

METROPOLITAN WASHINGTON COUNCIL OF GOVERNMENTS

Public Comments: WMATA Funding Panel
Chairman Rudolph Penner

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P R O C E E D I N G S

MR. CORBETT: Thank you, Mr. Chairman. I believe all of you have copies of our written testimony. And, I will try, even without the four buttons that they have at the presidential debates, to finish in three minutes.

I am Jack Corbett, director of metroriders.org, which is a newly organized transit user group, formed to help improve Metrorail, Metrobus, and other transit systems serving the Washington, DC, area.

Although our organization has not been publicly launched, we didn't want to miss the opportunity to provide input to your panel's deliberations.

We assume that your primary mission will involve recommending sources of revenue that the jurisdictions can dedicate to WMATA's financial self-sufficiency. Secondly, you may recommend levels of needed revenue. That leads to a discussion of funding efforts by the contributing jurisdictions, and by the direct users of WMATA's transit services.

Transit riders want you to know up front that WMATA's financial needs cannot be met by recommending a

higher level of cost recovery for Metro users. State and local governments and the federal government must find their way to contribute their fair share, as transit users already have done.

What share of Metro's operating cost should be recovered from direct users? As you know from the Brookings report, Metro riders already pay a higher share of rail system operating costs, 62% measured in 2002, than any other system in the country, other than New York.

Metro bus fares recovered 26% of bus operating cost. Overall, WMATA estimates the fares and fees from direct users cover about 55% of system operating cost. This is a very high recovery ratio, compared to other metropolitan areas.

Metro system users should not be hit with another fare increase soon. Two back to back annual fare hikes in 2002 and 2003 have caused considerable resentment among riders, particularly when the quality of rail and bus services, by WMATA's own calculations, have been declining so sharply.

Assuming your recommendations will take time to

implement, what level of Metro fares and fees should you include in your calculations for future years? WMATA considered adopting a long-term fare policy as part of its 2004 fare package, but didn't do so. We, metroriders.org, believes that the current revenue level for Metrorail and Metrobus operations, plus annual increases not exceeding the CPI index, should be the ceiling for Metro riders to contribute.

Why not higher fees? Because, we believe the public transit is an essential government service that benefits everyone. Thank you very much.

CHAIRMAN: Thank you very much. _____. I _____ that everybody is welcome to make _____ comments -

MS. CORT: We are a private, non-profit education and advocacy organization. Our goal is to create and sustain a network of diverse walkable communities, linked by quality transit, laced with parks, and surrounding by green belts with the District of Columbia as the hub of the region.

Thanks, we'd like to express our thanks to the Transportation Planning Board for giving this

transportation funding crisis so much attention. And, given the continued conflict that we face in this region, over finding billions of dollars to build sprawl inducing highways, it's gratifying to come together in this forum, where we can agree that making transit the top priority for funding for our region's transportation system.

I wanted to make one note about, and the question of funding, the sort of step back to the question of how WMATA's relating to the public. And, it was voiced at the last panel discussion, we agreed, as a part of any funding measures, we need to recognize that we need great public access and accountability for the transit agency. And, we suggest creating a rider's advisory committee that could be --

CHAIRMAN: Sorry to interrupt, but I have to ask everyone to speak more loudly. We're having difficulty recording -

MS. CORT: Okay. People usually don't complain about me not speaking, oddly enough. We recommend a rider's advisory committee that will have full access to be able to monitor, evaluate, understand, and provide feedback and education on WMATA's performance and needs.

And, this type of committee is functional in many other transit agencies throughout the country.

In terms of looking at a dedicated funding source in a three-state region, what's first important to recognize is that new sources should not be taking away from existing commitments. We would strongly oppose any measures that would undermine any existing funding commitments that are already made to WMATA.

A new funding source should not replace existing government commitments, and the funding of transit through the state of Maryland's transportation trust fund should never be undermined by any proposals to address the Washington region's need for more secure and increased support.

In general, we commend the thoughtful analysis that the Brookings report has made regarding different sorts of funding options. I'll just mention a couple that, some that were not mentioned.

One is we really support the clean air compliance fee proposed by DC Council member Phil Mendelson. And, ask that this proposal be used as a model. This proposal is to increase fees on parking spaces that are currently

free and not taxed, and this would only for commercial parking, and would be a new opportunity to link user behavior that's generating pollution and traffic congestion, and put it to a positive use, such as transit.

We definitely think that a payroll tax is something that could be politically feasible, if clearly dedicated to WMATA. Thanks. I'll just conclude with that.

CHAIRMAN: Thank you very much. The next speaker is James Clarke. I don't have an affiliation.

