TESTIMONY OF GLADYS W. MACK
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Washington Metropolitan Area Transit Authority

Before the

COMMITTEE ON FINANCE AND REVENUE

COUNCIL OF THE DISTRICT OF COLUMBIA

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Good morning, Chairman Evans, and Members of the Committee on Finance and Revenue. My name is Gladys W. Mack. I am Mayor Anthony A. William's voting representative on the Board of Directors of the Washington Metropolitan Area Transit Authority (WMATA) and on January 19th I was installed as the Chairman of the WMATA Board of Directors for calendar year 2006. I'm pleased to be here this morning to offer the Transit Authority's testimony in support of Bill 16-569, the "Washington Metropolitan Area Transit Authority Fund Act of 2005."

Let me acknowledge the presence of Councilmember Jim Graham of Ward 1, the District's other voting member on the WMATA Board, and Councilmember Marion S. Barry, of Ward 8. I am joined here at the table by Ms. Michelle Pourciau, Acting Director of the D.C. Department of Transportation (designee).

Mr. Chairman, presently I am the longest serving member on the WMATA Board. In my 20 plus years on the Board, the issue of creating a dedicated funding source for WMATA has come up on many occasions, but has never come this far. In the past, this issue has been “dead on arrival” at the WMATA Board and in the legislative chambers of our compact signatory jurisdictions. The fact that we are here today testifying in support of a measure that would create a dedicated funding source for WMATA in the District of Columbia is a major accomplishment.

Last July, Representative Tom Davis and several members of the area congressional delegation introduced legislation to provide $1.5 billion in federal funds to WMATA, contingent on the creation of regional dedicated funding for WMATA. Mr. Chairman, the Council of the District of Columbia and Mayor Williams also need to be congratulated for stepping up to the plate to meet this challenge by proposing Bill 16-569.

The message today is that we must act to protect the substantial investment the federal government and the region have made in an asset designed to serve the federal workforce and the National Capital Region. Metro is a critical asset to the national capital region and we need to address how to keep it healthy and vital. More than 50 years ago, the federal government and this region forged a vital partnership to pursue a grand vision to build a rapid transit system that would serve the federal government and be worthy of the nation’s capital. Along the way, approximately 30 years ago, the 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 Congress' goals. Last year, 336 million passengers rode Metrorail and/or Metrobus. Metrorail is the second most heavily used rapid transit system in the nation, daily carrying the equivalent of the combined subway ridership of BART in San Francisco, MARTA in Atlanta, and SEPTA in Philadelphia. Metrobus is the fifth most heavily used bus system in the nation. The adopted regional 106-mile Metrorail system cost $10 billion to construct — approximately two-thirds of which was paid by the federal government, and the remainder coming from state and local governments in this region. The value of this asset represents $24 billion in today's dollars.

Metro has provided excellent return on investment, both to the region and the federal government. According to the Urban Land Institute, the total value of development at or within a quarter-mile of Metro stations is approximately $25 billion. In the District, we have seen major successful development projects such as the MCI Center, the Convention Center, Gallery Place, and the revitalization of the New York Avenue and U Street corridors. Each of these projects is based on access to Metro. Without Metro, the District of Columbia would need a 40 percent increase in parking spaces, or an additional 150,000 parking spaces beyond those that currently exist. The region would be hard pressed to accommodate the additional vehicle miles traveled by automobiles within the metropolitan area if there were no Metrorail and Metrobus system.

But Metro is now a mature system, and it faces a new set of challenges. Our infrastructure is aging – 60 percent of our Metrorail system is now more than 20 years old and the average age of our bus fleet will be reduced from 10 to 7 years with the purchase of new buses that will be received by the end of FY 2007. Furthermore, daily ridership has grown by 33 percent in the last eight years. The costs of operations, maintenance and rehabilitation have put an increasing burden on our state and local funding partners.

Metro is the only major public transportation system in the country without a substantial dedicated source of funding to pay for operations and capital funding requirements. The need to address this shortcoming is becoming more and more urgent. A June 2004 Brookings Institution report, revealingly titled *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 national average of 34.7 percent. The report calls 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. I would like permission to submit the Brookings Report and other documents for the Committee record.

Issued in January 2005, an independent Blue Ribbon Metro Funding Panel reviewed the issue of Metro funding as a follow up to the Brookings report. After an exhaustive review, the Panel found that even after accounting for future fare increases and inflationary adjustments, Metro still faces a $2.4 billion funding shortfall over ten years to cover capital and operating expenses. This amount excludes a $1.1 billion projected shortfall associated with paratransit costs. The Panel recommended addressing the capital and operating shortfall, exclusive of paratransit costs, through a combination of dedicated regional funding and a commitment of new federal funding. The Panel warned that Metro's continued viability is at risk if adequate investment is not made for the system's capital and operating requirements.

The current method of funding WMATA is not sustainable. WMATA is a $1.5 billion a year business relying heavily on annual appropriations processes. The annual appropriations process is not conducive to multi-year planning and a predictable investment strategy. It is becoming increasingly difficult for WMATA to sustain and grow services within the constraints of the existing funding mechanism.

We are grateful that our state and local funding partners signed the Metro Matters funding agreement, substantially increasing their capital funding commitments through 2010. Metro Matters is a $1.5 billion capital funding agreement that provides for 122 additional rail cars, 185 additional buses, as well as $500 million in previously unfunded capital projects. New funds beyond the current Metro Matters agreement are needed to purchase 130 new rail cars (will permit 75% of all trains to operate as eight car trains), purchase 275 buses and build three bus garages, and provide station enhancements such as additional elevators/escalators.

Enhancing and protecting WMATA's capital assets is vital to the region's future. We can all imagine how this region would slide into gridlock if Metrobus and Metrorail were not able to move the over one million daily riders, (nearly half of whom are federal employees) or tourists to the Tidal Basin during Cherry Blossom season, or fans to sporting events at the MCI Center and RFK Stadium (Metro carried an average of 45 % of the fans attending Washington National's home games).

As the demand for transit has grown so have operating subsidies to pay the cost. Dedicated funding can help pay for operating expenses. The Brookings and Blue Ribbon Panel reports have laid the groundwork for identifying dedicated funding. Washington, D.C. has seized upon this momentum and introduced legislation that will strengthen WMATA. Bill 16-569 would dedicate one-half of one percent of the Washington, D.C. retail sales tax to provide additional funding for maintaining and improving WMATA. The proposal is contingent upon enactment of legislation providing federal grants to WMATA and enactment of similar legislation in Maryland and Virginia. We recognize that the District of Columbia, the State of Maryland and the Commonwealth of Virginia may want to address this issue in differing ways, and on different timetables. Our goal as a Board, and as a region, should be to continue to move forward, as we did with Metro Matters, towards putting WMATA on stronger financial footing.

The provisions of this bill will provide approximately $50 million a year to support WMATA capital and operating needs. It is important for me to point out that this $50 million is in addition to the current operating and capital funding provided to WMATA, including special programs such as Metro Matters.

We must sustain our current level of funding and provide an increased commitment if we are to ensure WMATA's future financial stability. Now is the time for the region to recommit to the original federal/state/local partnership and to put Metro on a stable funding course to avoid its slipping into serious disrepair. No one can take pride in a system that is in disrepair and expect ridership to continue to grow. Just look back to what happened to transit in New York City when its funding was unreliable - maintenance was routinely deferred, and public opinion of the service hit an all time low. We must not let that happen here.

Thank you for this opportunity to voice WMATA's support for Bill 16-569 and I will be happy to answer the Committee questions.