U.S. House of Representatives

Committee on Government Reform

Hearing on Washington Metropolitan Area Transit Authority

February 18, 2005

Chairman Davis, Congresswoman Norton, Members of the Committee: My name is Mortimer Downey, and I thank you both for holding this timely hearing and for inviting me to testify. I am currently Chairman of PB Consult, Inc., the management consulting subsidiary of Parsons Brinckerhoff. In the past, I was for eight years the Deputy Secretary of the U.S. Department of Transportation and prior to that spent twelve years at the Metropolitan Transportation Authority in New York, including several years as the agency's Executive Director and Chief Financial Officer.

Recently, I had the opportunity to serve as the staff director of a Blue Ribbon Panel chartered by the Metropolitan Washington Council of Governments, dealing with the financial needs of the Washington Metropolitan Area Transit Authority (WMATA). That panel recently issued its final report, recommending that both national and local governments take appropriate actions to enhance Metro's financial stability in light of the importance of its service to the well being of the region and the efficient operations of the federal government. While I am not appearing today as a spokesperson for that panel, I commend its report to the Committee as a useful reference on where WMATA has been, on its needs, and on the course we should aspire that it take to continue its important role. I should also note, in the interest of disclosure, that my firm has done and continues to

perform consulting work for WMATA, including work on its Strategic Plan and on non-traditional sources of revenue.

From both the MTA and USDOT perspective, I think it is important that we deal effectively with Metro's financial needs, especially the need for continued rebuilding of the system's extensive capital assets to continue them in effective service. That was a choice that New York failed to make in the years prior to my joining the MTA in 1981 and recovering from that lack of investment has taken many years and is still not complete. By 1981, the failure to reinvest had brought service on the MTA's subway, bus and commuter rail lines to an unbelievably low standard—subway cars failing in service every 6000 miles, buses catching fire mid-run, commuter trains running hours late. This failure of service and ultimately of safety was fully attributable to decisions driven by a political desire for low fares, compounded by New York's inability to provide alternate revenue sources as it underwent the fiscal crisis of the 70's. Turning that situation around involved persuading elected officials to make room for investment, as well as the development of revenue sources generated by, or directly dedicated to, public transportation. While New York has for the most part overcome its problems, WMATA could face an equally dim future if steps are not taken soon to generate reinvestment funding for its system. Many of the rail system assets will need serious attention as the parts of the system reach their 30 year useful life, a milestone which the Red Line hits very soon. The recently-adopted "Metro Matters" capital program is a good interim step, but needs to be followed with a more permanent solution.

USDOT has been an increasingly strong advocate for this concept of asset management as a means of assuring that our transportation facilities continue to serve the public well. The concept underlies the Department's Surface Transportation Conditions and Performance Report, submitted periodically to the Congress as guidance to required investment levels. While the current federal legislation for TEA-21 reauthorization falls short of meeting the full needs as expressed in the DOT report, it will be important in future planning to assure that investment is first targeted to preserving what we have.

The recent COG panel, with a bi-partisan makeup of citizens from across the region strongly endorsed the principle of reinvestment and the importance of WMATA services to meet transportation and economic needs. Drawing on WMATA's work to identify its needs over the next decade, it concluded that action was urgently needed. In Chairman Penner's transmittal letter accompanying the report, he stressed the following primary findings, conclusions and recommendations of the report:

- 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.

Adequately addressing Metro's needs is compounded by the continuing uncertainty of its funding sources. No other large transit system in the United States has such a low percentage of its resources dedicated. The need to cobble together operating and capital resources is akin to having a requirement to recapitalize your business every year—truly not a way to run an ongoing operation.

WMATA has been successful in its new construction program over the past 30 years, largely by the power of its regional compact commitment to see the full system to completion regardless of changing political and economic circumstances. That is a truly amazing feat when one looks back to WMATA's beginnings. But no comparable partnership has emerged for ongoing operations and support. This is what Metro truly needs—a basis for sound planning and development through contributions from all those with a major interest in Metro's success. Those interested parties include the riders—who in fact pay fares above the national average, reflecting the level of service and the nature of their options. Certainly the region's governments are interested parties and beneficiaries of Metro service—keeping the economy strong, meeting environmental goals and supporting a truly regional set of solutions. I would argue that the federal government is also one who belongs at that table. Metro service, carrying a significant portion of the government's workers, is essential to smooth operations, not to mention

critical in the event of national emergencies. Other countries recognize the special needs of their national capital in terms of transit investment. The British, for example, have made a long-term commitment to new forms of governance and financing to assure the success of that region's bus, rail and commuter assets. Our federal government could do more—not in lieu of local effort, but as a partnership that generates workable solutions.

Again, I commend the committee for its timely inquiry into this important topic. I would be happy to answer any questions now or for the hearing record, as well as to work with you in developing long-term solutions.