national significance, such as the Presidential Inauguration, the annual 4th of July celebration, and the Cherry Blossom Festival. Metro, in short, possesses a national significance.

Metro was constructed to be a world-class system. As WMATA CEO Dick White will note in his testimony today, Metro boasts tile and granite platforms and vaulted ceilings. Its cars have a modern look to them and contain more seats for passengers than do cars on many other transit systems. It is also a system befitting the capital of the free world and one in which we should all take pride.

Past administrations and Congresses have recognized the national significance of Metro, and the Federal Government has long played an appropriate significant role in the system's evolution. I have asked the Government Accountability Office to prepare a re-

port detailing the role of Federal Government has played, and that report is available here today.

The National Capital Transportation Act of 1969 and subsequent amendments in 1979 and 1990 originated in the House Committee on the District of Columbia, since incorporated into this committee. This remains the committee of jurisdiction over Metro. As Metro begins to show the inevitable effects of age and ever-increasing demand, it is incumbent upon this committee to once again play a leading role.

In recent years, Metro's management has issued dire warnings that the system is in need of significant reinvestment. Metro's ridership has grown by 20 percent in the last 5 years, and it is expected to double by 2025. As any Orange Line passenger will tell you, additional rail cars are already urgently needed to meet peak hour demand. In addition to new rail cars and buses, Metro has requested significant dollars to maintain its existing infrastructure and make necessary expansions to reflect the growing metropolitan D.C. area.

In 2002, Metro published a $12.2 billion, 10-year Capital Improvement Plan. This plan includes all of the necessary maintenance, increased capacity and service expansions Metro believes necessary for the original 103-mile system.

Recognizing the fiscal constraints and political realities of the Federal, State, and local governments that fund the system, Metro's management subsequently developed a package of bare bones, must-have items that reflect the most urgent needs. This package, called the Metro Matters Program, consists of $3.3 billion for new rail cars and buses needed to relieve unmanageable congestion for another 10 years. It also contains other measures intended to keep up with demand and maintain an acceptable level of service.

In my opinion, Metro Matters is not a pie-in-the-sky, Cadillac of a plan. It is more like a Yugo, a lean, mean proposal to keep the system moving, accommodate ridership growth and allow the Federal Government to operate effectively. It is a program that recognizes that Metro is unique, that Metro is a key partner to the Federal Government and a vital national security asset. When Metro shuts down, the government shuts down.

Adding to these capital needs are the aggravating factors of increased post-September 11 security requirements and the growing MetroAccess paratransit program. Both represent significant obligations to Metro's budget.

The recent report of the Metro Funding Panel describes MetroAccess as a social service rather than a transit issue and did not take costs associated with the program into account when making its projections and recommendations. Call it what you will; it is a serious matter. In his testimony, Mr. White calls for a similar blue ribbon panel to consider MetroAccess, and I echo that call.

Metro has sought to make the case for significant additional investment at the Federal, State, and local levels. We hope to examine, if not validate, their request today. That said, one can't credibly make these requests without also taking a close look at Metro's management and operational performance.

Metro suffered a series of embarrassments and problems in recent years. For example, Metro's unveiling of the Metro Matters

campaign coincided with the revelations that millions of dollars in parking revenues had gone missing. Last November saw an actual train wreck at the Woodley Park station, causing 20 casualties and disrupting service in the Red Line. Metro's implementation of its SmartTrip card program has been fraught with difficulties, causing frustration for its customers.

We have done and will continue doing the management oversight we are responsible for, but that will not distract us from addressing our larger duty: Ensuring a renewed Federal Government commitment to the Metro system. After all, even with these high-profile incidents, Metro has been described as one of the better-managed transit systems in the country.

Metro recovers 57 percent of its costs through the fare box and other revenue, one of the highest cost recovery ratios in the country. But does this figure truly represent an efficiently run system? From our witnesses today, we will attempt to derive objective measures to determine where Metro stands. We will also hear from Mr. White and Mr. Dana Kauffman regarding steps they are taking to tighten Metro's ship and improve performance.

There is a great deal at stake in maintaining the investment we have made in Metro. More than just keeping the proverbial trains running on time, Metro does serve a vital role in the day-to-day operations of the Federal Government. If there are looming problems, we need to address them before a crisis sets in. Today's hearing marks the starting point in that endeavor.

I welcome all the witnesses to today's hearing. I look forward to their testimony.

[The prepared statement of Chairman Tom Davis follows:]

Chairman Tom Davis
Opening Statement

Government Reform Committee Hearing on "The Capital Region's Critical Link: Ensuring Metrorail's Future As a Safe, Reliable and Affordable Transportation Option"
February 18, 2005

The Washington Metro system has become a vital part of everyday life in the nation's capital, providing an indispensable commuting option for hundreds of thousands of the area's workers and out-of-town visitors each day. A significant segment of the federal workforce also relies on the system, making it an integral component of the government's ability to function. It is also the primary means of transportation for those attending events of national significance, such as presidential inaugurations, the annual Fourth of July celebration, and the Cherry Blossom Festival. Metro, in short, possesses a national significance.

Metro was constructed to be a world-class system. As WMATA CEO Dick White will note in his testimony today, Metro boasts tile and granite platforms and vaulted ceilings. Its cars have a modern look to them, and contain more seats for passengers than do cars on many other transit systems. It is a system befitting the capital of the free world, and one in which we should all take pride.

Past administrations and Congresses have recognized the national significance of Metro, and the federal government has long played an appropriate, significant role in the system's evolution. I have asked the Government Accountability Office to prepare a report detailing the role the federal government has played; that report is available here today. The National Capital Transportation Act of 1969 and subsequent amendments in 1979 and 1990 originated in the House Committee on the District of Columbia, since incorporated into this Committee. This remains the committee of jurisdiction over Metro. As Metro begins to show the inevitable effects of age and ever-increasing demand, it is incumbent upon this committee to once again play a leading role.

In recent years, Metro's management has issued dire warnings that the system is in need of significant re-investment. Metro's ridership has grown by twenty percent in the past five years, and is expected to double by 2025. As any Orange Line passenger will tell you, additional rail cars are already urgently needed to meet peak hour demand. In addition to new rail cars and buses, Metro has requested significant dollars to maintain its existing infrastructure and make necessary expansions to reflect the growing Metropolitan D.C. area.

In 2002, Metro published a $12.2 billion dollar, 10-year Capital Improvement Plan. This plan includes all of the necessary maintenance, increased capacity, and service expansions Metro believes necessary for the original 103-mile system. Recognizing the fiscal constraints and political realities of the federal, state, and local governments that fund the system, Metro's management subsequently developed a package of "bare

bones," must-have items that reflect the most urgent needs. This package, called the "Metro Matters" program, consists of $3.3 billion for new rail cars and buses needed to relieve unmanageable congestion for another ten years. It also contains other measures intended to keep up with demand and maintain an acceptable level of service.

In my opinion, "Metro Matters" is not a pie-in-the-sky, Cadillac of a plan. It's more like a Yugo: a lean, mean proposal to keep the system moving, accommodate ridership growth, and allow the federal government to operate effectively. It's a program that recognizes that Metro is unique – that Metro is a key partner to the federal government, and a vital national security asset. When Metro shuts down, the government shuts down.

Adding to these capital needs are the aggravating factors of increased post-9/11 security requirements and the growing MetroAccess paratransit program. Both represent significant obligations on Metro's budget. The recent report of the Metro Funding Panel described MetroAccess as a social service rather than a transit issue and did not take costs associated with the program into account when making its projections and recommendations. Call it what you will; it is a serious matter. In his testimony, Mr. White calls for a similar blue-ribbon panel to consider MetroAccess; I echo that call.

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Metro has suffered a series of embarrassments and problems in recent years. For example, Metro's unveiling of the Metro Matters campaign coincided with revelations that millions of dollars in parking revenues had gone missing. Last November saw an actual train wreck at the Woodley Park station, causing 20 causalities and disrupting service on the red line. Metro's implementation of its SmartTrip card program has been fraught with difficulties, causing frustration for its customers, including my wife – and therefore, me.

We've done and will continue doing the management oversight we're responsible for – but that will not distract us from addressing our larger duty: ensuring a renewed federal government commitment to the Metro system.

After all, even with these high-profile incidents, Metro has been described as one of the better-managed transit systems in the country. Metro recovers 57 percent of its costs through fare box and other revenue, one of the highest cost recovery ratios in the country. But does this figure truly point to an efficiently run system? From our witnesses today we will attempt to derive objective measures to determine where Metro stands. We will also hear from Mr. White and Mr. Kauffman regarding steps they are taking to tighten Metro's ship and improve performance.

There is a great deal at stake in maintaining the investment we have made in Metro. More than just keeping the proverbial trains running on time, Metro does serve a vital role in the day-to-day operations of the federal government. If there are looming problems, we need to address them before a crisis sets in. Today's hearing marks the starting point in that endeavor.

I would like to now welcome today's witnesses.

Chairman TOM DAVIS. I now recognize the distinguished ranking member, Ms. Norton—you are ranking member today—for her opening statement.

Ms. NORTON. Thank you very much, Mr. Chairman.

I know the entire region appreciates that you have called this important and timely hearing, and called it early in the appropriations season, I might add, a hearing on Metro's system that we are very proud of in this region, as indispensable as any system in the region, a system that delivers gas and electricity, all the rest of them.

The region, yes, and the Federal Government, as you said, Mr. Chairman, collapses without the Metro system. But I am not sure that we have been hard enough on ourselves or, for that matter, on the Federal Government in recognizing the problems that I think we all have to take responsibility for.

Metro's growing problems are the responsibility essentially of two large actors, the regional governments and the Federal Government, their failure of will to take responsibility for the funding needs of a system that the Federal Government gave everyone a head start on and expected us all to act responsibly. Part of this comes from the region's refusal to accept its identity as a coherent region, both for roads and for Metro. And that, as a coherent region, what we do with roads and Metro must reflect that regional identity.

We see on the roads the most serious congestion at the same time that we have mounting Metro problems, but Metro was supposed to relieve congestion on the roads. We have one of the most congested areas on the roads, even though people are clamoring to get on Metro. That ought to tell us a great deal about what we have failed to do and what we need to do.

I remember when we urged people over and over again to take the Metro. Guess what? We got what we wished for, and we are embarrassed by our success. The crowding may be the chief complaint of riders on the Metro, but, ironically, the Metro is unable to run its full complement of existing cars. At the same time, it needs more cars. Without any reliable capital funding source to purchase them, the region is going to end up paying more for them and considerably more for them again because of funding shortfalls for which we must take responsibility.

Who is to be held accountable? Let us move first to the region, because I don't believe in going to the Federal Government and hopping over ourselves as if this were not our system as well.

The region, all three jurisdictions, Virginia, Maryland, and the District, demand that Metro act like and perform like a regional transportation system without a regional funding source. I don't think it is fair to criticize Metro for not doing what other systems do with such a funding source.

The region has no problems holding Metro accountable with free-flowing criticism, while refusing to alter the archaic funding source and formula that is at the root of Metro's problems. Metro is forced to live from paycheck to paycheck, almost entirely at the whims of local and State annual budgets.

Now, face this irony. None of these jurisdictions have the alternative of not funding Metro. So why not designate a reliable source

of funding if you have to come up with the money anyway? What are we saving ourselves? Well, we are costing ourselves. And I am sure we will hear today how not having a reliable source, living from paycheck to paycheck costs riders, costs the system, and keeps Metro from reducing additional costs that it is now carrying.

I congratulate Metro for not raising fares for 7 or 8 years. Although I must say that when you do raise fares, everybody is going to scream and holler. I don't even believe in that way of dealing with the problems of consumers. I think that, to the extent that the regional governments don't want to step up and do their part, unless you begin to raise fares gradually, over time, instead of letting it pile up and raising it at one time, there is no pressure on the regional governments to do their part. They could be screaming right along with the consumers when Metro decides to raise its fares, not to mention what a reliable funding source would do for improved management and maintenance of a system that is now in middle age.

The continuing dependence on the present formula and funding source raises the most serious problems for one partner in particular, and that is the District of Columbia. The Metro serves only part of Maryland and Virginia, but Maryland and Virginia are not crazy. They fund—Maryland funds the Metro payment, the State of Maryland, entirely, and Virginia pays half of it. That leaves D.C., a city without a State, paying the largest share to bring huge numbers, increasing numbers of suburbanites into the District of Columbia. There is something wrong with that, ladies and gentlemen, where those with the smallest ridership, those who are least dependent because we have people who get around with buses and not only through the more costly Metro system are paying the largest shares as if this were 1967 rather than 2005.

That is unsustainable for the District of Columbia to continue to do as Metro's costs rise, and I put everybody on notice now, we cannot sustain the present cost the present formula forces on us. The Revitalization Act, with the indispensable help of the chairman, took some costly State functions and left us with a whole lot of others, including the Metro payment. As Federal funding for mass transit has been reduced, States have stepped up and increased their funding. What is the District of Columbia, without a State, to do in that situation? The Metro payment is a leading cause of the District's structural imbalance. Unsustainable.

A primary cost of Metro's major funding problem, however, is the region's major employer, the Federal Government. The Federal Government helped build the system, but not as a gift to the region. Not then, not now, and not ever does the Federal Government just go out handing out money. It did the same kind of quid pro quo that every other major employer does. It funded Metro more than it funded other systems because the Federal Government could no longer do without Metro.

By the 1967 opening of Metro, we were already very late in opening a system. There had been no room for some time in D.C. for many Federal agencies. We had proliferated the Federal Government into the region. The Federal Government was by then a major regional employer. It needed Metro a whole lot more than the District of Columbia needed Metro.

The continuing dependence of the Federal Government on the Metro system is seen by the subsidy that all of us support for riders to encourage the use of Metro. It makes good sense. The result, however, is intolerable crowding, traceable directly to the Federal Government and its employees, who are almost half of the ridership.

The region has no alternative but to look to the Federal Government for a subsidy greater than that provided for other systems under TEA 21 because this system is indispensable to the daily functioning of the Federal Government itself.

All of us have to do our part, and we all recognize that. Because everything we do in this region depends upon the Metro, beginning of course with our major employer, the Federal Government, including most especially today Homeland Security for the region in the post-September 11 era.

Without Metro, there is no safe passage in the event of a terrorist occurrence. The region is a mecca for tourism and for national events. This implicates each and every Member of the House and the Senate, whose constituents come here to the tune of $20 million per year. We have scandalous environmental or clean air problems and remain stuck on stupid on that, perhaps about to lose some of our Federal funding. Metro is our best hope for further reducing air pollution.

There are many problems—Chairman Davis mentioned them—for which management alone must be answerable. For example, when there is an accident at the Woodley Park station—I don't care how poor your capital funding is. I don't care how deteriorated the subways become. I spent a good part of my life in New York riding on the New York subways, and they were in deplorable condition, but they knew one thing: You had better get people there safely, no matter what the funding problems were.

So there is no question that Metro has to be held accountable, even as the Federal Government and the regional governments don't do their part.

At the same time, I have to say that I think Metro's Board and its management and its employees deserve credit, even gratitude, for doing their job a lot better than the Federal Government and regional founders and funders have done their job. We have shirked our financial and planning responsibilities for making sure that a world-class system remain world-class.

I am pleased that Metro has a 10-year plan for improving and preserving the system that has been considered one of the best in the country. I applaud you for opening yourselves to consumer scrutiny, even for matters that you may not be able to entirely control, to your advisory committee notes and your town meetings, your Board meetings. All of that feedback is important for a system like your own. I am sorry it didn't exist all along. I welcome that you have opened your Board meetings as well to consumers, and I especially welcome today's witnesses for any advice and counsel they can give us on how we can get the Federal Government and the regional governments to move to do their part.

Thank you very much, Mr. Chairman.

Chairman TOM DAVIS. Thank you very much.

Mr. Van Hollen.

Mr. VAN HOLLEN. Well, thank you, Mr. Chairman; and I will be brief, because I am looking forward to the testimony of our witnesses. But I do want to thank you for holding this hearing on a very important issue to our region.

As we all know, people who are out there in traffic or in Metro every day in this region know and, as has been said, we are clearly, from a transportation point of view, one of the most congested areas in the country. And modernizing and upgrading and I believe eventually expanding Metro is going to be an essential part of the strategy for reducing that congestion or, at the very least, at least not getting worse.

The danger is, given the projected growth, if we don't do something on both Metro and other parts of our transportation system, it is not that we are going to improve congestion. We are going to go from a crawl to a dead stop if we don't do something and don't do something about it now.

Now, Metro has been a win-win for this area. It is obviously a win for people who use Metro. It is a great benefit to people who are driving, because those are people taking Metro who are, obviously, not on the roads with the drivers. It is also an essential part of trying to meet the clean air standards in this region, which is something that is always a struggle for this particular area. So I think it is essential the Federal Government do its part in this area.

Metro has been, in many ways, a victim of its own success. Its ridership has doubled, as we heard; and it is projected to increase substantially. I was a regular workday Metro rider for many years, for about 12 years, and I could see over that period of time that it was getting more and more crowded, especially during rush hours. Sometimes a train would come, and you just couldn't get on. It was packed.

So it is essential that we provide the revenue to expand the capacity so we get more cars on the rails, that we get more buses to provide people the transportation links that are essential. Because, if we don't, it is going to hurt our economy, it is going to hurt our quality of life, and this region is going to become a place that is not nearly the kind of place to live that it is today even under the difficult congestion we have today.

So I am really pleased that Metro has come up with a plan. I think the Federal Government has to come up with its part of the $1.5 billion and its share of the $3.4 billion, larger number, and I look forward to working with my colleagues to accomplish that.

Thank you, Mr. Chairman.

Chairman TOM DAVIS. Thank you.

You have heard from us. We are ready to hear from our very distinguished panel, our witnesses today.

We have Dana Kauffman, who is the new chairman of the Board of the Washington Metropolitan Area Transit Authority.

Let me just say, on a personal basis, I have great confidence in Dana. I knew him as an aide to a young supervisor, Joe Alexander in Fairfax County, whose name was Metro Joe. Joe was also chairman of the Metro Board. We have named one of our transportation centers after him. But, Dana, we are just happy to have you here in your initial appearance before this committee; and, just from a

personal basis, I am just proud to have you there. I am very confident of your abilities to lead, and look forward to you.

Mr. KAUFFMAN. Thank you, sir.

Chairman TOM DAVIS. We also have Richard White, the general manager and chief executive officer of the Washington Metropolitan Area Transit Authority. I have seen Dick work in the subways. He takes the subway in every day to work, so he is a rider and is running the whole operation. William Millar, who is the president of the American Public Transit Association, thank you for being here. Mr. Mortimer Downey, very highly regarded. He is the chairman of the board of PB Consult, Inc. And John J. Corbett, Jr., the co-founder of Metroriders.org.

Thank you all for being here.

I am going to start with Chairman Kauffman and move on down the line.

Dana, we have buttons there. Your entire statement is in the record, so it is all there. Questions will be based on that.

But the light will turn green when you start, it turns orange after 4 minutes, red after 5. If you need to take a little bit more to sum up, I don't want to limit you, but that is kind of—we would like to keep it to close to 5 minutes for everybody. But this is your maiden speech here. We want to make sure you get all your points in. This is an important issue. So thanks for being with us. You are on.

STATEMENT OF DANA KAUFFMAN, CHAIRMAN OF THE BOARD, WASHINGTON METROPOLITAN AREA TRANSIT AUTHORITY

Mr. KAUFFMAN. I appreciate it. I hope it doesn't violate the formal protocol here, but I would like to begin by saying ditto to your comments, very much captured my concerns. Also, Ms. Norton, I appreciate on behalf of all the Metro employees your recognizing their hard work. Oftentimes, the success has been extremely painful, and we are working our way through it.

Good morning, Mr. Chairman and members of this committee. Thank you very much for inviting me today to testify. As stated, my name is Dana Kauffman, and I am a Fairfax County Board member and currently serve as the chair of the Washington Metropolitan Area Transit Authority. I am pleased to have the opportunity to answer your questions and tell you about some of the fundamental reforms and initiatives that the WMATA Board is implementing to improve accountability at WMATA. And that key word, "accountability", is certainly going to resonate throughout all of our testimony.

I will address your specific questions momentarily. First, I want to acknowledge some recent good news about Metro. Although WMATA's Board and senior staff have just come through a year of tough challenges, many of which are subject to questions from this committee, it is important to note that we added 10,000 new daily riders in December, a strong sign that we are doing something right.

I am also heartened to see the major article in last Sunday's Washington Post reporting the results of recent commuter surveys that present more positive news about Metro. For example, of those who ride Metro, 88 percent rate our service good or excellent in

terms of reliability, and 77 percent rate Metro good or excellent in terms of value for the money. These are encouraging numbers, and we look forward to working to increase these ratings even further.

Now to your specific questions. You asked about the challenges posed by Metro's reliance on multiple funding partners, including the Federal Government. This structure has indeed tested WMATA's Board through the years. When Congress enacted the National Capital Transportation Act in 1960 authorizing Maryland, Virginia, and the District to negotiate an Interstate Compact, it recognized the necessity of continuing Federal financial support, declaring that the creation of certain major transportation facilities are beyond the financial capacity of local governments in this region. That still holds true. WMATA is unique, and I would again emphasize unique, among Interstate Compact agencies in serving two States, the District of Columbia, and the Federal enclave.

The WMATA Compact specifies how the 12 members of our Board are appointed, how we are financed, and how we procure goods and services and the jurisdiction of our police. As to whether the Compact should cover additional areas, no obvious or geographic expansions are necessary at this time.

Various amendments have refined and clarified Compact provisions as needed. For example, in 1997, a Compact amendment brought WMATA into conformity with Federal procurement practices. In 1997, the Compact was expanded geographically to include Loudoun County, even though it does not contribute financially to WMATA because we do not yet provide services there. In addition, WMATA occasionally goes beyond its jurisdictional boundaries through specific contract-for-service arrangements, such as when we won competitively bid-for contracts to provide bus service in Prince William County, VA, and Montgomery County, MD.

The Board meets regularly, sometimes we think all too often, both as a full Board and in smaller committees to consider budget, policy, safety, operations, audit, planning, and development matters. We work closely with Maryland, Virginia, and the District of Columbia, and also with two counties and three cities in Virginia and two counties and numerous municipalities in Maryland and the Federal Government. The range of opinions, backgrounds and experience among these stakeholders sometimes makes consensus difficult. Moreover, since inception, the Board's governance has included a jurisdictional veto, that is, that no proposal can pass without at least one supporting vote from each signatory.

You asked, does this represent the best governance structure? Maybe not. Like democracy, it isn't perfect, but it is better than the alternatives. Given the substantial Federal financial contributions to WMATA, perhaps there is a role for the Federal Government at the table. If that would help to forge a stronger partnership, the Board would be happy to discuss the idea.

You ask what steps the Metro Board has taken to improve oversight. The Board has an active Audit Committee that meets publicly each quarter. In the second quarter of 2004, the Board received 42 internal audits from WMATA's general auditor, and recently we began to share these audit reports publicly to increase accountability.

In addition, an Ernst and Young audit of WMATA's fiscal year 2000 to 2004 operating costs recommended several areas of improvement, and we have worked to make those happen.

Yesterday, I announced my intention, as Board Chair, to promote new openness and accountability in the way Metro operates. Specifically, we again are establishing a riders committee, making our public comments added to our Board meetings, continuing to hold town hall meetings, and improving access to our records and operations.

Again, this is a key issue when it comes to funding. We have to show that we are real about this.

In the Washington Post poll I mentioned, nearly 58 percent of the region favors establishing a new way to fund Metro. My Board of colleagues and I believe now is the time for action on the Metro Funding Panel's recommendations. We want to make sure the region's policymakers make this blue ribbon panel real, and we look forward to your counsel and support as we embark on that task. It is key that the Federal Government remain a full partner in this effort, just as it was 50 years ago when we established what is today known as "America's Subway."

I thank you for the opportunity to be testifying here today.

Chairman TOM DAVIS. Thank you very much, Dana.

[The prepared statement of Mr. Kauffman follows:]

TESTIMONY OF DANA KAUFFMAN
Chairman of the Board

BEFORE THE HOUSE COMMITTEE ON GOVERNMENT REFORM

FEBRUARY 18, 2005

Good morning, Mr. Chairman and Members of the Committee. Thank you very much for inviting me to testify today. My name is Dana Kauffman. I am a Fairfax County, Virginia, Supervisor and the current Chairman of the Board of the Washington Metropolitan Area Transit Authority. I'm pleased to have the opportunity to answer your questions and tell you about some of the fundamental reforms and initiatives the WMATA Board is implementing to improve accountability at WMATA.

I will address your specific questions momentarily. First, I want to acknowledge some recent good news about Metro. Although WMATA's Board and senior staff have just come through a year of tough challenges, many of which are the subject of questions from the Committee, it's important to note that we added 10,000 new riders daily in December — a strong sign that we're doing something right. I was also heartened to see the major article in last Sunday's *Washington Post* reporting the results of recent commuter surveys that present more positive news about Metro. For example, of those who ride Metro, 88 percent rate our service "good" or "excellent" in terms of reliability, and 77 percent rate Metro

"good" or "excellent" in terms of value for the money. These are encouraging numbers, and we look forward to working to increase those ratings even further.

Now to your specific questions. You asked about the challenges posed by Metro's reliance on multiple funding partners, including the federal government. This structure has indeed tested WMATA's Board through the years. When Congress enacted the National Capital Transportation Act in 1960, authorizing Maryland, Virginia and the District of Columbia to negotiate an Interstate Compact, it recognized the necessity of continuing federal financial support, declaring that the "creation of certain major transportation facilities are beyond the financial capability of the local governments in this region." WMATA is unique among Interstate Compact agencies in serving two states, the District of Columbia and the federal enclave.

The WMATA Compact specifies how the 12 members of our Board are appointed, how we are financed, how we procure goods and services and the jurisdiction of our police. As to whether the Compact should cover additional areas, no obvious substantive or geographic expansions are necessary at this time. Various amendments have refined and clarified Compact provisions as needed. For example, in 1997, a Compact amendment brought WMATA into conformity with federal procurement practices. In 1997, the Compact was expanded geographically to include Loudoun County, even though it does not contribute financially to WMATA because we do not yet provide service there. In

addition, WMATA occasionally goes beyond its jurisdictional boundaries through specific contract-for-service arrangements, as when we won competitively bid contracts to provide bus services in Prince William County, Virginia, and Montgomery County, Maryland.

The Board meets regularly, both as a full Board and in smaller Committees, to consider budget, policy, safety, operations, audit, planning and development matters. We work closely with Maryland, Virginia, and the District of Columbia — and also with two counties and three cities in Virginia, two counties and numerous municipalities in Maryland, and the federal government. The range of opinions, backgrounds, and experiences among these stakeholders sometimes makes consensus difficult. Moreover, since inception, the Board's governance has included a "jurisdictional veto" — that is, the no proposal can pass without at least one supporting vote from each signatory.

You asked, "Does this represent the best governance structure?" Maybe not — like democracy, it isn't perfect, but it is better than the alternatives. Given the substantial federal financial contributions to WMATA, perhaps there is a role for the federal government at the table. If that would help to forge a stronger partnership, the Board would be happy to discuss the idea.

You asked what steps the Metro Board has taken to improve oversight. The Board has an active Audit Committee that meets publicly each quarter. In the

second quarter of 2004, the Board received 42 internal audits from WMATA's Auditor General. Recently, we began to share these audit reports publicly to increase accountability. For example, an audit of cell phone use resulted in the return of nearly 200 cell phones, for a savings of $27,000 per month. An audit of company vehicle use led to more stringent criteria that reduced by 63 percent the number of cars employees take home at night.

In addition, an Ernst and Young audit of WMATA's FY2000-2004 operating costs recommended several areas of improvement, which management has followed. We have also added resources to our annual outside audit contract to ensure that revenue handling is carefully scrutinized to prevent abuse.

The Board has authorized $650,000 for a series of external reviews to help us improve bus and rail reliability and customer service. We will be using esteemed industry authorities to examine every aspect of our business in depth, from operations to professional services, human factors, customer service issues and the policies and procedures of the Metro Transit Police Department (MTPD).

Just yesterday I announced my intention, as Board Chair, to promote a new openness and accountability in the way Metro operates. Specifically, we will:

- establish a Riders Advisory Committee to give us formal feedback from customers — and we will listen to their feedback;
- take public comment at our Board meetings;

- continue holding Town Hall Meetings, as begun by my predecessor, Robert Smith of Maryland; and
- improve public access to our records and internal operations.

In what was perhaps Metro's greatest success during the past year, our Board signed the six-year, $3.3 billion Metro Matters Funding Agreement last October. Reaching consensus in this complex region is never easy, but this milestone in inter-jurisdictional cooperation ended six months of intense negotiations to fund Metro's most urgent capital priorities. Our state and local stakeholders displayed courage and the will to face their funding responsibilities. Now it is time to renew the regional partnership that created Metro in the beginning.

It's essential to remember that the Metro Matters Agreement is contingent upon $260 million in new discretionary federal funding, under the surface transportation reauthorization bill, to help pay for the rail cars that Metro needs to relieve overcrowding. This funding is an absolute priority that was identified even before the independent Metro Funding Panel studied Metro's long-term funding.

In the *Washington Post* poll I mentioned earlier, 58 percent of the region favors establishing a "new way" to fund Metro. This shows that residents value the availability of quality mass transit in the region. My Board colleagues and I believe it is now time for action on the Metro Funding Panel's recommendations. We want to make sure the region's policy makers don't just congratulate the

panel and go back to the status quo regarding Metro funding. We want to bring the region together to reach a new consensus, a new state-local-federal partnership, in a permanent, stable, predictable, dedicated funding source so that WMATA does not have to reel from one funding crisis to another.

We look forward to your counsel and support as we embark on that task. We also look to the federal government to be a full partner in this effort — just as it was 50 years ago when the Congress mandated the development of what today some call "America's Subway." Thank you for the opportunity to testify today.

Chairman TOM DAVIS. Mr. White. Thank you.

STATEMENT OF RICHARD A. WHITE, CHIEF EXECUTIVE OFFICER, WASHINGTON METROPOLITAN AREA TRANSIT AUTHORITY

Mr. WHITE. Thank you.

Good morning, Mr. Chairman and members of the committee. Thank you for the thoughtfulness of your opening remarks and also for the opportunity to testify before you this morning.

My name is Richard White, and I am the general manager and chief executive officer of the Washington Metropolitan Area Transit Authority. I request that my full statement be inserted for the record, along with the several attachments to my testimony, including the answers to the six questions posed in your invitation letter, a 2004 report by the Brookings Institution, and a report issued in January 2005, by the Metro Funding Panel.

More than 50 years ago, the Federal Government in this region forged a vital partnership to pursue a grand vision to design and build a rapid transit system that would serve the Federal Government and be worthy of the Nation's Capital. Along the way, and approximately 30 years ago, responsibility for operating and maintaining a regional bus system was also transferred to Metro.

By any measure, Metro has succeeded beyond anyone's expectations in meeting the goals that Congress set. Last year, Metro provided 336 million passenger trips on rail and bus. Metro rail is the second most heavily used rapid transit system in the Nation, and it does carry on a daily basis the equivalent of the combined subway ridership of BART, MARTA, and the SEPTA subway systems, and Metro bus is the fifth most heavily used bus system.

The 103 mile adopted regional Metro rail system cost $10 billion to construct, approximately two-thirds of which was paid by the Federal Government. The value of this asset today represents $24 billion in current dollars. Metro has provided an excellent return on this investment, particularly to the Federal Government. Designed specifically to serve Federal facilities, Metro serves more than 300 Federal agencies today, and 47 percent of Metro's rush hour riders are Federal employees. What makes the Metro system undeniably unique is that Metro was built primarily to serve the Federal work force and to serve the national capital area, and it has done so admirably for decades.

But Metro is now a mature system, and it faces a new set of challenges. Our infrastructure is aging. Sixty percent of our rail system is now more than 20 years old, and daily ridership has grown by 33 percent in the last 8 years. The cost of operations, maintenance, and rehabilitation have outstripped the ability of our State and local funding partners to pay. In fact, Metro is the only public transportation system in the country without a dedicated funding source to pay for its operating and capital funding requirements. The need to address this shortcoming is becoming more and more urgent.

The June 2004, report by the Brookings Institution, revealingly entitled, "Washington's Metro: Deficits by Design," concluded that WMATA receives less than 2 percent of its capital and operating funding from dedicated funding sources, as compared to the na-

tional average of 34.7 percent. In addition, it called WMATA an institutional orphan, with no clear funding ownership and a funding structure that creates recurring financial crises. It predicts that these funding shortcomings threaten to undo more than a quarter century of success.

Mr. Kauffman's and my extended testimony describe a number of organizational improvements designed to make our service more reliable, responsive and accountable to the public; and I would be very happy to expand on these in response to your questions. But taking necessary and appropriate management and policy actions can achieve only so much. At some point, we need more resources. We must reinvest substantially in the system to avoid deteriorating service and unmanageable crowding.

Our State and local funding partners stepped up to the plate last fall and signed the Metro Matters funding agreement, substantially increasing their funding requirements through the year 2010. This is a $3.3 billion 6-year funding plan to address a backlog of deferred capital investments and to help relieve system overcrowding.

There are some charts which we have provided to the committee and which are posted over there which show historically how the system has been funded both from 1975 to 2003, a current snapshot of our 2005 budget, and what it would be if the Metro Funding Panel's recommendations were to be implemented for the years 2008 to 2015. I think they are quite revealing.

An independent Metro Funding Panel validated the Brookings Report in January 2005. After an exhaustive review, the panel found that, even after accounting for periodic future fare increases and inflationary adjustments to existing State and local subsidies, Metro faces a $2.4 billion shortfall during the period of 2008 to 2015, and that excludes a $1.1 billion projected shortfall associated with paratransit costs. The panel recommended meeting the shortfall through a combination of dedicated regional funding and a commitment of $1.2 billion in new Federal funds beyond the surface transportation funding that we receive today.

Our message today is that the Federal Government and the region have made a substantial investment in an extremely valuable asset and one that is designed to serve the Federal work force in the national capital region. We must act expeditiously to protect that substantial investment. Now is the time to recommit to the original Federal, State, and local partnership and to put Metro on a stable funding course to avoid it slipping into serious disruption.