MR. CLARK: Good evening. My name is Jim Clarke, and I'm vice president for legislative affairs for the Action Committee for Transit, and the voice of the transit rider of Montgomery County. We have a long history of working with WMATA on transit issues at the state and local level.

We, in conjunction with other groups in Montgomery and Prince Georges counties worked for a number of years to get the state of Maryland to assume the full funding for the local share of Metro's operating expenses that, prior to 1994, had been borne by Montgomery and Prince

Georges County.

As one who was there when the General Assembly passed the legislation requiring the state of Maryland to assume the operating costs originally borne by Montgomery and Prince Georges counties, and one who has continually talked with Maryland senators and delegates from these two counties on traffic issues, I will tell you flat out that any regional tax to fund Metro that applies only to these two counties is dead on arrival.

We have labored long and hard to make funding of regional transit systems a state responsibility in Maryland, and we intend to all we can to keep the funding of Maryland's regional transit systems, WMATA, and the MTA and Baltimore area a state responsibility. The present MDOT secretary has made it clear that any dedicated source of funding must apply to both Baltimore and Washington regions. The chairman of the Fairfax County board of supervisors, Jerry Connelly, stated it best when he said each jurisdiction should come up with its own way to fund Metro.

We act, urge, the panel to make the following recommendations. Transportation funding at all levels.

Federal, state, and local for both roads and transit has been inadequate. Transit funding in Maryland must remain in the state transportation trust fund. The state of Maryland should increase transit funding by looking on the statewide level at the six funding sources recommended in the Brookings Institute report before you. These suggested sources are increasing gasoline taxes, sales tax, congestion charges, parking taxes, payroll taxes, and a land value capture tax.

Because of this region's severe congestion and air pollution problems, we favor those fees or taxes that provide disincentives to auto travel and capture the value of the benefits of transit. In the interest of equity, MTA and MARC[?] are charged for parking at their respective stations, as does WMATA. The federal government must step up to the plate and meet its responsibilities to help fund Metro. Especially, since 50% of the rush hour commuters are federal employees and numerous federal agencies are at Metro stops.

You should strongly urge the members of Congress that represent the jurisdictions served by Metro to take the lead in getting the necessary funds to meet Metro's

needs. The federal government, at all levels, served by Metro in Maryland, Virginia, and the District of Columbia, should charge market rate for parking, and using the money collected to provide the tax free one hundred dollar month transit benefit authorized by the IRS code.

As members of the business community, you should urge that all employees in the jurisdictions served by Metro provide free parking, stop providing free parking, and start charging market rates for parking, using the money to again provide the transit benefit authorized by the IRS code.

Unfortunately, your present schedule does not allow the public an opportunity to comment on your final report. We request that you provide an opportunity for the public to comment on your final recommendations. Therefore, we request that you add a meeting to your schedule devoted to public testimony and discussion of your final report. Thank you for the opportunity.

CHAIRMAN: Thank you. The next speaker is George Maurer of the Maryland Transit Coalition.

MR. MAURER: Thank you, Mr. Chairman, and members

of the panel. My name is George Maurer, and I'm senior planner for the Chesapeake Bay Foundation. The Chesapeake Bay Foundation is one of a number of groups that are partners in the Maryland transit coalition.

Our general point is that you've identified the right problem, that WMATA needs more funding. And, you've identified, or are considering some of the right solutions. The types of funding sources that are on the table. But, we believe that you're looking at the problem at the wrong scale. In other words, at a regional dedicated funding source scale.

We believe that Maryland should continue to fund WMATA, that there are a number of reasons for doing so. Transportation funding is a need that goes beyond WMATA's needs and applies, statewide, to transit and transportation, in general.

As a funding source, Maryland's transportation trust fund offers greater stability and flexibility that no one regional dedicated source can match.

Some of the sources of funding that you're considering are, in fact, state revenue sources, gas taxing, congestion tolls, for example.

Significant numbers of users of the WMATA system do not reside in counties that are considered officially part of the Washington region, or the NPO.

And, also, the WMATA system has implications for several significant state interests. Reduces traffic congestions on state highways, significantly reduces air pollution that affects not only the DC region, but the rest of the state. And, WMATA provides interstate service and connections to facilities such as Amtrak and Reagan International Airport.

Additionally, in terms of the revenue sources you're looking at, we urge you to look at sources that can have benefits beyond just raising revenues. Ones that will create incentives, or disincentives, for driving and incentives for using transit that can increase WMATA ridership and, therefore, revenue, reduce auto trips, and reduce congestion and air quality problems.

