

Good afternoon Chairman Graham, members of the Committee, and staff. I am John Catoe, General Manager of the Washington Metropolitan Area Transit Authority (METRO/WMATA) and it is a pleasure to appear before the Council of the District of Columbia's Committee on Public Works and Transportation to discuss our fiscal year (FY) 2010 budget.

Joining me today to assist with the presentation and to help answer questions are Ms. Carol Kissal, WMATA's Chief Financial Officer and Mr. Nat Bottigheimer, WMATA's Assistant General Manager for Planning and Joint Development.

Mr. Chairman, as you are aware, our initial FY 2010 budget presentation to the Metro Board projected a total budget of \$1.7 billion. The operating budget was projected to be \$1.3 billion, and the capital budget projected to be \$400 million. Reimbursable operating and capital budgets are projected to be approximately \$11.5 million. Our initial budget also projected a \$154 million budget gap. Recognizing the economic pressures facing our customers, the local jurisdictions and our country, this initial budget contained no fare increases or increases in the subsidies provided by our local governmental partners. In an effort to reduce the projected budget gap, I recommended and implemented a reduction in force; a hiring freeze; elimination of vacant positions and other cost reductions. These actions were significant but were not, by themselves, enough to close the budget gap completely, leaving the possibility of Metrobus and Metrorail service reductions.

Despite the record increases in transit ridership, the revenue from this increased ridership is not enough to offset the increased costs we are experiencing. Our baseline costs between Fiscal Year 2009 and 2010 have increased by \$137 million due largely to contractual labor cost, energy cost, pension investment and MetroAccess service. We will get into these specific costs in more detail later in our presentation, but I want to stress in this opening statement that this situation is not unique to Metro. Transit properties around the country are facing huge budget deficits. Transit systems in Atlanta, St. Louis, Chicago, New York, Boston, Baltimore, even the local systems in the Washington Metropolitan region in Fairfax, Alexandria and Arlington Virginia are considering some combination of raising fares, reducing services and laying off workers in an effort to reduce their cost.

Mr. Chairman, through your leadership and the leadership of other members of the Board, our projected budget gap has been reduced to \$29 million. And we have just completed a series of public hearings around the region on a package of service reductions. I should point out, Mr. Chairman, that the local jurisdictions have the option of not implementing all of the service adjustments that were discussed at the public hearings if they are able to increase their subsidy payments to Metro.

Mr. Chairman, I also want to note that I appeared before the Council's Committee of the Whole last month to talk about how we planned to spend our funds from the American Recovery & Reinvestment Act – otherwise known as the “Federal Stimulus Bill” to enhance our operations and increase the level of maintenance and repair of the system. The Metro Board has approved our plan of contracts and we are moving expeditiously to get our projects under contract. We will spend a few moments on this activity in our formal presentation.

This Fiscal Year 2010 budget has been a major challenge. Together we have made great strides to balance this budget and maintain a high level of service to our customers. We in the transit industry do not like to reduce the level of service to our customers. Our customers depend on our service to get to and from work, school and other activities. We also know how important reliable and efficient transit services are to the economic vitality of this region.

Mr. Chairman, let me end this opening statement here and invite, Ms. Kissal to present our Power-point presentation.