I commit to you that we recognize and are facing up to our need for improvement. However, a healthy dose of funding is required to ensure that the national capital region continues to have a reliable transit system that Congress mandated a half a century ago.

We look forward to working with you, Mr. Chairman, and the committee and the entire national capital region to address this urgent matter. Thank you.

Chairman TOM DAVIS. Thank you very much.

[The prepared statement of Mr. White follows:]

TESTIMONY OF RICHARD A. WHITE, CEO

WASHINGTON METROPOLITAN AREA TRANSIT AUTHORITY

BEFORE THE

HOUSE COMMITTEE ON GOVERNMENT REFORM

FEBRUARY 18, 2005

Good morning, Mr. Chairman and Members of the Committee. Thank you very much for the opportunity to testify today on the Washington Metropolitan Area Transit Authority's (WMATA) performance and how Metro is preparing for the future. My name is Richard White, and I am the General Manager and Chief Executive Officer of WMATA.

Grand Design and Vision for Metro

The vision of a world-class rapid rail system to serve the National Capital Region was born in the 1950s when the Truman Administration and the leadership of the National Capital Region formed a partnership to develop a rapid rail system. The early planning efforts were aimed at addressing the orderly development of the federal city, mounting traffic congestion and the growing needs of the federal government.

President Kennedy, in 1963, called for an "improved transportation system [that] must include a major rapid transit system. The alternatives would be steadily worsening congestion with what all that congestion means in losses in time and money..." In 1965, in a letter to Congress, President Johnson stated "The

problem of mass transportation in the Washington area is critical. It is also a problem in which the federal government has a unique interest and responsibility... improved transportation in this area is essential for the continued and effective performance of the functions of the government of the United States, for the welfare of the District of Columbia, [and] for the orderly growth and development of the National Capital region...." The federal-regional partnership continued in every subsequent Administration through completion of the original 103-mile Metrorail system.

As planning for the Metrorail system progressed, federal leaders urged the architects to scour the world, making sure that the United States had a transit system befitting its position as a world capital. The federal government insisted upon certain Metrorail Station locations to serve federal facilities and specifically provided funding for the Arlington Cemetery Station.

The planners and engineers that built Metro had a grand vision, but were faced with the political reality of having to control costs in order to build political support. Metrorail is one of the first of a new generation of subways built in the United States, several decades after other cities, such as New York and Boston, had completed extensive subway systems, built with at least three tracks and multiple downtown tunnels. Thus, Metro was built on an architecturally grand scale with tile and granite platforms, high vaulted ceilings and sleek sight lines, but operationally it was limited to two tracks, rather than the multiple tracks

enjoyed by older cities. Further, to control costs, the amount of land taken was minimized, the construction made less intrusive and disruptive to federal buildings, and built along existing railroad rights-of-way and highway medians. It is astounding that of Metrorail's total construction costs, $10 billion, only $415 million, or 4.2 percent, was spent on real estate. Much of Metrorail's track runs beneath massive art galleries, federal buildings and rivers, or through well established residential or commercial centers, and designers were cautioned to build a system that would require the least amount of real estate and disruption. I would note that if the Metrorail System were built today, it would cost $24 billion in current dollars.

The product is an architecturally beautiful system, with an "unforgiving" operational design, where even a minor incident can have a major impact on the customer. We have a "go right" system, because on-time service reliability can only be maintained as long as everything "goes right". This condition is analogous to a two-lane highway with limited breakdown lanes and off ramps serving the traffic volume of an interstate freeway. This "go right" system has become increasingly difficult to support as ridership continues to grow and the throughput of the Metrorail system is stretched to its limits. Attached to my testimony in Attachment 1 is an analysis, entitled "Metrorail – Driven by Design" that provides more detail on Metro's operational challenges.

Over the last eight years, our daily ridership has grown 33 percent to an average daily 670,000 trips on Metrorail. During rush hour periods, trains are running between two and two and one half minutes apart. One 10-minute delay causes a chain reaction, and as many as five additional trains and thousands of passengers in these and other trains and stations can be delayed.

Appendix 1 includes a chart that details Metrorail's key service statistics for the period FY2000 - 2005. This chart shows a number of the performance measures that we track daily, such as average daily delays and offloads (emptying a train of its customers because of an equipment or other malfunction) and the reasons for these passenger inconveniences. We use many factors, including equipment failures; system, track or other operational failures; and human factors (such delays caused by sick customers or police incidents) to develop a service reliability index. Our ongoing customer surveys tell us that service reliability is the number one factor that our customers care about.

Recent Challenges and Accomplishments

Following September 11, 2001, state and local governments in the region faced budget constraints as they devoted greater resources to security initiatives, at the same time that tourism and discretionary spending fell off. WMATA, facing an initial decline in ridership resulting from the attacks, saw reduced fare revenue and reluctance from state and local governments to increase their contributions at a rate in excess of other programs they fund. As a result, WMATA cut $90

million out of our operating budget over the past six years. Rather than reducing rail and bus service, deferrals were made to infrastructure maintenance, cleaning and landscaping, and employee training and customer support.

These were difficult decisions because we needed to make budget cuts at a time that ridership was growing with opening of 17.3 miles of service and 12 new rail stations over seven years, expanded rail service hours, skyrocketing demand for paratransit service for the disabled, and growing capital funding requirements associated with an aging system.

This past year has been a challenging one for Metro. We had the first train collision since 1996, a series of service interruptions and several incidents that did not always manifest the best human judgment. We have performed a rigorous self evaluation that has resulted in a number of improvements. We have enhanced the role of our audit office and have re-invigorated our Board Audit Committee. These improvements have led to examination of areas that had the potential to increase revenue and/or decrease expenses. Our recent action to reduce the number of take-home vehicles and to charge Board Members and Metro staff for parking at WMATA headquarters were results of a recent audit.

We are committed to rectifying our deficiencies. For example, an Ernst and Young audit of WMATA's FY2000-2004 operating costs recommended several areas of improvement. Ernst and Young found that more investment in

Information Technology (IT) could provide opportunities to produce cost savings and improve process efficiency. WMATA is now in the third year of our Information Technology ReNewal Program (ITRP) to bring WMATA into the 21st century in terms of computer systems and software. This program is already starting to generate cost savings. Additionally, it will greatly enhance efficiency by creating new business processes and changing the way WMATA does business.

When Ernst and Young found that management practices did not place enough accountability on operating groups for inventory level growth, we took steps to correct that. WMATA assembled a multi-disciplinary team of Operating and Purchasing and Warehousing personnel to comprehensively examine multiple aspects of inventory and parts management. Improvements will include expanding just-in-time inventory techniques, significant efforts to develop qualified parts lists and qualified vendor lists, upgraded automated systems to reduce the lead time for acquisitions, and better forecasting of parts requirements so maintenance needs can be met more quickly without the need for larger inventories.

Over the next few months, Metro will undertake a series of independent external reviews to ensure our policies, procedures and programs are focused on providing the best possible bus and rail reliability, and customer service. The Metro Board approved the expenditure of $650,000 to conduct these

independent reviews. The American Public Transportation Association has already conducted a review of Metrorail operations and training and is preparing for a similar review of Metrobus at the end of this month. We expect the results of those peer reviews a few months after the conclusion of their on-site visits. We will also be doing an independent Customer Service Issues Review and a general Service Reliability Review. Further, the Metro Transit Police Department (MTPD) will be examined in a Police Executive Research Forum Review of MTPD's policing policies and procedures.

Based on our review of the analyses to date, we believe that approximately seventy-five percent of our mishaps can be attributed to design shortcomings, lack of adequate reinvestment in the system infrastructure and the challenges of growing ridership. In FY2004, WMATA carried 336 million passengers -190 million on rail and 146 million on bus. On June 9, 2004, the day of former President Ronald Reagan's funeral, Metrorail carried 850,636 riders, breaking the single-day ridership record that had stood since the Inauguration Day of 1993. Each day, Metrorail serves 33,000 station stops with 904 rail cars. Given the large and growing volume of people that we efficiently serve seven days a week, when our on-time performance (a train that is more than 4 minutes delayed) slips from 98 percent to 97 percent, a record most businesses would be quite happy to achieve, we unfortunately inconvenience thousands of people.

We attribute the remaining twenty-five percent of our challenges to internal human performance issues. I have publicly taken responsibility for our performance and I, once again, vow to you my commitment to resolving those issues that are under management control. In the course of my testimony today, I will describe the aggressive steps the WMATA Board of Directors and management are taking to address these issues, regardless of the underlying cause.

Immediate Action – Back to Basics

In November 2004, we announced a "Back to Basics" Program designed to focus on our primary strategic goals: safe, clean, reliable service, with renewed emphasis on customer service and communications. We have begun work and completed a number of new initiatives, within the constraints of our FY05 budget. The efforts that we have been or will be undertaking include:

- Initiating improved customer service through "Rail Line Ownership" where one Manager will take charge of all aspects of one rail line (e.g. Red Line), including operations, cleanliness, customer service, schedules, etc. to ensure complete accountability for the full spectrum of service on each individual rail line. We intend to post their photos and contact information so that customers can give and get immediate feedback about rail service;
- Implementing improved internal processing of procurement, safety certifications, hiring and training to ensure that every part of the WMATA organization is focused on supporting the Operating Department;

- Improving customer communications by providing accurate, timely, consistent service delay information with regular updates, including deploying senior managers and others to rail stations to assist customers during major service disruptions; improving our current service disruption reporting system; and developing an incident management system that integrates reporting on WMATA's different modes and integrates with regional reporting systems;
- Hosting our first Town Hall Meeting on November 16, 2004, and will be continuing these forums for feedback on a regular basis;
- Placing bomb resistant trash cans in all rail station platforms and mezzanines; and
- Reinforcing our efforts to hold accountable individuals responsible for misjudgments and errors.

As you will hear shortly from the new Chairman of the WMATA Board of Directors, Dana Kauffman, our Board of Directors is committed to the creation of a new culture at Metro – one of the Board and management working together on transparency, accountability, customer service, and improved safety, reliability and cleanliness.

Fiscal Year 2006 WMATA Operating Budget

The Operating Budget that I have proposed to our Board for our Fiscal Year 2006, which begins July 1, 2005, includes $10 million of new initiatives targeted at safe, clean reliable service, such as:

- Fourteen additional track inspectors to discover potential problems before they can cause a delay;
- Seven additional rail personnel at platforms to help customers get on and off trains, minimizing delays;
- Ten additional station managers at high volume stations to serve customers better;
- Twenty six cleaning personnel to improve the appearance of the system;
- Sixteen additional customer service agents – eight of whom will be assigned to specific rail lines -- to improve our responsiveness to the public;
- To keep up with huge demand for Smartrip cards, making sure our Smartrip card reading machines are working properly and fare card charts are installed above fare vending machines; and
- Improving the reliability of bus destination signs and the electronic signs on rail platforms to give better information to our customers.

I would like to take a moment to put the proposed $10 million operating budget initiative into context for you. WMATA's total annual operating budget is approximately $1 billion. Of our total budget, about 57 percent of our costs are covered by farebox and other revenue, such as advertising and leasing fiber optic right-of-way. This 57 percent is one of the highest cost recovery ratios in the country and means that we run very cost efficient bus and rail service, with our customers are paying a very substantial share of our costs. For each of the

past two years, we have imposed a fare increase on our customers and are reaching the point where we may become so expensive for people that it will drive them back into their automobiles.

Our operating costs continue to grow, as we provide more and more paratransit service and energy costs continue to skyrocket. In WMATA Fiscal Year 2005, our paratransit service for persons with disabilities, MetroAccess, accounts for less than one percent of our ridership, but is six percent of our operating budget. By 2015, it will constitute twelve percent of our budget and the estimated shortfall attributable to MetroAccess in 2015 is estimated to be $186 million.

We have extremely limited control over the MetroAccess portion of our budget. It is a federally mandated -- but not federally funded -- service under the Americans with Disabilities Act of 1990 (42 U.S.C. 12101 et seq.). Even though many eligible participants may be capable of taking fixed route bus or rail service, we are required to provide on-call service within our 1500 square-mile service area. We are also, under law, prohibited from charging more than twice the regular route fare. Thus while it costs us an average of approximately $35 per MetroAccess trip to provide curb-to-curb service, we only charge $2.50 per MetroAccess trip. As the demographics of the region changes, demand for MetroAccess continues to grow each year. Over the past two years, MetroAccess demand has increased approximately 15 percent annually and is expected to increase by another 22 percent annually through WMATA's FY2007.

This looming reality prompted us to convene a Regional Task Force in 2003 to identify ways to improve paratransit services and to reduce the cost of providing that service. To assist the Task Force, WMATA initiated a Specialized Transportation Study which identified 39 separate specialized transportation service providers in the District of Columbia, Maryland and Virginia. Many these paratransit programs are administered by social service agencies; however, none of the programs, other than MetroAccess, are coordinated regionally.

In FY03, MetroAccess provided 24 percent of the specialized transportation trips taken throughout the region, at average trip cost of $35 per trip. Other human service agencies providing specialized transportation throughout the region were able to offer this service at a cost of approximately $16 per trip, whereas local jurisdictional providers per trip costs average roughly $17 per trip. The lower per trip costs by providers other than MetroAccess is explained by shorter, less costly trips (intra-jurisdictional rather than regional) being provided by local providers, while MetroAccess is called upon to carry longer trips that are more difficult to group for greater efficiency (e.g. trips to medical facilities or employment sites in states other than the customer's residence). Finally, WMATA is bound by strict ADA paratransit service criteria (e.g. prohibition on trip denials, service must be provided during all hours and days that fixed-route service is provided) that may not apply to other agencies.

In light of MetroAccess' higher cost per trip, while MetroAccess provided 24 percent of the specialized transportation trips in the region in FY03, WMATA's funding agencies paid to WMATA nearly 40 percent of the $87 million this region spent on specialized transportation in this region in FY03.

The Regional Task Force made several recommendations; WMATA has been able to implement some reforms to help contain costs, such as:

- Free fares on rail and bus for MetroAccess eligible persons and companions; and
- Implementation of a premium fare for trips beyond the federally-mandated paratransit service area.

Some of the other recommendations of the Task Force require action of the entire region, since they deal with multi-jurisdictional issues such as the possibility of WMATA becoming a Medicaid transportation provider, creating a regional clearinghouse on transit options for disabled riders, and establishing a dedicated funding source for accessible transportation services, among other recommendations. We would urge the Metropolitan Washington Council of Governments to follow the suggestion of the Blue Ribbon Panel on WMATA Dedicated Funding to establish a new panel with expertise to focus on existing federal, state and local social service funding that might be channeled towards transportation.

We are pleased that our recent labor agreement will also enable us to control costs. We recently negotiated a four-year agreement, which provides for modest, 1.5 percent wage increases for most of our unionized workforce for the first two years of the agreement. For the remaining two years, we will need to negotiate with labor concerning wage rates and work rules. With this agreement, WMATA ranks eighth among large transit properties in its starting rate of $14.44/hour. WMATA ranks sixth in its top rate of $24.07/hour and is third with its longevity rate of $25.88/hour

With the inevitable growth in the cost of providing service and our reluctance to further raise fares, we are placing an increasing burden on the State of Maryland, the five Virginia localities (Fairfax County, Fairfax City, Arlington, Alexandria and Falls Church), the Commonwealth of Virginia, and the District of Columbia to increase the level of their operating contribution to Metro. We are proposing that in WMATA FY06, the state and local jurisdictions in this region will contribute to our operating budget a total of $443.9 million, an increase of $41.7 million, or 10.4 percent above their FY05 contribution. At a time when state and local budgets are not growing by nearly this large a percentage, we are asking for a significant increase in state and local funding to help cover our operating expenses not covered by the farebox and other non-passenger revenues.

WMATA'S Capital Budget and Metro Matters

In 2000 when this Committee asked the Government Accounting Office (now the Government Accountability Office) to examine WMATA, the title of GAO's report was "WMATA is Addressing Many Management Challenges, But Capital Planning Could Be Improved" WMATA took GAO's recommendations to heart and put great effort into developing a strategic plan, not only identifying our capital priorities in light of constrained federal, state and local funding available for transit capital needs, but also in putting together a short-term funding agreement, called "Metro Matters", among our state and local partners.

By way of background, in November 2002 WMATA published its 10-Year Capital Improvement Plan (CIP). The CIP was the outgrowth of WMATA's 1999 System Expansion Plan, which documented extensions to the Metrorail system and other fixed-guideway transit investments; the 2001 Core Capacity Study, which identified Metrorail's infrastructure and rolling stock requirements to meet the challenges of the next 25 years; and the 2002 Regional Bus Study, the region's first comprehensive analysis of all local bus services since the inception of Metrobus. Taken together these reports laid out the capital requirements for WMATA to maintain its market share and to serve new and growing markets that currently do not benefit from its service.

The $12.2 billion capital program contained in the 10-year CIP, running from FY04 to FY13 is composed of three parts: a "must-do" $3.1 billion Infrastructure

Renewal Program, to maintain WMATA's existing infrastructure; a "need-to-do" $2.9 billion System Access and Capacity Program to enhance the capacity of the existing Metrobus and Metrorail systems; and a "should do" $6.2 billion System Expansion Plan, to expand Metrorail and other fixed-guideway transit into new and growing markets. Taken together the System Access and Capacity program would have expanded the Metrorail and Metrobus fleet by over 20% and permitted Metrorail to operate at 90% of its design capacity. The System Expansion Plan identifies 114 miles of new fixed-guideway transit service to be provided through Metrorail, light rail, or bus rapid transit.

WMATA's regional funding partners were able to commit only $1.8 billion to the capital plan over a 6-year period and requested a 6-year capital program that reflected WMATA's most critical needs. Thus, of the $12.2 billion capital program, WMATA staff identified $3.3 billion in urgent projects that are needed to adequately maintain the existing system and permit an expansion of the bus and rail fleet by about 12%, avoiding unmanageable crowding in 2007. With $1.5 billion remaining unfunded, WMATA was forced to find new ways to fund its capital program or face the prospects of ever-declining service, the "death spiral" I have spoken of.

The result of this was the Metro Matters Funding Agreement. The Metro Matters Funding Agreement is a fundamental change in the way WMATA funds its capital program; moving the Authority from an obligation-based budget to an

expenditure-based budget, issuing short- and long-term debt as needed, and including $307 million of additional state and local funding – above that originally committed -- all of which will allow us to fully fund the Metro Matters Program. However, the success of the Metro Matters Funding Agreement rests with a robust TEA-21 reauthorization and $260 million in additional federal funding to pay for additional rail cars.

The full funding of the Metro Matters Agreement meets WMATA's most urgent capital needs through 2010 but leaves critical portions of the 10-Year CIP unfunded. Beyond FY2010 Infrastructure Renewal Program remains unfunded and will require a future funding agreement. The $2.1 billion balance of the System Access and Capacity Program, which among other things will purchase 130 additional rail cars to avoid unmanageable congestion early in the next decade, is also unfunded, along with 235 additional buses and associated maintenance and storage facilities. Finally, it does not fund any of the System Expansion Plan, which is critical to WMATA's ability to grow into new markets. Without expanding into new markets WMATA will serve a declining share of the region's population, increasing congestion and reducing the economic vitality of the Washington region.

The $3.3 billion Metro Matters Agreement covers the six year period WMATA FY05 –10, enabling WMATA to have some longer term funding stability so that we can better plan and execute urgent capital projects. The Metro Matters

Agreement was signed by the State of Maryland, our five local funding partners in Virginia and the District of Columbia. It also envisions a strong, continuing partnership with the federal government. Specifically, the Agreement will enable the following urgent capital priorities to be addressed:

- Purchase of 120 new rail cars to provide eight car trains on one-third of the system, thus reducing crowding. Our state and local funding partners have committed a total of $365 million - to be matched by $260 million in new federal funding - to pay for these desperately needed cars;
- Purchase of 185 new buses;
- Infrastructure renewal work on track and structures; train control systems; modernizing stations, bus garages and other facilities; updating ventilation, heating and cooling systems, and other physical asset renewal.
- Security enhancements totaling $143 million, of which the establishment of a back-up, off-site Operations Control Center is our top priority. Our security program is 100 percent dependent on federal funding.

This work will allow us to reduce the backlog of deferred capital projects and increase the level of reinvestment in the system from 1.3 percent annually to approximately 2.3 percent. While this is a substantial increase, it is small by comparison to private businesses, which usually spend an average of 3 percent annually on asset reinvestment.

Many of these investments have a long lead time, taking several years to complete. We anticipate that riders will see the fruits of the Metro Matters Program in a little less than three years, as we add rail cars; electrical power capacity and precision stopping capability to provide eight-car trains on every third train consist; and new buses. The customer will not see many of the other projects such as patching leaky tunnels and replacing older deteriorating assets. But we are confident that the customer will experience all the benefits as the system becomes increasingly reliable as it is brought up to good working order. Given that the benefits of Metro Matters are a few years away and the customer is already feeling the effects of aging, our "Back to Basics" approach that I mentioned earlier is all that much more imperative.

Dedicated Funding

In June 2004, the Brookings Institution published a report entitled "Washington's Metro: Deficits By Design", documenting the fact that WMATA's funding structure makes the agency "vulnerable to recurring financial crisis". In reviewing the way in which transit agencies throughout the United States are funded, Brookings found that WMATA's funding structure is unique, with an "extraordinary lack of dedicated funding sources [which] has necessitated an over-reliance on annually appropriated support." Today, less than two percent of WMATA operating funding comes from a dedicated source (a small northern Virginia gas tax.) The Brookings Report notes that over half the total capital spending for the nations' transit systems came from

dedicated sources, while for WMATA, none did. For operations, about one-third of the transit funding nationwide is from dedicated sources.

Blue Ribbon Panel on Dedicated Funding

In January, 2005, a Metro Funding Panel (Blue Ribbon Panel) established by the Metropolitan Washington Council of Governments, the Federal City Council and the Greater Washington Board of Trade issued its report on the *Analysis of and Potential for Alternative Dedicated Revenue Sources* (for WMATA). You will receive a summary of that report from the Panel's Executive Director, Mr. Mortimer Downey, but I would like to draw your attention to a few of the Panel's conclusions.

The Panel found that "Metro is succeeding beyond expectations in ridership and yet is literally falling apart." The Panel warned that Metro's continued viability is at risk if adequate investment is not made for the system's capital needs and for critical operating requirements. It predicted a further decline in the system's condition and unacceptable levels of performance if adequate and stable funding cannot be achieved.

After considerable review, the Panel determined that there is a $2.4 billion funding shortfall facing Metro between FY2008 and FY2015. It is recognized that funding needs to begin at least two years prior to the completion of the Metro Matters program due to the length of time required to contract for and

complete capital improvement projects. In acknowledging this funding need, the Panel made several key assumptions, including:

- WMATA will maintain a 57 percent cost recovery ratio; future fare increases may be required to reach this goal
- Contributions by state and local governments in the region will continue to grow at a 5.3 percent annual rate, compared with the historic 3.5 percent growth rate
- Funding for MetroAccess should be "borne through social service funding" rather than transportation funds. Hence, a projected total shortfall of $1.1 billion over a ten-year period was deducted from the Panel's consideration
- Federal, state and local partners will meet their obligations under Metro Matters and continue a "maintenance of effort" level of re-investment, including the provision of $260 million from the federal government for the purchase of new rail cars
- The funding shortfall should be met by a combination of new dedicated revenues, based on a regional approach, at the state and local level and a new commitment of federal funds. This equates to $1.2 billion in new federal funding and $1.2 billion in dedicated state and local funding.

Historically, the funding split for WMATA's combined operating and capital budgets has been 33 percent from fare and other revenue, 38 percent from non-federal sources, and 29 percent from the federal government. If the Panel's

recommendations are implemented, the resultant funding split would be 26 percent from fares, 46 percent from non-federal sources and 28 percent from the federal government. The Panel's recommendations would place a greater burden on state and local governments, somewhat relieve the customer who is now paying a substantial share of costs, and keep the federal government's contribution about equal to the historic share.

In recommending that the federal government provide $1.2 billion in new federal funding for WMATA, the Panel found that "the federal government, whose workforce is the mainstay of Metro ridership, is the largest single beneficiary of this service and should continue to share in the costs of the system." WMATA is such an important asset to the federal government that proximity to a Metro station ranks high in determining the location of federal buildings. Metro was designed specifically to serve federal facilities and today over 300 federal agencies are near Metro. Today, 47 percent of Metro's rush hour riders are federal employees.

This region attracts 22 million people annually from around the country and the world to visit the nation's capital. Thousands more visit to do business with the federal government, and many take Metro. We are not just the regional transit agency, but as some have dubbed us, "America's Subway."

WMATA is routinely called upon to provide transit service, and related security, for special events on a scale that most other transit agencies in the country can only imagine. Events on the National Mall, such as Independence Day celebrations, marches and demonstrations require much advance planning, special service plans, additional trains and buses and all the accompanying overtime. On a typical 4th of July, we quickly and efficiently move 300,000 people of the Mall in 90 minutes.

A safe, secure and reliable Metro system is a critical component for ensuring the continuity of federal government operations during an elevated security alert level or actual emergency. Federal emergency evacuation and recovery plans rely heavily on Metro. Approximately 10 percent of Metro's daily ridership uses stations next to the Capitol and Pentagon. The reliance on Metro continues to increase as the region makes the necessary adjustments associated with living in the post September 11, 2001 environment.

With the 55th Presidential Inauguration celebration just recently behind us, we're all aware of the impact the numerous street closures and other security precautions had on vehicular traffic in the downtown area. Nearly 200 square blocks were closed to traffic or access to them was restricted because of the Inauguration. The Metrorail system was, essentially, the only viable transportation option to reach downtown destinations on the day of, and the day prior to, the Inauguration for both local residents and visitors from around the country. Many attending the Inaugural balls arrived by Metro. And with a great

deal of pride, Mr. Chairman and Members of the Committee, I can report to you that Metro came through with flying colors on these days.

It's not only the heightened security status associated with the numerous national special events that impact the mobility and transportation options available to our regular customers and out of town visitors. Metro has also become the most viable option for navigating the security measures that have been put into place by the federal government on a permanent basis. Since September 11, 2001, over 30 blocks in core downtown locations including areas close to the White House, Capitol, and the State Department have been closed with no intention of reopening. Protective barriers on other streets that remain open have also impacted traffic flows. Many federal departments have limited parking in their garages.

As touched upon earlier in the testimony, the Metrorail system was built with limited operational flexibility. From a security point of view, the inherent physical inflexibility of a two-track system, which offers few alternatives during times of breakdown, elevates the importance of taking the measures necessary to improve reliability and increase capacity. While the chances of the fire that occurred in the New York transit system happening here is lower, the impact in terms of service could be just as severe if not greater due to the physical limitations of our system. A more dependable system that can move more customers is a more secure system. A more secure system ensures that Metro

can continue to serve a critical emergency response and recovery functions at times of crisis, as it did on September 11, 2001. Along with calmly and successfully evacuating hundredths of thousands of people out of the downtown core on that tragic day, at the request of the Pentagon, Metro provided additional buses and extended its hours of service to the Pentagon for several weeks afterwards.

Capital improvements that would be funded as part of a dedicated funding program, such as providing an underground walkway between stations serving different lines in the downtown core, will serve to relieve existing choke points during service disruptions. The security funds requested from the federal government as part of the "Metro Matters" campaign will address the need for redundancy in critical operations control functions, eliminating vulnerabilities in the WMATA operating system and improving Metro's ability to respond and recover during a regional emergency. The need for this redundancy was highlighted as WMATA's top security priority in a recently completed risk-based security assessment conducted by the Department of Homeland Security's Office for Domestic Preparedness. The additional rail cars requested also as part of the "Metro Matters" campaign directly addresses our capacity needs. We have already seen the benefits of eight car trains can have on relieving the impacts of service disruptions in the aftermath of last year's train collision at the Woodley Park station.

WMATA also continues to serve as a test-bed for the federal government and model for the country on new transit security initiatives. Metro's chemical

detector system, commonly referred to as "PROTECT," has become a model for other transit agencies across the nation and around the world. The early warning data flowing from PROTECT is fully integrated into our Operations Control Center and the data and live images can also be accessed at safe zones for use by incident commanders in the region responsible for responding to an event. Federal partners who worked with WMATA in the development of the PROTECT system include the Departments of Justice, Energy, Transportation and Homeland Security.

Just last month, Metro Transit Police and Department of Homeland Security's Transportation Security Administration (TSA) collaborated to enhance security at Metrorail stations and on trains during the days surrounding the presidential inauguration. The partnership with TSA, which included the use of federal screeners equipped with explosive trace detection gear and canines teams supplementing Metro's teams of officers and explosive detection canines, performed without a hitch and will be applied to other special events across the country. WMATA continues to work with DHS, FTA and other federal agencies on opportunities to enhance biological, chemical and radiological detection technology development, decontamination response and recovery planning and operational security procedures.

Conclusion

In concluding, I have attempted to provide the Committee with a comprehensive analysis of our current funding and performance outlook. I don't think I am being alarmist when I tell you without adequate, predictable resources, it is not a

question of WHETHER Metro's service will further deteriorate, but WHEN it occurs. The Brookings Report told us that and it was confirmed by the conclusions of the Blue Ribbon Panel.

There are other important reasons to address Metro's capital and operating funding issues. The Federal Transit Administration is justifiably asking for evidence that WMATA's "recapitalization, operations and maintenance needs over the next 20 years" have been addressed before allowing the Dulles project to proceed to construction. WMATA wants to do everything we can to bring more transit service to this region, but we recognize that it does not make sense to expand unless the basic operating, maintenance and reinvestment needs of the Metro system are met.

The Brookings Report, the Blue Ribbon Report, this hearing are all part of an important dialogue about the best way to address WMATA's long term funding issues. The federal government and the region have made a substantial investment in an extremely valuable asset. We must act expeditiously to protect that public investment. Now is the time to put Metro on a stable funding course to avoid it slipping into serious disrepair. I give my personal commitment that WMATA is taking serious steps to improve our performance. We are asking for the federal government and the regional to renew its longstanding partnership in order to preserve Metro for future generations. Thank you for the opportunity to discuss these urgent matters today.

ATTACHMENT 1

METRORAIL - DRIVEN BY DESIGN

When Lyndon Johnson decreed in 1964 that Washington DC should have a subway system that would be the envy of the nation and an international landmark, the transit planners who designed what would become the Washington Metro took him at his word, and designed what has been called "a monumental system for a city of monuments."

With its coffered domes and sleek sight lines, Metrorail underground is truly an architectural marvel. However, when the blueprints moved from the drafting tables to the jurisdictional board room tables, the fiscal realities of building a world-class transit system set in, and the grand design was recast to fit a less ambitious footprint.

Because of Metrorail's unforgiving system design, even a minor incident can have a major impact on the customer. That is not the case in New York or Boston, where their subway systems have three or more running rails and can quickly detour regular service around a problem train.

Metro's lack of design flexibility can ruin a rush-hour schedule when there is a problem along the line and a disabled train must be taken out of service. Depending on the location of the incident, it may mean that train must be pushed past as many as six stations before it can be sequestered to a pocket track (see addendum) or removed from the same tracks running revenue service. The delay to passengers all along the line when a train cannot quickly be removed from service can quickly grow from 3-4 minutes to 30-40 minutes or more.

As illustrated on the accompanying table, "Metrorail Service Statistics," rail ridership has risen 20 percent since FY2000, the number of delays on the rail system has more than doubled, and nearly 40 percent of those delays are directly related to increased customer loads, oftentimes for incidents beyond Metro's control:

- more sick passengers that require holding a train until the proper medical personnel are on scene
- more police incidents that require holding a train
- more door problems created when passenger crowding jams doors

So the design decisions, borne of fiscal prudence and political realities more than 40 years ago, now place serious limitations on Metro's service delivery capability.

Metrorail has been called a "go right" system because on-time service reliability can only be maintained and sustained as long as everything "goes right." And opportunities for things to go wrong increase as the Metrorail system ages and annual funding crises result in deferred reinvestment of the infrastructure.

It would probably astound transit planners and developers across the country to learn that of Metro's total $9.4 billion cost, which includes 86 stations across northern Virginia, suburban Maryland the District of Columbia, only $415.4 million of that figure, or 4.4 percent, was spent on the real estate needed to build the system.

And while money, or the lack thereof, has often been Metro's Achilles heel, it wasn't merely lack of funds that contributed to the marvelous but operationally confining infrastructure that is Metrorail today.

- There hadn't been a subway built in America since the 1920's, and was one of the first modern subways built in the US; cost considerations are reflected in the system design and build-out.
- The Washington metropolitan area was the 12th largest metropolitan region at the time the Metrorail system was designed in the late1960s, but the 5th largest by the time the 103-mile system was completed in 2001.
- Much of Metrorail's track runs beneath massive art galleries, federal buildings and rivers, or through well established residential or commercial centers, and designers were cautioned to build a system that would require the least amount of real estate and disruption to local commerce and traffic that is the natural by-product of massive public works projects.

METRORAIL SERVICE STATISTICS

	FY2000	FY 2001	FY 2002	FY 2003	FY 2004	FY 2005 YTD Dec	% CHANGE FY 00 to 05
Average Daily Metrorail Ridership	558,000	607,000	625,000	638,000	653,000	670,000	20.1%
Average Daily Delays	3.9	4.3	4.3	5.1	6.9	8.1	107.6%
Average Daily Offloads	5.2	4.2	4.5	5.0	5.6	5.9	13.4%
Combined Delays and Offloads	9.1	8.5	8.8	10.1	12.5	14.0	53.8%
Rail System Delay Categories							
Car Equipment	68.7%	63.8%	63.2%	64.0%	61.7%	61.1%	-11.0%
Syst/Track/Transp	17.4%	17.7%	16.0%	14.5%	15.5%	18.0%	3.4%
Human Factors **	12.8%	15.4%	17.7%	17.0%	19.7%	17.8%	39.4%
Service Reliability Index	98.2	98.6	98.6	98.2	97.8	97.6	-0.6%
Average Daily Impacted Riders	*10,044*	*8,498*	*8,750*	*11,480*	*13,710*	*16,080*	*60%*
No. Of Total Daily Train Trips	1,368	1,472	1,472	1,473	1,538	1,538	12.4%
No. Of Revenue Vehicle Miles	149,805	162,911	172,516	171,517	173,307	181,838	21.3%
No. Of Daily Station Stops	32,525	33,059	33,059	33,085	33,283	35,419	8.8%
Service Changes	Connected Green Line U St. To Fort Totten - 2 Stations Fri. / Sat. 1am close	Opened to Branch Avenue 5 Stations Fri. / Sat. 2am close		Opened Branch Avenue Yard	Fri. / Sat. 3am close 5 minute Headway on the Red Line in April 2004	Opened Largo, Morgan and New York Ave. 5 am Opening	

Based on Mon-Thu Schedules. Friday has more miles, trips, stops.