Lastly, we would ask that you allow public comment on the draft report here. The schedule, as presently configured, does not include any opportunity for public comment on your draft report. Obviously, funding WMATA, funding transportation is an issue that affects everyone

in the Washington region, and also in the state of Maryland. You know, we believe an issue of this kind of importance should have the opportunity for full public review and comment. Thank you.

CHAIRMAN: Thank you. The next speaker is Leo Schefer. Washington Airports Task Force.

MR. SCHEFER: I'm going to be slightly controversial, compared to the other comments. And, to put my remarks in context, I want to note that the Washington Airports Task Force played a key role in getting the 23-mile, or what we hope will be an 23-mile extension, of Metrorail to Dulles.

And, I was privileged to work under the leadership of Kenny Kling in a working group which moved that project from nothing to being part of the constrained long-range plan in just 19 months.

That experience, and experience from other modes, leads me to suggest that, to produce a convincing case for what I'll call a second dedicated funding source for Metro, you will find yourselves needing to look at Metro's structure. It was a structure created out of the 1950's when the world was very different. And, I think

that, if they were allowed to bring their operation to the best 21st century standards of self-funding government agency, that you would be able to make a more convincing case for more funding and, secondly, you may find that not as much funding is necessary.

When you reach the point of looking at structure, I would urge you to look at the Holten commission, which lead to the formation of the Metropolitan Washington Airports Authority. There may well be some lessons there which are applicable to the current situation.

Secondly, if Metro were freed from its shackles and allowed to operate more as a publicly owned commercial venture, I would suggest that the fares in this relatively wealthy region, particularly the suburbs are relatively wealthy, but the fares should be market based, the services geared to be, to provide a competitive alternative to the motor car. And, that other sources of funding, using, generating revenue through concessions, selling to the passenger stream, air rights above stations, where that is commercially feasible, which is above some stations. The innovative ideas of this nature could all play into this.

I'd also ask you to remember that we're but a moving point in time. This region is changing very rapidly. To ask you to try and project yourself 30 or 40 years hence to see what role Metro needs to play in that evolution. It's obviously a big one. And, how that plays into the funding situation.

Also, Metro --

CHAIRMAN: Sorry -

MR. SCHEFER: That's alright. My remarks are circulated in greater detail. I've covered the main points. Thank you.

CHAIRMAN: The next speaker is Dan Emerine from the Sierra Club.

MR. EMERINE: Thank you. Again, my name is Dan Emerine, and I'm here on behalf of the Sierra Club. The Sierra Club is the nation's oldest grassroots environmental organization, with over 700 thousand members. I'm here on behalf of the DC chapter.

The business community's interest is vital to successfully addressing this issue, and we appreciate your service on this panel. However, we're disappointed that this panel does not include environmentalists,

transit advocates, or any representatives of the riding public.

Metro's future is of great concern to a wide range of stakeholders in the Washington region, and we expect that these other stakeholders will be given the opportunity to play a role in this process, beyond simply giving testimony.

Among our nation's large transit agencies, Metro is one of the nation's few transit agencies that does not benefit from a dedicated source of revenue. Our region's highways benefit from various dedicated trust funds. And, it's time that we provide similar support to what is arguably our metropolitan area's most valuable infrastructure resource.

The DC chapter of the Sierra Club supports the creation of a dedicated source of revenue for Metro. Many metropolitan areas use the sales tax to fund transit, while others levy special assessments on commercial property near transit stations. Each has its strengths and weaknesses. In general, a dedicated source of funding for Metro should not only meet the goal of providing Metro with enough money to cover its capital

and operating costs, but should also meet the goal of encouraging increased Metro ridership, in order to reduce highway congestion and help our area meet clean air goals.

Though the Sierra Club is not yet prepared to endorse any one funding mechanism, we urge the panel to consider a regional parking fee, similar to legislation proposed by DC Council member, Phil Mendelson. This legislation would impose a one dollar per day fee on each employer provided free parking space and close the loophole whereby much of the employer provided parking in the city escapes existing taxes.

DC parking taxes haven't changed in more than 25 years, and many suburban jurisdictions have no tax on parking.

Tax on parking would provide revenue for Metro, while, also, discouraging driving, and helping our metropolitan address its congestion and air quality problems.

As we all know, Metro is facing a crisis. The infrastructure is aging, while ridership continues to grow. Breakdowns are more frequent, and much of the bus

fleet is well past its recommended service life. Based on reports from Metro managers and the experiences of other transit agencies, these problems are likely to spiral out of control.

