

December 17, 2004

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Gentlemen:

I am pleased to transmit the Draft Report of the Panel on the Analysis of and Potential for Alternate Dedicated Revenue Sources for WMATA, reviewed and authorized on December 14. This draft has been disseminated this date for public comment. A final report, including public comment, will be published on January 6, 2005.

The Panel would like to thank the three sponsoring organizations for advancing the critical issue of dedicated funding for WMATA and their support for the Panel. In the three months since its creation, the Panel has formally met six times, and has communicated substantively a number of times informally. It has been well served by Mort Downey, its professional staff director, by representatives of the three sponsoring organizations, and by representatives of the Brookings Institution, GAO, Congress, the Department of Transportation, and WMATA, itself.

Among the primary findings, conclusions, and recommendations of the Draft Report are:

- 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.

- The most viable dedicated revenue source that can be implemented on a regional basis is a sales tax.
- Federal and regional authorities should address alternate methods of funding MetroAccess, or paratransit, needs of the region.

These issues and many others are addressed in detail in the Panel's report and supporting documentation.

At its December 14 meeting endorsing the draft report, the Panel agreed to circulate the report for public comment through December 31. Comments may be submitted to the Panel in writing or online through the COG web site, www.mwcog.org. The Panel will release the report and a summary of public comments at a press conference tentatively scheduled for January 6. The Panel also urged that the co-sponsoring organizations --- COG, the Greater Washington Board of Trade, and the Federal City Council --- advance the work of the Panel by aggressively advocating on behalf of the Panel's findings, conclusions and recommendations and take a lead role in building a coalition to support a dedicated revenue source for WMATA.

Members of the Panel are gratified for this opportunity to advance public discussion and consideration of a potential solution to the critical needs of Metropolitan Washington's most important regional resource. We stand behind the efforts of our sponsors to convince Washington area citizens and businesses, and the governments of Maryland, Virginia, and the District of Columbia, as well as Congress and the Executive Branch to create a dedicated funding source for WMATA.

Sincerely,

Rudolph G. Penner
Chairman
Panel on the Analysis of and Potential for
Alternate Dedicated Revenue Sources for WMATA