** Human Factors include delays caused by sick customers or other customer related incidents, police incidents, bomb/chemical scares, etc

So for the bulk of the system, there are not nearly enough cross-over tracks, where trains can switch tracks if they have to, or pocket tracks, where they can pull over a disabled train if they have to, to keep regular trains moving on schedule. Only with the Blue Line extension to Largo and on the Red Line from Forest Glen to Glenmont, did Metro have the opportunity to add sufficient crossovers to ensure swift recovery after a service disruption. **(See chart below.)**

Line	Segment From: To:	Length (Miles)	# of Stations	# of Crossovers	Miles Per Crossover
Blue	Addison to Largo	3.6	3	4	0.9
Red	Forest Glen to Glenmont	3.2	3	4	0.8
Green	Southern Ave to Branch Ave	4.7	4	4	1.2
Blue Green	Fort Totten to Greenbelt	7.0	3	4	1.8
Blue	King Street to Franconia-Springfield	7.2	2	4	1.8
Orange	Minnesota Ave. to New Carrollton	6.3	5	3	2.1
Red	Grosvenor to Shady Grove	7.1	5	4	1.8
Orange	Ballston o Vienna	9.4	5	4	2.4
Yellow	L'Enfant Plaza to Huntington	10.9	9	4	2.7
Total Metrorail System	All Lines Systemwide	106	86	56	1.9

As you can see from the chart above, once you are outside of the downtown core, a disabled train has to pushed or pulled more than a mile and in many cases more than two miles, before it can be removed and regular service can be restored. When you factor in the time it takes to push a disabled train, it is easy to see how a minor snafu can quickly become a major service failure and customer nightmare.

If you have ever had a flat tire while traveling on a one-lane road with no shoulder or off-ramp, you can perhaps appreciate the dilemma Metrorail managers are faced with when moving a disabled train. And with the rail system infrastructure and support systems aging and becoming less reliable, the instances where disaster can strike are becoming ever more frequent. The existing infrastructure will not permit construction of a third track, but there may be some opportunity to build more pocket tracks or to connect parts of the existing system for additional flexibility. Here are the hard facts:

- The tightest schedule Metrorail can operate is 2 minutes and 15 seconds between trains.
- The maximum number of trains per peak hour through any portal on any of the lines is 26 trains per hour.
- Metro now carries 670,000 trips per day, with 230,000 trips during each morning and evening peak period, and 85,000 of that number during the one-hour "peak of the peak" period.
- Ultimately, over the next two decades, WMATA will have to make line connections and circumferential connections because it will have exhausted its unused design capacity for the existing Metrorail system.
- If more capacity is desired through downtown DC, another subway line is needed.

All of these structural constraints and decisions made more than 40 years ago, in the absence of a good experience base in the US on how to build modern subway systems, and in response to cost pressures, today conspire to exacerbate any operational problem that the trains experience as they make their runs. And recovery after a major service disruption takes much longer than it would if there were a more convenient place to move the disabled train or a way to run around it on a third track. (WMATA has recently re-written the operating plan protocol to compensate for the lack of service flexibility.)

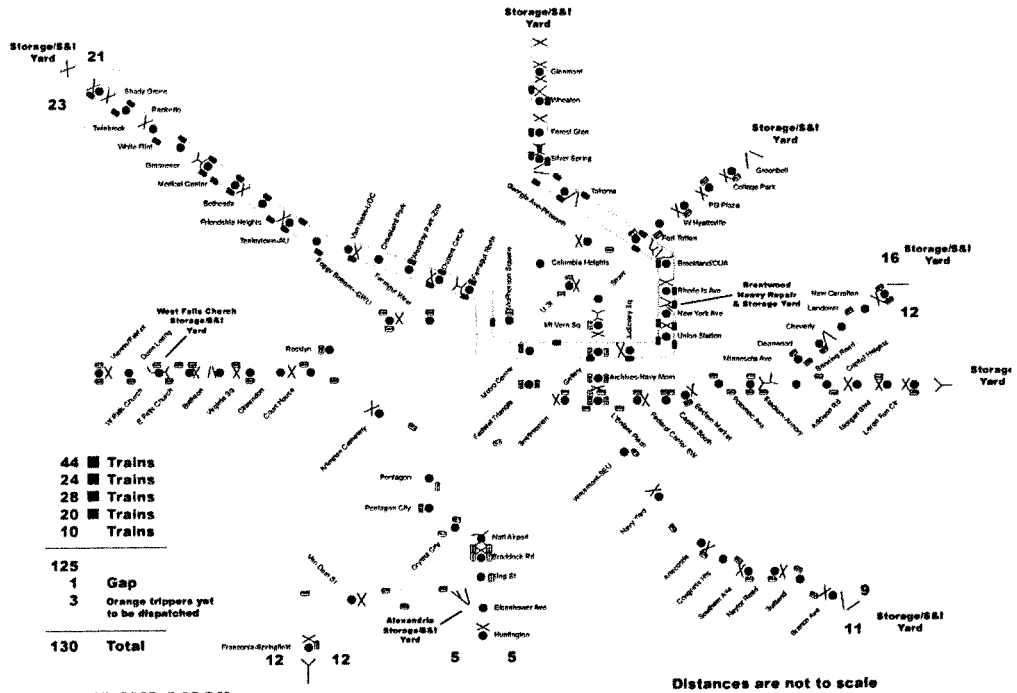
And while some of these inconveniences could be minimized by expanding capacity in the core region, either through the deployment of eight-car trains or by connecting adjacent stations like Farragut North and Farragut West by pedestrian walk-ways, the unfortunate truth is that Metrorail trains – and Metrorail customers – will always be impacted by the understandable but unforgiving system design of the single lane track on which they ride.

# # #

METRORAIL INFRASTRUCTURE TERMINOLOGY

Crossover	Special trackwork, including two switches and track, that allows trains to be routed from one track to another, thus providing more flexibility.
Tail Track	Tracks that provide access to the train storage area or allows for storage of rail cars (i.e. Vienna).
Turnout	Allows the diverging movement from one track to another. It is very similar to the single crossover (both have switches). Usually the the turnout is used only in one direction.
Pocket Track	An extra (usually center) track within a double track system located on the mainline, used for storage, turnback, a third mainline revenue track, or a combination of the above.

Representative Example of Train Movements During a PM Rush Period



1) Capital Needs

Please describe Metro's capital needs included in both "Metro Matters" and the longer range Capital Improvement Program. How did you arrive at these figures? If these needs are unmet, what can be expected in terms of service?

Metro Matters:
In 2000 the Government Accounting Office (now the Government Accountability Office) examined WMATA and recommended improved capital planning. In November 2002 WMATA published its 10-Year Capital Improvement Plan (CIP), an outgrowth of WMATA's 1999 System Expansion Plan; the 2001 Core Capacity Study, which identified Metrorail's infrastructure and rolling stock requirements to meet the challenges of the next 25 years; and the 2002 Regional Bus Study, the region's first comprehensive analysis of all local bus services since the inception of Metrobus. Taken together these reports laid out the capital requirements for WMATA to maintain its market share and to serve new and growing markets that currently do not benefit from its service.

The $12.2 billion capital program contained in the 10 year CIP, (FY04 - 13) includes:

- $3.1 billion to maintain WMATA's existing infrastructure
- $2.9 billion to enhance the Metrorail and Metrobus capacity
- $6.2 billion to expand Metrorail

WMATA's regional funding partners were able to commit only $1.8 billion to the capital plan over a 6-year period and requested capital program that reflected WMATA's most critical needs. WMATA staff identified $3.3 billion in urgent projects, called the "Metro Matters" program. With $1.5 billion remaining unfunded, the Metro Matters Funding Agreement was developed. It increases the funding commitments of the state and local governments in the region and assumes $260 million in additional federal discretionary funding to pay for new rail cars.

The Metro Matters Agreement meets WMATA's most urgent capital needs through 2010 but leaves critical portions of the 10-Year CIP unfunded. Basic infrastructure reinvestment beyond FY2010 remains unfunded. Another 130 rail cars will need to be funded to avoid unmanageable congestion early in the next decade. The plan includes no funding for system expansion.

The $3.3 billion Metro Matters Agreement covers the six year period WMATA FY05 –10, and enables the following urgent capital priorities to be addressed:

- 120 new rail cars to provide eight car trains on one-third of the system;
- 185 new buses;
- Infrastructure renewal work on track and structures; train control systems; modernizing stations, bus garages and other facilities; updating ventilation, heating and cooling systems, and other physical asset renewal.
- Security enhancements totaling $143 million, of which the establishment of a back-up, off-site Operations Control Center is the top priority. **The security program is 100 percent dependent on federal funding.**

Beyond Metro Matters, the Blue Ribbon Panel identified a total funding shortfall of $2.36B between FY2008 and FY2015 (average funding shortfall of $296Million/Year). It is recognized that funding needs to begin at least two years prior to the completion of the Metro Matters program due to the length of time required to contract for and complete capital improvement projects.

Achieving that funding will enable WMATA to:

- Relieve unmanageable railcar congestion for another 10 years, by running 75% 8-car trains
- Meet demand for existing Metrobus services
- Station Enhancements (additional elevators/escalators, expanded mezzanines, etc.) at Union Station, Gallery Place, and Metro Center
- Station Pedestrian Connections (Farragut North to Farragut West; Gallery Place to Metro Center)
- Bicycle/Pedestrian Improvements at approximately 25 stations.
- 275 Buses and 3 Bus Garages (2 new, 1 replacement)
- 140 Miles of Bus Corridor Improvements

Consequences if unmet:

Without adequate, predictable funding beyond Metro Matters, it is extremely difficult for WMATA to do capital planning. The Brookings Institution concludes that WMATA will lurch from one funding crisis to another. Inevitably the system will fall into disrepair, as capital improvements are deferred, due to insufficient funding. A deteriorating system leads to less reliable service, which in turn drives riders away. Ultimately it is much more expensive to bring a system that has been allowed to deteriorate back into good working order. This phenomenon has been experienced by older cities, such as New York.

2) Management Improvements and Performance Measures

Metro has been referred to as one of the better managed transit systems in the United States. However, Metro has also experienced high-profile operational and management problems in recent years. Examples include the theft of parking revenues, issues with Smart Card implementation, the recent train wreck on the red line, and habitually malfunctioning escalators and elevators. As WMATA comes to Congress seeking substantial increases in funding, what steps have you taken to improve management and ensure such funds would be efficiently utilized? How does WMATA measure its performance in key areas and how does it develop performance measures?

Improvements:
WMATA cut $90 million out of its operating budget over the past six years. Rather than reducing rail and bus service, deferrals were made to infrastructure maintenance, cleaning and landscaping, and employee training and customer support.

We have enhanced the role of our audit office and have re-invigorated our Board Audit Committee. These improvements have led to examination of areas that had the potential to increase revenue and/or decrease expenses. Our recent action to reduce the number of take-home vehicles and to charge Board Members and Metro staff for parking at WMATA headquarters were results of a recent audit.

Over the next few months, Metro will undertake a series of independent external reviews to ensure our policies, procedures and programs are focused on providing the best possible bus and rail reliability, and customer service. The Metro Board approved the expenditure of $650,000 to conduct these independent reviews. The American Public Transportation Association has already conducted a review of Metrorail operations and training and is preparing for a similar review of Metrobus at the end of this month. We will also be doing an independent Customer Service Issues Review. Further, the Metro Transit Police Department will be examined in a Police Executive Research Forum Review of MTPD's policing policies and procedures.

Performance Measures:
We track a number of the performance measures on a daily basis, such as average daily delays and offloads (emptying a train of its customers because of an equipment or other malfunction) and the reasons for these passenger inconveniences. We use many factors, including equipment failures; system, track or other operational failures; and human factors (such delays caused by sick customers or police incidents) to develop a service reliability index. Our customer surveys tell us that service reliability is the number one factor that our customers care about.

We report on our performance using these measures every month. Attached is a copy of our most recent performance report to our Board. Also attached is "Benchmarking Data for WMATA Operations", which is an appendix to the report from the Panel on the Analysis of and Potential for Alternative Dedicated Revenue Sources for WMATA.

3) What benefits do the federal government and the Metropolitan DC region gain from Metro?

Federal Government

- Metro provides an important mobility service to federal employees
- Metro routinely provides transit service for large scale national events, such as Inaugurations, Independence Day celebrations, marches and demonstrations on the National Mall
- Proximity to a Metro station ranks high in determining location of many institutions
- 47% of Metro's peak period riders are federal employees
- More than 300 federal facilities are served by WMATA
- Metro is a key means of mobility for federal workers during emergencies

Regional Economy

- Expands the tax base by increasing the property value of land adjacent to Metrorail stations and sales and income taxes in funding jurisdictions
- The presence of a Metro station encourages the highest and best use of land, a key factor in the development of the regional economy
- Between 1980 and 1990, 40% of the region's new retail and office space was built within walking distance of a Metrorail station
- Investment in transit also promotes vital economic growth and development by revitalizing neglected neighborhoods and serving as a catalyst for new business partnerships between public agencies and private businesses. The New York Avenue is an excellent example of that
- In additional to directly stimulating the economy, investment in public transportation enhances mobility for businesses and households thereby providing increased mobility and access to opportunities.
- According to the 2004 Texas Transportation Institute Urban Mobility Study, the Washington region's annual cost of congestion is valued at $2.3 billion. Without Metro, that cost would be $3.5 billion.

Attached is "Public Benefits Provided by WMATA Rail and Bus Service",which is an appendix to the report from the Panel on the Analysis of and Potential for Alternative Dedicated Revenue Sources for WMATA.

4) Metro argues that it needs increased funding to meet the capital needs of the original 103-mile system. At the same time, local jurisdictions are moving to build substantial additions to the original system. How does WMATA envision accomplishing both of these tasks at once?

Under WMATA's Service Expansion Plan and related Board policy, an extension to the Metro system must be sponsored by a state or local government entity. The entity is responsible for identifying the necessary capital funds to build such an extension. Once built, the operating costs of such an extension would be funded pursuant to WMATA's operating funding formulas.

State and local jurisdictions desiring to receive federal funding for system expansion will need first to assure the federal government that the existing system is adequately funded. In a June 2004 letter, the Federal Transit Administration cautioned, "Financial concerns related to WMATA's ability to maintain the existing Metrorail and Metrobus systems and to meet future operational capacity needs must be addressed before the project [Dulles Rail Project] could be approved to advance into Final Design."

Therefore, prior to any system expansion, a threshold requirement must be met to demonstrate that adequate resources are expected to be available to operate and maintain the existing Metro system.

5) The recent Metro funding panel did not address MetroAccess, Metro's paratransit program. However, this program represents an increasingly large portion of Metro's budget. How does Metro propose to address this issue while simultaneously addressing its need for substantial capital investments?

MetroAccess, accounts for less than one percent of our ridership, but is six percent of our operating budget. By 2015, it will constitute twelve percent of our budget and the estimated shortfall attributable to MetroAccess in 2015 is estimated to be $186 million. The Metro Funding Panel found that Funding for MetroAccess should be "borne through social service funding" rather than transportation funds. Hence, a projected total shortfall of $1.1 billion over a ten year period was deducted from the Panel's consideration.

In FY03, MetroAccess provided 24 percent of the specialized transportation trips taken throughout the region, at average trip cost of $35 per trip. Other human service agencies providing specialized transportation throughout the region were able to offer this service at a cost of approximately $16 per trip, whereas local jurisdictional providers per trip costs average roughly $17 per trip. The lower per trip costs by providers other than MetroAccess is explained by shorter, less costly trips (intra-jurisdictional rather than regional) being provided by local providers, while MetroAccess is called upon to carry longer trips that are more difficult to group for greater efficiency (e.g. trips to medical facilities or employment sites in states other than the customer's residence). Finally, WMATA is bound by strict ADA paratransit service criteria (e.g. prohibition on trip denials, service must be provided during all hours and days that fixed-route service is provided) that may not apply to other agencies.

In light of MetroAccess' higher cost per trip, while MetroAccess provided 24 percent of the specialized transportation trips in the region in FY03, WMATA's funding agencies paid to WMATA nearly 40 percent of the $87 million this region spent on specialized transportation in this region in FY03. There are a total of 39 specialized transportation providers in the region that could provide more trips at lower cost than Metro if some of the trips now provided by Metroaccess were shifted to low cost providers.

WMATA urges the Metropolitan Washington Council of Governments to follow the suggestion of the Blue Ribbon Panel on WMATA Dedicated Funding to establish a new panel with expertise to focus on existing federal, state and local social service funding that might be channeled towards transportation.

Attached is a copy of "Findings of the Metro Regional Task Force on Paratransit Service", which was an appendix to the report from the Panel on the Analysis of and Potential for Alternative Dedicated Revenue Sources for WMATA.

6) To what extent does WMATA face unique challenges because of its relationship to the federal, state and local governments that influence WMATA's operations and decision-making authority?

In 1960, when Congress enacted the National Capital Transportation Act authorizing Maryland, Virginia and the District of Columbia to negotiate an Interstate Compact, it recognized the necessity of continuing financial participation by the federal government by declaring that the "creation of certain major transportation facilities are beyond the financial capability of the local governments in this region." WMATA was created as an Interstate Compact agency making it unique in serving such a large, nearly 1600 square mile area and diverse region, including two states, the District of Columbia and the federal enclave.

It is an enormous continual challenge to reach regional consensus. Without dedicated funding, WMATA annually must go to the State of Maryland, five local jurisdictions in Virginia, the District of Columbia and the federal government to get funding. Because of this lack of dedicated funding, WMATA must compete with schools, police/fire services, human services and other public programs in a competition for funding under each state and local government's budget.

The Brookings Institution labeled WMATA an "institutional orphan" for which no single governmental entity takes responsibility. This multi-jurisdictional participation, coupled with substantial federal interest and reliance on the system, presents unique challenges in terms of setting priorities, reaching consensus and securing funding.

Labor

7) Please describe the current labor agreements. How do these compare them to similar agreements in other transit systems.

In December 2004 an interest arbitration award went into effect between the Amalgamated Transit Union's Local 689, a union that represents nearly 7,000 operations and maintenance employees, and WMATA. That award resulted in general wage increases of 1.5% effective July 1, 2004 and July 1, 2005. In February 2005, the parties returned to the bargaining table to negotiate wage changes effective July 1, 2006 and July 1, 2007.

New hire Local 689 entry employees move through a negotiated progression to "top operator" rate in six years and to an enhanced "longevity rate" phased in during the eighth through twenty-first years of service. The 6 years it takes for a WMATA operator to progress from an entry level salary to a top salary is the longest progression rate for a large transit property in the nation.

WMATA ranks eighth among large transit properties in its starting rate of $14.44/hour. WMATA ranks sixth in its top rate of $24.07/hour and is third with its longevity rate of $25.88/hour.

Attached is a chart comparing top operator wage rates around the country, as of February 2005.

Top Operator Wage Rates -- February 2005

Transit System	Starting Rate				"Top" Rate		Rate w/ Longevity		Most Recent Contract Settlement		
	Starting Rate	Rank	Length of Progression (in Years)	Rank	Rate w/o Longevity	Rank	Rate w/ Longevity	Rank	Effective Date of Contract	Length of Contract (months)	Average Annual % Increase
Atlanta (a)	$ 12.96	11	3.	11	$ 18.51	14	$ 18.51	14	7/1/02	36	1.6%
Baltimore	$ 12.79	13	5.	2	$ 20.96	13	$ 20.96	13	7/1/02	36	3.0%
Boston	$ 16.59	4	4.	5	$ 25.53	3	$ 25.53	4	7/1/02	48	2.2%
Chicago	$ 14.96	5	3.75	9	$ 23.01	7	$ 23.01	7	1/1/00	48	3.6%
Cleveland	$ 12.74	14	5.	2	$ 21.23	12	$ 21.57	10	8/1/03	36	2.7%
Los Angeles (b)	$ 14.96	5	4.	5	$ 23.01	7	$ 23.01	7	7/1/03	36	1.7%
New York	$ 14.58	7	4.	5	$ 24.30	5	$ 24.54	6	12/16/02	36	2.0%
NJ Transit	$ 13.37	10	5.	2	$ 22.29	9	$ 22.29	9	7/1/02	36	2.9%
Philadelphia (c)	$ 12.92	12	4.	5	$ 21.54	10	$ 21.54	11	3/15/04	12	0.2%
Pittsburgh (c)	$ 14.43	9	3.	11	$ 21.53	11	$ 21.53	12	12/1/01	43	1.9%
San Francisco (BART)	$ 23.68	1	3.	11	$ 27.86	1	$ 27.86	1	7/1/01	48	5.7%
San Fran. (Muni) (d)	$ 17.82	3	1.5	14	$ 25.45	4	$ 25.45	5	7/1/04	12	1.5%
San Jose	$ 18.28	2	3.5	10	$ 26.12	2	$ 26.12	2	2/2/04	48	2.7%
Average (mean)	$ 15.39		3.75		$ 23.18		$ 23.22			37	2.4%
Median	$ 14.58		4		$ 23.01		$ 23.01			36	2.2%
WMATA (e)	$ 14.44	8	6	1	$ 24.07	6	$ 25.88	3	5/1/04	26	1.5%

(a) Prior MARTA contract expired 4/1/01, and there was no wage change for the period 4/1/01 - 7/1/02. Wage increase per year of term is calculated based on a 51-month period, 4/1/01 - 7/1/05.

(b) Los Angeles top rate is for operators hired prior to July 1, 1997. Under this two-tier system, operators hired after July 1, 1997, have a top rate equal to about 84% of the top rate applicable to operators hired before July 1, 1997.

(c) Settlement data include COLA.

(d) Wage rate established annually (by City Charter) based on highest two systems in the Country.

(e) Wage increase in new contract would actually be 1.4% if adjusted to reflect 26-month term.

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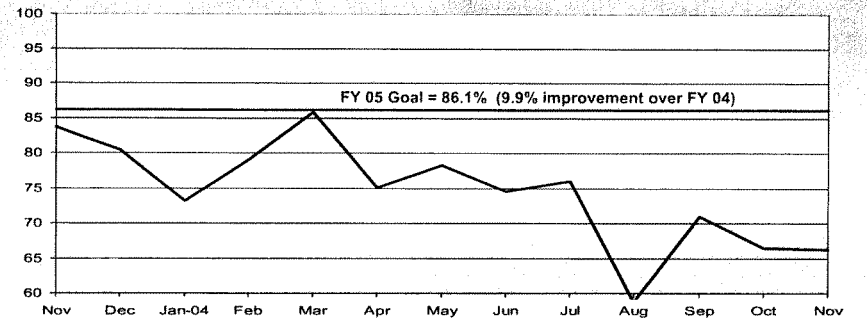
Presentation to the Operations and Safety Committee

OPERATIONS
PERFORMANCE INDICATORS

December 16, 2004

Department of Operations

RAIL PERFORMANCE INDEX



	GOAL	GOAL	WEIGHT	JUL Indicator	JUL Score	AUG Indicator	AUG Score	SEP Indicator	SEP Score	OCT Indicator	OCT Score	NOV Indicator	NOV Score	YTD AVG Indicator	YTD AVG Score
1	**Service Quality**		45												
	Service Reliability Index	98.5	23	98.00	16.1	97.40	9.2	97.82	13.9	97.85	13.9	97.81	13.9	97.78	13.9
	MDBD (Car Maintenance)	72,600	17	38,188	8.9	38,017	8.9	53,615	12.6	37,730	8.9	40,096	9.4	41,529	9.7
	Peak Hour Avg. PPC < 100 at 9 Max Load Points	9	5	6	3.3	9	5.0	9	5.0	7	3.9	6	3.3	7.4	4.1
	(Peak Hour reported one month in arrears)														
2	**Safety and Security**		20												
	Part 1 Crimes per Million Passengers	**	10	6.50	10.0	8.88	5.0	5.09	10.0	5.30	10.0	5.49	10.0	6.25	8.5
	Metrorail Pass. Injuries per Million Pass. Miles	0.14	10	0.16	7.5	0.26	0.0	0.94	0.0	0.39	0.0	0.75	0.0	0.50	0.0
	(Injuries reported one month in arrears)														
3	**Customer Satisfaction Measure: Metrorail**	100%	20	75.62%	15.1	74.04%	14.8	73.19%	14.6	74.83%	15.0	73.50%	14.7	74.24%	14.8
	(Reported one month in arrears)														
4	**Service Quantity: Car/Train Availability Peak Pull-Out (Actual / Scheduled)**	100	15	99.9	15.0	99.8	15.0	99.8	15.0	100.0	15.0	99.9	15.0	99.88	15.0
	Performance Index		**100**		**76.0**		**58.7**		**71.0**		**66.5**		**66.2**		**66.0**

2

** The Part 1 Crime goal is to reduce crime by 5% from last year's levels. The goal fluctuates each month according to crime levels from the same month in FY04.

RAIL SERVICE HIGHLIGHTS

Service Quality.

- The Service Reliability Index has remained flat and below the goal for September, October and November varying only .07 percent. Continued emphasis on maintaining scheduled capacity through more focused efforts on managing service has maintained the .42% improvement over August
- Incidents of 4 or more minutes dropped to 5% for the month, and MDBD increased to 40,096 miles; representing a 6% improvement over October performance. Average 90-day performance is at 42,707 MDBD. The 2000 fleet continued to improve, showing an MDBD improvement from 15,000 in September to 25,000 in November (67% increase). Performance for all other fleets excluding CAF, showed modest improvement during November. Fleet wide, the majority of failures occurred in Brake, Door, and ATC systems on the 1000, 3000, and 5000 series
- Service on the Red Line was affected by weekend work on the New York Avenue station. Lower speeds and manual operation through the portion of track affected by the work were in place. Major events at Judiciary Square and Woodley Park caused significant delays
- Three max load points in October were above the threshold for passengers per car. They were Gallery Place, Court House and the Waterfront Stations

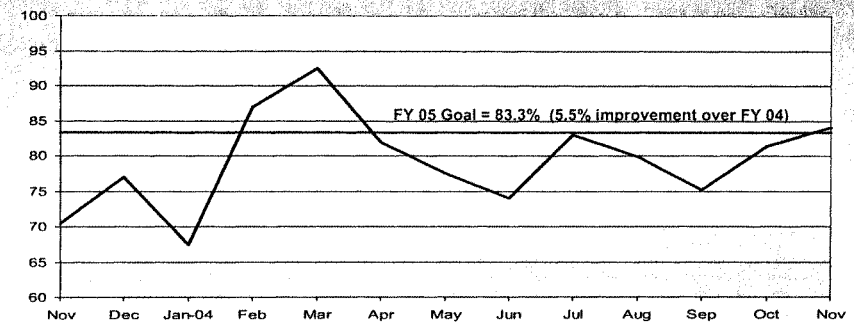
Safety and Security

- Part I Crimes were lower in September than August, down from 8.89
- Passenger Injuries went from .39 to.75 per million. Of the 13 injuries 6 were caused by train doors closing

Customer Satisfaction

- Metrorail satisfaction scores remained relatively static between September '05 and October '05

BUS PERFORMANCE INDEX



	Indicator/Element & Goal	GOAL	WEIGHT	JUL Indicator	JUL Score	AUG Indicator	AUG Score	SEP Indicator	SEP Score	OCT Indicator	OCT Score	NOV Indicator	NOV Score	YTD AVG Indicator	YTD AVG Score
1	**Service Quality**		**45**												
	Mean Distance Between Failures	6,300	26	4,417	18.2	4,807	19.8	4,940	20.4	5,498	22.7	6,021	24.8	5,137	21.2
	Accidents per 100,000 Miles	3.4	19	2.39	19.0	3.03	19.0	3.75	17.2	4.05	16.0	4.22	15.3	3.49	18.5
	(Accidents reported one month in arrears)														
2	**Safety and Security**		**20**												
	Part 1 Crimes per Million Passengers	**	10	0.26	10.0	0.82	5.3	0.44	0.4	0.90	5.6	0.88	5.1	0.66	5.28
	Metrobus Pass. Injuries per Million Pass. Miles	2.22	10	1.44	10.0	1.94	10.0	1.26	10.0	1.71	10.0	1.53	10.0	1.58	10.0
	(Injuries reported one month in arrears)														
3	**Customer Satisfaction Measure: Metrobus**	100%	20	73.08%	14.6	72.13%	14.4	76.16%	15.2	74.16%	14.8	77.89%	15.6	74.68%	14.9
	(Reported one month in arrears)														
4	**Service Quantity: Lost Trips per 1k scheduled trips**	3.6	15	4.86	11.1	4.78	11.3	4.54	11.9	4.42	12.2	4.08	13.2	4.54	11.9
	Performance Index		**100**		**83.0**		**79.9**		**75.1**		**81.3**		**84.1**		**81.8**

4

** The Part 1 Crime goal is to reduce crime by 5% from last year's levels. The goal fluctuates each month according to crime levels from the same month in FY04.

BUS SERVICE HIGHLIGHTS

Service Quality

- The MDBF for November 2004 was 6,021 which is a 9.5% improvement from the October 2004 level of 5,498 and a 36% increase from the 4,418 level of November 2003.
- An improved Preventive Maintenance Program, better quality control processes, and engineering reliability initiatives are resulting in over half of the subfleets improving their MDBF this month. The 1997 Orion Vs yielded a 30% increase, coincidental with the completion of the Rehab of 137 of the 264 buses in this fleet.
- The accident rate was 4.22 in October, 4.05 in September, and 3.75 in August. Accidents have been trending upward due in part to higher traffic volumes and more inclement weather in the fall. Safety meetings with bus operators are emphasizing accident prevention to reverse this trend. In addition, a team is undertaking an evaluation of high accident intersections and terminals to recommend changes in stop locations and procedures that could reduce accidents

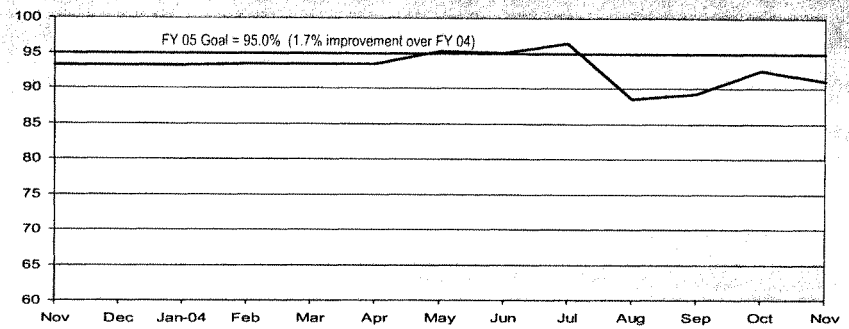
Safety and Security

- Metrobus crime per million was 0.88 in November. The actual number of occurrences increased by one, from 8 in November 2003 to 9 in 2004

Customer Satisfaction

- Metrobus satisfaction scores experienced significant improvement in a number of areas;
    - Fares, Safety, Customer service, Ease of access, and Communications

ELEVATOR PERFORMANCE INDEX



	Indicator/Element & Goal	GOAL	WEIGHT	JUL Indicator	JUL Score	AUG Indicator	AUG Score	SEP Indicator	SEP Score	OCT Indicator	OCT Score	NOV Indicator	NOV Score	YTD AVG Indicator	YTD AVG Score
1	**Service Quality**		**40.0**												
	Mean Time Between Failures (hours)	425	20.0	517.3	20.0	551.8	20.0	537.1	20.0	709.8	20.0	694.4	20.0	602.08	20.0
	PM Completion	100	10.0	100.0	10.0	100.0	10.0	100.0	10.0	97.3	9.7	99.5	10.0	99.36	9.9
	Reduction in Poor Performers	49	5.0	25	5.0	34	5.0	19	5.0	14	5.0	18	5.0	22	5.0
	Increase in Top Performers	49	5.0	94	5.0	90	5.0	105	5.0	124	5.0	122	5.0	107	5.0
2	**Safety: Ele Passenger Injuries per Million Passengers** (Reported one month in arrears)	0.07	**20.0**	0.00	20.0	0.00	20.0	0.06	20.0	0.00	20.0	0.00	20.0	0.01	20.0
3	**Customer Satisfaction Measure: Elevators** (Reported one month in arrears)	100%	**20.0**	81.86%	16.4	42.28%	8.5	46.14%	9.2	64.57%	12.9	55.57%	11.1	58.08%	11.6
4	**Service Quantity: Availability (excludes rehabs and PMs)**	97	**20.0**	99.7	20.0	99.0	20.0	99.4	20.0	99.7	20.0	99.6	20.0	99.28	20.0
	Performance Index		**100.0**		**96.4**		**88.5**		**89.2**		**92.6**		**91.1**		**91.6**

ELEVATOR HIGHLIGHTS

Overall Trend

- Elevator performance has consistently exceeded goals the past 90 days, with the exception of Customer Satisfaction

Service Quality

- Service quality goals have been consistently exceeded. Only 1 PM out of 217 was missed in November. Top and Poor performers have exceeded goal the past 3 months

Safety and Security

- No injuries were reported the past 90 days

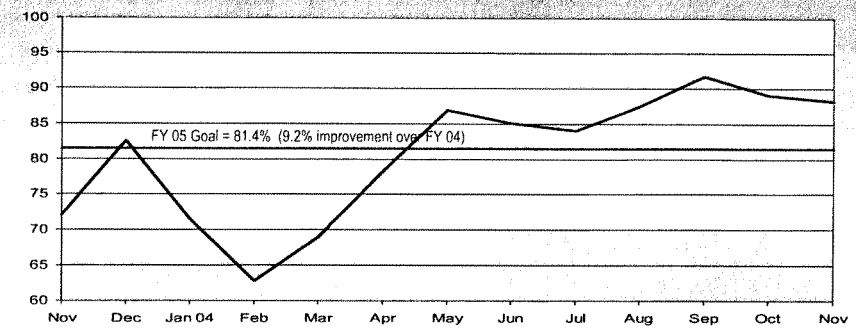
Customer Satisfaction

- The measurement/survey was recently changed to more accurately reflect customer satisfaction of those actually using the equipment. Customer satisfaction grew 10 to 20 points on a monthly basis since the revision in October's report.
- Dissatisfaction with elevators from smell of urine and units not working or under repair

Service Quantity

- Availability performance continues to consistently exceed goals

ESCALATOR PERFORMANCE INDEX



	Indicator/Element & Goal	GOAL	WEIGHT	JUL Indicator	JUL Score	AUG Indicator	AUG Score	SEP Indicator	SEP Score	OCT Indicator	OCT Score	NOV Indicator	NOV Score	YTD AVG Indicator	YTD AVG Score
1	**Service Quality**		**40**												
	Mean Time Between Failures (hours)	160	20	146.4	18.3	163.9	20.0	172.6	20.0	165.2	20.0	178.2	20.0	165.24	20.0
	PM Completion	100	10	98.9	9.9	96.6	9.7	99.4	9.9	96.4	9.6	99.0	9.9	98.06	9.8
	Reduction in Poor Performers	144	5	306	0.0	233	0.0	166	4.3	206	0.0	187	3.9	220	0.0
	Increase in Top Performers	144	5	143	5.0	153	5.0	234	5.0	196	5.0	234	5.0	192	5.0
2	**Safety: Esc Passenger Injuries per Million Passengers** (Reported one month in arrears)	1.78	**20**	2.10	13.9	1.80	19.6	1.81	19.3	1.32	20.0	1.34	20.0	1.67	20.0
3	**Customer Satisfaction Measure: Escalator** (Reported one month in arrears)	100%	**20**	64.86%	13.0	64.71%	12.9	65.29%	13.1	71.86%	14.4	47.43%	9.5	62.83%	12.6
4	**Service Quantity: Availability (excludes rehabs and PMs)**	96	**20**	96.4	20.0	95.8	20.0	96.5	20.0	97.1	20.0	97.4	20.0	96.64	20.0
	Performance Index		**100**		**80.0**		**87.1**		**91.7**		**89.0**		**88.2**		**87.4**

ESCALATOR HIGHLIGHTS

Overall Trend

Escalator performance is steadily improving. Escalator performance increased over 25 index points since February, and continues to show steady improvement in all areas.