Given Metro's extraordinary needs, we should all insist that any new funding mechanism not undermine existing commitments to the Metro system. To put it plainly, a funding source that is revenue neutral would simply rearrange the deck chairs on the Titanic.

The Sierra Club also notes that the federal government benefits greatly from Metro, and ought to provide higher levels of funding commensurate with those benefits.

The proposal for dedicated funding should not unduly burden users of the system, but should reflect that everyone benefits from our system.

Just one other point, we oppose further fare increases and --

CHAIRMAN: I'm afraid I'm going to have to cut -

MR. EMERINE: Our other remarks are included in your paper.

CHAIRMAN: Mr. Emerine, is that your name? I just

want you to know that some of the people who are sitting here who are definitely transit advocates, and they're riding the Metro since the day it opened, probably before you were born. I just wanted you to know that.

MR. EMERINE: Okay. I'm encouraged to hear that. We've been involved in the transit advocacy community for a long time, and haven't had the opportunity to _____ this much. So, hopefully, we'll have an opportunity to do that.

CHAIRMAN: The next speaker is David Winstead, former Secretary of Transportation of the state of Maryland.

MR. WINSTEAD: Mr. Chairman, members of the committee, nice to see you all again. So many of you. I'm here on behalf of really the Board of Trade and the Business Transportation Action Coalition. It's a broadened group of business interests throughout the region. And, as you know, while WMATA and Metro was originally built with a lot of vision, the whole region rallied behind it. We think it's obviously very important, as you've seen in the other testimony tonight, to build that coalition and promote both the future of

WMATA and future funding solutions.

Obviously, Metro's funding situation is being compromised. It lacks funding for badly needed projects beyond the next three years, and doesn't really adequately fund what's needed. The level of service in certain instances is deteriorating. And, what we need is increased reliability, which will come from increased investment funding.

You're going to hear a lot, already have, from WMATA experts and transit riders. Back in 1997, I sat on a similar panel looking at this issue of funding and bus service in the region. And, I think what you will come back with us, obviously, an understanding of high local commitment for Metro, which was evidenced last year, last week, in terms of funding, the critical funding of three billion. But, there's more needed for specific programs, both to protect, leverage, and secure the Metro's investment in the region and in the system.

There is this growing group of business civic leaders. And, it's behind the Metro Matters efforts. And, I think you'll see increased involvement as we go forward.

Although the local funding agreement was very positive, and it has been hailed as a great move, the funding agreement, in itself, is not enough to address all the short term needs. For example, the agreement depends on significant assistance from the federal government's 260 million, on top of what Metro already receives from rail cars. And, another 143 million for security needs. So, the funding agreement's a good step, but we still have long-term solutions, which we need to move towards.

And, I think the region wants to avoid what you're seeing in many, many other major metropolitan areas. Last week, AFTA had its meeting in Atlanta. And, looking at what's happening to that system as it ages is really an eye opener. And, we certainly want to make sure that we're providing investment, system preservation that is needed.

Metro, as been evidence earlier, is the lynchpin of our regional transportation system, of our economy, air quality conformity, and economic development. And, although the combined spending program of 515 million per year, really, it only represents about two percent of the

asset value of WMATA. And, I remember, back at MDOT, we used to make sure we were, the first call on all money was system preservation.

Congress is, obviously, in this debate. They're currently looking at needs and WMATA's proposed provisions are very important in that bill as it moves forward and, hopefully, will get passed and will give a robust boost to the region and to WMATA's needs.

In summary, I think, just a comment, the business community, the region stands behind both this distinguished panel and its efforts over the coming months. I think you've got to recognize three things. The aging of the system and the reliability concerns resulting from disinvestment. And, the need for system preservation. Obviously, the Metro funding agreement goes a long way to addressing near term three year needs, but the long-term solutions must be looked at, and they obviously are more federal funding, more regional solutions, and perhaps[?] impact these.

CHAIRMAN: Thank you very much. Our next speaker is Tom Metcalf.

MR. METCALF: I would like to thank the panel for

this opportunity to speak on an issue of such tremendous importance to our region.

Two years ago last month, WMATA released a ten-year, twelve billion dollar capital improvement plan. This plan is broken into three components. Those expenditures needed to preserve the system as it is, those needed to keep up with the projected demand on current services, and those needed to expand the system.

As you seek to define WMATA's financial needs, I urge you to keep all three of these goals in mind. We need to grow the system, we need ridership growth, we need service growth, and we need new service.

