



Statement by:

**Ed W. Walter, Chairman
Federal City Council**

on

Bill 22-0568

**“Washington Metropolitan Area Transit Authority
Dedicated Funding Act of 2017”**

Wednesday, February 7, 2018

Mr. Chairman and Members of the Finance and Revenue Committee, my name is Ed Walter, and I am the Chairman of Federal City Council. On behalf of FC2 and the MetroNOW Coalition, I thank you for the opportunity to testify in support of the District’s efforts to secure the two elements required for sustainable reform of the Washington Metropolitan Area Transit Authority – dedicated funding and governance reforms.

Bill 22-0568, the “Washington Metropolitan Area Transit Authority Dedicated Funding Act of 2017” offers the District’s approach for providing a funding stream that generates capital to meet the needs of the system (as proposed by GM Paul Weidefeld), is dedicated by law for this purpose, and is of sufficient quality to be leveraged in the capital markets to maximize the amount of bonds issued.

I am pleased to be joined here today by other members of the MetroNOW Coalition – the Greater Washington Board of Trade and the Coalition for Smarter Growth.

The MetroNOW Coalition is a group of regional leaders from organizations representing the region’s riders, advocates, businesses, and civic leaders who have come together to ensure that action is taken to put Metro—the backbone of our region’s transportation network—on a safe, smart and sustainable path forward in 2018.

Metro has demonstrated its value to our regional economy and the development of our neighborhoods. It has changed the landscape of the metropolitan area, fostered new development surrounding stations, increased our area’s global competitiveness, altered our work and daily life habits and commitments, and has become a powerful engine of social change and growth.

That is why, as employers and investors in communities all across this region, we are calling on our elected officials in the region to take bold and aggressive action to address the challenges facing Metro.

In particular, our coalition has proposed governance reforms that create a smaller, independent board focused on outcomes for the entire system to ensure long-term success. We also support addition funding, a minimum of \$500 million in new, dedicated and bondable funding, with the District, Maryland and Virginia each being responsible for their fair share.

We are here today to support this bill and your leadership on funding reform in the District. The sales tax proposed by your bill, which would be dedicated to support Metro's capital budget, is structured appropriately to allow WMATA to borrow against the anticipated revenue stream, thereby enhancing the ability of the system to fund required capital expenditures.

We do note that your bill requires that both Maryland and Virginia to pass similar increases in their sales tax rates, as a means of providing a comprehensive solution to WMATA's capital needs. While we appreciate the elegance of a regional sales tax solution, which has been adopted by other jurisdictions with large scale rapid transit systems, our activities in Maryland and Virginia confirm that these states intend to solve their funding responsibilities through other alternatives. We would urge you to pursue the identified path, irrespective of what the other jurisdictions might choose to do, to insure that the District can demonstrate that it will fund its share of the costs.

As you work to advance this legislation, we encourage you to consider increasing the amount of this much-needed dedicated funding to be provided by the District from \$125M to \$178M. This level of contribution is essential to ensure that the region is able to fund its share of the needs of the system, irrespective of changes in federal funding levels.

Lastly, a dedicated funding source for Metro is critically needed, but it's not enough to solve all our problems. In fact, 90 percent of voters surveyed across the region in October agree that without an effective governance structure, the Metro system can never reach its full potential. Therefore, we encourage you to take action on legislation that addresses the critical issues related to WMATA's governance structure.

MetroNow is calling for a smaller and independent board that can balance political and leadership priorities more effectively. In short, we believe that in order to be most effective, the WMATA Board should be right-sized, and include members who meet specialized qualifications to direct Metro. The region should also clarify the fiduciary responsibility of the Board Members to ensure that the first responsibility is to the interests of the overall system

rather than to interests of each appointing jurisdiction. Finally, we must empower the GM with the authority to better deliver services and to use more efficient business practices to obtain greater cost savings in the system.

We are pleased and encouraged by the fact that elected leaders in Maryland and Virginia, have also come out in support of Metro reform through the introduction of legislation. There is a tremendous opportunity in front of us with great momentum for positive change: Under your leadership, and with cooperation with other regional elected officials, we can finally put Metro on a sustainable path.

The Federal City Council and MetroNOW Coalition are thankful for this opportunity to address the Committee today.