

**PUBLIC HEARING ON**  
**WASHINGTON METROPOLITAN AREA TRANSIT AUTHORITY**  
**FISCAL YEAR 2007 BUDGET**

**Before the**  
**Committee on Public Works and the Environment**  
**Council of the District of Columbia**

**The Honorable Carol Schwartz, Chair**

**March 23, 2006, 4:30 PM**  
**Hearing Room 412**  
**John A. Wilson Building**

Testimony of  
Dan Tangherlini, Interim General Manager  
Washington Metropolitan Area Transit Authority

Good afternoon Chairman Schwartz, members of the Committee, and staff. As most of you may remember, certainly you Madame Chair, I am Dan Tangherlini and I am here today to discuss the fiscal year (FY) 2007 budget for the Washington Metropolitan Area Transit Authority (WMATA).

I was before this Committee in February to present results of the FY 2005 budget and provide an update on the current FY 2006 budget. Many of the positive trends discussed in February we expect to continue in FY 2007, particularly strong growth in ridership and revenue.

I would like to emphasize my continued focus on improving service reliability. As you know, since taking over as Interim General Manager, I have made MetroAccess a top priority. To that end, we are taking corrective actions to improve MetroAccess service for all customers. The ad hoc committee created by the WMATA Board of Directors in February is continuing its comprehensive investigation into MetroAccess service. A public forum was held on March 13, during which MetroAccess customers related their experiences to representatives from WMATA and from our contractor, MV Transportation (a final report to the Board is expected by the end of June). We have also formed a new MetroAccess critical trip management team to investigate the causes of missed or extremely late trips and to significantly reduce those late trips by 50 percent by the end of March. Based on preliminary numbers that I have seen, we are well on our way to meeting that goal.

There is no doubt we still face many challenges with MetroAccess service. However, we are working diligently to overcome these challenges and believe we are taking many steps in the right direction.

With that, I would like to share with you the highlights of WMATA's proposed FY 2007 budget.

### **FISCAL YEAR 2007 BUDGET SUMMARY**

We are happy to report that the FY 2007 budget includes no fare increases, a number of service improvements, customer service enhancements, and new buses and railcars. The proposed FY 07 WMATA budget totals \$1.8 billion for both the operating and capital programs. This includes \$1.1 billion in operating and \$0.7 billion in capital funds. I'd like to discuss the highlights of both the operating and capital budgets.

#### **Operating Budget Summary**

The proposed FY 07 WMATA operating budget totals nearly \$1.1 billion. This includes \$613 million for Metrorail, \$419 million for Metrobus, and \$56 million for MetroAccess. The \$1.1 billion operating budget is up \$74 million from fiscal 2006. This increase includes three major cost drivers: (1) \$37 million for inflation; (2) \$24 million for service expansion and improvements; and (3) \$13 million for diesel fuel, natural gas, and electricity prices. For your reference, **Appendix 1** provides a summary of the FY 07 operating budget and includes information on expense, revenue, subsidy, cost recovery, and ridership.

### *Service Expansion and Improvements*

The FY 07 operating budget includes \$24 million for service expansion and improvements. The funds are proposed for use in a variety of areas including: operating support of additional rail service (WMATA anticipates 8-car train operation at 20 percent by December 2006), MetroAccess service enhancements (includes an expanded free ride program and technology enhancements), and improved Metrobus supervision and security. **Appendix 2** provides a summary of FY 07 service expansion and improvements.

### *Ridership*

WMATA anticipates nearly 344 million trips in FY 07. This includes 209.7 million trips on Metrorail, 132.3 million trips on Metrobus, and 1.7 million trips on MetroAccess. WMATA anticipates that total ridership in FY 07 will increase by 15 million, or 5 percent over FY 06. This includes nearly 11 million more riders for Metrorail, or 5 percent growth from FY 06; and 4 million more riders for Metrobus, or 3 percent growth from FY 06. We anticipate no growth in MetroAccess ridership.

### *Revenue*

WMATA not only receives passenger revenue from the operation of Metrobus, Metrorail, and MetroAccess, but also receives non-passenger revenue from such areas as advertising and parking. WMATA anticipates that total operating revenue will come in at \$627 million for FY 07. This is an increase of \$48 million, or 8 percent over FY 06 levels.

Passenger revenue totals \$517 million for FY 07, up \$38 million, or 8 percent from FY 06. This includes an increase of \$31 million for Metrorail and \$7 million for Metrobus. MetroAccess revenue is not expected to increase.

Non-passenger revenue totals \$110 million for FY 07, up \$10 million, or 9 percent from FY 06. This includes \$3 million for advertising, \$2 million for parking, \$2 million for fiber optic leases, and \$3 million for interest earnings and other non-passenger revenue.

### *State and Local Support*

The District of Columbia's share of the FY 07 operating budget is \$175 million. This is an increase of \$9 million, or 5.4 percent over FY 06 levels. The total proposed operating budget state/local support for FY 07 is \$461 million. Therefore, the District's share represents 38 percent of the total state/local support. **Appendix 3** provides detailed information on state and local operating budget support, including the shares for both Maryland and Virginia.

## **Capital Budget Summary**

The proposed FY 07 WMATA capital budget totals nearly \$0.7 billion (amount includes debt service obligations). Capital funds pay for new trains and buses and provide improvements to stations, garages, and other WMATA infrastructure.

## *Metro Matters*

We are in the second year of the Metro Matters Funding Agreement and the regional investment is beginning to pay off. Both Metrobus and Metrorail customers will begin to see results with the FY 07 budget.

As you may have read or heard Madame Chair, we have designated 2006 as “The Year of the Bus”. Along those lines, our proposed FY 07 budget includes funds for 50 new hybrid electric buses, 50 new buses for service expansion, and new technology for bus stop information. With FY 07 funds being used to purchase new buses, the average age of the bus fleet will drop from ten to seven years.

Customers will also see Metrorail improvements with the FY 07 budget. The FY 07 budget proposal includes funds for 164 new rail cars (8-car train operation at 20 percent by December 2006), a new rail yard to improve maintenance, expansion of existing rail yards, rebuilt escalators and elevators, new parking garages at Huntington and Glenmont, and improved signs at rail stations.

## *Federal, State, and Local Support*

The District of Columbia’s commitment to the FY 07 WMATA capital budget totals \$63.2 million. This includes \$52.9 million for the capital improvement program and \$10.3 million in debt service obligations. The \$63.2 million capital commitment, as envisioned in the Metro Matters agreement signed in the District of Columbia, is a \$3 million increase from FY 06 levels, a 5 percent change.

Besides the District of Columbia, WMATA also receives capital support from Maryland, Virginia, and federal funds appropriated from the Congress.

## **CONCLUSION**

As I discussed at the February hearing on the FY 05 and FY 06 WMATA budgets, we have made a number of improvements in the budget process. The clear intention is to increase accountability and transparency. Several of the changes include: regular meetings with jurisdictional staff, the newly-formed Riders Advisory Council is now holding regularly scheduled meetings, WMATA recently held a public session on the budget process on March 21, and budget information is now published on the WMATA website.

Another example of an initiative to help increase accountability and transparency is the creation of an independent Inspector General (IG) that would report directly to the WMATA Board of Directors. We are in the process of preparing a proposal that we intend to take to the Policy and Legislative Committee of the WMATA Board on April 6, 2006.

We look forward to the challenges of FY 2007 and will continue to work to improve budget planning, development, and accountability. However, most importantly, we will strive to improve service reliability and put our customers first.