On the capital side, you should look to fund the full 12, 12 billion dollar capital improvement plan. On the operating side, you must make sure that this expanded system can keep running. The Texas Transportation Institute recently calculated that the annual savings that Metro brings to drivers through traffic congestion avoidance is on the order of 1.2 billion dollars. Calculations like this are difficult but, even if this calculation is off by a factor of two, and the benefits to drivers are only six hundred million dollars, that's

still approximately forty percent more than the current state, local, and federal contributions to Metro's operating budget. This is one way to quantify the fact that Metro benefits everyone in the region, not simply those who ride.

I have been a volunteer with some of the groups that have testified this evening with their efforts to build public support for Metro Matters and improve transit in the region. I have seen the people in the region want a world class transit system, but there's also a lot of distrust of Metro and resentment over the disingenuousness with which Metro apologizes for delays and responds to complaints.

I'm not here to gripe about Metro but, in order to sell any plan to the public, Metro needs more credibility, although, this is not directly a part of your mission, you need to find a way to address it.

The suggestions for direct involvement, such as a riders advisory board of elected directors, are good steps in the right direction. I would like to suggest something additional. As an inspiration, we can look at April computer which, in February of 1979, eliminated

typewriters throughout the company, reasoning that it should set an example for the rest of the business world and use its own products.

Or, one can look at one of the first things that David Gunn, a former Metro General Manager, did when he took over Amtrak in May of 2002, which was to get rid of the chauffeur driven car that previous Amtrak presidents used. Gunn, in fact, rides Metro, and so should everyone who is responsible for running the Metro system.

If Metro's directors won't ride Metro to their board meetings, then something's wrong. If Metro's employees, all the way up to the highest level of management, don't regularly ride Metro to work, then something's wrong. Most of the public feels that there's something wrong with Metro and you should see to correct that. And, I thank you for your time.

CHAIRMAN: Thank you. The next speaker is James McGuirl. Is James McGuirl here? I guess not. Then, the next person on the list is Allen Mushnich. Well, let's go on to Harold Foster.

MR. FOSTER: Good evening. I'm Harold Foster. And, I'm here under a couple of hats this evening. Basically,

as acting executive officer for the America's Institute, which is a community-based planning and environmental justice organization working on alternative strategic transit oriented development and neighborhood revitalization strategies for the District of Columbia.

Under another hat, though, I'm a certified urban planner who worked for 20 years in the District of Columbia government in WMATA oversight. In fact, I worked for what was then called the DC office of mass transit, which was the oversight planning support and analysis agency for Metro in the District of Columbia government. And, I'm very happy to see that, in Tom Downs and _____ Matthew Watson, this panel has two of the ablest representatives the District ever had sense enough to put on the WMATA board.

In fact, when we did our work for WMATA and WMATA oversight, and I dare say they probably wouldn't admit it on the record, but even WMATA staff would admit that it really made our jobs easier when we knew we had someone like either Judge Watson or Mr. Downs to report to downtown on the Metro board.

And, actually, oversight is what we're here to

talk about tonight. Because, back on those days of the Metro wards, which is what they were for us in District government at the time, we used to say that someone had to decided what WMATA was going to be when it grew up. Well, here we are. And, Junior still hasn't settled down to be a productive and mature member of the metropolitan community. Why? Because, Junior's parents, the District, Maryland, and Virginia, haven't developed wisely yet in Junior's growth and development. And, now, the taxpayers, the residents, and the citizens of the region will have to hurry through kind of a bail bond proceeding, which is really what this panel is, to rescue Junior before it becomes a regional public service equivalent of juvenile delinquent.

Some of the problem was unforeseeable, and inevitably, the result of things that couldn't be realistically predicted back in 1967 was WMATA was founded. Or, even in 1976, when Metrorail opened to the public.

But, a lot of the problem, particularly the fiscal and the long-term financial problem, could have been foreseen and some of it forestalled even back then. As

early as 1997, then _____ administrator, Ralph Stanley, predicted WMATA, no pun intended, was riding for a fall, because it didn't have a stable, predictable, secure and regional source of funding for critical capital and operational needs.

I need to add, off the record, as an aside, that this is a particularly sensitive point for me, as a native Washingtonian. Because, WMATA got jumpstarted by two billion dollars in federal highway money that was obligated to WMATA by then district transportation director Douglas Schneider. If it hadn't been for that, we probably wouldn't be here having this discussion.

At bottom, WMATA's minimal[?] mission, if you will, is to do three things. Operate and maintain the Metro rail system, operate and maintain the Metro bus system, which I should note is still the only transit but system here in the District of Columbia and, in fact, it still transports ten District citizens for every seven DC residents who ride the subway system. And, thirdly, plan, design, and construct the infrastructure needed to ensure that the system, however, we as a region finally agree to define that term system, continues to provide affordable,

multi-modal, well, bimodal transit service throughout this region.