Service Quality

- Overall service quality has met or exceeded goals. Only 5 PMs out of 521 were missed in November. Challenges still exist with the number of poor performers, which is directly related to the comb impact safety switch. Outages from this device account for approximately 45% of all unscheduled outages. It should be noted that this device is designed to shut down units when unsafe conditions are detected - debris, excessive force/weight

Safety and Security

- No injuries were reported that were the result of equipment malfunction. All injuries resulting from customers tripping and falling on equipment.

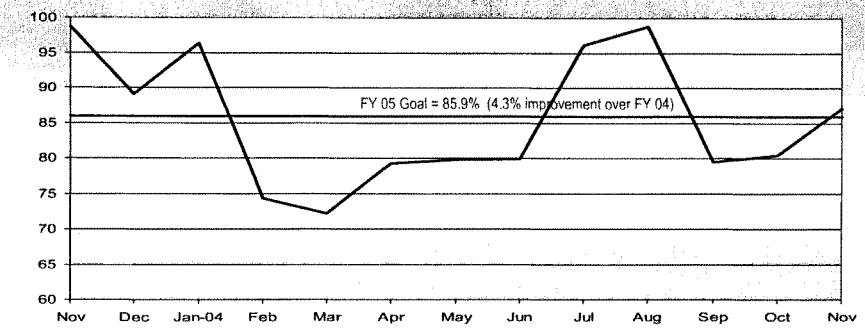
Customer Satisfaction

- The measurement was recently changed to more accurately reflect customer satisfaction

Service Quantity

- Availability has shown a slight upward trend the past 90 days.

METROACCESS PERFORMANCE INDEX



	Indicator/Element & Goal	GOAL	WEIGHT	JUL Indicator	JUL Score	AUG Indicator	AUG Score	SEP Indicator	SEP Score	OCT Indicator	OCT Score	NOV Indicator	NOV Score	YTD AVG Indicator	YTD AVG Score
1	**Service Quality**		**45**												
	On-time Performance	93.5	39	93.3	38.9	93.2	38.9	92.5	38.6	92.3	38.5	92.2	38.5	92.70	38.7
	Drug and Alcohol Testing Compliance	100	6	100.0	6.0	100.0	6.0	100.0	6.0	100.0	6.0	100.0	6.0	100.00	6.0
2	**Safety: Passenger injuries per 1000 trips** (Reported one month in arrears)	2.05	**20**	2.10	19.0	2.05	20.0	6.17	0.0	3.85	1.3	1.00	20.0	3.03	7.0
3	**Customer Complaints per 1000 Trips**	3.1	**20**	3.31	17.5	2.49	20.0	2.98	20.0	2.94	20.0	4.46	7.8	3.24	18.3
4	**Service Quantity: Completed trips / Scheduled Trips**	100	**15**	99.9	15.0	99.2	14.9	99.6	14.9	99.1	14.9	99.0	14.9	99.36	14.9
	Performance Index		**100**		**96.4**		**99.8**		**79.5**		**80.7**		**87.1**		**84.9**

METROACCESS HIGHLIGHTS

•Overall Performance

- Overall performance rebounded from September and October. For those months, the injury/accident statistics drove the overall performance score downward. Most of those occurrences were non-preventable, however we continue to emphasize driver safety. We see a spike in the complaint rate and we are evaluating the data now.

PUBLIC BENEFITS PROVIDED BY WMATA RAIL AND BUS SERVICE

Background

The Washington Metropolitan Area Transit Authority's services are an integral part of the region's transportation network. With a replacement cost of approximately $24 billion it is one of the largest single infrastructure projects in the region. It is also one of the few assets that truly bind the Washington region together. Over the past thirty years, WMATA's impact on the region has continued to grow. Over 1.1 million trips per day are made on the Metrobus and Metrorail systems, saving time for people on its vehicles, reducing congestion on the region's roadways, and improving air quality. Like every other transit property in the world WMATA requires public support to close the gap between passenger revenues and costs. However, it substantially expands the tax base of its sponsoring jurisdictions by stimulating high-value, property development and job growth around transit stations. Finally, WMATA is a critical link in the region's security system, offering a safe, fast means of evacuating the core. The benefits that WMATA provides transcend the users of its service. Even those never setting foot on a WMATA vehicle benefit from its services.

Beneficiary: State and Local Governments

WMATA impacts state and local governments in two primary ways. First, it expands the tax base by increasing the property value of land adjacent to Metrorail stations and sales and income taxes in funding jurisdictions. Second, it places a burden on state and local tax dollars, which must be used to pay the operating and capital costs of WMATA services.

Tax base generated by WMATA

Tax revenues to jurisdictions served by WMATA can be classified as both recurring and nonrecurring. Non-recurring sources of tax revenue include:

- Metrorail construction activities
- Permits for new development in station areas
- Sales of housing units.

Recurring tax revenues include:

- Sales at Metrorail station area office, retail and hotel developments
- Property taxes of residents and business locating near Metrorail station.
- Incomes earned at jobs located near Metrorail stations
- Income tax generated by Metro operations and maintenance

A 1994 study completed by KPMG Peat Marwick for the Northern Virginia Transportation Commission concluded that the tax revenues for the Commonwealth of Virginia linked to the Metrorail system yield an annual return on investment of 12.4% for the Commonwealth. It estimated that between 1977 when the first station opened in Virginia and 2010 in Virginia alone, Metrorail will generate an estimated $2.1 billion in tax revenues and 91,000 permanent jobs. The Urban Land Institute estimated that in

Arlington County, development in two Metrorail corridors is concentrated on six percent of the land in the county but produces almost half of the county's tax revenue.

Beneficiary: Business Community

WMATA also has a strong impact on the business community. The Metrorail and Metrobus system stimulates substantial property development around the region; eliminates congestion, thereby lowering the cost of doing business; adds new jobs through construction and the provision of transit service; encourage transit oriented land-use; and improve homeland security.

Property Development

The presence of a Metro station encourages the highest and best use of land, a key factor in the development of the regional economy. Region-wide, Metro has already generated more than $15 billion in increased value at station sites, and the Urban Land Institute estimates the Metrorail system will have contributed $25 billion of commercial, office and retail growth by 2010. Between 1980 and 1990, 40% of the region's new retail and office space was built within walking distance of a Metrorail station. Additionally, average office rents near transit stations rose with ridership and joint development projects, adding more than three dollars per gross square food to annual office rents. The National Association of Realtors notes that more and more Americans are choosing to live in locations that put them within easy walking distance of transit. Demographers estimate that as much as 30% of the demand for housing is for denser, walkable, mixed-use communities.

Investment in transit also promotes vital economic growth and development by revitalizing neglected neighborhoods and serving as a catalyst for new business partnerships between public agencies and private businesses. The New York Avenue in-fill station on Metrorail's Red Line is being developed through a partnership between the federal and DC governments and local businesses. The station will trigger significant new mixed-use development, revitalizing an underdeveloped and underserved part of DC.

Regional Economy

The local economy in which WMATA operates has a gross regional product of $290 billion, fourth highest in the United States.

Public transportation contributes to the region's economy in two fundamental ways: direct dollar investment, multiplied throughout the economy; and improved transportation options, which create economic benefits for individuals, households, businesses and governments. Dollars invested in public transportation flow through all sectors of the economy and provide an economic stimulus far exceeding the original investment – as much as six dollars for every dollar invested.

In additional to directly stimulating the economy, investment in public transportation enhances mobility for businesses and households thereby providing increased mobility and access to opportunities. In fact, over the next 30 years accessibility to jobs by transit

will increase throughout the region, while the number of jobs accessible by auto will decrease. Finally, businesses and employees benefit from the reduced time and cost of congestion that transit provides. According to the 2004 Texas Transportation Institute Urban Mobility Study the Washington region cost of congestion is valued at $2.3 billion. However, $1.2 billion per year in congestion costs are cut due to public transportation. In this region, the public transportation the cost in this region due to congestion would be $3.5 billion instead of the $2.3 billion.

Beneficiary: Federal Government

Facility Location

WMATA provides an important mobility service to federal employees. So much so that proximity to a Metro station now ranks high in determining the location of many institutions. The federal government has required that agencies looking to relocate must try to find new offices near Metro stations. Metro was built to serve many existing federal workplaces – the Capitol, the Pentagon, the National Institutes of Health, the Census Bureau in Suitland, and the cluster of departments a the Federal Triangle, L'Enfant Plaza, and the Southwest Federal Center. More recently other federal facilities have relocated to near Metro stations, including the US Patent and Trademark Office near the King Street station, the Internal Revenue Service at the New Carrollton station and the National Oceanic and Atmospheric Administration near the Silver Spring station. As a result, 47% of Metro's peak period riders are federal employees. This suggests that the federal government is the single largest beneficiary of WMATA.

Homeland Security

Metro provides essential capacity to the region's transportation network helping to ensure safe and secure travel in times of extraordinary need. Public transportation has shown its ability to serve in times of emergency, playing a critical role in maintaining basic access and mobility. Of the 83 Metrorail stations, 35 serve federal facilities; Metro is a key means of mobility for federal workers during emergencies. On September 11, 2001, WMATA moved hundreds of thousands of federal workers and other commuters safely from the core and provided buses to deploy police and to serve as shelters for rescue workers.

The *National Strategy for Homeland Security*, released in July 2002 by the Bush Administration, details a comprehensive plan to enhance America's "protection and reduce our vulnerability to terrorist attacks," including several Homeland Security initiatives that relate to WMATA's role as a national security asset. The national strategy seeks to:

Protect critical infrastructure and assets – The Homeland Security Strategy is intent on protecting "individual targets whose destruction could create local disaster or profoundly damage our Nation's morale or confidence." Nationally transit systems have been identified as potential targets.

Defend against catastrophic threats, including chemical, biological, radiological or nuclear contamination – WMATA has led the world in developing a chemical sensor system for the transit environment, working in partnership with the U.S. Departments of Transportation, Homeland Security, Energy and Justice and the National Laboratories. This trail-blazing technology being installed in underground Metrorail stations has applicability across the nation and the world in enclosed spaces where large crowds gather.

Provide intergovernmental coordination – The national capital region, home of the District of Columbia, two states, 17 local jurisdictions and the federal government, must have seamless decision-making and coordination to protect the many physical and symbolic assets in our nation's capital. WMATA stands ready to act as an integral partner in protecting the federal workforce, and other people in the region, as well as the critical transportation infrastructure, federal buildings and national monuments served by Metro.

Beneficiary: Citizens and Visitors to the Region

WMATA impacts the quality of life of the Washington region in a number of ways: reducing congestion and saving time, reducing pollution, and improving the health of the region.

Congestion

During peak travel periods, 18 percent of all person-trips in WMATA's service area, and 42 percent of all peak-period trips to the region's core, are made on transit. This level of transit use, the second highest in the country, saves time for all travelers and reduces delays on region's severely congested streets and highways. In addition, individual riders save money by not driving their vehicles.

The Washington DC Metropolitan Area is one of the worst in the nation with regard to traffic congestion. According to the Texas Transportation Institute Urban Mobility Report, which reviews the levels of congestion in America's urban areas, travel in on area highways during the peak period took 50% longer than under free flow conditions, up from 27% in 1982. Thus a trip that should take 20 minutes under free flow conditions instead takes 30 minutes.

As a result of congestion, the average Washington commuter spends 67 hours in congestion, the third worst in the nation. This has grown three-fold since the study began in 1982, when the average annual congestion was 21 hours per commuter. However, without the region's public transportation system, the average commuter would spend 102 hours each year without the region's public transportation system. That's 35 hours, or 50% more time that would be spent in traffic were it not for this region's transit services. This indicates the importance of WMATA, both for WMATA customers as well as those who live in the region but do not use the system. The increasing trends in congestion indicate an urgent need to improve the region's transportation system. One important component of any improvement strategy is to accommodate more demand on

transit.

According to Paul M. Weyrich and William S. Lind in their publication *Twelve Anti-Transit Myths: A Conservative Critique,* transit, in particular rail transit, relieves congestion because it attracts choice riders, people would can and would drive if the train or the bus were not there. 65% of Metrorail riders are considered to be choice riders. Surprisingly, over 42% of bus riders are choice riders. This is especially impressive considering the fact that the Washington region is one of the wealthiest in the nation, second only to San Francisco.

Air Quality

Nationally public transportation reduces annual emissions of the pollutants that create smog and ozone, volatile organic compounds (VOCs) and nitrogen oxides (NOx), by more than 70,000 tons and 27,000 tons respectively. Public transportation also reduces carbon monoxide (CO) emissions by nearly 745,000 tons annually and carbon dioxide (CO_2) by more than 7.4 million tons per year.

The 2004 Texas Transportation Institute Urban Mobility Study indicates that in 2002, the Washington DC region wasted 204 million gallons of fuel due to traffic congestion. This makes the region the seventh most wasteful in the nation and also contributes to significant emissions of pollutants into the region's air. In fact, The Washington region is a severe non-attainment area for ozone, which is created in large part by the emissions of idling vehicles stuck in traffic. In fact, passenger cars and light trucks account for over 50% of air pollution nationwide (APTA Benefits of Public Transportation September 2002). Metro's very existence reduces harmful vehicle emissions as more than 1.2 million daily Metrobus and Metrorail trips remove 350,000 cars from the local road system every day and save more than 75 million gallons of gasoline every year.

Metro's clean-fleet program uses ultra-low-sulfur diesel fuel and exhaust after- treatment devices on its diesel buses and recently upgraded 60 old diesel engines to current emissions standards. WMATA has also purchased compressed natural gas buses and will soon be purchasing hybrid-electric buses to ensure that the system minimizes its impact on the region's air quality.

Health Benefits

The health effects of pollution from vehicles can be severe and even life threatening, particularly to children, older adults and adults with respiratory illnesses. Air pollution claims 70,000 lives a year and the costs related to health damage from motor vehicle pollution is estimated to be between $29 billion and $530 billion (APTA Health report). However, for every passenger mile traveled, public transportation produces only a fraction of the harmful pollution of automobile traffic: 95% less carbon monoxide, 92% fewer volatile organic compounds and nearly half as much carbon dioxide and nitrogen oxides.

Metro also contributes to better public health by enabling transit-friendly, walkable communities that reduce reliance on motor vehicles and promote higher levels of physical

activity. This benefit has recently received national attention in light of a new study by the American Journal of Health Promotion that identified a link between sprawl and obesity.

FINDINGS OF THE METRO REGIONAL TASK FORCE ON PARATRANSIT SERVICE

Metro Regional Task Force on Paratransit Service

In 2003, WMATA established a Regional Task Force to identify ways to improve paratransit services and reduce the cost of providing that service. The WMATA paratransit service, MetroAccess, serves only 1% of the transit ridership but accounts for over 5% of the operating budget. MetroAccess costs, like those of fringe benefits and fuel continue to experience hyper-inflation. An average paratransit trip costs over $30, but WMATA only charges $2.50 per trip.

To assist the task force, WMATA initiated a Specialized Transportation Study in December 2003. The purpose of the study was to provide information, analysis, and recommendations on ways to increase the cost-effectiveness of paratransit service, human services transportation and other specialized transportation in the WMATA service area. The study identified 39 different but related transportation programs in the region. These programs account for over $100 million per year in funding.

After several meetings the Regional Task Force made 10 recommendations. Seven of the recommendations focus on enhancing regional coordination. The other three recommendations proposed ways to improve cost containment through pricing the service, offering incentives to use fixed route service, and strengthening certification requirements.

Coordination Recommendations

Medicaid - Possibility of WMATA Becoming a Medicaid Transportation Provider
The strategy is to create an incentive for Medicaid-eligible MetroAccess riders to maximize their use of fixed-route service. Without knowing the how many MetroAccess riders are also eligible for Medicaid and taking Medicaid-eligible trips, it is not possible to estimate a decrease in MetroAccess costs due to shifts. However, this strategy will also seek ways to charge human service transportation programs for the cost of eligible trips provided by MetroAccess.

Regional Clearinghouse on Transit Options for Riders with Disabilities
The purpose of this strategy is to provide information and support to riders with disabilities on the many transit options available, including accessible fixed-route and local specialized transportation services provided by and within the jurisdictions. To the extent that riders with specialized transportation needs use transit options other than MetroAccess, there will be cost savings for MetroAccess service. While difficult to quantify, potential savings are likely small.

Create WMATA Same-Day Taxi Subsidy Program
A same-day taxi subsidy program would supplement next-day ADA paratransit service, providing ADA riders with a more spontaneous option for travel and providing WMATA cost savings to the extent ADA riders chose the same-day program over next-day MetroAccess. Assuming five percent of ADA riders switch to same-day taxis and

assuming a $10 taxi trip subsidy, annual savings are estimated to be approximately $732,600.

On-Going Regional Task Force Interaction with MetroAccess Service Improvements

An ongoing Regional Task Force will allow the disabled community to expand its interaction with WMATA management with regard to MetroAccess service issues.

Improve Accessibility of and to Bus Stops

The region should improve the accessibility of and to bus stops in the region to allow greater independence for persons with disabilities and provide WMATA and local providers cost savings by shifting some clients onto Metrobus or local bus service, reducing the demand and need for paratransit services. It is not possible to predict how many trips the accessible bus stop program will shift off of MetroAccess but assuming one percent of ADA riders switch to regular service and based on the current operating subsidy per trip of $23.32, annual savings are estimated to be approximately $256,520.

Establish Dedicated Funding Source for Accessible Transportation Service

A dedicated funding source is necessary to sustain accessible transit services and MetroAccess services as the aging and disabled population grows in the region. A dedicated funding source for WMATA would potentially benefit riders, WMATA, and the local jurisdictions, giving a guaranteed funding base for public transit in the region. Accessible services and an accessible environment would benefit the economy of the states and local government providing for the health and welfare of persons with disabilities.

Create an Implementation Committee to Implement Regional Task Force Coordination Recommendations

The Regional Task Force should establish on ongoing, working committee to implement its recommendations and then evaluate and monitor the results as they are implemented. The committee would consist of appropriate staff from local jurisdictions, WMATA, regional bodies, and consumers. It is difficult to quantify cost savings from such committee, although without the committee, cost savings from other recommendations may not be realized.

Cost Containment Recommendations

Charge Supplemental Fare for MetroAccess Service Beyond 3/4 Mile Corridor or Fixed Routes

The purpose of this strategy is to help contain costs for ADA paratransit service by establishing a lower subsidy for ADA trips outside the ADA mandated service area of 3/4 mile of fixed routes as riders would pay a supplemental fare per trip. Annual savings estimated at $360,000.

Offer Free Fixed-Route Service to Companions and PCAs of Persons Determined to be ADA Paratransit Eligible

Free fixed-route service may encourage persons who are eligible for MetroAccess service but who can use bus and rail service for some trips to travel by fixed-route whenever possible. Net savings per year would be about $228,548-$485,068.

Improve ADA Paratransit Eligibility Determination Process

WMATA and other paratransit providers should improve the current eligibility certification process and ensure it meets the ADA regulations, which state that the process is to "strictly limit ADA paratransit eligibility to individuals specified" (ADA Regulations, Title 49 CFR Part 37, Section 37.125) in the regulations that is, persons who are functionally unable to use fixed-route service. Eventual annual savings will be between $466,000 and 1.2M.

BENCHMARKING DATA FOR WMATA OPERATIONS

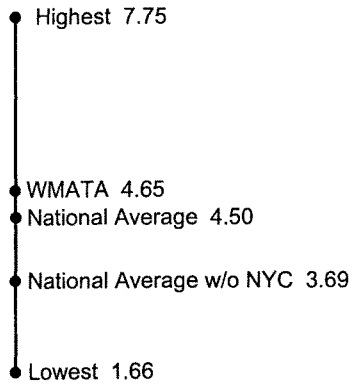
One method for assessing how well an organization operates is benchmarking: comparing that organization's efficiency (good use of available resources) and effectiveness (producing the most with those resources) with similar organizations to determine relative performance. In the transit industry, the data source that provides the broadest and most comparable such information is the National Transit Database, information collected by the Federal Transit Administration on transit agencies throughout the country. With some caveats, this source allows one to analyze critical agency performance areas against national norms.

The analyses below compare WMATA to other transit agencies in the commonly-used performance measures of fare recovery, operating costs per passenger trip and passenger trips per vehicle mile. In the rail comparisons the national average is computed both with and without New York's statistics. This is because New York's extensive, dense, and heavily used subway service accounts for about half of the national average figure.

Benchmarking

The comparative data discussed above are shown below:

Passenger Trips Per Vehicle Mile
Rail Transit Statistics



The measure of passenger trips per vehicle operating mile gives insight to the volume of passengers moved through respective systems. WMATA's Metrorail system is ranked above the national average by 0.15 more passengers operating mile and 0.96 more than the average when New York City transit is removed from the calculation. Ahead of WMATA are New York City Transit and the Port Authority of NY and NJ. Systems in Atlanta, San Francisco's BART and Maryland's (Baltimore) Mass Transit Administration have lower passenger trips per operating mile.

Passenger Trips Per Vehicle Mile
Bus Transit Statistics

- Highest 9.6
- WMATA – Metrobus 3.9
- National Average 2.8
- Lowest 0.7

2002 NTD Transit Statistics

The measure of passenger trips per vehicle operating mile gives insight to the volume of passengers moved through respective systems. WMATA's Metrobus system is ranked above the national average by 1.1 more passengers operating mile. Ahead of WMATA are Los Angeles, Chicago, and the extremely heavily used New York bus system leads the pack with 9.6 trips per vehicle mile.

Operating Cost Per Passenger Trip
Rail Transit Statistics

- Highest $4.47
- WMATA $1.90
- National Average w/o NYC $1.73
- National Average $1.60
- Lowest $1.28

The measure of operating cost per passenger trip gives a gauge of efficiency of service delivery. WMATA's Metrorail system is ranked in the middle of the pack at just above the national average by $0.30 per passenger trip or $0.17 above the average when New York City transit is removed from the calculation. Labor costs (often reflecting living costs) and density of use drive this factor, and Chicago, San Francisco's BART and Maryland's (Baltimore) Mass Transit Administration have higher rates for operating cost per passenger trip.

Operating Cost Per Passenger Trip
Bus Transit Statistics

- Highest $5.10
- National Average $2.40
- WMATA – Metrobus $2.30
- Lowest $1.50

2002 NTD Transit Statistics

The measure of operating cost per passenger trip gives a gauge of efficiency of service delivery. WMATA's Metrobus system is ranked in the more effective range, below the national average by $0.10 per passenger trip. New Jersey Transit, Seattle and Pittsburgh have higher cost per trip and Boston, Chicago, Los Angeles and New York City Transit all have lower cost per trip.

Fare Recovery Ratio
Heavy Rail Systems

- Highest 67.3%
- WMATA - Metrorail 61.6%
- National Average 58.4%
- National Average w/o NYC 56.7%
- Lowest 16.1%

Fare Recovery Ratio

Fare recovery ratio is the performance measure of fare revenues per operating expense. WMATA's Metrorail system is ranked second behind New York City Transit at 67.3%, and ahead of the national average. When NYC is removed from the national figures, WMATA's Metrorail system is even farther ahead.

Bus Systems

- Highest 46.8%
- National Average 29.6%
- WMATA – Metrobus 26.2%
- Lowest 11.5%

Fare recovery ratio is the performance measure of fare revenues per operating expense. WMATA's Metrobus system is a feeder system to rail, and therefore has deliberately low fares, ranking it below the national average.

2002 NTD Transit Statistics

Other items from the Nation Transit Database in 2002:

Metrorail is second to Chicago in longest average revenue mile runs before a failure	**121,017mi**
Metrobus is second to Boston in longest average revenue mile runs before a failure	**4,360mi**
Metro carries nearly the same number of passengers as Boston and Atlanta combined each year	**377M/yr**
Only New York delivers more passenger miles than WMATA each year	**1.8B/yr**

Examining WMATA's own records, after adjusting for inflation between 1996 and 2004...

Cost per vehicle mile is **down 14%**

Cost per passenger is **down 16%**

Average fare per passenger is **down 16%**

In the same time span, by not allowing inflationary (CPI) "creep" into fares and costs...

Metro has **saved passengers almost $360M** in foregone fare actions

Metro has **contained inflationary expense pressure of almost $600M**

Information sources on transit efficiency and effectiveness:

2002 National Transit Database www.ntdprogram.com
National Transit Database, National Transit Summaries and Trends – FTA 2002
Counting Transit So That Transit Counts – www.apta.com
Transit Finance Learning Exchange (TFLEx) www.tflex.org

Chairman TOM DAVIS. Mr. Millar, thanks for being with us.

STATEMENT OF WILLIAM MILLAR, PRESIDENT, AMERICAN PUBLIC TRANSPORTATION ASSOCIATION

Mr. MILLAR. Mr. Chairman, it is my pleasure to be here with you today and with my colleagues, and I appreciate the invitation. As president of the American Public Transportation Association, our association is the Nation's largest trade organization that represents both the providers of public transportation, such as Washington Metro and New York City subways and so many others, as well as the private sector companies that supply our industry.

Also, I am here because I am a regular Orange Line rider. This week I used Metro for my regular business, and this week I happened to ride all five of the Metro rainbow colors. Orange, blue, red, yellow and green. So I am really pleased for the interest you are taking in this.

Chairman TOM DAVIS. It looks like the recovery ratios are going up this week.

Mr. MILLAR. Hey, listen, you made money on me this week. For sure.

Anyway, you asked me to comment on three particular areas, and I will be happy to do that, and then, at the appropriate time, expand on those or get into other areas you might prefer.

First, related to measuring and benchmarking transit system performance. Let me be clear, each community that our members operate in is different. Each has unique characteristics. APTA itself does not rank its members in terms of their performance. However, we do encourage our members to set goals and then set appropriate performance measures for their situation and then to benchmark against those performance measures. In that regard, we also collect and publish a great deal of data that allows our members to make some of these comparisons.

We encourage effectiveness and efficiency. We believe these are essential elements to good customer service. And we encourage our members to work with our local and State governments, with business and community groups to assess how well the system is performing.

In this regard, I think the activity of the blue ribbon panel that has already been referred to in testimony today as well as the work of the Brookings Institution last year are clear examples of a good performance measurement and benchmarking activities. I have reviewed this material. I find it to be of highest professional standing, very good work, and I very much support the conclusions that are contained in both those reports. In short, the reports say, and I believe this to be true, that Metro is effectively managed and operated, but it is going to need help financially if it is going to meet the future growth of this region.

I did take a chance to look at some additional material, though, outside those reports; and one area that constantly comes to everyone's attention is how well is the labor force being used, how are labor costs being managed.

In an organization such as Metro, labor costs are typically the largest portion of the costs of a system with good reason: It is a service provided by people.

Since 1996, some numbers that I reviewed from a recent study that an APTA member did show that real wages in the public transit industry as a whole since 1996 have been growing at a rate much slower than those in the private sector. So then I took that general industry look, and I said, well, how does it apply to Metro?

In reviewing multi-year labor settlements last year in our industry, there were 57 of them, including WMATA's; and what I found was that WMATA's increase of labor cost was the 12th lowest of the 57. When you look at that, it represented only about 57 percent of the average of that group. Clearly, Metro is doing what it can to keep its costs and its largest single cost in reasonable shape on this and, more than reasonable, below certainly the averages we would expect. So I think that says a lot about performance.

Turning to the issue of the second question you asked, which is best practices by public transit systems for implementing capital and funding capital improvement programs. Again, there are many different ways that transit programs are funded, but, in my experience, a couple of characteristics are essential to the most successful ones.

First, we need an—obviously—source that is big enough to do the job. Second, it must grow with the needs of the system. Third, it must be dedicated so that long-range planning is real, so that good plans can be made and carried out over time.

I wanted to bring to the committee's attention and with your permission would put in the record a survey of State funding for public transportation. We worked with the U.S. Department of Transportation, Bureau of Planning Statistics and other organizations to put that together.

Chairman TOM DAVIS. Without objection, it will be put in the record.

Mr. MILLAR. Thank you, sir. I believe there is a wealth of information in there that may be useful as the committee considers its future option.

[NOTE.—The information is on file with the committee.]

Mr. MILLAR. The idea of guaranteeing funding is very important in dedicating funding, and we see examples at many levels of government where the benefit of this is clear. For example, at the Federal level, you all passed, and I commend you for it, in 1998 the TEA 21 Act that guaranteed for the first time funding for public transit. Well, what have we seen? We have seen that the money the transit systems were promised actually came, that the plans they promised the public they were able to implement, and a great deal of uncertainty has vanished from the system.

A similar experience in States that do this and localities that do this. It guarantees to the public that they will get what they paid for.

It also helps in other ways. By having a guaranteed source of funding, it makes it much easier to attract private financing to public transportation, because, as we know, the private industry has this strange notion they would like to be paid back when they actually invest in things. So certainly having good, dedicated, stable and growing funding enables us to do this.

Now, to get a dedicated funding source, the lesson we have learned from other regions is that you have to build the public sup-

port for this; and you can't look at just what you need today, you must look what you need over the next 20, 30 years or more. We know—others have already referred to it in this testimony—our area is going to grow and with it congestion. We already know how much congestion there is in this area. We need to make the case to people, too, that it is not just people like me who ride the system who benefit from this. It is indeed the entire region and the States that are involved and the District of Columbia in total that benefit from this.

I brought along another report that again I would like to suggest we put in the record. It is entitled, "How Transit Benefits People Who Do Not Ride It: A Conservative Inquiry." It is by Paul Weyrich and Bill Lind. Mr. Weyrich, as you may know, is the founder of the Heritage Foundation, certainly great conservative credentials.

Chairman TOM DAVIS. Without objection, that will be put in the record as well. Thank you.

Mr. MILLAR. Thank you very much.

[NOTE.—The information is on file with the committee.]

Mr. MILLAR. One of the things Mr. Weyrich points out is the benefits for people who do not ride include such things as the overall economic growth of the region, the growth in tax values of the region and that helps in many, many ways.

The third area you asked me to address was to try to shed some light on the lessons learned around the country related to paratransit services and the providing of paratransit services.

Paratransit service, particularly for persons with disabilities, has been one of the most important outcomes of the Americans With Disabilities Act. It has allowed an unprecedented level of mobility for persons that, quite frankly, were left out of our society in many ways over a long period of time.

Now this increase in mobility, where we have seen this service offered in paratransit in the last 10 years go up by over 100 percent around the country, this increase in mobility has certainly been beneficial to the persons with disabilities and very beneficial to the communities in which they travel, but it has also had an obvious impact on transit agency capital budget costs and operating costs. For example, in the last 10 years we have seen capital costs for paratransit rise nationally by 163 percent and the operating costs rise by over 200 percent in that same time period.

By way of example, in 2003, the last year for which I have complete statistics, transit agencies spent some $2.3 billion, about 8.8 percent of their operating budgets, to provide complimentary paratransit services, to provide service to almost 111 million riders. So its benefit can't be argued. It has been very beneficial. But the cost effect on transit systems, and particularly on systems such as Metro that do not have a reliable and growing source of funding, is equally undeniable. We do believe additional funding is needed in this area.

We do think there are other things that can be done. We do want to encourage the Federal Government to encourage the coordination of social service transportation costs. We note a 1999 GAO report that found there was some 62 different Federal human service transportation programs in the Federal Government, that the

spending, depending on how you counted it, ranged from $4 to $7 billion a year. That is almost as much as the Federal Government invests in all of public transportation every year. Certainly better coordination of the spending of that money to make sure it is done as efficiently as possible is very important.

We certainly applaud the work of the Federal Transit Administration and other Federal agencies who are trying to get their act together, so to speak, through something they call United We Ride. And certainly we in the public transit industry pledge to encourage that and work them in any way we can.

In conclusion, Mr. Chair, from the perspective of one who has 33 years of experience in the public transit industry as well as is a regular Metro rider, as I have already said, I find the Metro system to be a well-run transit system. It faces many constraints, which I am sure the committee is well aware of. But within those constraints it is certainly one of the finest systems and one of the best-run systems that I know about anywhere in the world.

I look forward to your questions and expanding on these points.

Chairman TOM DAVIS. Thank you very much.