CHAIRMAN: Time is up.

MR. FOSTER: I've provided this in writing anyway.

CHAIRMAN: Thank you very much. Okay. Allen Mushnich has arrived. I'm also distributing something from Patty Nicholson, who will not be making an oral presentation. So, _____.

MR. MUSHNICH: I apologize for coming after my start time. Good evening, I'm Allen Mushnich. I'm vice president of the Arlington Coalition for Sensible Transportation. And, I'm just here today to express our strong support for identifying effective additional sources of dedicated funds to support WMATA's critical needs for both operating and capital improvements. And, I also want to thank you for serving on this important panel.

For the most part of my view to advocate any particular revenue source, or that the same revenue sources be dedicated throughout the region. That said, however, we do support dedicating revenue from any new high occupancy toll or express toll lanes, including on

I-66 in Arlington, to create and operate effective express bus, rapid bus service, and/or Metrorail in the corridor.

In addition, any new revenue sources should not be used to reduce the current state funding commitments for public transportation.

Of course, I'm sure you're aware how important the Metrorail and Metrobus system is to the economic vitality, job access, equity, affordable housing, and the regional core and the sustainability of our natural environment.

We are somewhat disappointed that smart growth and environmental, the environmental and smart growth communities are not better represented. But, we do hope that we will have opportunities to comment throughout this process.

Of course, I could point to the failure of the sales tax referendum in November of 2002 in Northern Virginia, partly due to the fact that the environmentalists were not at the table.

We do not support, of course, throwing money at ineffective solutions. All new transit expansions and

WMATA operations should be subject to effective oversight and meaningful performance measures. In particular, we see that transit oriented development and WMATA's joint development process as vital tools to maximize the effectiveness of the region's investment in transit. Auto-oriented public transportation is extremely wasteful and ineffective, because it largely constrains the utility of the public investment to peak period travel in one direction. Thank you very much.

CHAIRMAN: Thank you. Next speaker is Kingdon Gould III, Downtown Business Improvement District.

MR. GOULD: Thank you, Chairman Penner, and other members of the panel on Metro funding for giving me the opportunity to discuss the importance of this issue to the future of the region, as well as downtown DC. I'm Kingdon Gould III. I'm vice president of Gould Property Company, which has business interests in all three jurisdictions. I'm also chairman of the Downtown Business Improvement District, and president of the Penn Quarter Neighborhood Association. And, happily, Penn Quarter is now going to go on the Metro stop with the National Archives and the Navy Metro station.

We wholeheartedly embrace a comprehensive approach to ensuring that Metro not only maintains its present commitment to regional mobility, but can also grow as the Metropolitan area grows. A dedicated funding source for Metro can be a huge help.

We are encouraged by the recent progress made by Metro's regional funding partners towards the purchase of additional rail cars. Operating eight-car trains is a step in the right direction. But, there is much to do to secure the region's investment in Metro.

Transit has helped make possible the growth and transition of Washington, DC's, economy. The growth and dynamism of our commercial office and residential markets downtown is the envy of the country. Because of Metrorail services, as well as bus services, we have the second highest split of any city in the United States, after New York, with over 33% of our workers choosing to use public transportation.

Metro increasingly serves many other users in the downtown, besides commuters. Residents, people coming to cultural and sporting events in downtown

But, the continuing growth to the economy and

quality of life of downtown Washington and, therefore, the region, is threatened, if Metrorail services cannot be expanded in the next few years.

I'd like to share with you some of the growth trends that are presently taking place in the region and in downtown DC, and reflect on their importance to our fiscal health. And, then, look at the adverse impacts on future growth that may result if we fail to invest in Metro.

In the last five years, the DC Metro area has enjoyed the strongest job creation in the country. The forecast for metropolitan job growth, as well as growth in the growth regional project, is projected to continue well into the future. Based on research commissioned by the downtown bid from the George Mason University Center for regional analysis, it is estimated that our area's gross regional product will increase by a 192 billion in the next 17 years. A 66% increase. And, employment will grow by 1.2 million jobs. A 35% increase.

I'd like to also share with --

CHAIRMAN: -- cut you off at that point

_____.

MR. GOULD: Thank you. I don't know whether these got distributed. I left them on the table.

CHAIRMAN: _____. The next speaker is Tim Nutter from the Northern Virginia Transportation Alliance.

MR. NUTTER: Good evening Chairman Penner, members of the panel. My name is Tim Nutter. I'm speaking on behalf of the Northern Virginia Transportation Alliance. The Alliance is a 1000-member business-citizen organization in the region.

The Transportation Alliance has long listed meeting WMATA's maintenance and operating needs as a top priority. The Alliance endorses the concept and need for a dedicated regional funding source and applauds this panel's efforts.

The region's steadfast commitment to funding and building 103 miles of Metrorail and other planned public transit system elements has produced the nation's second most heavily utilized system. Only New York City moves a higher percent of trips by public transit, and our region's success has been achieved in a metropolis with a fraction of New York City's density.

Funding Metro's fundamental operational and maintenance needs is critical to maintaining and building upon current ridership levels. It also is important to put the region's overall transportation needs in perspective, and to recognize that, as impressive as transit ridership numbers are, and as alarming as the lack of funding to meet critical needs is, these numbers and needs pale in relationship of those fixed to the job sustaining road and bridge network.

Nearly nine of every ten daily trips in our region, including almost 50% of mass transit trips, depend upon an urban road network, which is one of the nation's smallest and third most heavily congested. Peak period crowding projected on public transit in the near future has been a fixture of the road network for over a decade, and occurs over much longer periods each day, weekends included.

In contrast to our planned public transit network, a substantial portion of the planned freeway network, 1500 lane miles and 7 Potomac River bridges, has never been built. The Alliance wants to make it very clear that it supports this panel's work, and hopes its recommends

result in constructive action. At the same time, the Alliance continues to be alarmed that no comparable panel or sense of urgency exists to address the extraordinary funding needs of our highway network, upon which not only quality of life depends daily, but which life itself will depend for millions, in the event of a major terrorist attack.

It's said that squeaky wheels get the grease. And, squeaky wheels are but one of Metro's maintenance needs. But, the lack of a sense of urgency by area officials to find serious regional funding solutions for the highway and Potomac River Bridge network, upon which 90% of our daily travel depends, is appalling.

CHAIRMAN: Thank you very much. The last speaker is Ken Reid, Landowners Work Group -

[CHANGE TO TAPE 2]

MR. REID: -- many years, and so, you are the representative of environmental group.

CHAIRMAN: I didn't wear my plaid shirt today.

MR. REID: Oh, I'm sorry. I'm sorry. I cut my beard, or else I would have looked like an environmentalist. Anyway, LOWER is a group of landowners,

commercial property owners, in the Dulles corridor and Tyson's Corner. We oppose the wasteful extension of rail to Dulles Airport, particularly in light of the fact of the existing Metrorail and busing system needs billions in repairs. I am going to summarize my remarks, which I'm afraid I wrote very, very hastily, because I didn't get a lot, the notice of this meeting seemed to be limited.

But, we believe that Metro needs to be put on a diet first. Before it gets a dedicated funding source. We feel that Metro must reform its own internal mismanagement of the subsidies and the capital funds. Metro has essentially become a legacy system and a black hole, which is paying its transit union workers salaries that exceed what some school teachers make in Fairfax County.

Metro continues to shovel millions into public relations, marketing, communications, workforce diversity programs, and so forth. We fear that a dedicated funding source from local and state taxes will force local governments, and state governments, to rob money from highways to pay for transit, which is now servicing only 12.9% of all commuters into the DC region, according to

COG data, and only 3.8% of all trips. Now, this includes people commuting in from West Virginia, Clarke County. The DC area has, indeed, grown. So, therefore, the future is not riding on Metro, my friends. But, in the minivan or SUV, or maybe, hopefully, a Toyota Prius.

We believe that highways, which carry some 96% of all trips, have a funding source that can be easily breached by politicians for mass transit boondoggles, like the Dulles rail project. Or, to balance their budgets. Which is what Maryland and Virginia did in the recent budget crisis.

Today, the funding for mass transit is now 50% in the constrained long-range plan. So, a dedicated funding source is unwarranted, given also the fact that we have new data from internationally known consultant Wendell Cox, which we released today, not knowing that this meeting was tonight, that shows that Metro's done little for alleviating congestion or mobility in the greater DC area.

According to that study, which we released today, the share, the Metro share of transit ridership, has actually declined by about 30% since 1970. Mr. Cox

determined from COG data, from their own cordant[?] counts, that Metro's so-called record ridership really represents trips, not actual physical human beings going to work.

For example, most of their riders are really bus, people used to take the buses or carpools, which are a lot more economical to operate, which is what we support in the Dulles corridor and elsewhere. Funding for dedicated highways to hotlands[?]. I appreciate your time, but, again, I'd just like to say that we'd like Metro to go on a diet before there's a funding source that's dedicated. Thank you.