[The prepared statement of Mr. Millar follows:]

TESTIMONY OF WILLIAM W. MILLAR

PRESIDENT

AMERICAN PUBLIC TRANSPORTATION ASSOCIATION

BEFORE THE

HOUSE COMMITTEE ON GOVERNMENT REFORM

ON THE PERFORMANCE AND FUNDING OF THE WASHINGTON METROPOLITAN AREA TRANSIT AUTHORITY'S METRO SYSTEM

****

February 18, 2005

SUBMITTED BY

The American Public Transportation Association
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Washington, DC 20006
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APTA is a nonprofit international association of over 1,500 public and private member organizations including transit systems and commuter rail operators; planning, design, construction and finance firms; product and service providers; academic institutions; transit associations and state departments of transportation. APTA members serve the public interest by providing safe, efficient and economical transit services and products. Over ninety percent of persons using public transportation in the United States and Canada are served by APTA members.

Mr. Chairman and members of the Committee, on behalf of the American Public Transportation Association (APTA), thank you for this opportunity to testify on the investment needs and other issues relating to the Washington Metropolitan Area Transit Authority's (WMATA) Metro system. In your invitation you presented three specific questions on these topics, which are addressed below.

ABOUT APTA

APTA is a nonprofit international association of over 1,500 public and private member organizations including transit systems and commuter rail operators; planning, design, construction, and finance firms; product and service providers; academic institutions; transit associations and state departments of transportation. APTA members serve the public interest by providing safe, efficient, and economical transit services and products. Over ninety percent of persons using public transportation in the United States and Canada are served by APTA member systems.

OVERVIEW

At the outset, Mr. Chairman, it is clear that Metro provides a vitally important service to the people of the Washington metropolitan area, and it is equally clear from an industry perspective that Metro does so in a very capable, professional and effective manner. Both literally and figuratively, Metro helps tie this vital metropolitan region together, and as the region grows Metro must be able to grow along with it to be able to continue to provide critical mobility services to all its citizens.

PERFORMANCE MEASUREMENT

The Committee asked that I address how transit systems measure their performance, and whether there are benchmarks against which Metro's performance could be evaluated. APTA does not evaluate nor rate the performance of transit agencies. Transit systems around the country and the communities they serve vary significantly in size, operating characteristics, and even in the types of services they provide making such comparisons difficult at best. But APTA does encourage and support information sharing and peer review among our transit agency members as an effective way to continue to improve their practices, provide better customer service, and earn the public's trust in the use of their tax dollars. We learn important lessons from these activities.

In this regard, just last month a Blue Ribbon Panel sponsored by the Metropolitan Washington Council of Governments (COG), the Federal City Council, and the Greater Washington Board of Trade followed up on the work of a Brookings Institution study published in June 2004 and issued a report on Metro's funding future. Mr. Chairman, I have worked in the transit industry for 33 years, and I support the conclusions of both reports. There is no question that WMATA is an effective and efficient provider of public transportation given the constraints under which it must work, just as there is no question that the system faces enormous demand pressures and lacks critically needed revenues to successfully carry out its mission.

The Blue Ribbon Panel used data from the Congressionally mandated National Transit Database to compare Metro's productivity with two dozen other large metropolitan transit agencies. The Panel reviewed information that would allow a benchmarking of how well WMATA performs in the use of available resources and productivity in achieving results from those resources. It found that Metro is an industry leader in using its resources effectively.

In June, 2004, the Brookings Institution's Center on Urban and Metropolitan Policy examined Metro's financial structure in a report titled *Washington's Metro: Deficits by Design.* The report noted that GAO in 2001 found Metro to provide "sound policies, programs, and practices," despite ongoing funding challenges; and that its operations are fiscally sound. For instance, the Brookings study reported that of all rail systems only the New York City subway recovers more of its operating costs through fare revenues. For bus systems, only two of similar size recover as much through the fare box.

The conclusion of the Brookings Institution's report, which led to its pessimistic title, is that the system faces an "extraordinary" lack of dedicated funding sources that has left it vulnerable to recurring financial crises. To avoid these crises and put Metro on a sound financial footing, the report recommends the creation of a dedicated funding source, such as a regional sales tax.

In short, both reports echo common themes: while Metro is effectively managed and operated it needs a dedicated source of funding to address the inevitable future growth of operating expenses and capital needs.

Mr. Chairman, let me also address a related issue – labor costs. One of APTA's private sector members, John A. Dash and Associates, recently released its annual "Transit Labor Update" in which it compiles and analyzes a large amount of data concerning labor costs in the public transportation industry. While the report contains much information, two items are particularly relevant to this hearing:

1) In reviewing real wage changes in the U.S. private industry sector and comparing them with real wage change among major U.S. public transit systems, it found that since 1996, real wages in the public transit industry have grown more slowly than those in the private sector.

2) In reviewing multi-year labor contracts negotiated at 57 transit agencies including WMATA in 2004, the study shows that Metro top hourly wage rate increase for bus operators was the 12th lowest of the 57 agencies in the group and that Metro's rate of increase was only 57 percent of the average increase among the group. Clearly, Metro is doing its part to hold the line on labor costs which is by far the largest component of Metro's operating expenses.

BEST PRACTICES FOR FUNDING AND IMPLEMENTATION OF CAPITAL IMPROVEMENT PROGRAMS

Let me turn now to the committee's second question regarding the best practices used by transit systems for the funding and implementation of capital improvement programs. My experience is that growing, dedicated funding sources for operating and capital budgets represent the best solution for effective public transportation system funding. This is true at the federal, state, and local levels. At the federal level it is proven by the success of the federal surface transportation programs authorized by TEA 21. That historic 1998 federal transportation legislation continued the longstanding dedicated funding stream for highways and transit in the form of the federal gasoline tax, but for the first time guaranteed that the funds authorized in that legislation would be made available each year through the appropriations process. With that dedicated and guaranteed funding in place, transit systems and state departments of transportation have been able to make long range transportation decisions and function much more effectively. Indeed, transit service and ridership have expanded nationwide. We look forward to working with Congress in getting TEA 21 reauthorized this year with sufficient resources to address critical transit and highway investment needs, and with a continuation of the guaranteed funding mechanisms.

In terms of transit funding at the state and local level, let me bring to the Committee's attention the U.S. Department of Transportation's Bureau of Transportation Statistics report, *2003 Survey of State Funding for Public Transportation*, which describes how each of the 50 states and the District of Columbia fund transit. Mr. Chairman, I would be pleased to submit the report for the record. It shows that many states, including those that have large systems like Metro, provide a dedicated funding source for transit operations. Of the different sources for dedicated funding streams, 15 states use a gasoline tax, 10 states use motor vehicle or rental car sales taxes, eight states use registration, title, or license fees, eight states use bond proceeds, and seven states use a sales tax.

Both the Brookings Institution report and the COG Blue Ribbon Panel report cited above recommend that the Washington metropolitan area adopt dedicated funding sources for Metro. The Brookings Institution report specifically points out how Metro is unique in its lack of such a program among transit agencies of similar size. Among other things, the report noted that while other transit systems around the country derive an average of 34.7 percent of their combined operating and capital budgets from dedicated sources, Metro receives only 1.6 percent from such sources. Because of Metro's rising costs, the report states, state and local governments are finding it necessary to raise local taxes or cut services to provide for operations and capital needs. A dedicated funding source would provide financial stability not only for Metro, but will also allow state and local governments to better plan for future Metro services.

The stability of guarantees is important, especially to capital funding, because capital projects are built and paid for over long periods of time. Guaranteed funding sources ensure that capital projects will receive the resources they need to be completed efficiently; the alternative is completing projects on a piecemeal basis as annual appropriations are approved, the situation currently faced by Metro. The Brookings Institution report notes Moody's financial rating service calls Metro "vulnerable" to multiple, annual appropriations processes; a label that makes

it more difficult to attract private funds and more costly to finance major capital projects through bonding.

The improvements that would come from a dedicated funding source for Metro are important for the future of the region. The Washington, D.C. metropolitan area has the fourth worst congestion in the United States. The COG estimates the metro area's population will increase by 36 percent by 2030, meaning congestion is only going to increase if nothing is done. According to the Texas Transportation Institute, without Metro traffic congestion would be worse by 50 percent and cost existing rush hour motorists $1.2 billion more per year in time and fuel. Noted conservative Paul Weyrich of the Free Congress Foundation demonstrates in his study *How Transit Benefits People Who Do Not Ride It* that transit benefits not just those who use it but benefits as much or even more those who do not use it - from reduced congestion, increased property values, and as an alternative form of transportation. Mr. Chairman, I would also be pleased to submit this report for the record. In short, public transportation is a good public value.

Metro's success in alleviating congestion in Washington, D.C. is obviously important to the federal government, as the COG panel notes that its employees are the "mainstay" of Metro's ridership. Clearly, the citizens of Virginia, Maryland, and the District of Columbia benefit from Metro's service, as does the federal government. A dedicated funding source would put Metro on the right track for the future.

PARATRANSIT SERVICES

Finally, the Committee has asked me to discuss the issue of increasing paratransit costs, and what lessons our members have learned to address those rising costs. Mr. Chairman, APTA's membership is dedicated to providing mobility options for all persons, especially those with disabilities. They are among our most important customers. APTA has committees that meet regularly to examine mobility services, best-practices, and facilitate information sharing. We have been working cooperatively with human service organizations, the federal government, and persons in the disability community in futherance of Americans with Disabilities Act (ADA) goals.

Our members have been making their vehicles, facilities, and services accessible and providing complementary paratransit services. Despite increased accessibility of fixed-route services, demand for paratransit services has skyrocketed in the last 15 years. For example, over the period from 1993 to 2003, the number of paratransit passengers served nationwide rose by 37 percent, and vehicle miles traveled to serve them has increased by 113 percent. While this increase in mobility has been extremely beneficial to many persons with disabilities and the communities in which they travel, it has had an obvious impact on transit agencies' budgets as capital costs for paratransit services rose by 163 percent, and operating costs increased nearly 200 percent in the same time period. In 2003, transit agencies spent $2.36 billion (8.8 percent of their operating budgets) on paratransit services for 110.8 million riders.

Many transit systems around the country are facing the prospect of having to reduce fixed route services to help defray the added costs of paratransit service, while others are exploring a

range of options to try to manage these rising costs while not compromising needed mobility. Mr. Chairman, it is important to recall that the ADA was meant to make fixed route service accessible to persons with disabilities, with complementary paratransit service available for those unable to use the fixed route system. Our industry is focusing on this intent of the ADA and improving fixed-route accessibility to encourage greater use of fixed route systems by persons with disabilities, but paratransit use and attendant costs are continuing to rise on many systems.

There is a related area where much can be done to improve mobility options for persons with disabilities and improve service efficiency and effectiveness. We believe the federal government can help Metro and transit agencies nationwide by better coordinating transportation services provided under federally-funded human service programs with local transportation providers. A 1999 GAO report on the subject found that 62 different federal human service programs provide transportation assistance to public and private transportation providers. The estimates for total spending on these programs by the federal government ranges from $4 to $7 billion annually - close to the total annual federal investment in public transportation alone. Better coordination of these services could benefit those being served, and could help public transportation providers defray some of the growing costs of these services. We applaud the Federal Transit Administration and other federal agencies for their efforts in this regard through the "United We Ride" effort and pledge to assist them as they proceed with this important work.

CONCLUSION

Mr. Chairman, from my perspective of 33 years in public transportation, including the last eight as head of the industry's trade association, and as a regular Metro customer, Metro is a well-run transit system that provides clear benefits to the citizens of the Washington, D.C. metropolitan area whether they use it or not. It is difficult to imagine what this area would look like if Metro's 1.4 million daily riders including hundreds of thousands of federal employees drove instead of using Metro. Anticipated population growth makes it even more important that Metro be able to meet its rising capital and operating costs. As the region grows, so too must Metro grow - and transit industry experience shows that a dedicated and growing source of revenue is the best way to address transportation planning needs of metropolitan regions such as ours.

Thank you for holding this hearing and your long time support of public transportation. I would be pleased to answer any questions you may have or supplement my testimony with additional information as you might desire.

Chairman Tom DAVIS. Mr. Downey, you have had a lot of experience with systems in New York and elsewhere; thanks for being with us this morning.

STATEMENT OF MORTIMER L. DOWNEY, CHAIRMAN OF THE BOARD, PB CONSULT, INC.

Mr. DOWNEY. Thank you, Mr. Chairman, Ms. Norton, and members of the committee, for holding this hearing—it is very timely—and for inviting me to testify.

My name is Mortimer Downey, currently chairman of P.B. Consult, but I have also served as Deputy Secretary, U.S. Department of Transportation, and for many years, at the MTA in New York. And like my two colleagues, I am a daily rider on the Orange Line from Vienna.

I also recently had the opportunity to serve as the staff director of the Blue Ribbon Panel, it has been referred to today. I know you have its report, and I certainly commend it to you, not only for its unanimous recommendations as to Metro's needs, but also for the data it provides on the operations system, on how it compares with others around the country, and on where Metro should be going.

When I look at that issue from the perspective of having been in New York, I can tell you that is a place you do not want to go—New York is fine, but the condition of its transportation system, when I joined it in 1981, was deplorable; it was deplorable as a function of lack of reinvestment and lack of funding for the system's needs. It was below the standard of service, almost below the standard of safety; that is not where we want to see the system go. It took us years to turn that system around; the job isn't complete yet, but they have made enormous progress. They made that progress because elected officials, local and Federal, made a commitment to investment, made funding available on a dedicated basis, made the funding available, and held us at the MTA accountable for achieving results.

That is what needs to happen here if we don't want to see a Metro future like the New York past. The recently adopted Metro Matters capital program is a good first step, but it needs to be followed by more permanent solutions.

The panel, the Blue Ribbon Panel, made up of bipartisan citizens from around the region, strongly endorsed that principle of reinvestment, as well as the importance of Metro services, in meeting the transportation and economic needs of the region.

Chairman Penner of the panel, Rudy Penner, in his transmittal letter, stressed the primary conclusions of the report, the fact that there will be a shortfall of revenues—we are comfortable with the fact that had to be dealt with—and that two partners have to deal with those shortfalls, the Federal Government should be a significant participant, particularly for capital maintenance and system enhancement, and the jurisdictions in Maryland, Virginia and the District of Columbia, in the panel's view, should mutually create and implement a single regional dedicated revenue source. The panel recommended the sales tax, but that is a choice the region and the jurisdictions need to make.

The charts show, particularly the one on the right, that partnership has been the watch word for Metro's success over the years.

The center chart is what the panel recommends going forward. Again, a partnership enclosing the increment needs of the system through a sharing of local jurisdictions, the Federal Government and the riders.

Metro has been successful over 30 years, holding together its new construction program largely by the power of that regional Compact. It is a truly amazing feat when you look back. But there is no comparable partnership for ongoing operations and support. Metro has to go back to its partners every year, it would be like recapitalizing your business each year, it is not a way to really focus on the important issues of management.

So each of the beneficiaries of Metro service, in our view, should be a contributor, the riders, who today, in fact, pay fares above the national average and contribute more than the average to the support of the system, but that reflects the level of service and the nature of their options. The region's governments are interested parties and beneficiaries in keeping the economy strong, in meeting environmental goals and supporting a truly regional set of solutions. But I think the Federal Government also belongs at that table. Metro service, carrying a significant portion of the government's workers, is essential to day-to-day operations, and critical in the event of national emergencies.

Other countries do recognize the special needs of their national capital in terms of transit investment. I have been working over the past year in London on the rebuilding of that system. There is now a partnership in place, $20 billion to be spent over the next 5 years, about two-thirds of it from the national government, one-third of it raised by debt from the system, but it recognizes the need of that region and the special responsibility that their national government has. Our Federal Government can do the same; not in lieu of local effort, but as a partnership to generate workable solutions.

Again, I commend the committee for timely inquiry into this important topic, and I would be happy to answer any questions now or for the record, as well as to work with you in developing the long-term solutions.

Chairman Tom DAVIS. Thank you very much.

[The prepared statement of Mr. Downey follows:]

U.S. House of Representatives

Committee on Government Reform

Hearing on Washington Metropolitan Area Transit Authority

February 18, 2005

Chairman Davis, Congresswoman Norton, Members of the Committee: My name is Mortimer Downey, and I thank you both for holding this timely hearing and for inviting me to testify. I am currently Chairman of PB Consult, Inc., the management consulting subsidiary of Parsons Brinckerhoff. In the past, I was for eight years the Deputy Secretary of the U.S. Department of Transportation and prior to that spent twelve years at the Metropolitan Transportation Authority in New York, including several years as the agency's Executive Director and Chief Financial Officer.

Recently, I had the opportunity to serve as the staff director of a Blue Ribbon Panel chartered by the Metropolitan Washington Council of Governments, dealing with the financial needs of the Washington Metropolitan Area Transit Authority (WMATA). That panel recently issued its final report, recommending that both national and local governments take appropriate actions to enhance Metro's financial stability in light of the importance of its service to the well being of the region and the efficient operations of the federal government. While I am not appearing today as a spokesperson for that panel, I commend its report to the Committee as a useful reference on where WMATA has been, on its needs, and on the course we should aspire that it take to continue its important role. I should also note, in the interest of disclosure, that my firm has done and continues to

perform consulting work for WMATA, including work on its Strategic Plan and on non-traditional sources of revenue.

From both the MTA and USDOT perspective, I think it is important that we deal effectively with Metro's financial needs, especially the need for continued rebuilding of the system's extensive capital assets to continue them in effective service. That was a choice that New York failed to make in the years prior to my joining the MTA in 1981 and recovering from that lack of investment has taken many years and is still not complete. By 1981, the failure to reinvest had brought service on the MTA's subway, bus and commuter rail lines to an unbelievably low standard—subway cars failing in service every 6000 miles, buses catching fire mid-run, commuter trains running hours late. This failure of service and ultimately of safety was fully attributable to decisions driven by a political desire for low fares, compounded by New York's inability to provide alternate revenue sources as it underwent the fiscal crisis of the 70's. Turning that situation around involved persuading elected officials to make room for investment, as well as the development of revenue sources generated by, or directly dedicated to, public transportation. While New York has for the most part overcome its problems, WMATA could face an equally dim future if steps are not taken soon to generate reinvestment funding for its system. Many of the rail system assets will need serious attention as the parts of the system reach their 30 year useful life, a milestone which the Red Line hits very soon. The recently-adopted "Metro Matters" capital program is a good interim step, but needs to be followed with a more permanent solution.

USDOT has been an increasingly strong advocate for this concept of asset management as a means of assuring that our transportation facilities continue to serve the public well. The concept underlies the Department's Surface Transportation Conditions and Performance Report, submitted periodically to the Congress as guidance to required investment levels. While the current federal legislation for TEA-21 reauthorization falls short of meeting the full needs as expressed in the DOT report, it will be important in future planning to assure that investment is first targeted to preserving what we have.

The recent COG panel, with a bi-partisan makeup of citizens from across the region strongly endorsed the principle of reinvestment and the importance of WMATA services to meet transportation and economic needs. Drawing on WMATA's work to identify its needs over the next decade, it concluded that action was urgently needed. In Chairman Penner's transmittal letter accompanying the report, he stressed the following primary findings, conclusions and recommendations of the report:

- There is, and will continue to be, an expanding shortfall of revenues available to address both capital needs and operational subsidies of the Metrorail and Metrobus systems.
- Federal needs require the federal government to significantly participate in addressing these shortfalls, particularly for capital maintenance and system enhancement.

- The Compact jurisdictions of Maryland, Virginia and the District of Columbia should mutually create and implement a single regional dedicated revenue source to address these shortfalls.

Adequately addressing Metro's needs is compounded by the continuing uncertainty of its funding sources. No other large transit system in the United States has such a low percentage of its resources dedicated. The need to cobble together operating and capital resources is akin to having a requirement to recapitalize your business every year—truly not a way to run an ongoing operation.

WMATA has been successful in its new construction program over the past 30 years, largely by the power of its regional compact commitment to see the full system to completion regardless of changing political and economic circumstances. That is a truly amazing feat when one looks back to WMATA's beginnings. But no comparable partnership has emerged for ongoing operations and support. This is what Metro truly needs—a basis for sound planning and development through contributions from all those with a major interest in Metro's success. Those interested parties include the riders—who in fact pay fares above the national average, reflecting the level of service and the nature of their options. Certainly the region's governments are interested parties and beneficiaries of Metro service—keeping the economy strong, meeting environmental goals and supporting a truly regional set of solutions. I would argue that the federal government is also one who belongs at that table. Metro service, carrying a significant portion of the government's workers, is essential to smooth operations, not to mention

critical in the event of national emergencies. Other countries recognize the special needs of their national capital in terms of transit investment. The British, for example, have made a long-term commitment to new forms of governance and financing to assure the success of that region's bus, rail and commuter assets. Our federal government could do more—not in lieu of local effort, but as a partnership that generates workable solutions.

Again, I commend the committee for its timely inquiry into this important topic. I would be happy to answer any questions now or for the hearing record, as well as to work with you in developing long-term solutions.

Chairman TOM DAVIS. Mr. Corbett, thanks for being with us.

STATEMENT OF JOHN J. CORBETT, JR., CO-FOUNDER, METRORIDERS.ORG

Mr. CORBETT. Thank you, Mr. Chairman, and members of the committee.

MetroRiders.org is the recently established transit users group to help improve public transit services in the Washington Metro area. We appreciate the invitation to present our views on the current problems and the future needs of WMATA.

MetroRiders.org was formed primarily because transit riders want a safe, more reliable Metro system, efficient management, and better coordination with the other bus and train systems serving our area.

Whether or not you personally use the Metro system—and I am sure you cannot beat the percentage participation of our panel today—you have heard from your staffs that many Metro trains are chronically overcrowded, escalators and elevators often don't work, rail cars and busses too often break down, causing riders to be late for work or getting home. A lot of worried looking congressional staffers have to hurry up the escalator at the Capitol South station when Metro problems lengthen their commute.

Conversations with Capitol Hill staffers about Metro too often are discussions only about Metrorail. To our transit riders, Metro also means bus service and the Metro Access Paratransit system as well.

The committee's invitation indicates interest in the results of the survey we have conducted on our Web site. In short, some 1,500 respondents rated Metro's overall service quality as barely fair, two on a scale of four; the results are summarized in the first attachment. Mr. Chairman, I compared those somewhat negative results with the results of the Washington Post survey this past Sunday, and the survey reports in the Post are for people who have used the Metro system as least once; the people who respond to our Web site are daily dedicated Metro users. Even though they have expressed dissatisfaction with Metro's operations, our organization's objective is a positive one.

Attached to our testimony is a list of our organization's short-term objectives. As you may notice, we believe everyone needs to do a better job, and that includes passengers.

Help from WMATA is needed from Congress as well. Today's hearing highlights the effort needed from the Maryland and congressional delegations, and from the District of Columbia's delegate to help fund WMATA's capital needs. You know these better than I, the surface transportation bill is being marked up this month. There is an opportunity there for large—high levels of formula funds for WMATA for both rail and bus. I am sure you will be maximizing your discussions with those authorizes.

On the appropriations side, the Department of Transportation Treasury bill generally provides an opportunity for earmarks for WMATA to help acquire additional rail and bus systems. We hope you will be active again this year, as will we and the riders, to try to maximize earmarks for the WMATA system.

Security is a very difficult issue, as you know. You know the situation that occurred in Madrid. Even though the Department of Homeland Security Appropriations Committees generally don't do any earmarking, we hope you will communicate the needs of the WMATA staff for high levels of security funding in the 2006 process.

Although WMATA may now be open to setting up a Riders Advisory Committee, our organization is convinced that this step, however well-intentioned, is too timid a response for Metro's users needs for input into WMATA decisionmaking. In recent months transit riders were angered to read how few WMATA board members actually use the bus and rail systems whose funding, whose operation and whose culture they control. Only with the addition of a new board member specifically to represent Metro system users will our needs truly be heard.

WMATA's structure and organization is determined by the Interstate Compact involving Maryland, Virginia and the District of Columbia. A new WMATA board member cannot be added without the adoption of substantially similar legislation by the three jurisdictions, followed by an approval from Congress. Frankly, only amending the U.S. Constitution seems a more complex process than modifying WMATA's structure to add one board member. We hope Congress will help facilitate an amendment to this Interstate Compact to add a rider representative to the WMATA board. The New York City Transit System has a board member appointed solely to represent riders, transit riders here deserve no less.

Finally, Mr. Chairman, you have discussed the Metro Funding Panel report. Upon its release, unnamed officials in some jurisdictions intimated in the press that "This isn't the year for increasing taxes." The issue has been stalled ever since. I understand that a committee of the Virginia legislature early this week just voted against any favorable consideration of any funding for Metro this year.

Mr. Chairman, we are fearful that without some congressional leadership, there never will be a good year to solve WMATA's chronic funding problem. We hope you will consider calling another Metro oversight hearing later this spring to receive testimony from Governors Erlich and Warner, Mayor Williams and the chief executives of the other contributing jurisdictions.

If you were to seek their reactions to the Metro Funding Panel's report, and whether they would commit to meeting on a date certain with the other involved jurisdictions, your intervention could offer a tremendous lift to this unresolved important issue.

Again, our organization is grateful to the committee for having scheduled today's hearing, and for the opportunity to present our views. Thank you.

[The prepared statement of Mr. Corbett follows:]

MetroRiders.Org

Prepared Testimony of
MetroRiders.Org

The Capital Region's Critical Link

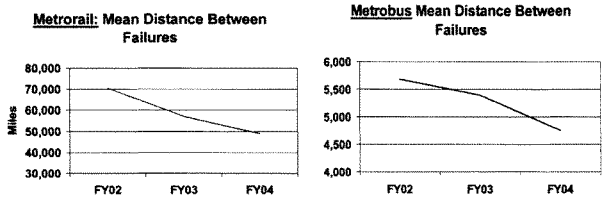
Ensuring Metrorail's Future As a Safe, Reliable
And Affordable Transportation Option

Before the Committee on Government Reform
U.S. House of Representatives
Washington, D.C.
February 18, 2005

I am Jack Corbett, a director of MetroRiders.Org. MetroRiders.Org is the recently-established transit users group formed to help improve public transit services in the Washington, D.C., metropolitan area. We appreciate the invitation to present our views on the current problems and future needs of the Washington Metropolitan Area Transit Authority (WMATA), which operates Metrorail, Metrobus and the MetroAccess paratransit service.

MetroRiders.Org was formed this past Fall primarily because transit riders demand a safe, more reliable Metro system, as well as better coordination with the other bus and train systems serving our area. Whether or not you personally use the Metro system, you know that many Metrorail trains are chronically overcrowded; escalators and elevators don't work; and Metrorail cars and Metrobuses too often break down, causing riders to be late for work or getting home. Finally, two back-to-back annual fare hikes in 2003 and 2004 caused considerable resentment among riders particularly when the quality of rail and bus service had, by WMATA's own calculation, been declining so sharply.

Figure 1.



Source: WMATA, Report to Blue Ribbon Panel on WMATA Funding (October 7, 2004), p. 7.

P.O. Box 18871, Washington, DC 20036-8871 info@metroriders.org

-- Importance of Metro Transit System to the Capital Region

WMATA's testimony this morning documents the critical importance of the Metrorail system to our entire region, in terms of personal mobility, economic development, and environmental protection. We believe that public transit is an essential governmental service that benefits everyone. The Federal Government benefits. If Metrorail must suspend operations because of deteriorating weather conditions, Federal Government agencies also must cease their operations, and employee dismissals must be staggered by Federal agencies to avoid overloading Metro's capacity. Without Metrorail, the recent Presidential Inauguration with its many visitors would have resulted in gridlock throughout the area.

Much of the benefit of public transit in our metropolitan area accrues to those who don't use Metrorail. Commuters on area roads would spend an extra 35 hours annually in traffic if Metrorail riders drove rather than using public transit. Every extra vehicle increases traffic congestion and delay disproportionately; commuters who drive benefit from the public investment in Metrorail that keeps transit users off the roads. In addition, transit lessens the region's air quality problem annually by tons of pollutants.

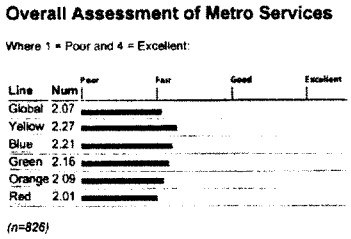
While the title of this most timely Congressional oversight hearing focuses on the importance of the Metrorail system to the region, the other two kinds of Metro transit services deserve special attention as well. In FY'2004, WMATA carried 336 million customers, 190 million on Metrorail and 146 million on Metrobus. In that same year 1.1 million trips on MetroAccess vans provided mobility for 14,000 area citizens with disabilities.

Conversations with Capitol Hill staffers on Metro issues too often are discussions only about Metrorail. To our transit riders, Metro also means bus service. Riders worry about safety, for bus drivers as well as passengers. Transit users are also concerned about personal safety in and near Metro stops and stations, and about adequate lighting in Metro parking lots, and about the responsiveness of Metro police when incidents occur.

-- Summary Results of Our Survey on Metro Operations

The Committee's invitation indicated interest in the results of the Survey on Metro Operations that has been conducted on our web site (www.metroriders.org). In short, respondents rated Metro's overall service quality as barely "fair" (2.07 on a 4 point scale).

Figure 2.



The detailed results are instructive (see attachment). Both Metrorail and Metrobus riders similarly identified delays in rail and bus service as the worst problem area (77 percent of respondents). Similarly, 77 percent of Metrorail riders and 48 percent of Metrobus riders identified overcrowding as a major problem. 52 percent of Metrorail riders and 18 percent of Metrobus riders stated that fares were too high. As to problems unique to each mode, Metrorail riders identified non-functioning elevators and escalators (64 percent) and Metrobus riders targeted buses not showing up (53 percent) as substantial problems.

-- Metro Rider Criticisms Intended to Facilitate Improvements

Even though many daily transit riders have expressed their dissatisfaction with today's Metro operations, MetroRiders.Org's objective is a positive one: to improve the safety and reliability of today's Metro system and to assure that WMATA has good management and adequate funding resources for the future.

Also attached to our testimony is a list of our organization's short-term objectives. As you may notice, we believe everyone needs to do a better job. Specifically, MetroRiders.Org hopes that the WMATA Board and staff as well as the area jurisdictions that currently subsidize Metro's operations will respond favorably to our proposals.

-- The 109th Congress Can Help WMATA's Short and Long-Term Future

Mr. Chairman, one benefit from today's hearing will be to highlight the amount of effort needed from the Maryland and Virginia Congressional delegations and the District of Columbia's Delegate to further WMATA's programs. Here are examples:

1. Surface Transportation Reauthorization Act

The new Congress hopes to complete within the first six months of this calendar year the reauthorization of the Federal highway and transit programs for five or six fiscal years. The House bill (H.R. 3) will be marked up soon. Under the current statutory formulas, WMATA should be eligible for substantial levels of Federal funding for new Metrorail

cars and buses. We hope that all area legislators will be as helpful as you have been in assuring that the final form of this legislation will maximize the availability of Federal grants for Metro's infrastructure.

2. FY'06 Congressional Appropriations

Most of the subcommittees of the House and Senate Appropriations Committees will assemble next month a list of all projects that Members of Congress and U.S. Senators believe deserving of earmarked funding during FY'06. We hope that the area Congressional delegation will, as in past years, support earmarked funding for WMATA projects in what has been the Transportation/Treasury Appropriations bill.

Since September 2001, the limited security of public transit (subway) systems has become apparent, reinforced by the tragic incident in Madrid last year. How to provide adequate security in a system used daily by millions of commuters whose schedules cannot tolerate the level of individual scrutiny provided to today's air traveler is difficult. Even though the Department of Homeland Security Appropriations Subcommittees have not earmarked funds for specific projects in past years, we hope that the area Congressional delegation will support WMATA's needs for substantial levels of security funding with their colleagues.

3. Amendment of WMATA Interstate Compact to Add a Rider Representative to the WMATA Board Of Directors

Although we are pleased that WMATA may now be open to the establishment of a Passengers' Advisory Committee, MetroRiders.Org is convinced that this step, however well-intentioned, is too timid a response to the Metrorail, Metrobus and MetroAccess users' needs for input into WMATA decision-making. Transit riders were angered to read in recent months how few WMATA Board members actually use the bus and rail systems whose funding, operations, and culture they control. Only with the addition of a new Board member specifically to represent Metro system users will our needs be "heard" by WMATA Board members.

As you know, Mr. Chairman, WMATA's structure and organization is determined by an Interstate Compact since two states and the District of Columbia control WMATA. A new WMATA Board member can't be added without the favorable adoption of substantially similar legislation by these three jurisdictions, followed by approval from Congress. ...Only amending the U.S. Constitution is a more complex process than modifying WMATA's structure. We hope that, after the three jurisdictions have agreed, Congress will help facilitate an amendment to this Interstate Compact to add a rider representative to the WMATA Board.

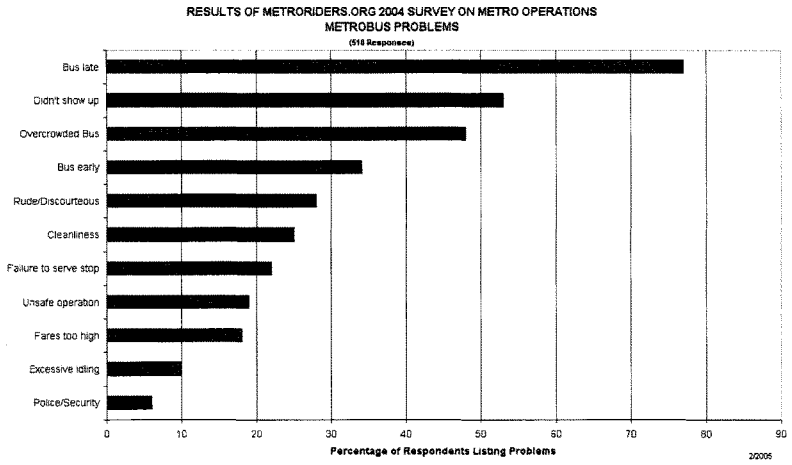
4. Facilitating Negotiations for Future Capital Funding for WMATA

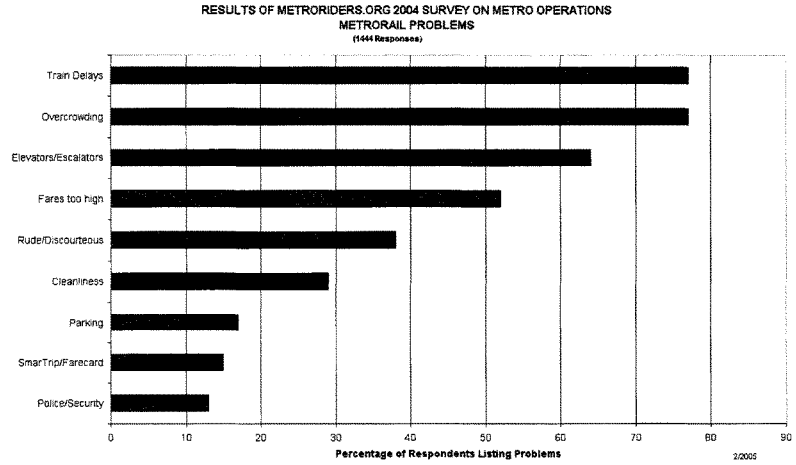
Early in January the Metro Funding Panel (co-sponsored by the Metropolitan Washington Council of Governments, the Federal City Council and the Greater Washington Board of Trade) released its report and recommendations for two states, the District of Columbia and local jurisdictions to consider adopting a "stable, reliable and dedicated" source of funding for WMATA's future capital needs. Upon its release, unnamed officials in some jurisdictions intimated in the press that "This isn't the year for increasing taxes" no matter how beneficial the objective. The issue has stalled since.

Mr. Chairman, we're fearful that, without some Congressional leadership, there never will be a "good year" to resolve this issue. We hope you would consider calling another oversight hearing on WMATA matters for later this Spring to receive testimony from Governors Ehrlich and Warner, Mayor Williams and the chief executives of the other WMATA Contributing Jurisdictions. If you were to seek testimony on their jurisdictions' reactions to the Metro Funding Panel's report, and whether their jurisdictions would be willing to meet soon to discuss the next steps toward funding WMATA's future, your intervention could offer a tremendous lift on this unresolved, important issue.

Again, MetroRiders.Org is grateful to this Committee for having scheduled today's hearing and for the opportunity to present our views on Metro issues. I will be pleased to answer questions and to provide additional information for the hearing record. Thank you.

Attachments


RESULTS OF METRORIDERS.ORG 2004 SURVEY ON METRO OPERATIONS
METROBUS PROBLEMS
(518 Responses)
Bus late
Didn't show up
Overcrowded Bus
Bus early
Rude/Discourteous
Cleanliness
Failure to serve stop
Unsafe operation
Fares too high
Excessive idling
Police/Security
0
10
20
30
40
50
60
70
80
90
Percentage of Respondents Listing Problems
2/2005


RESULTS OF METRORIDERS.ORG 2004 SURVEY ON METRO OPERATIONS
METRORAIL PROBLEMS
(1444 Responses)
Train Delays
Overcrowding
Elevators/Escalators
Fares too high
Rude/Discourteous
Cleanliness
Parking
SmarTrip/Farecard
Police/Security
0
10
20
30
40
50
60
70
80
90
Percentage of Respondents Listing Problems
2/2005

METRORIDERS.ORG POLICIES FOR RELIABLE, USER-RESPONSIVE METRO SERVICE
February 2005

DECISION BY	ISSUE	COMMENT
State of Maryland, District of Columbia, Commonwealth of Virginia	Amendment of WMATA Interstate Compact to add a WMATA Board Member specifically to represent Metro system riders	Washington Post article concluded that many (most) WMATA Board members do not regularly use Metrorail and rarely if ever use Metrobus. Only the addition of a new WMATA Board Member representing Metro riders can assure Board sensitivity to rider issues. A Passenger Advisory Committee alone wouldn't achieve needed objectives.
Contributing Jurisdictions (MD, DC, Arlington County, Fairfax County, City of Alexandria, City of Fairfax, City of Falls Church)	Approval of proposed FY'06 WMATA budget without reduction	The WMATA draft budget for FY'06 responds adequately to safety, reliability, service concerns of Metro riders.
	Negotiation and development of permanent dedicated source of regional funding for future Metro needs	The report of the Metro Funding Panel (January 6, 2005) urging adoption of additional revenue sources has been distributed to the Contributing Jurisdictions. The report provides a baseline for discussions and negotiations among the top elected officials in all Contributing Jurisdictions to solve Metro's long-term funding problem. However, these discussions haven't occurred.
WMATA Board of Directors	Vastly increase public access to decision-making process • Provide e-mail address for Board Members • Post Board/Committee decision packets on web page before meetings • Schedule public hearing on FY'06 budget • Allow public comment period at Board/Committee meetings	The WMATA Board makes public input to their decision-making very difficult. The Board decision process must be opened to public input.
	Peer review: Accelerate outside independent review of WMATA operations and management (e.g., APTA)	Outside peer review of Metro safety, operations and efficiency has been proposed but not yet implemented.
WMATA Staff	Establish performance criteria for Metro system reliability that is understandable to Metro riders	The mathematical performance criteria developed by WMATA staff aren't meaningful to Metro riders. Measures are needed to judge whether proposed budget increases are likely to improve system reliability.
109th Congress (1st Session)	Provide maximum WMATA eligibility under Surface Transportation Reauthorization Act (H.R. 3)	Congress should assist WMATA through eligibility for high levels of grant funds for new Metrorail cars and Metrobuses.
	Maximize earmarks for WMATA in FY'06 Transportation and Department of Homeland Security Appropriations Acts	Congressional Appropriations Committees should earmark capital funds for new Metro capacity and enhanced security.
Chair, House Government Reform Committee	Schedule follow-on Congressional hearing this Spring to obtain top state and local elected officials' views on Metro Funding Panel report and recommendations	It is doubtful that the WMATA Board alone, appointees of the Contributing Jurisdictions, can persuade their parent bodies to negotiate a dedicated funding solution. Congressional leadership is vital to move this issue forward.

Source: MetroRiders.Org February 2005

Chairman Tom DAVIS. Thank you. This won't be the only hearing we do on this. If we are serious about an authorization bill, we have to lay appropriate groundwork, bring the States into this as well, and some of the other localities, and we will coordinate with you in terms of how we do this and how we orchestrate it.

Mr. Corbett, let me just start—you had an interesting suggestion about adding a rider to the Metro board; how is that selected in New York?

Mr. CORBETT. Maybe Mort can give us more detail, but my understanding is there are nominations made; I think the Governor of New York selects a person to represent the riders on a panel, and that person changes over a period of time. But that person, as I understand it, has the function of representing the rider to make sure the board is sensitized to people who have daily experience with the system. We are having internal discussions; maybe Ms. Norton could give us advice as to whether it should have a voting representative or a non-voting representative.

Chairman Tom DAVIS. Well, I mean, I think the membership of Metro is something we need—I have no idea where we go with this, thinking out loud is dangerous, but to play with it is something that we might need to look at.

And I think, Mr. Kauffman, your comments, you just said let's talk about it, so I don't want to have a formal discussion here. I know you do have a number of Metro board members that ride the subway now—I know Mr. White rides it every day; Dana, you ride it, other people—so you have other board members, but they are not there as Metro reps, they represent taxpayers and community interests and everything else. So I think that is something I think we look at as we move forward, and we will try to continue the dialog on that.

Mr. White, why should the Federal Government fund Metro in ways it does not fund other subway systems in the country? This is our dilemma. We would love to be able to get into the TEA LU—or whatever the new transportation bill is called, and I know Senator Sarbanes is trying to do that; but the practical effect of that, because we have asked for additional money for Dulles rail and other areas out of this, the practical side of that is we are going into a grab bag where we are going to be limited in our ability to get it done.

I mean, certainly, Mr. Van Hollen will support it, and I will support it and Ms. Norton, who is on the committee, will support it—she won't be able to vote with us on the floor, unfortunately. We are working on that. But the fact is that is unlikely to happen. And if you look at traditionally how Metro has been funded, it has been a completely separate pot, feeling that the Nation's Capital and the work force here basically deserve a separate consideration. And if you look at the three previous Metro authorizations, that is how it is done.

So, I mean, I will take the money from wherever we can find it, but I think we are going to need additional authorization that is going to need some administration buy-in, but we are certainly going to push it because it is needed; and if we don't, we are not even protecting the current investment. But am I missing anything.

Mr. WHITE. No, Mr. Chairman, I think you put your finger right on it because it was recognized that we needed a system to serve the Federal work force in the national capital region. The Congress, in that recognition, funded specially—outside of any Surface Transportation program—the construction of the system, and actually invested over $6 billion to that end through three separate authorizations of the Congress, independent of the Surface Transportation program.

So I think the question is, now that the system has matured and requires reinvestment, is the time appropriate for this separate view of this from the Congress, in its recommitment with State and local government, to help keep this investment in a state of good repair so it can serve the Federal work force and the national capital region in the future, and perhaps outside of the Surface Transportation program.

Chairman Tom DAVIS. Let me ask Mr. Downey, you have had experience in the New York system. If a system gets into a high level of disrepair, the costs at that point become really astronomical, don't they?

Mr. DOWNEY. Just like your house, if you don't do anything with it for years, what you then have to do with it is enormous. So the downward spiral of lack of investment, lack of ridership, safety issues is clearly a point of a place not to go.

Chairman Tom DAVIS. Well, let me ask you, Mr. Millar, with your knowledge around the country, are you aware of any instances where the lack of reinvestment has gone on and they have actually had to close stations and have undergone that kind of problem?

Mr. MILLAR. Yes, sir, that has occurred. Certainly New York is an example, Philadelphia is another example; Pittsburgh has a line that was closed after years of neglect. And certainly, I would second Mr. Downey's statement, in our experience rehabilitation after a certain point is just very, very expensive, better to keep up with it as you go along.

Chairman TOM DAVIS. OK. Thank you.

Mr. Kauffman, let me ask you, in January, the Metro Funding Panel called for a regional sales tax, deserves a dedicated roll. Would it be fair to have Federal representation in the WMATA board if the Federal Government came in with an infusion of cash? Is that open for discussion, do you think, with the jurisdictions?

Mr. KAUFFMAN. I think it is definitively open for discussion because certainly—looking, for example, Mr. Corbett's issue of rider representation, who would that rider be, would that be a D.C. rider, Maryland, Virginia——

Chairman Tom DAVIS. I think a Virginia rider——

Mr. KAUFFMAN. I would think—who happens to be a Federal employee who is very concerned about parking.

But essentially, Mr. Chairman, wedded to a recognition of a significant and ongoing Federal contribution, I think that a place at the table would definitely be open for discussion.

Chairman Tom DAVIS. I mean, I think we are going to have to strategize how we can get this—how we can sell such an authorization, and then how we reach—how the State and locals have to match, something we have been through before.

Mr. Downey, let me ask you; should any additional Federal funding be tied to the WMATA signatories' ability to come up with a dedicated funding source?

Mr. DOWNEY. That has been tried before, but not successful; I think it is still worth pursuing.

In the first of the special reauthorizations for WMATA, the Stark Harris bill of 1977—and I represented the then administration on putting that together—Congress called for the creation of stable and reliable funding to match what the Federal Government would do. It didn't come to fruition——

Chairman Tom DAVIS. I remember.

Mr. DOWNEY. Virginia did pass one tax, it kind of fell apart in other places and was later forgotten; but it is not an idea that should be left——

Chairman Tom DAVIS. Maybe we just need better leverage if we do. I mean, Mr. Kauffman and I still have the wounds from supporting the last transportation for sales tax when we were overwhelmingly rejected by our constituents. But I think that may have to be part of this as we move forward. These are just ideas under discussion, we have a long way to go. This hearing today really lays a groundwork for where we want to go.

I think we will do another round of questions, but I want to give the other panel members an opportunity, Ms. Norton, and then Mr. Van Hollen.

Ms. NORTON. Thank you very much, Mr. Chairman. I appreciate the testimony we received today.

The chairman just discussed the difficulties of getting tax increases for anything in his jurisdiction, that is the case throughout, of course, the region. One of the problems, I think, is the jargon of "dedicated funding." It doesn't really mean anything to the average rider or the average person. If I could ask, perhaps, Mr. White or Mr. Kauffman—Mr. White may be more in touch with the operations or with the capital spending.

If you had a—everybody knows that we pay for Metro anyway, so everybody knows that the money comes from Maryland, Virginia and D.C., so what difference would a "dedicated funding" source mean? In real terms, that people who say don't raise my taxes can understand, for example, what would it do for a rider, what evidence would they see of improvement in the system or maintenance of the system that would make them think that whatever that dedicated source took from them, directly or indirectly, was worth it? Can you break down the benefits of dedicated funding over the kind of funding we already give every year which comes out of our pockets?

Mr. KAUFFMAN. If I could, Ms. Norton, start at the 30,000 foot level policy, but also incorporating the rider's perspective, and then shift for details to Mr. White.

The real impact of being able to rely on stable and reliable service could be most readily captured by the struggles the District of Columbia went through not that many years ago when there were serious funding challenges facing the District and they had to pull back and then sometimes stop the regular payments, and the painful real impact to riders is in order to maintain funding at the level

that could be afforded, that a third of the District's bus service was cut, discretionary bus service was cut. So by having a——

Ms. NORTON. But what does that have to do with dedicated funding?

Mr. KAUFFMAN. What I am leading to is by having a dedicated and reliable stream of funds that we can rely on with a new Federal partnership, then the ups and downs of the support we have seen from municipalities would be flattened out, that impact would be flattened out because today we are really dependent on the lowest common denominator member contribution and erratic fare increases. By this group acting, it would seriously stabilize the impact for riders in the region.

Ms. NORTON. In other words, you are saying that you can't count on any specific amount of money, and that it changes from year to year?

Mr. KAUFFMAN. It is subject to annual appropriation by member jurisdictions——

Ms. NORTON. Yes. But is there a formula that says that everybody has to come up with a certain amount of money every year?

Mr. KAUFFMAN. There is an extremely Byzantine formula that allocated both the operating and the capital dollars, and that is—unfortunately, as we focus on that from time to time, that has proven to be a zero sum game with jurisdictional vetoes at bar. I think at least three times in recent history, we have tried to readjust the Rail Funding formula, and we ended up seriously bloodying each other on the Metro board and did not come to closure.

But I recognize, quite frankly, that there needs to be more parity with some of the funds the District puts on the table, and perhaps one of the best ways to address that is in concert with this new Federal partnership coming forward; and then wedding the two, we can make some, you know, very painful experiences for our District funding partners a thing of the past.

Ms. NORTON. Yes, Mr. White.

Mr. WHITE. Ms. Norton, I think you, yourself, almost said it best in your opening remarks when you said our funding arrangement is like living from paycheck to paycheck. I think all of us understand in our own personal life what that means when we are living from paycheck to paycheck; it means you can't really plan on anything, you can't plan on anything outside of that which you know you can absolutely afford and fit into your baseline budget.

I think the second descriptor that is one that is understood in terms of the analogy of a businessman is what Mr. Downey said, you know, the arrangement is like having to recapitalize your business every year. If you can't count on a multiyear set of funding commitments that you know are going to come your way, how can you do capital planning? How can you make sure that your physical plan is in a state of good repair and buses are replaced when they are supposed to be replaced?

Ms. NORTON. Mr. White, they know the money is going to come. It is going to come. So it is the specific amount of the money? I mean, it is not going to convince anybody who rides the Metro that 1 day somebody may not, in fact, come—Virginia may not come forward with this amount, even the District of Columbia. You have to help us out. People have to understand the relationship between

"dedicated funding," which has absolutely no meaning to the average person, and something they would see at Metro that they don't see today.

I am still not sure of what it is that they could see, because you certainly can't say—you can talk about being more stable and all the rest of it, but they know good and well the jurisdictions are going to come up with a certain amount of money. I do not know if you are telling me that the amount fluctuates, that the formula is such that you don't even know the ballpark amount that each jurisdiction will give you. I am just not sure——

Chairman Tom DAVIS. Will the gentlelady yield for just a second? Let me also ask, without dedicating funding, what happens to capital bonds? That did make that part of the question.

Mr. WHITE. I think that is probably one of the most important parts of the finding from the Metro Funding Panel, which is to say that you really can't go out and engage in any thoughtful capital planning program and one that the market would underwrite without a guarantee and the knowledge that there is going to be an income stream that is going to come in and pay those bills. And obviously, the risk associated with it is the less certain the assignment of the money, the higher the risk, and therefore, of course, the more of the debt that one has to pay to do that.

But I think in further answer to Ms. Norton's question, it really gets down to—what we are dealing with is deferred investment and deferred capitalization; but how the rider sees it is the reliability of the system and the age of the asset that they have. But our funding arrangement, quite frankly, is getting down on our hands and knees every year and going to about seven or eight funding partners and literally begging them for a certain dollar amount. And if any one of those eight or nine funding partners say, you know, I have to put my money into schools this year, or public safety, or health and human systems, and I can't meet your number, in Mr. Kauffman's terms, it is a game of lowest-common-denominator policymaking.

In our history over the last decade or so we have had different jurisdictions who have had different pressures on their budgets at different points in time, and it is not just one jurisdiction; so the cycle is at one point the District has a problem, at another point Virginia has a problem, and a third point Maryland has a problem. Nobody makes up for the funding partners' problems that they may have for those 2 or 3 years, everybody rolls down to the lower level, which means that we do less.

Ms. NORTON. I will come back.

Chairman Tom DAVIS. Thank you very much.

Mr. Van Hollen.

Mr. VAN HOLLEN. Well, thank you, Mr. Chairman.

I mean, I want to pursue some of these ideas that have been raised already with respect to how you would structure a dedicated revenue stream, and also to address the issues Ms. Norton has been raising with respect to the reliability of the current income stream.

First, as I gather, the main idea on the table is some kind of regional sales tax, surcharge that would go into a pool. Has any more thought been given how that would be structured so that the rel-

ative contributions that would—the current burdens that are, you know, today provided to the relative jurisdictions for their contribution to the use of Metro would somehow be reflected in the contributions from the different jurisdictions through a sales tax? I just do not know to what extent this idea has been flushed out.

Mr. KAUFFMAN. If, perhaps, I could start, and then refer to Mr. Downey.

Certainly the Blue Ribbon Panel, as was mentioned earlier, mentioned as a key option a regional sales tax; it also offered a litany of other revenue instruments. One of the things that, on the one hand, is seen as very valuable is to have the same instrument applied across the region, the other is recognizing that each locality, each member has a different or best case way of raising some of those dollars.

I would say that yesterday I specifically asked, along with members of the Federal—the Board of Trade, the Greater Washington Board of Trade and the Federal City Council, that we should take that Blue Ribbon Panel and call the regions and the Federal-elected leadership together for a summit this summer to basically begin acting on those items.

A menu is prepared, and now we are calling folks to the banquet.

Mr. DOWNEY. If I could just add to that.

In the Blue Ribbon Panel report, there are analyses of where the needs are and where the funds might come from under different assumptions.

The Panel's overriding view was, though, that Metro service, bus and rail, is a regional asset. And it is very hard to say that someone who lives in Virginia, works in the District and occasionally shops in Maryland is paying in only one place for that. So the premise of our thinking was regionalize it as much as possible. It isn't perfect. The numbers show that the burden would shift a little bit; that could be ameliorated in a variety of ways, but we thought dedication for the resources that have been described, particularly for the ability to plan and finance capital, and regionalization really reflected the nature of the service and the nature of the agency.

Mr. VAN HOLLEN. Just to followup on Ms. Norton's questions with respect to the reliability to which—with the contributions to the different jurisdictions have been made over a period of time. I mean, do you have any—a chart that would show these fluctuations just as part of an argument for why we would have to have a dedicated income stream? I mean, you were very creative, I guess, in this latest effort to modernize, where you went to the jurisdictions and you got them to agree to sign—binding contracts to make their contributions, and the extent to which they are going to be paying depends on the extent to which the Federal Government makes its contribution.

I guess one issue that obviously arises with respect to the need for dedicated income stream—because, I mean, look, it is going to be complicated getting all these different regions and jurisdictions together to agree on something—is the extent to which the current system is broken and not working, or whether, after at the end of the day, people are really coming through with their funding requirements.

Mr. WHITE. Yes. I will try to shed some more light on this.

I think the biggest effect of what we have had today is all of our assets have been identified—normal replacement cycles have been identified for this $10 billion investment that is now worth $24 billion, and there is a road map of what you need to do to keep your assets in a state of good repair——

Mr. VAN HOLLEN. Right.

Mr. WHITE [continuing]. So that we don't slip into the scenario that Mr. Downey explained occurred back in New York in the early 1980's.

And what has happened thus far is everybody says, that is impossible for us to fund, so we are deferring capital investments. And we have deferred more than $300 million of things that should have been done to date, and that number would go over a half a billion in the next couple of years were it not for this funding agreement. And quite frankly, it required some sort of forcing function to make this funding agreement happen. Everybody looked at one another, said we can't do it, our share is too big, the Federal Government should be doing more, and we kind of kept on drawing ourselves into the ground until we have literally said, we have this rail car contract, it has these options in it, these options expire on this date, the pricing is enormously attractive if we don't exercise these options, and by the way, we can guarantee you that if we don't meet this option date it will be too late and our rail cars will become so crowded that we can guarantee the service will fail.

And it was only that forcing, literally, that gun to people's heads that at the last second did people say, all right, well, I have to do this, and I will do this with great trepidation. And it bought us about 3 or 4 years of time, and we will be back in the same situation 3 or 4 years from now, looking for the same forcing function to make something happen.

And I think that is the dilemma that we are facing. The operating side sort of resolves itself, sometimes you raise fares, sometimes you tweak the service, depending upon what people can and cannot afford on the operating side, but the biggest impact is on the capital side measured in system deferrals, which catch up to you and have a huge impact on service reliability.

Mr. VAN HOLLEN. I think you make a very good case for it. And as we think about this, I think it is also important to find a mechanism maybe for the Federal Government to continue to be a player going forward. I mean, the question is, after you have this income stream where the Federal Government says well, you have taken care of the problem and we no longer have any obligation ourselves, despite the fact the Federal Government should, in my view, for the reasons you stated, it is a unique system where the Federal Government has a unique interest in it compared to other Metro systems. Thank you.

Chairman TOM DAVIS. Thank you. We will do one more round, I think, of questions.

I have a question—Dana, I will start with you, but anybody can answer it and step in.

The Brookings report, "Washington Metro, Deficits By Design," points to the increasing Metro ridership from outlying jurisdictions. Should we not, therefore, look at expanding the area covered by the Metro Compact? These same areas want to be included in the defi-

nition of national capital area for DHS funding. If they are going to compete for these funds, doesn't it make sense, maybe to expand the Metro region and share the burden?

Mr. KAUFFMAN. I would not close the door, Mr. Chairman, but, for instance, we have had a similar discussion with the Virginia Railway Express board, and time and again, we have seen—particularly with our Fredericksburg line—that far and away, the majority of folks coming there are outside of Fredericksburg, coming in from even further outlying communities, and many folks are willing to have the opportunity to get on board that system, but few are willing to pay. And I guess the real issue is expanded membership could be a fine thing, but membership would have its price.

Chairman TOM DAVIS. I think many will come, but few will pay. And the outlying jurisdictions are the most reluctant to pay. It was just on the bond referendum where the transportation money would have gone in the outlying jurisdictions, and they were the ones that voted most overwhelming. That is, of course, what drives a lot of people to move further out is the tax burden.

Mr. KAUFFMAN. And one of the things, also, if I could just add to that, Mr. Chairman, was certainly the gas tax revenue issues; that was one of the captured items that prompted a lot of the interest on the part of some of the outlying counties with VRE. I do not know how, again, any tax instrument would be viewed since any form of tax instrument is often viewed as anathema the further out you go.

Chairman TOM DAVIS. That's right. On the other hand, they are asking Fairfax to pump a lot of money into the system and provide parking places for commuters from other counties that are coming in here; and you get taxed to the max, I mean, it is just—OK.

Any other comments on that? Dick, I do not know if you have any comments. I guess you would probably like as many payers as you can get, wouldn't you? It is an easy shot for Dana on this because he is from Fairfax; I have Prince William in my district, too, so I was very careful how I word it.

But I think we have to understand here that it is affecting—a lot of people are using this from outside of the jurisdictions that are paying for it.

Mr. WHITE. And it is getting bigger and bigger as the commutes go longer and longer. I mean, the Washington Post story recently has clearly vividly illustrated that people in this region seem to have a tolerance twice as much as the rest of the citizens of our country to live further away from their jobs and to spend more time commuting to those jobs, which means, in our case, we are getting more and more of our ridership coming from outside of our Compact jurisdictions, which means that all of our Compact jurisdictions are subsidizing, to some extent, the citizens that live in other counties outside of the Compact; and there is no current way of capturing that other than through the fare revenue itself, but there is no subsidy way to capture that phenomenon which is growing.

Chairman TOM DAVIS. And, in fact, your fare revenue capture is one of the highest in the country, isn't it, in terms of recovery rest?

Mr. WHITE. We are the second highest to New York City, yes.

Chairman TOM DAVIS. Mr. Millar, any comment on that?

Mr. MILLAR. If I may make a couple of comments on this.

First, the experience around the country is the larger the taxing area gets, you get some unintended consequences, they are logical, but unintended. The argument today I understand certainly, people come from there, they get on here, they go there, they ought to be taxed there. Well, everybody else who lives there and doesn't make that trip then says well, if I am paying that tax, I ought to get some additional amount of service. And we have many examples where the regional transit systems have outrun their tax base, when originally it was all done for the best of intentions of including everybody in it. So we certainly need to be very careful about how that goes.

The other thing one might think about is the States and the role of the States in this. If truly the commuters' shed grows at least as far as it is from my understanding—which is very, very far now from the core counties and the District—many places have looked at what the States might do in that regard and have the States act as a surrogate, in essence, for these other outlying—so you get combinations where the State puts in an amount of money, the core counties put in an amount of money, and you do it in that fashion.

Chairman TOM DAVIS. Right. Well, that is a problem our State legislators are going to have to face up to.

Let me ask you this, Mr. Millar, too: You talked about the Americans With Disabilities Act requirements for paratransit. What is that costing the system? Is there a more effective way to do it? And are there any ongoing Federal efforts to coordinate transportation services offered by Human Service programs?

Mr. MILLAR. The cost of complimentary paratransit is usually the fastest growing part of a major transit system's budget over the last 10 or 15 years. I had some statistics in my testimony. In general, now we are spending over 8 percent of the operating cost nationwide on that service; very important service for the people who use it and the communities in which they live, to be sure, but a nightmare for the public transit budget. When you take it and you begin to look down at what is going on with individual transit systems, you see costs that have been rising in excess of 100 percent. Well, there is simply no tax base of—no local tax base, no way that kind of cost can overrun a budget. Now, yes, we are in the early years of that, so we are probably on a steeper slope than we will be, say, if we were having this discussion 5 years from now, but still, it is a major and growing part of the budgets.

Chairman Tom DAVIS. My last question: Does ADA require curb-to-curb service?

Mr. MILLAR. Yes, sir, it does.

Chairman TOM DAVIS. So that is basically an unfunded mandate.

Mr. MILLAR. Yes, sir, it is; absolutely.

Chairman TOM DAVIS. So we have to look at ourselves on that. That is also this jurisdiction, though, as we look at that, and that is also an issue.

OK. Thank you. I think you have clarified it.

Ms. Norton.

Ms. NORTON. Thank you, Mr. Chairman.

I want to quickly get through a set of questions. The reason I pressed the—I got only one question last time because I am interested in solving a problem.

Don't expect elected officials to solve the problem of dedicated funding, they are born cowards, they are not going to get up and say raise anybody's taxes. So we have to get at ways—and I have looked at some of what you have recently done; for example, it was either in your testimony or I may have read it before I came here, that 58 percent—that is almost 60 percent of the people in this region—say we need a "new way to raise funds for Metro." I take that as we are part of the way there.

You haven't done a fare increase in a long time. I am going to say to you, Mr. Corbett, the only problem I have with an actual voting—I am not sure what that does, one person—but the only problem I have with that—and this may sound strange coming from me—is if anything, this system needs a regional constituency for hard issues. And it is easy enough to represent the riders—I love to throw eggs, you know, at the system; and it seems to me that person, for example, if the notion of a fare increase came up, hey, this guy or woman would try all they could to say don't do that, you haven't done it for 8 years, or whatever.

Please don't take me to say I believe in fare increases, the poorest people in the region live here and would be hurt most. But I know this much, if you do what PEPCO is now doing, an 18 percent rise, because we have not had a rise in PEPCO for so many years, you don't help the poor people in my region.

So I have an open mind on that. I like what they have done, have you come and speak at the board meetings. I am not sure what more harangue on the board would do with a—I am in the Congress of the United States, and I see what people who operate from the narrows of constituency, I see what they get us. Tom Davis and I try, in the way we approach issues, to step back and say—sometimes one of us has to give up and the other one not; so I just put that on the record.

Let me cite to you a poll that came forward, reported in the Washington Post, that most people prefer tolls to taxes. You know what? The Washington Post gave them a choice; this had to do with roads, and it said tolls or taxes. If you had said do you want tolls, 98 percent of course not; if you had said to taxes—so we are not framing the issue well.

Has, for example, Metro ever done a survey to find out whether or not people would prefer tax increases—fare increases, rather, to fund more cars or further delays? I mean, you have to put the real alternatives before people. Or have you ever asked in any survey whether you would prefer a dedicated sales tax or further delays? I mean, have you done any surveys? You are going to have your public coming in one way or the other, what surveys have you done to indicate that people have preferences one way or the other, the way we now know they have preferences for tolls over taxes when it comes to roads?

Mr. WHITE. Ms. Norton, I don't think the Metro organization itself has done those kind of surveys, I mean, we certainly do a lot of surveys in terms of customer satisfaction, measurements and things of that measure, but we have not—certainly historically—

taken the step to kind of present those kinds of choices because Metro does not have its own funding source, we are a product of the State and local governments that fund us——

Ms. NORTON. I understand; I understand, Mr. White; I realized that the answer was probably no.

You hear me giving you a suggestion. This does not have to do with funding, this has to do with grooming the public fairly to understand what their alternatives are, and I have to tell you, I don't think the public has any idea. We are going to try to do our job, so are you. I am going to have to try to quickly get through this set of questions, unless somebody else has something to add there.

Mr. WHITE. Mr. Millar, I think, has a good national perspective on it.

Mr. MILLAR. Yes. To your point about people understanding what their choices are, I think there are lessons to be learned from other parts of the country.

On November 2nd, when we were re-electing the President, when many folks were arriving in the Congress on a no-tax general view of life, voters around the country approved 24 of 31 ballot initiatives that were presented to raise their own tax to fund public transportation systems. So we have learned some lessons about designing good programs, about bringing the public into that design, about helping, educationally, for the public to understand what the benefits are, and now delivering to the public those benefits. One of the key parts of the dedicated funding is the ability to actually follow through on the promises that are made. So I would be happy to work with them on that.

Ms. NORTON. All I can say, Mr. Kauffman and Mr. White, is you need to have somebody do a serious analysis of how they were able to do what nobody in this region—it may have something to do with the fact that we are a multi-state region, I don't know if that contributes to it, I won't dwell on that—but we need to understand how come that happened across the country, particularly in this atmosphere, no-tax atmosphere.

And again, I go back to the notion that nobody understands what you use the money for. Now they know how to complain, Mr. Corbett can tell you, about elevators that don't run, escalators that break down, too much crowding; we love that. And you deserve it if you don't come back at people with some way for them to understand why that occurs.

Could I ask, what is the percentage of Federal funding that is now in—goes to Metro, approximately? How much Federal funding already goes to Metro as a result of simply the TEA 21—I guess it would be—type funding.

Mr. WHITE. I will try and answer that question, Ms. Norton, in a few different ways by referring to the charts there.

In our current budget, capital and offering in the Federal contribution is 13 percent, and that is largely because the Federal Government does not participate in weighing in the average jurisdiction——

Ms. NORTON. Is that more or less what the contribution would be in the average jurisdiction?

Mr. WHITE. No.

Mr. MILLAR. No.

Ms. NORTON. Mr. Millar.

Mr. MILLAR. In my experience, the customers here pay a much higher percentage than is normal, I would say, in that regard.

Ms. NORTON. I am asking about Federal funding.

Mr. MILLAR. In Federal funding, in the large systems there is very little Federal funding for operations, there is a great deal of funding for capital expenditure; and again, it varies all over the lot, depending on where they are in their cycle.

Ms. NORTON. Mr. White, what percentage of the passengers for Metro originate in D.C.?

Mr. WHITE. The chief financial officer has given me a note, and it says 45 percent of our bus and rail riders are D.C. residents; and that is largely because we have a very extensive bus network; and of course, the District doesn't even have a school bus system, so we provide some of those services for the District residents; but 45 percent in combination.

Ms. NORTON. We are very proud of the New York Avenue subway. I was able to get some funding here in the Federal Government, and D.C. stepped right up to the plate, and the private sector recognized the benefit. Does this model have any future elsewhere in this region?

Mr. WHITE. I hope so, Ms. Norton, because I agree with you, I mean, it was very, very innovative and very, very successful. In this instance, there was a partnership that came together that recognized there is a special benefit to be made by putting that infill station in there to help that land realize its potential and the community to realize its potential. The landowners were willing to tax themselves through an assessment, about one-third of the cost of that station, recognizing they are going to benefit from having a Metrorail station put down there. The District of Columbia contributed another third share, and a special appropriation of the Congress contributed another third share, at least those were the original shares initially.

So this motion here, I think it is a notion of value capture, and I think it is something that needs to be talked about more in the future, is that there are certain people in our metropolitan area who benefit from a large scale capital investment, and perhaps there needs to be some more value capture around that. And another notion of that, and one that has been talked about a little bit, is maybe those employers who have—who are in office buildings that are within proximity of Metrorail stations, maybe there should be some additional incremental assessment recognizing the extraordinary benefit that they receive for being located that close to a Metro station.

So the notion of value capture and private benefit I think is something that needs to be explored more in the future, and is something that came out of the New York Avenue station.

Ms. NORTON. Finally—I do not have any other questions—I note that in Mr. Kauffman's testimony, he said there were no obvious substantive or geographical expansions that are necessary at this time. I mean, when you hear about all the congestion on the road, what you are saying is you can't even begin to think about bringing some of those folks in by Metro; you certainly can't mean that they are not necessary, with people hanging on the roads forever.