CHAIRMAN: Mr. McGuirl has arrived. So, I shall _____ a few minutes to him.

MR. MCGUIRL: Good evening, Mr. Chairman, gentlemen, ladies. I'm sorry I was late, but the Red Lin broke down, so I couldn't get here in time.

I'm here to second the diet recommendation that the previous speaker just talked about. For credit, first of all, my wife was at Metro for ten years. She just retired a few months ago. When she retired, Metro offered her a 17 thousand dollar bribe, in writing, on

Metro paper, to keep her mouth shut about what she knew about Metro's waste and mismanagement.

In her little department, about one million dollars, about one million dollars was spent in the last year on wasteful, unnecessary, useless spending.

Item number one. There are regular achievement bonus awards for senior managers at Metro, each about ten thousand dollars, numerous times a year. Metro has never been audited by a real independent, outside, unfriendly, auditor, which could pick up all sorts of regularities. There's outrageous generous compensation for senior managers who, based on their qualifications, have no market capability for their skills outside of Metro.

Metro has no budget. They don't maintain a budget or budget integrity where oversight is possible. A budget would create too many problems.

Offering a bribe of public monies to a departing employee to purchase their silence or the offer the bribe has been fired, thank god, that took a long time. The bribe of 17 thousand dollars was refused by the departing employee, my wife, which was in writing on official Metro stationery. This was reported to the FBI and the US

attorney. It's a felony.

Metro has many hard working and loyal employees, most of them bus drivers and train operators. Some of them are paid what you think is rather high salaries, but they earn their pay. The problem is the 2000 unrepresented people in Metro who do not belong to any union, where the bulk of the problems exist. Overpaid, deadwood, small fiefdoms, with nothing to do. A staggering amount of unnecessary travel to conferences and other meetings at great expense to the taxpayer for zero return to the taxpayer.

If you've got David Gunn back at Metro again, he's now chief of Conrail, he could cut approximately five to eight million dollars a year for the first two years without any impact on the writing public.

Okay, now, let's go to the Metro board, and then I'm going to conclude. The Metro board. There are several members of the Metro board --

CHAIRMAN: Sorry, I have to cut you off -

MR. MCGUIRL: Okay, very good. Thank you.

CHAIRMAN: Well, that brings to the end the public comments section of this meeting. I'd like to thank you

all for your contributions. They're all going to be very helpful to this committee.

Oh, I should note that Metro itself is having a town meeting on Tuesday, November 16th, at 600 5th Street. It will go from 7 to 9 pm. And, _____ welcome public comments.

The next item on the agenda -

MALE: -- some of the performance measures do relate to other systems. _____ higher than the other average rail transit system in terms of operating costs. But, _____ a balancing act _____ mile and - [someone coughing]. And, certainly, as we've seen in other data, covering more of their operating expenses _____. And, these are Metro calculations _____ and look forward to _____.

The current _____ piece of paper, in response to the question of _____, dig a little deeper than the _____ paper, in terms of what are the dedicated revenue sources that are used elsewhere in the country. And, this picks up _____ 25 or so transit agencies and identifies what percentage of their overall expenditures. This includes both capital and operating

expenditures, is met with dedicated sources. You see the range up as high as 60% and as low as zero. And, an indication of what, the average of that being about 35%, so, roughly, across the country, large transportation agencies are getting about 30% of their funding through dedicated sources.

The right hand column helps to identify what those sources are. And, in general, they are sales taxes. That's particularly true out in the west, where a number of regions have enacted, through referendums or otherwise, dedicated sales taxes.

There are other measures that have been provided. The top line, of course, is what happens in the New York, and there's an entire package of taxes there that was put in place in the early eighties for the MTA, including a regionwide sales tax, a gross receipts tax on petroleum businesses, taxes on long distance transportation, mortgage recording tax, dedication of tolls, that five-part program _____ for twenty years now, and it's a mainstay of MTA. Although, if you've read the New York papers lately, they have some financial problems, as well, leading to significant fare increases and a big

whole in their capital budget.

Another thing I would point to, in terms of dedicated taxes having to be carefully structured to be useful is the situation in Pennsylvania, both Philadelphia, the SEPTA system, and Pennsylvania, were pleased a few years ago to get a statement source of dedicated revenues that they started to build into their budgets. And, frankly, that hasn't worked at all. The _____ that were put into the fund turned out to be not collectible or not productive in the amounts that were expected. And, both those systems are in crisis at the moment, until the legislature, probably in a lame duck session, in the next month or so, does some kind of a fix of simply enacting taxes that - [recording ends].

[END OF PROCEEDINGS AS RECORDED]