And finally let me just say, in terms of how—I have mentioned the Metro, the New York Avenue subway, and I am not sure—obviously that works for expansion, but I want us to think about it even as to whether or not it has some application for the system as it is now operated. And I do not know what the win-win there, but I wish we would think about that model, using our powers of analogy, see if there is some way to do something similar. The Federal Government, I mean, we were clear to the Federal Government, you need this stop because you need this land nearby. If we are not expanding, we need to think of how Tom and I could present this to the Federal Government so that they would understand, as they did with the New York Avenue Metro subway, that they were getting something out of it.

And let me tell you what I think the real model in how to operate really is. The District of Columbia, in building this subway stop, contributed $2.1 billion, more than any other part of the jurisdiction. How did they do it? It transferred interstate highway funds in order to do it, and that meant that it was making a larger contribution than Maryland or Virginia toward the construction of the Metro rail system. We knew what we had to gain, it was absolutely clear to us, we knew that highways should not be the wave of the future, particularly in the District of Columbia.

They have become the wave of the future since 1967, so we have to somehow figure out what to do with the arrangement of funds and how to keep this competition for funds between highways and Metro from continuing so that people really do do what they want to do, which is to take Metro if they can only find a way, one, to get Metro out there, and two, to get on a Metro car, even if they were within the Metro area.

Thank you very much, Mr. Chairman.

Chairman TOM DAVIS. Mr. Van Hollen.

Mr. VAN HOLLEN. Well, thank you, Mr. Chairman, again; thank all of you for your testimony today.

As I understand what you are saying, compared to other Metro systems in the country, in the WMATA system, riders generally are paying more. The Federal Government is paying more for the reasons we have stated historically. So the one component in the equation that is paying less relative to other Metro systems is the local jurisdictions; is that right, in terms of their input?

Mr. WHITE. I don't know if I would go quite that far, Mr. Van Hollen.

In terms of—I think the distinction here is the extent to which State and local governments empower their transit system—in our case, Metro—to get the first dibs on money without having to put it in competition with other needs assessments that State and local governments do through their annual appropriations process. That is where we come up short. And we are shorter than anybody else in the country, and that is a major limitation. But the extent to which we do get contributions from State and local government, they are pretty sizable, and actually over the last set of years, are higher than what their historical proportion has been to the funding shares of the system.

Mr. VAN HOLLEN. Right. I understand. I am just trying to compare it relative to other systems in the country, not historically

within this system. If the riders here are paying relatively more and the Federal Government is paying more, it just seems to me that the other systems—somehow the local jurisdictions are paying less compared to other regions—as a percentage, not that they are not paying a lot.

Let me get on to the issue of funding and look at alternatives to dedicated funding source; and I think the proposal you floated is a very good starting point. But as you know, it is also complicated by the fact that we are talking about multi jurisdictions and a number of other issues.

Is there any way to essentially get the different jurisdictions to make a legally binding commitment to the WMATA system for a particular share of capital costs going into the future that you could hold them to legally, despite their annual appropriations process, and let the jurisdictions then figure out on their own how they go about funding it? Maybe they will fund it out of their existing allocation, maybe they will fund it out of, you know, additional dedicated revenue source they find, maybe they will add it out of general revenue; but is there a way to do that so that you can hold them legally to that commitment? And then you get everybody together and say, OK, we are on board.

Mr. WHITE. We did find that way recently in the form of the Metro Matters funding agreement, where we have a legally binding 6-year commitment where everybody has a share, without there being a specific identification of how each jurisdiction is going to come up with its share, but they put their signature to a legally binding agreement that is subject to the annual appropriation process. So yes, Mr. Van Hollen, that is an option.

I think the Blue Ribbon Panel—and Mr. Downey might want to comment on this—they recognize it as certainly not the most preferred option. The most preferred option, and the one that they believe has the greatest opportunity for success, is some sort of regionally implemented funding mechanism that gets applied and raises money regionally, but they are also quick to identify there are other options to that, including the one that you said, sir, which would be some sort of subregional allocation, and then left up to each of those jurisdictions to figure out how to honor that.

Mr. DOWNEY. I would only add to that that the panel also felt whatever was committed to regionally ought to be matched federally.

Mr. VAN HOLLEN. All right. Thank you.

Mr. Chairman, I don't have any more questions. Thank you.

Chairman TOM DAVIS. Well, thank you very much. Let me just thank this panel. I think we have laid an important groundwork today as we move forward with what I hope will be an authorization bill we can present. We hope to be able to call on you for your guidance and further information as we move forward. This has been an important hearing——

Ms. NORTON. Mr. Chairman, could I——

Chairman TOM DAVIS. Yes, Ms. Norton.

Ms. NORTON. There was one question I didn't ask. You and I are on the Homeland Security Committee. I wondered how much additional money has had to be put in the system for homeland security.

And Mr. Chairman, I think that one option for us particularly, since homeland security money is used largely for capital funding, may be to make—to draw to a higher level of the Federal Government not only the money that is being spent because of post-September 11 problems, but the money that simply must be spent on security, capital funding security matters for Metro for the foreseeable future. But anyway, what is the number, if you have one?

Mr. WHITE. You make a good point, Ms. Norton; and I will give the local perspective, I know Mr. Millar might be able to add in, weigh in a bit on the national side as well.

We did have some good success initially, immediately in the aftermath of September 11 where we were able to receive a—special appropriations of the Congress through several separate committees of $39 million, and then the administration released $10 million of finding that was under its control for a $49 million investment that helped us to shore up some of the areas of vulnerability that we had in the system. However, the income stream that has come out of the Department of—that was before there was a Department of Homeland Security, and when the Congress created the Department of Homeland Security, since then the funding sources that have come out have been extremely small in terms of the amount of money that finds its way into transit. Metro has only received about $7 million of homeland security funding over the first two appropriations cycles.

So clearly, transit has been taking a seat nationally—taken a back seat nationally as a matter of priority as to how the Federal Government makes its investment into transportation security; and there is clearly a lot more that needs to be done. We have a whole lot of identified needs. The need for our capacity, I think as implied in your question, Ms. Norton, is related to homeland security.

Chairman TOM DAVIS. I mean, the problem with homeland security, too, is that the high-target areas really don't get the appropriate amount of money; this money is spread out and it becomes a congressional grab bag. So, you know, Bullfrog Corner will say we need money for our first responders here where it's—probably terrorists have never heard of it, and some of the other areas suffer. But that is what happens with congressional funding formulas, as you know.

Mr. WHITE. And the money that the Congress has appropriated, largely it has been left to the discretion of the Department of Homeland Security to kind of allocate it out, at least the transportation component or the transit component of it. And thus far it has gone out on a formula, and it has had the—the consequence of what you say, Mr. Chairman, is it kind of goes out to everybody and it is not really risk-based. And clearly everybody needs a baseline of support; all of our transit systems across the country have to have some minimum baseline of support and capability, but there are systems that have higher risk, and so far that hasn't been reflected in funding decisions.

Chairman TOM DAVIS. Let me just end with this question I will ask you, Mr. White, but if anybody wants to answer it.

I mean, ultimately to be successful in getting additional money, the taxpayers have to say, what assurances can we get that the money is going to be well-spent? That is ultimately the burden that

we have whenever we go out to our voters and taxpayers and ask them for additional money.

In this case, in going to Congress for additional money, they are going to say what additional steps have we taken. We have talked about the representation issue, in fact we may have some presidentially appointed, Federal members aboard, it could be riders or whatever; but ultimately, that is the question you are going to have to be able to assure Members of Congress and voters, who will both be participating in this.

Mr. WHITE. I understand, Mr. Chairman; it is the right question for people to ask. There is an issue of accountability that we must be able to demonstrate that Mr. Kauffman, in his opening remarks, I think really stressed that issue. Both he and I covered in our testimony the litany of things that we are doing to respond to, quite frankly, a very tough year for us last year, I think we are—at the table here, those in our organization, we are the first ones to admit we did not have a good year last year, and there were things that happened that draw questions to the service we are providing to our customers. I think it has stabilized and become better lately; we certainly hope that is a byproduct of the corrective action plans we are putting in.

Certainly when it comes to money and the extent to which anybody is considering making extraordinary allocations of money, there needs to be a contract associated with that, there has to be a contract of accountability so that it should be absolutely clear what the money is going to buy. And that was one of, I think, the power of the Blue Ribbon Panel's report is it was very specific, I mean, it was very specific about what an investment would get, and it identified over what period of time that investment would be delivered.

So I think we, in the Metro organization, would be the first ones to salute the extent to which anybody is willing to put additional funding on the table to make it very—as a part of a contract, this is what we are going to deliver to the citizens, this is what people can expect to get so there is no over-expectation or under-expectation of what that investment is going to bring.

Chairman TOM DAVIS. Well, thank you all very much. Mr. Corbett, thanks for your perspective on this. Mr. Downey, you bring a wealth of knowledge with you, as you do, too, Mr. Millar. Mr. White, it is good to see you back. And Dana, good accounting for yourself in your first appearance, and we hope to see you again.

Mr. Corbett wants to get the last word here.

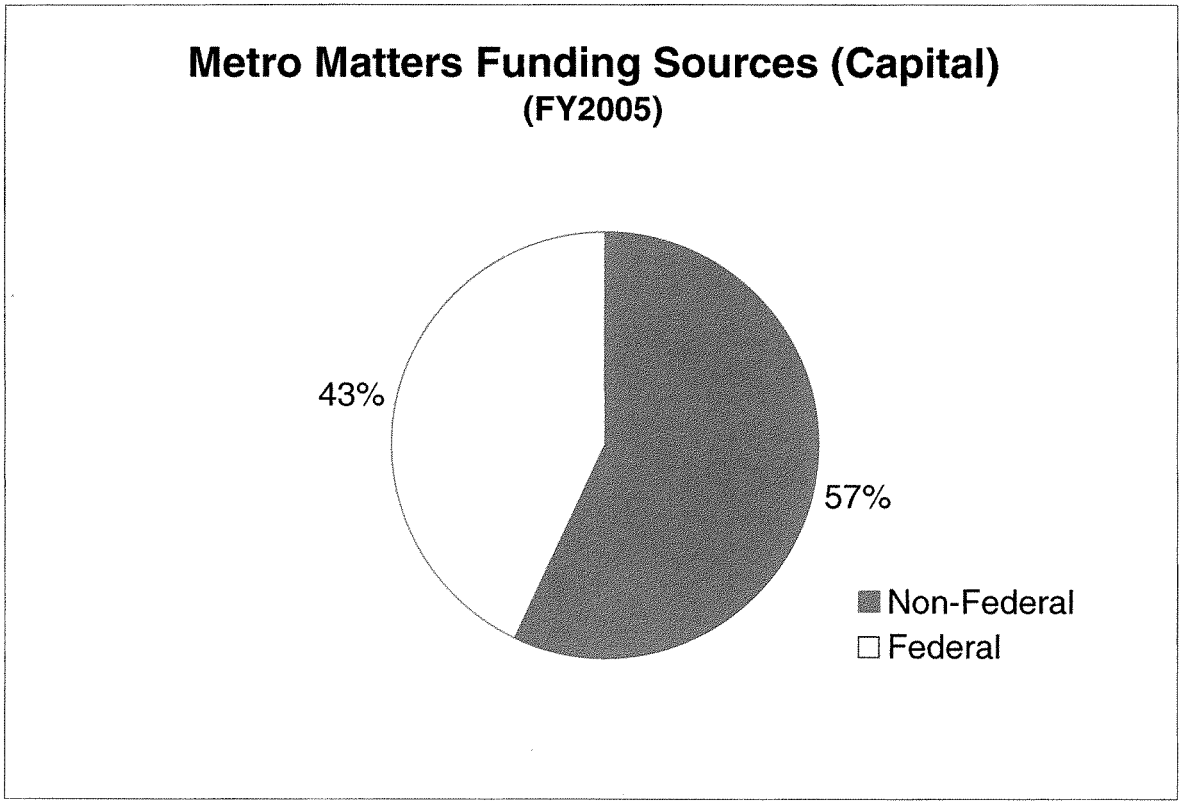
Mr. CORBETT. And it will be a brief one.

We very much, as a panel, appreciate this hearing. In watching Mr. Kauffman and all his predecessors, they are absolutely lucid on the need for a funding source for Metro. This panel of witnesses cannot provide the solution to you, and that is why we think we need a bigger room with different players, and we encourage your participation in that process.

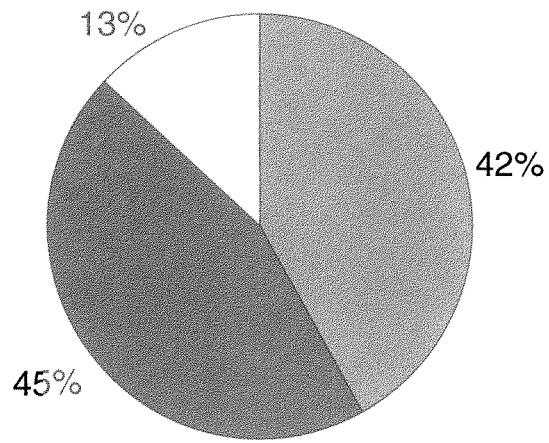
Chairman TOM DAVIS. Thank you very much. We will give you the last word. The hearing is adjourned.

[Whereupon, at 12:01 p.m., the committee was adjourned.]

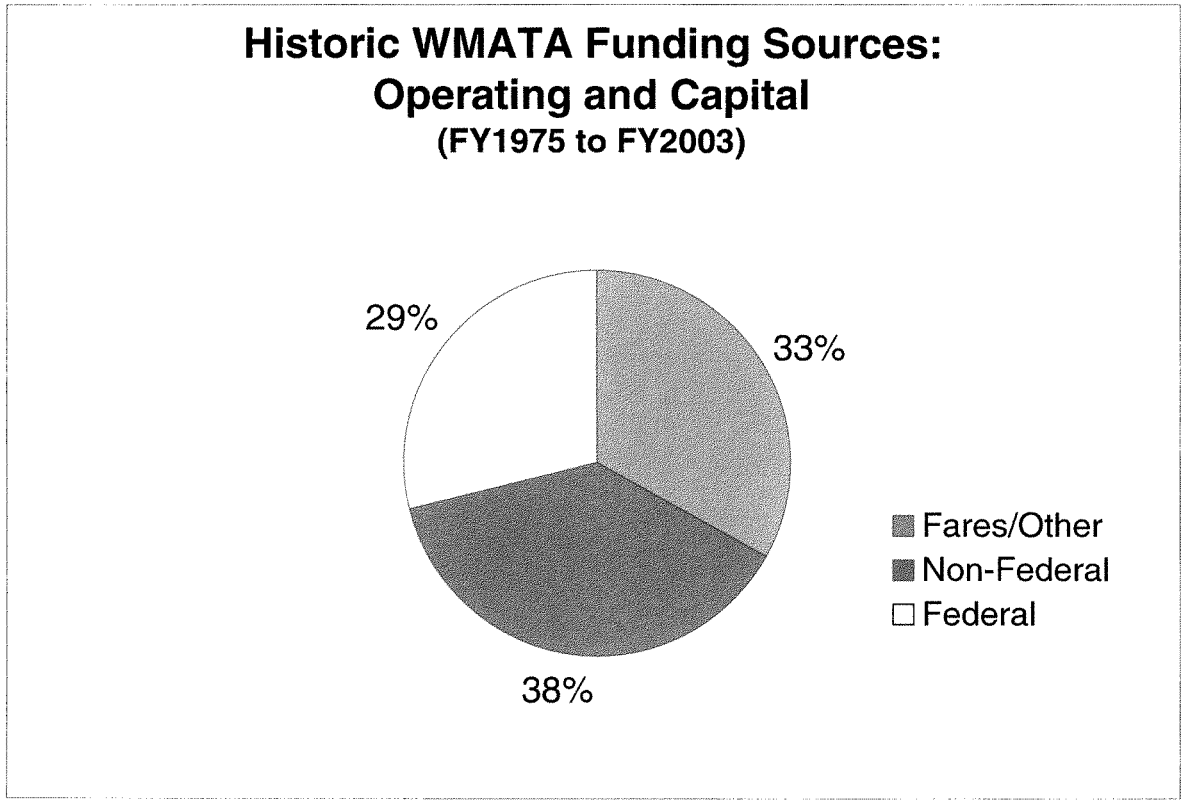
[Additional information submitted for the hearing record follows:]

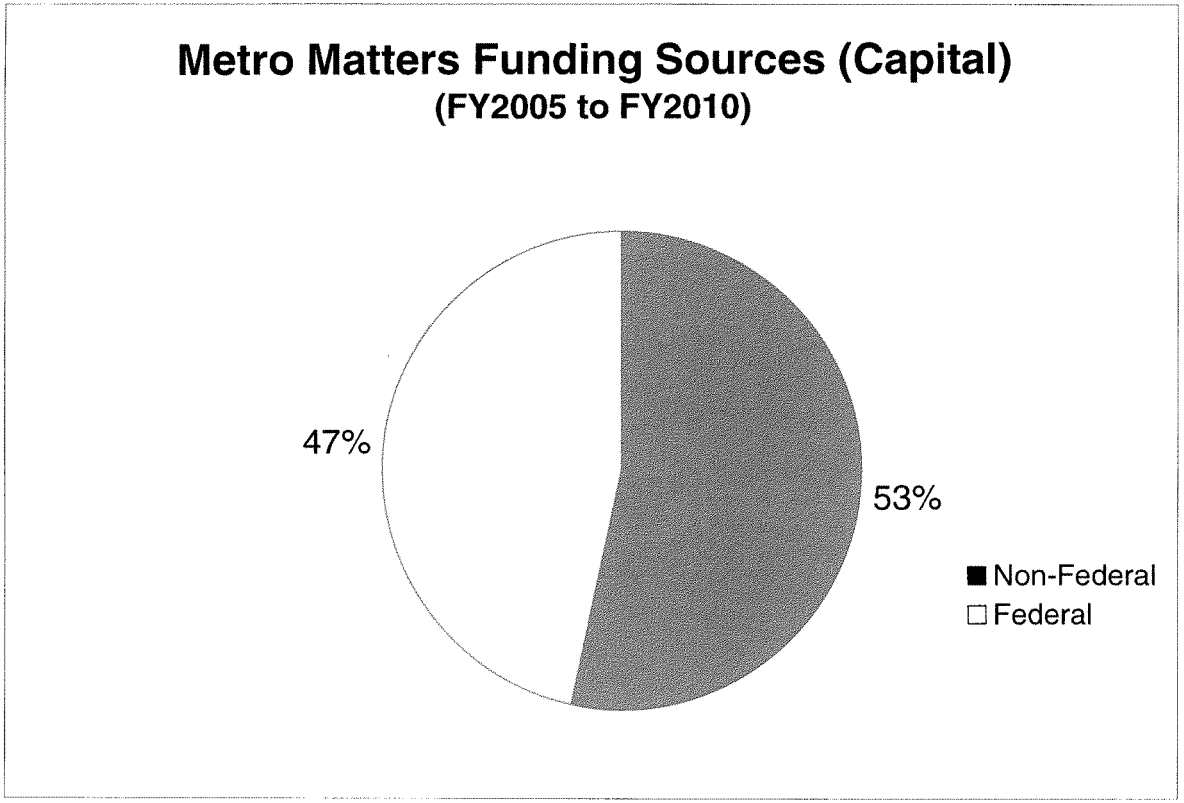

Metro Matters Funding Sources (Capital)
(FY2005)
43%
57%
Non-Federal
Federal

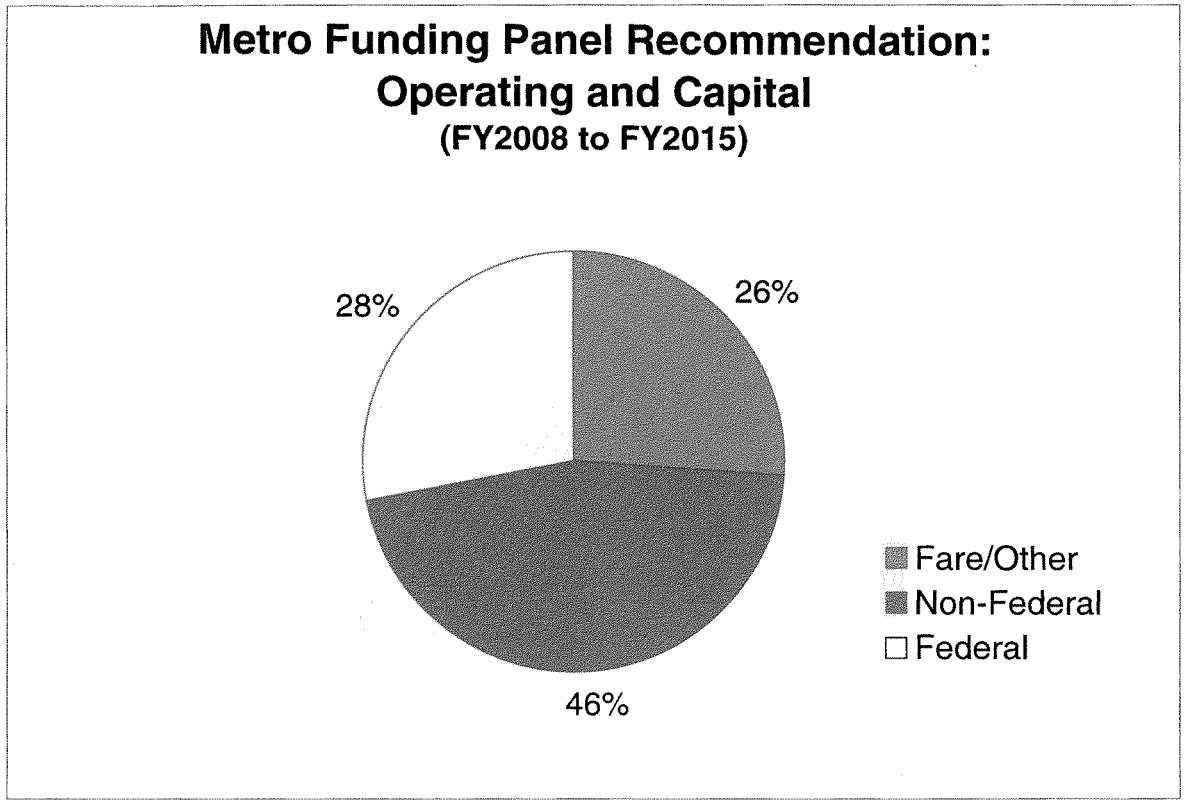
WMATA Funding Sources: Operating and Capital
(FY2005 Budget)



Note: Based on Approved FY2005 Operating Budget and Metro Matters Funding Agreement


Historic WMATA Funding Sources:
Operating and Capital
(FY1975 to FY2003)
29%
33%
38%
Fares/Other
Non-Federal
Federal


Metro Matters Funding Sources (Capital)
(FY2005 to FY2010)
47%
53%
Non-Federal
Federal


Metro Funding Panel Recommendation:
Operating and Capital
(FY2008 to FY2015)
28%
26%
46%
Fare/Other
Non-Federal
Federal

United States Government Accountability Office

GAO

Testimony
Before the Committee on Government Reform, House of Representatives

For Release on Delivery
Expected at 10:00 a.m. EST
Friday, February 18, 2005

MASS TRANSIT

Information on the Federal Role in Funding the Washington Metropolitan Area Transit Authority

Statement for the Record by Katherine Siggerud, Director
Physical Infrastructure Issues

GAO-05- 358T

February 18, 2005

GAO

Highlights

Highlights of GAO-05-358T, a Statement for the Record for the Committee on Government Reform, House of Representatives

MASS TRANSIT

Information on the Federal Role in Funding the Washington Metropolitan Area Transit Authority

Why GAO Did This Study

In recent years, the Washington Metropolitan Area Transit Authority (WMATA) has faced serious financial and budgetary problems as well as continuing challenges related to the safety and reliability of its transit services. At the same time, ridership is at an all-time high, and WMATA continues to provide critical services and considerable benefits to the Washington region's economic well-being and to the federal government.

This statement is based on preliminary results of our work on WMATA that GAO is performing at the request of the Chairman, House Committee on Government Reform, as well as on GAO's previous review of WMATA and other studies of WMATA's financial condition. It discusses (1) the extent to which WMATA relied on federal funding to build its Metrorail subway system and the federal government's rationale for providing that funding, (2) the extent to which WMATA has relied on other federal funding for capital improvements in recent years, and (3) the current funding challenges that WMATA faces and options that have been proposed to address those challenges.

What GAO Found

WMATA relied on federal funding to pay for over 60 percent of the costs to build its Metrorail subway system. From 1969 through 1999, the federal government provided about $6.2 billion of the approximately $10 billion that WMATA spent to construct the original 103-mile system. About two-thirds of this federal funding, or $4.1 billion, came from direct appropriations. The remaining federal funding, about $2.1 billion, came from unused federal Interstate highway funds. In addition, nonfederal entities provided about $2.1 billion for Metrorail's construction, and about $1.7 billion came from revenue bonds, and other sources. Beginning in the 1960s, Congress and the Executive Branch supported federal funding for building the Metrorail system, citing several reasons including (1) the federal government's large presence in the area, (2) the attraction of the nation's capital for tourists, (3) the overlapping needs of adjacent jurisdictions, and (4) the limitations faced in raising other revenue for transit needs.

WMATA has relied on other federal funding to cover over 40 percent of its capital improvement costs over the last 10 fiscal years. Of about $3.5 billion in total funding that WMATA received from all sources for capital improvements from fiscal year 1995 through fiscal year 2005, about $1.5 billion, or about 43 percent, came from the federal government, and about $2.0 billion, or about 57 percent, came from the state and local jurisdictions that WMATA serves and from other sources. Most of the federal funding has come through grants administered by the Federal Transit Administration. Over the last 10 fiscal years, the federal grant funding has generally increased, but the nonfederal funding has varied. WMATA has combined and used its federal grant and nonfederal funds for eligible rail modernization, new construction and extensions, and bus rehabilitation programs and projects. WMATA also received and used about $49.9 million for congressionally designated projects during fiscal years 1995 through 2005.

Over the years, WMATA has faced funding challenges, and options have been proposed to address them. Although WMATA has taken steps to improve its management, such as prioritizing its planned capital improvements, it lacks a dedicated funding source and must rely on contributions from local, regional, and federal organizations. These contributions can vary and have not been sufficient in recent years to fully fund WMATA's planned capital improvements. Proposed options would provide a dedicated funding source, such as a regional sales tax, and would include federal funding, particularly for capital maintenance and enhancement. This federal funding would be in addition to the federal grant funding that WMATA currently receives.

www.gao.gov/cgi-bin/getrpt?GAO-05-358T.

To view the full product, including the scope and methodology, click on the link above. For more information, contact Kate Siggerud at (202) 512-2834 or siggerudk@gao.gov.

Mr. Chairman and Members of the Committee:

We are pleased to have the opportunity to provide information on the federal government's role in funding the Washington Metropolitan Area Transit Authority (WMATA). In recent years, WMATA has faced serious financial and budgetary problems as well as continuing challenges related to the safety and reliability of its transit services. At the same time, WMATA's ridership is at an all-time high, and the agency continues to provide critical services and considerable benefits to the National Capital Region's economic well-being and to the federal government.

Our statement today is based on preliminary results of our work on WMATA. We will discuss (1) the extent to which WMATA relied on federal funding to build its Metrorail subway system and the federal government's rationale for providing that funding, (2) the extent to which WMATA has relied on other federal funding for capital improvements over the past 10 fiscal years, and (3) the current funding challenges that WMATA faces and options that have been proposed to address those challenges. Our work is based on a review of the laws and regulations that have governed WMATA since its inception, an analysis of WMATA's budgetary and program data, a review of reports on WMATA's financial problems that we and others have issued, and interviews with officials in WMATA and in the Department of Transportation. This statement relies on data provided by WMATA; we did not have an opportunity to review the reliability of that data.

In summary:

- WMATA relied on federal funding to pay for over 60 percent of the costs to build its Metrorail subway system. Since the 1960s, Congress and the executive branch have supported federal funding for WMATA. From 1969 through 1999, the federal government provided about $6.2 billion of the approximately $10 billion that WMATA spent to construct the original 103-mile system. About two-thirds of this federal funding, or $4.1 billion, came from direct appropriations authorized under three acts—the National Capital Transportation Act of 1969 ($1.1 billion), the

National Capital Transportation Amendments of 1979 ($1.7 billion), and the National Capital Transportation Amendments of 1990 ($1.3 billion).[1] The remaining federal funding, about $2.1 billion, came from unused federal interstate highway funds that the District of Columbia was authorized to provide to WMATA to supplement the direct appropriations for Metrorail construction. (See app. I, table 1.) In addition, nonfederal entities provided about $2.1 billion for Metrorail construction, and about $1.7 billion came from other sources, including revenue bonds. Several factors contributed to the federal government's rationale for providing funding to construct a transit system in the District of Columbia. These included (1) the large presence of the federal government in the area with its attendant property, buildings, and workforce; (2) the attraction of the nation's capital as a tourist destination; (3) the overlapping needs of adjacent jurisdictions; and (4) the limitations faced by the District of Columbia and by adjacent jurisdictions in raising revenue for transit needs.

- WMATA has relied on other federal funding to cover over 40 percent of its capital improvement costs over the last 10 fiscal years. Of about $3.5 billion in total funding that WMATA received from all sources for capital improvements from fiscal year 1995 through fiscal year 2005, about $1.5 billion, or about 43 percent, came from the federal government, and about $2.0 billion, or about 57 percent, came from the state and local jurisdictions that WMATA serves and from other sources. Most of the federal funding has come through grants administered by the Federal Transit Administration. Over the last 10 fiscal years, the federal grant funding has generally increased, but the nonfederal funding has varied. WMATA has combined and used its federal grant and nonfederal funds for eligible rail modernization, new construction and extension, and bus rehabilitation programs and projects. Finally, WMATA received and used about $49.9 million for congressionally designated projects, including a new Metrorail station at New

[1] Congress authorized appropriations over a period of years for the construction of the Washington Metropolitan Area transit system in 1969, 1979, and 1990. The appropriations that were authorized in 1969 went directly to WMATA, while the appropriations that were authorized in 1979 and 1990 were directed to WMATA via the Department of Transportation. Subsequently, Congress appropriated funds in annual appropriation acts in accordance with these authorizing acts.

York Avenue in the District of Columbia, during fiscal years 1995 through 2005. (See app. I, table 2.)

- Over the years, WMATA has faced funding challenges, and options have been proposed to address them. In 2001, we reported that WMATA anticipated funding shortfalls through 2025,[2] and we recommended that, to improve its management, it document and prioritize its planned capital improvements. WMATA has taken these steps, but its funding challenges have grown as the Metrorail system has aged. WMATA lacks a dedicated source of funds to pay for its planned capital improvements and must rely on local, regional, and federal organizations for financial support. Their support can vary and has not been sufficient in recent years for WMATA to fully fund its planned capital improvements. Options proposed to address WMATA's funding challenges would provide a dedicated source of funds, such as a regional sales tax, and would include federal funding, particularly for capital maintenance and enhancement. This federal funding would be in addition to the grants that WMATA currently receives.

Background

WMATA was created in 1967 by an interstate compact that resulted from the enactment of identical legislation by Virginia, Maryland, and the District of Columbia, with the concurrence of the U.S. Congress.[3] WMATA began building its Metrorail system in 1969, acquired four regional bus systems in 1973, and began the first phase of Metrorail operations in 1976. In January 2001, WMATA completed the originally planned 103-mile Metrorail system, which included 83 rail stations on five rail lines.[4] Currently, WMATA operates a massive transit system that serves a population of 3.5 million within a 1,500-square-mile service area covering numerous

[2] See *Mass Transit: Many Management Successes at WMATA, but Capital Planning Could Be Enhanced*, GAO-01-744 (Washington, D.C: July 3, 2001) and *Mass Transit: WMATA Is Addressing Many Challenges, but Capital Planning Could Be Improved*, GAO-01-1161T (Washington, D.C.: Sept. 21, 2001).
[3] Washington Metropolitan Area Transit Authority Compact, Pub. L. No. 89-774 (1966).
[4] WMATA operates five rail lines: red, blue, orange, green, and yellow.

jurisdictions within Virginia, Maryland, and the District of Columbia.[5] The transit system encompasses (1) the Metrorail system, which now has 86 Metrorail stations on five rail lines and a fleet of about 900 rail cars; (2) the Metrobus system, which has a fleet of about 1,400 buses serving 350 routes; and (3) the MetroAccess ADA[6] complementary paratransit system, which provides specialized transportation services, as required by law, to persons with disabilities who are certified as being unable to access WMATA's fixed-route transit system.

WMATA operates in a complex environment, with many organizations influencing its decision-making and funding and providing oversight. WMATA is governed by a Board of Directors, which sets policies and oversees all of WMATA's activities, including budgeting, operations, development and expansion, safety, procurement, and other activities. In addition, a number of local, regional, and federal organizations affect WMATA's decision-making, including (1) state and local governments, which subject WMATA to a range of laws and requirements; (2) the Tri-State Oversight Committee, which oversees WMATA's safety activities and conducts safety reviews; (3) the National Capital Region Transportation Planning Board (TPB) of the Metropolitan Washington Council of Governments (COG), which develops the short- and long-range plans and programs that guide WMATA's capital investments; (4) the Federal Transit Administration (FTA), which provides oversight of WMATA's compliance with federal requirements; and (5) the National Transportation Safety Board, which investigates accidents on transit systems as well as other transportation modes.

WMATA estimates that its combined rail and bus ridership will total about 342 million passenger trips in fiscal year 2005, making it the second largest heavy rail rapid transit system and the fifth largest bus system in the United States, according to WMATA officials. WMATA's proposed fiscal year 2005 budget totals nearly $1.3 billion. Of the total amount, about 76 percent, or $977.9 million, is for operations and maintenance

[5] The WMATA service area consists of the northern Virginia counties of Arlington, Fairfax, and Loudoun and the cities of Alexandria, Fairfax, and Falls Church; the suburban Maryland counties of Montgomery and Prince George's; and the District of Columbia.
[6] The ADA is the Americans with Disabilities Act of 1990.

activities, including debt service, and the remaining 24 percent, or $314.1 million, is for capital improvements. WMATA obtains its funding from a variety of sources, including the federal, state (Maryland and Virginia), District of Columbia, and local governments; passenger fares; and other sources. In general, WMATA relies on passenger fares and subsidies from its member jurisdictions to cover its operating costs, and it obtains its capital funds from the sources discussed in this statement.

WMATA Relied on Federal Funding to Cover over 60 Percent of Metrorail Construction Costs

Over about 30 years, from 1969 through 1999, the federal government provided funding for Metrorail construction, through direct appropriations and unused highway funds. This funding covered about 62 percent of the transit system's construction costs. The remaining construction funds came from nonfederal entities and other sources. The federal contribution reflected the federal government's interest in and responsibility for a regional transit system.

Federal funding accounted for about $6.2 billion of the approximately $10.0 billion that WMATA spent to build the original 103-mile system. About two-thirds of this federal funding, or over $4 billion, came from direct appropriations authorized in legislation enacted in 1969, 1979, and 1990.[7]

- The National Transportation Act of 1969[8] authorized $1.1 billion for Metrorail construction.
- The National Capital Transportation Amendments of 1979[9] (also known as the Stark Harris bill) authorized $1.7 billion for Metrorail construction.
- The National Capital Transportation Amendments of 1990[10] authorized $1.3 billion for Metrorail construction.

[7] Subsequently, Congress appropriated these authorized funds in annual appropriation acts.
[8] Pub. L. No. 91-143, 83 Stat. 320 (1969).
[9] Pub. L. No. 96-184, 93 Stat. 1320 (1980).
[10] Pub. L. No. 101-551, 104 Stat. 2733 (1990).

Fiscal year 1999 was the last year WMATA received direct federal appropriations for Metrorail construction. For fiscal years 1995 through 1998, it was appropriated $200 million a year, and for fiscal year 1999, it was appropriated $50 million, for a total of $850 million. The remaining federal funding, about $2.1 billion, came from unused federal interstate highway funds that the District of Columbia was authorized to provide to WMATA to supplement the direct appropriations for Metrorail construction.[11] In addition, nonfederal entities provided about $2.1 billion for Metrorail construction, and about $1.7 billion came from other sources, including revenue bonds.

WMATA used the federal and other funding provided for construction to build the 103-mile Metrorail system, including 83 rail stations on five rail lines. More specifically, it used the funds to plan and design the rail system, dig tunnels, purchase rail cars, lay rails, construct stations, and establish a communication system.

The rationale of Congress and the executive branch for providing funding to construct a transit system in the District of Columbia dates back to the 1950s. According to this rationale, several factors related to the unique status of the District of Columbia as the nation's capital call for close federal involvement in planning for and funding a transit system for the District and adjacent jurisdictions. These factors include (1) the large presence of the federal government in the area with its attendant property, buildings, and workforce; (2) the attraction of the nation's capital as a tourist destination; (3) the overlapping needs of adjacent jurisdictions; and (4) the limitations faced by the District of Columbia and by the adjacent jurisdictions in raising revenue for transit needs. Congress and the administration identified and considered these factors in legislation requiring the planning of mass transportation for the area and establishing WMATA, as well as in the three previously discussed acts that authorized direct appropriations for

[11] The Federal Aid Highway Act of 1973 gave states the ability to use highway funds on transit projects. Beginning in 1975, WMATA began receiving interstate highway funds from the District of Columbia, which totaled $2.1 billion as of 2004. Under the Intermodal Surface Transportation Efficiency Act of 1991 (ISTEA) and the Transportation Equity Act for the 21st Century (TEA-21) the federal Highway Trust Fund continues to be used as the mechanism to account for federal highway user-tax receipts that fund various highway and transit programs.

planning and constructing the Metrorail system. Highlights of this legislation follow; for a more detailed discussion, see appendix II.

- In 1952, Congress enacted and President Truman signed the National Capital Planning Act of 1952[12] (1952 Act), which provided for comprehensive planning for the physical development of the National Capital Region.[13] Congress created the National Capital Planning Commission as the central planning agency for the region's development and made it responsible for preparing a comprehensive regional transportation plan that would serve federal and the District of Columbia's needs for highways and mass transit.

- In 1960, Congress enacted and President Eisenhower signed the National Capital Transportation Act of 1960[14] (1960 Act) to promote the development of a transit system for the National Capital Region. This legislation found that an improved transportation system for the National Capital Region was essential for the federal government to perform its functions effectively and recognized that the District and local regional governments lacked the capacity to fund such a system. The 1960 Act established the National Capital Transportation Agency and made it responsible for preparing and periodically revising a Transit Development Program, as well as for submitting recommendations for organizational and financial arrangements for regional transportation, in consultation with local governments of the National Capital Region and interested federal agencies. These recommendations were to provide that users pay as much as possible of the regional transportation system's costs and that the federal, state, and local governments equitably share any remaining costs. Finally, the 1960 Act authorized Maryland, Virginia, and the District of Columbia to negotiate a compact[15] for the establishment of a regional planning and administrative organization whose

[12] Pub. L. 592, Chapter 949, 60 Stat. 781, July 19, 1952.
[13] The National Capital Region includes the District of Columbia and various counties in Maryland and Virginia. 1952 Act, section 1(b). It is also referred to as the Washington Metropolitan Area.
[14] Pub. L. No. 86-669, 74 Stat. 537 (1960).
[15] Article I, Section 10, of the U.S. Constitution provides that no state shall enter into any agreement or compact with another state without the consent of Congress.

functions would include the provision of regional transportation facilities.

- In 1965, Congress and President Johnson reaffirmed the federal government's role in developing a transit system for the National Capital Region in the National Capital Transportation Act of 1965 (1965 Act).[16] This legislation reiterated the importance of a coordinated regional transportation system to the effective performance of the federal functions located within the region and provided, as did the 1960 Act, for intergovernmental cooperation and financing by users, the federal government, and others.

- In 1966, at President Johnson's request, Congress authorized and approved a compact negotiated between the District of Columbia, Maryland, and Virginia that, among other things, proposed the creation of the Washington Metropolitan Area Transit Authority (WMATA),[17] and in 1967, WMATA was created. The preamble to the compact again emphasized the federal interest in a coordinated regional transportation system and again provided for intergovernmental cooperation and financing by users, the federal government, and others.

WMATA Has Relied on Federal Grants for over 40 Percent of Its Capital Improvement Program Funding

In addition to relying on federal funding to construct Metrorail, WMATA has relied on other federal funding for capital improvements. Federal funding accounts for about $1.5 billion, or about 43 percent, of the approximately $3.5 billion that WMATA has received from all sources for its Capital Improvement Program from fiscal year 1995 through fiscal year 2005, and about $2.0 billion, or about 57 percent, has come from the state and local jurisdictions that WMATA serves and from other sources. Most of this federal

[16] Pub. L. No. 89-173, 79 Stat. 663 (1965).
[17] President Johnson's letter of June 9, 1966, and attachments. Weekly Compilation of Presidential Documents, Monday June 13, 1966.

funding has come through formula and discretionary grants administered by FTA.[18] FTA's grant programs provide states, local and regional transportation providers, and others with funds for the construction, acquisition, improvement, and operation of transit systems and projects. These grants cover up to 80 percent of the costs for eligible capital projects, but, as we have reported, FTA has favored grant proposals for projects in at least one program that provide more than the minimum 20 percent from nonfederal sources.[19]

For fiscal years 1995 through 2005, WMATA has received $778.0 million in urbanized area formula grants (title 5307 funds[20]). This figure is equivalent to $824.8 million in fiscal year 2004 inflation-adjusted dollars. These grants, which are apportioned on the basis of legislative formulas,[21] are available to urbanized areas with populations of 50,000 or more for transit capital and transportation-related planning activities. Such activities include engineering design and other planning activities and capital assistance for buses, crime prevention; and security equipment; the construction of maintenance and passenger facilities; and rolling stock, track, signals, communication equipment, and other types of equipment. As figure 1 shows, WMATA's federal urbanized area formula grant funding has generally increased over the last 10 fiscal years.[22] For fiscal year 2005, this grant funding accounts for 45 percent of the federal funds that WMATA will receive.

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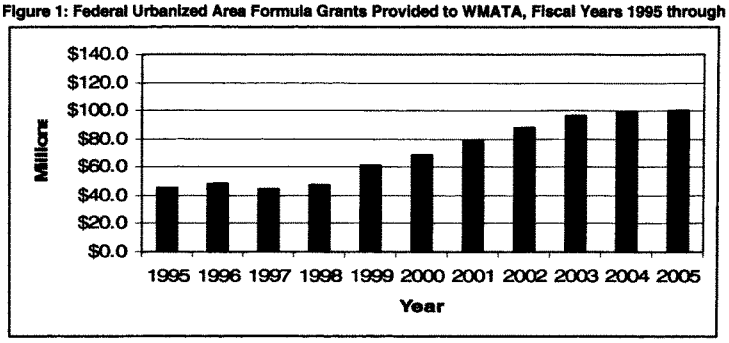
[18] Formula grants are allocated to eligible entities on the basis of a statutory formula; discretionary grants are awarded to eligible entities through a process that may involve competition.
[19] See *Mass Transit: FTA Needs to Provide Clear Information and Additional Guidance on the New Starts Ratings Process*, GAO-03-701 (Washington, D.C.: June 23, 2003).
[20] 49 U.S.C. § 5307.
[21] The formulas take into consideration a combination of factors, including bus revenue vehicle miles, bus passenger miles, rail revenue vehicle miles, rail route miles, population, population density, and other factors.
[22] Even after adjustments for inflation, this funding generally has increased over the last 10 fiscal years.

Figure 1: Federal Urbanized Area Formula Grants Provided to WMATA, Fiscal Years 1995 through 2005



Source: GAO presentation of data provided by WMATA.

Note: Data are in nominal dollars (not adjusted for inflation).

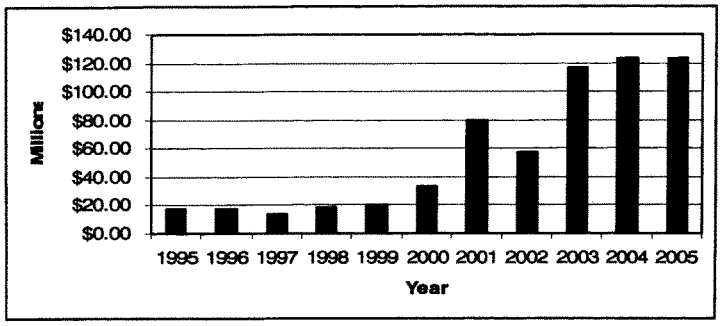
For fiscal years 1995 through 2005, WMATA has received $621.0 million through federal Capital Investment grants (title 5309 funds[23]).[24] This figure is equivalent to $642.6 million in fiscal year 2004 inflation-adjusted dollars. These grants are available to states, municipalities, and public entities such as transit agencies through three programs:

- The rail and fixed guideway modernization program provides formula grants for fixed guideway modernization projects, such as heavy rail, commuter rail, light rail, automated guideway transit, and the portion of motor bus service operated on busways or high-occupancy-vehicle lanes.
- The major capital investments in transit (New Starts) program provides discretionary grants for constructing new fixed guideway systems or extensions of existing fixed guideway systems such as those identified under the fixed guideway modernization program.
- The bus and bus facilities program provides discretionary grants for bus and bus-related capital projects.

[23] 49 U.S.C. § 5309.
[24] See GAO *Transit Grants*, GAO/RCED-00-260, pp. 1, 3, and appendix I; and *Benefits and Costs of Transportation Investments*, GAO-05-172, p. 8.

As figure 2 shows, WMATA's funding from the federal Capital Investment grant programs has generally increased over the past 10 fiscal years.[25] For fiscal year 2005, this grant funding accounts for 55 percent of the federal funds WMATA will receive.

Figure 2: Federal Capital Investment Grants Provided to WMATA, Fiscal Years 1995 through 2005



Source: GAO presentation of data provided by WMATA.

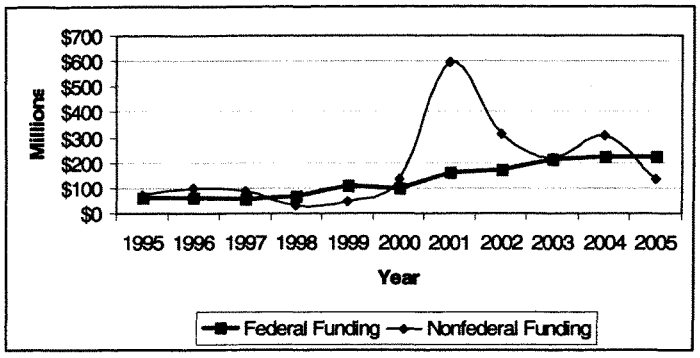
Note: Data in nominal dollars (not adjusted for inflation).

According to WMATA officials, over the past 10 fiscal years, WMATA has used 100 percent of its federal urbanized area formula grant funding for rehabilitating and replacing its existing rail system and bus assets. During the same 10-year period, the officials said, it has used 63 percent of its federal Capital Investment grants for rehabilitating and replacing rail system assets and 37 percent for system expansion and growth.

While WMATA's federal formula and discretionary grant funding has generally increased over the past 10 fiscal years, its nonfederal funding for capital improvements has varied over the same period, as shown in figure 3. Notably, in fiscal year 2001, the nonfederal funding level increased dramatically compared with the previous and subsequent years' funding levels. As part of our ongoing work, we plan to examine changes in WMATA's nonfederal funding levels in greater detail.

[25] Even after adjustments for inflation, this funding generally has increased over the last 10 fiscal years.

Figure 3: Federal and Nonfederal Contributions to WMATA's Capital Improvement Program, Fiscal Years 1995 through 2005



Source: GAO presentation of data provided by WMATA.

Note: Data are in nominal dollars (not adjusted for inflation).

WMATA combines its federal grant funds with its nonfederal funds and uses them for eligible projects in its own Capital Improvement Program. WMATA established this program in 2002 in response to recommendations that we and others made that WMATA document and prioritize its capital funding needs. For fiscal year 2005, the Capital Improvement Program consists of three major elements[26] that are designed to address all aspects of the agency's capital investments:

- The Infrastructure Renewal Program (IRP) uses funds to rehabilitate or replace WMATA's existing assets, including rail cars, buses, maintenance facilities, tracks and other structures and systems. This program accounted for the largest share, or about 92 percent, of the total funding for WMATA's Capital Improvement Program funding in fiscal year 2005.
- The System Access and Capacity Program (SAP) uses funds to improve access to and increase the capacity of the transit system by providing additional rail cars

[26] In its proposed fiscal year 2006 budget, WMATA has expanded the Capital Improvement Program to include a number of other capital activities—including purchases of new rail cars and buses and the construction of new security and credit facilities—that were proposed as part of an initiative entitled "Metro Matters." This initiative is discussed in detail later in this statement.

and buses, parking facilities, and support activities to accommodate growth in ridership.

- The System Expansion Program (SEP) uses funds to expand fixed guideway services, selectively add stations and entrances to the existing Metrorail system, and improve bus service levels and expand service areas.

In addition to its federal grant funds, WMATA received about $49.9 million for congressionally designated projects during fiscal years 1995 through 2005. It used these funds for capital projects, including about $25 million for a station located at New York Avenue in the District of Columbia.[27]

Options for Addressing WMATA's Funding Challenges Would Generally Establish a Dedicated Revenue Source and Include a Federal Contribution

Over the years, WMATA has faced funding challenges, and options have been proposed to address them. Although WMATA has taken steps to improve its management, such as prioritizing its planned capital improvements, it lacks a dedicated funding source and must rely on variable, sometimes insufficient contributions from local, regional, and federal organizations to pay for its planned capital improvements. Proposed options would provide a dedicated funding source, such as a regional sales tax, and would increase federal funding for capital improvements.

WMATA and Others Project Continuing Shortfalls in Its Capital and Operating Budgets

In 2001, we reported and testified that WMATA faced uncertainties in obtaining the funding for its planned capital spending for the Infrastructure Renewal and System Access Programs.[28] At that time, WMATA anticipated a shortfall of $3.7 billion in the funding for these programs over the 25-year period from fiscal year 2001 through fiscal

[27] District of Columbia Appropriations Act for Fiscal Year 2001, Pub.L. No. 106-522, 114 Stat. 2440 (2000).
[28] See GAO, *Mass Transit: Many Management Successes at WMATA, but Capital Planning Could Be Enhanced*, GAO-01-744 (Washington, D.C: July 3, 2001) and *Mass Transit: WMATA Is Addressing Many Challenges, but Capital Planning Could Be Improved*, GAO-01-1161T (Washington, D.C.: Sept. 21, 2001).

year 2025.

Since that time, in response to recommendations that we and others made, WMATA has spent considerable time documenting and prioritizing its planned capital funding requirements, and in November 2002, its Board of Directors adopted a comprehensive 10-year Capital Improvement Plan calling for $12.2 billion. Then, in September 2003, WMATA launched a campaign, called "Metro Matters," to obtain $1.5 billion in capital funding over a 6-year period to avert what WMATA believed was a crisis in its ability to sustain service levels and system reliability and to meet future demands for service. In response, WMATA's Board of Directors approved a $3.3 billion funding plan for fiscal years 2005 through 2010 to help pay for WMATA's most pressing short-term capital investment priorities.[29] This plan calls for an additional $403 million in federal assistance over the 6-year period, to be used for rail cars and security improvements. WMATA officials told us that the agency has requested this additional funding from the federal government, which has not yet acted on the request.

As concerns about WMATA's funding grew, a regional panel—cosponsored by the Washington Metropolitan Council of Governments, the Greater Washington Board of Trade, and the Federal City Council[30]—was formed in September 2004 to research funding options for the public transit system. This panel, known as the Metro Funding Panel, reported in January 2005 that during fiscal years 2005 through 2015, WMATA will continue to experience substantial capital and operating funding shortfalls totaling about $2.4 billion—including a $0.5 billion shortfall in the operating budgets and a $1.9 billion shortfall in the capital budgets for those years.[31] In addition, the panel estimated that WMATA's MetroAccess paratransit program would have a $1.1 billion shortfall in its budgets for fiscal years 2005 through 2015. The panel noted that it did not incorporate

[29] The $3.3 billion included $1.8 billion in previously pledged funding and $1.5 billion in new commitments called for in "Metro Matters."
[30] The Federal City Council is a non-profit organization—composed of 170 of the Washington region's business, professional, educational, and civic leaders—that addresses major issues through a variety of projects involving the private sector, the federal government, and the District of Columbia government.
[31] The formal name of the panel is "Panel on the Analysis of and Potential for Alternate Dedicated Revenue Sources for WMATA". See PB Consult Inc., *Report of the Metro Funding Panel* (Washington, D.C.: Jan. 6, 2005).

the funding needs of the MetroAccess paratransit program in its calculations of WMATA's overall budgetary shortfalls because it believes that paratransit services, which are important to the well-being of residents in the Washington region, are "of a different nature from the basic WMATA mission" and should be funded through creative packaging of the revenue sources that flow into the region from social service, medical, and other nontransportation resources. Although we have not had an opportunity to review the assumptions underlying the Metro Funding Panel's estimates of WMATA's budgetary shortfalls, we note that WMATA is required by the Americans with Disabilities Act (ADA) of 1990[32] to provide ADA-complementary paratransit services to those who are unable to use the agency's fixed-route transit system.

Proposed Options Could Address Concerns about WMATA's Lack of a Dedicated Revenue Source

In our 2001 report and testimony,[33] we noted that WMATA's funding comes from a variety of federal, state, and local sources, but that unlike most other major transit systems, WMATA does not have a dedicated source of revenues, such as local sales tax revenues, that are automatically directed to the transit authority. As far back as April 1979, we reported on the need for a revenue source dedicated to pay the costs of mass transportation in the Washington region.[34] In that report, we outlined reasons why the cost estimates for building the Metrorail system had escalated and pointed out that the Department of Transportation (DOT), as well as WMATA, agreed that a dedicated revenue source was needed to address the increasing deficits in WMATA's capital construction and operating budgets.

In January 1983, we again raised concerns about the level of funding available to operate the Metrorail system and recommended that DOT issue guidance requiring periodic reevaluations of the stability and reliability of the revenue sources, associated with

[32] Pub. L. 101-336.
[33] GAO-01-744 and GAO-01-1161T.
[34] GAO, *Issues Being Faced by the Washington Metropolitan Area Transit Authority*, CED-79-52 (Washington, D.C.: Apr. 10, 1979).

WMATA's member jurisdictions, which are used to fund the operation of WMATA's transit system.[35] In making this recommendation, we noted that the National Capital Transportation Amendments of 1979 (Stark Harris) required that WMATA's member jurisdictions demonstrate that they have "stable and reliable" revenue sources available to fund WMATA's operating costs, including debt service. Although DOT had told Congress in 1982 that WMATA's jurisdictions had established such revenue sources, our report raised a number of concerns. Specifically, it noted that (1) WMATA's operating deficits had risen faster than the rate of inflation and were expected to continue to rise so that future local government revenue sources could become inadequate, (2) local jurisdictions considered WMATA's costs burdensome, and (3) WMATA's estimates for its 1990 operating deficit had proved to be optimistic—that is, the deficit had proved to be larger than expected. Consequently, we recommended that DOT issue criteria on what constitutes a "stable and reliable" funding source and periodically reevaluate those revenue sources.

The concerns about WMATA's lack of dedicated revenues surfaced again in reports issued by the Brookings Institution in June 2004[36] and by the Metro Funding Panel in January 2005.[37] According to the Brookings report, WMATA's lack of dedicated revenues makes WMATA's core funding uniquely vulnerable and at risk as its member jurisdictions struggle with their own fiscal difficulties. The report further stated that the Washington region needs to develop a dedicated source of revenue, and it evaluated the advantages and disadvantages of a menu of revenue options that could support the dedicated revenue source, including gasoline taxes, sales taxes, congestion charges, parking taxes, land-value capture, and payroll taxes. Similarly, the report of the Metro Funding Panel concluded that although WMATA has provided numerous benefits to both the Washington region and the federal government over the years, it will require a commitment of new revenue sources to continue that progress. Accordingly, the Panel made the following recommendations:

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[35] GAO, *Applying DOT's Rail Policy to Washington, D.C.'s Metrorail System Could Save Federal Funds*, GAO/RCED-83-24 (Washington, D.C.: Jan. 12, 1983).
[36] Robert Puentes, *Washington's Metro: Deficits by Design* (Washington, D.C.: Brookings Institution Series on Transportation Reform, June 2004).
[37] *Report of the Metro Funding Panel* (2005).

- The compact jurisdictions of Maryland, Virginia, and the District of Columbia should mutually create and implement a single regional dedicated revenue source to address WMATA's budgetary shortfalls.
- The most viable dedicated revenue source that could be implemented on a regional basis is a sales tax.
- The federal government should participate "significantly" in addressing WMATA's budgetary shortfalls, particularly for capital maintenance and system enhancement.
- Federal and regional authorities should consider alternate methods for funding the paratransit needs of the region.

WMATA and the Metro Funding Panel's cosponsoring organizations have endorsed the panel's report and recommendations. At the Chairman's request of February 9, 2005, we plan to address WMATA's funding issues in more detail, as well as concerns about the agency's overall operations and management, in a comprehensive study of WMATA. In that study, we plan to address

- WMATA's unique responsibilities for serving the interests of the federal government—including the agency's role in transporting federal employees and supporting homeland security for the Washington metropolitan region—and the extent to which the federal government has provided WMATA with financial support over the years in recognition of its responsibility for a regional transit system;
- the extent to which WMATA is still experiencing the types of challenges laid out in our 2001 report and the actions WMATA has taken to implement our recommendations for improving its capital planning practices; and
- the current funding challenges that WMATA faces and the pros and cons of various options proposed by the Metro Funding Panel and others for addressing these challenges.

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In summary, WMATA has relied on federal funding to a great extent, first to construct the Metrorail system and then to rehabilitate its existing assets and to purchase new capital. As the original rail system ages, WMATA will probably request more federal funds for rehabilitation, but as its ridership grows, it will also need to purchase new capital to accommodate the increased demands on the system. Because WMATA lacks a dedicated revenue source, it relies on federal and nonfederal contributions, which can vary and may not be sufficient, making capital planning difficult.

Contacts and Acknowledgments

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Appendix I

Federal Funding Provided to the Washington Metropolitan Area Transit Authority for Metrorail Construction and for Capital Improvements

Table 1: Federal Funding Provided for Metrorail Construction

Dollars in billions

Federal funding	Authorizing legislation	Amount provided
Appropriations		
	National Transportation Act of 1969	$1.1
	The National Capital Transportation Act Amendments of 1979	1.7
	The National Capital Transportation Act of 1990	1.3[a]
Subtotal		**$4.1**
Interstate highway funds	Federal Aid Highway Act of 1973	$2.1
Total		**$6.2**

Source: GAO presentation of data provided by the Washington Metropolitan Area Transit Authority (WMATA).

[a]Of this amount, $850 million was appropriated during fiscal years 1995 through 1999—$200 million in each fiscal year from 1995 through 1998 and $50 million in fiscal year 1999.

Table 2: Grants and Other Federal Funding Provided for WMATA's Capital Improvements

Dollars in millions

Fiscal year	Congressionally designated projects	Urbanized area formula grants (Title 5307)	Capital investment grants (Title 5309)[a]			Total	
			Rail modernization	New Starts	Bus-related	Nominal	Adjusted
1995	0	$45.8	$17.3	0	0	$63.1	$74.1
1996	0	48.0	17.2	0	0	$65.2	$75.1
1997	0	44.3	14.0	0	0	$58.3	$66.0
1998	0	47.7	18.3	0	0	$66.0	$73.8
1999	$25.0	61.6	20.5	0	0	$107.1	$118.3
2000	0	68.3	33.4	0	0	$101.7	$110.1
2001	0	78.8	44.7	$32.0	$2.6	$158.1	$167.2
2002	24.9	88.1	48.7	7.4	1.4	$170.5	$177.0
2003	0	96.2	58.2	54.5	4.5	$213.4	$217.6
2004	0	99.0	62.5	59.0	1.9	$222.4	$222.4
2005	0	100.2	59.2	64.0	0	$223.4	$219.0
Total	**$49.9**	**$778.0**	**$394.0**	**$216.9**	**$10.4**	**$1,449.2**	**$1,520.6**

Source: GAO presentation of data provided by WMATA.

[a]These are a mixture of formula (rail modernization) and discretionary (New Starts and bus-related) grants.

Appendix II

Legislation Establishing the Washington Metropolitan Area Transit Authority and Authorizing Funding for It

From the early 1950s, Congress and the executive branch recognized several factors related to the District of Columbia's unique status as the nation's capital that led them to determine that the federal government needed to be closely involved in the planning and funding for a transit system for the District of Columbia and adjacent jurisdictions. These factors include the large presence of the federal government in the area with its attendant property, buildings and workforce; the attraction of the nation's capital as a tourist destination; the overlapping needs of adjacent jurisdictions; and the limitations faced by the District of Columbia and the adjacent jurisdictions in raising revenue for transit needs. Congress and the executive branch identified and considered these factors in legislation requiring the planning of mass transportation for the area, establishing the Washington Metropolitan Area Transit Authority (WMATA), directly appropriating funds for the planning and construction of the transit system, and providing grant funds through Federal Transit Administration (FTA) programs.

Federal Involvement in Determining the Need for and Planning of a Transit System for the District of Columbia

Congress determined over 50 years ago that comprehensive transportation planning for the District of Columbia and the adjoining metropolitan area was an important priority for the federal government's operations. In 1952, Congress enacted and President Truman signed the National Capital Planning Act of 1952[38] (1952 Act), which provided for comprehensive planning for the physical development of the National Capital Region.[39] Congress made several findings in the 1952 Act, including the following:

[38] Pub. L. 592, Chapter 949, 60 Stat. 781, July 19, 1952.
[39] The National Capital Region includes the District of Columbia and various counties in Maryland and Virginia. 1952 Act, section 1(b). It is also referred to as the Washington Metropolitan Area.

- The location of the seat of the federal government in the District of Columbia brought about the development of a metropolitan region extending into Maryland and Virginia, and comprehensive planning was necessary on a regional basis and of continuing importance to the federal government.[40]
- The distribution of federal installations throughout the region had been and would continue to be a major influence in determining the extent and character of the region's development.[41]
- There was a need for a central planning agency for the National Capital Region to coordinate the developmental activities of the many different agencies in the federal and District of Columbia governments, and there was "an increasing mutuality of interest and responsibility between the various levels of government that calls for coordinate and unified policies in planning both Federal and local development in the interest of order and economy . . . the planning of which requires collaboration between Federal, State and local governments in the interest of equity and constructive action."[42]

Congress created the National Capital Planning Commission as the central planning agency for development of the National Capital Region, with responsibility for:

- planning for the major movements of people and goods throughout the region including "the general location, arrangement, character, and extent of highways . . . subways, major thoroughfares, and other facilities for the handling of traffic," and plans for mass transportation,[43] and
- preparing a comprehensive plan that included a major thoroughfare and mass transportation plan that would serve federal and District of Columbia needs.[44]

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[40] 1952 Act, section 1(a).
[41] 1952 Act, section 1(a).
[42] 1952 Act, section 1 (a).
[43] 1952 Act, section 4(b) and (c).
[44] 1952 Act, section 6(a) and (b). Congress appropriated $200,000 for fiscal year 1956 to the National Capital Planning Commission to conduct a survey of the present and future mass transportation needs of the National Capital Region. Pub. L. 24, 84th Cong., ch. 6, 69 Stat. 33 (1955).

In 1960, Congress further developed its findings that the federal government's interests and functioning would be served by the development of a transit system for the National Capital Region. Congress enacted and President Eisenhower signed the National Capital Transportation Act of 1960[45] (1960 Act) to promote the development of a transit system for the National Capital Region. Congress made several findings in the 1960 Act, including the following:

- An improved transportation system for the National Capital Region was "essential for the continued and effective performance of the functions of the Government of the United States."[46]
- Planning for a transportation system would be needed on a regional basis and required cooperation among the federal, state, and local governments of the region.
- The financial participation of the federal government would be required because the creation of certain major transportation facilities would be beyond the financial capacity or borrowing power of the public carriers, the District of Columbia, and the local governments of the region.
- Finally, "it is the continuing policy and responsibility of the Federal Government, in cooperation with the State and local governments of the National Capital Region, and making full use of private enterprise whenever appropriate, to encourage and aid in the planning and development of a unified and coordinated transportation system for the National Capital Region."[47]

As part of the 1960 Act, Congress took several steps to provide for direct executive branch involvement and continued federal interest and responsibilities for the planning and financing of a transit system, including

[45] Pub. L. No. 86-669, 74 Stat. 537 (1960).
[46] 1960 Act, section 102.
[47] 1960 Act, section 102.

- establishing the National Capital Transportation Agency, subject to the direction and supervision of the President and headed by an Administrator appointed by the President subject to Senate confirmation;[48]
- making the National Capital Transportation Agency responsible for preparing and periodically revising a Transit Development Program consisting of plans for the general location of transportation facilities, a timetable for the provision of such facilities, and comprehensive financial reports including costs, revenues and benefits;[49]
- requiring the National Capital Transportation Agency to submit recommendations for organization and financial arrangements for transportation in the region to the President for transmittal to Congress;[50]
- requiring the National Capital Transportation Agency to consult with local governments of the National Capital Region and the federal agencies having an interest in transportation in that region;[51]
- ensuring that the agency's recommendations provide that payment of all costs be borne as much as possible by persons using or benefiting from regional transportation facilities and services, and that any remaining costs be shared equitably among the federal, state and local governments.[52]
- authorizing the states of Maryland and Virginia and the District of Columbia to negotiate a compact[53] for the establishment of an organization to serve as the means of consultation and cooperation among the federal, state, and local governments in the National Capital Region; to plan for the development of the region; and to perform governmental functions including the provision of regional transportation facilities.[54]

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[48] 1960 Act, section 201(a).
[49] 1960 Act, section 204(a).
[50] 1960 Act, section 204(g).
[51] 1960 Act, section 204(g).
[52] 1960 Act, section 204(g).
[53] Article I, Section 10, of the U.S. Constitution provides that no state shall enter into any agreement or compact with another state without the consent of Congress.
[54] 1960 Act, section 301(a).

In 1965, Congress and President Johnson reaffirmed the federal government's role in developing a transit system for the National Capital Region in the National Capital Transportation Act of 1965 (1965 Act).[55] As part of its findings and purposes, Congress stated the following:

- A coordinated system of rail transit, bus transportation, and highways is essential in the National Capital Region for several reasons, including "the effective performance of the functions of the United States Government located within the Region."
- This transportation system should be developed cooperatively by the federal, state, and local governments of the National Capital Region, "with the costs of the necessary facilities financed, as far as possible, by persons using or benefiting from such facilities and the remaining costs shared equitably among the Federal, State, and local governments."

The Washington Metropolitan Area Transit Authority Compact

On June 9, 1966, President Johnson transmitted to Congress a request for the authorization and approval of the compact that had been negotiated between the District of Columbia, Maryland, and Virginia, which among other things proposed the creation of the Washington Metropolitan Area Transit Authority (WMATA).[56] President Johnson noted that the proposed bill would adequately provide for the protection of the federal interest and that the proposed Transit Authority would be reviewed by the President and Congress before federal contributions are appropriated to ensure that the plans adequately protect the interests of the federal government.

Congress granted its consent[57] for the compact in the Washington Metropolitan Area Transit Authority Compact,[58] and WMATA was created in 1967. In the preamble to the

[55] Pub. L. No. 89-173, 79 Stat. 663 (1965).
[56] President Johnson's letter of June 9, 1966 and attachments. Weekly Compilation of Presidential Documents, Monday June 13, 1966.
[57] Pub. L. No. 89-774, 80 Stat. 1324 (1966).
[58] Pub. L. No. 89-774, 80 Stat. 1324 (1966).

compact, Congress reaffirmed findings from the legislation it had enacted throughout the 1950s and 1960s, including the following:

- A coordinated system of rail transit, bus transportation, and highways is essential in the National Capital Region for several reasons, including "the effective performance of the functions of the United States Government located within the Region."
- This transportation system should be developed cooperatively by the federal, state, and local governments of the National Capital Region, "with the costs of the necessary facilities financed, as far as possible, by persons using or benefiting from such facilities and the remaining costs shared equitably among the Federal, State, and local governments."[59]

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[59] The compact provides further details on policy and plans for financing and budgets.