

REMARKS PREPARED FOR DELIVERY BY SECRETARY OF TRANSPORTATION BROCK ADAMS,
TO THE WASHINGTON METROPOLITAN AREA TRANSIT AUTHORITY, 15TH AIRLIE CONFERENCE,
WARRENTON, VIRGINIA, DECEMBER 15, 1978.

I promised Ted I would not do here what I did in Detroit, when I challenged the automakers to invent a new engine in 10 years. I will not ask you to invent a new transit system for Washington. I would like to complete the invention we have all had a part in creating.

My interest in Metro goes back many years, to my earliest days on the District of Columbia Committee when we were trying to get a start approved on anything.

Since then I have met frequently with many of the people here tonight, and your predecessors, in efforts to move the Metro system forward.

We have faced some virtually insurmountable problems. At times this has given every indication of being the impossible job that is really impossible.

But we are going to do it. We have won some battles and suffered some losses. But now the most important thing is that we are finally moving ahead in an orderly step-by-step fashion.

Just this week, for example, I met with Joe Wholey and other members of the Board in my office and we agreed on a two-thirds Federal, one-third local sharing of the Metro revenue bonds repayment.

In this agreement, the jurisdictions are saying they accept full responsibility for one-third of the bonded indebtedness, both principal and interest.

I appreciate that solid vote of confidence in the Metro system, and commend the Board for their bold and concerted action. I am prepared to stand in with you.

Last August, for example, we finished the long and arduous alternatives analysis process. That's now behind us. The Federal government agrees with the local goal of a 100-mile system. We looked at the two financing plans you brought us and opted for a two-tier construction approach.

Now the bond issue is settled. So we know where we're going. We have a blueprint. And we are agreed that the first-tier segments should be built in usable segments, connected to the system presently in use, so that as lines are completed in that first tier, they can begin serving people and generating revenue.

As the next order of business before us, we need your agreement on the segments to be built as part of the first tier program along with a plan for the construction sequence.

As you know, we have about \$1 billion in Interstate transfer and local matching funds earmarked for Metro. Now that the bond issue has been resolved we are prepared to budget Interstate grants for this first tier at the rate of \$275 million a year until they are expended, subject to the annual appropriations process.

So what I am saying is, I am with you -- the Federal government is with you -- and the money's going to be there to hold up our end of the bargain. But I also say to you, as I have been saying now for two years, to you, and to mayors and transit authorities all across the country, you have to get your act together. We will put the money on the counter, but the local communities must step up to their commitments.

I recall what Ted Lutz said a few months ago -- that Metro is the only public agency he knows that operates solely on voluntary contributions. That's true. And you have done a remarkable job. Every financial crisis so far has been resolved. Obligations that a few years ago would have seemed impossible have been met. And we have a 30-mile rail system operating; and a 60-mile system in the bank. This is not a time to be discouraged. Let's get on to the next phase of construction.

Let me say, too, that we understand your problems, and we are struggling with them every day -- Dick Page, the Federal Steering Committee, the Metro Board. We are all very concerned because we have a big stake in the success of the Metro system. We do have constraints, and we all know the major issue we now have to contend with is inflation which eats up our budgets and gives us less than we planned.

I know that \$275 million is a lower annual rate of Federal participation in Metro construction than many hoped for, but it is more than any other city in the country is getting in capital funds. And while I am as anxious as anyone here to speed the project along we cannot ignore the necessity to control Federal spending and be fair to the other parts of the nation.

Inflation is now the President's number one domestic problem -- an alarming and potentially destructive problem. President Carter is committed to a nationwide, industry-wide, economy-wide attack on inflation -- and the Federal government must set the example.

This means, among other actions, a reduction in the fiscal 1980 budget of up to \$20 billion. It means an emphasis, this year, on anti-inflation legislation. And it means no new growth in transportation construction programs.

We're going to do all we can to put the nation's transportation funds to work where they are most needed, where they will be used most efficiently and where they will do the most good.

For example, we are trying to cut back the escalation in highway construction costs. What we're saying, in effect, is hold it to seven percent or don't build it. We are also working to see the same thing happens in transit construction costs.

Like everybody else, we're going to live within our means to halt inflation. That means making some difficult choices and hard decisions. We will all live within limits on the money available to the Federal and local governments.

It doesn't mean we stop what we're doing, or quit investing in well-chosen and well-designed transportation projects. It most definitely doesn't mean Metro should stop. It means we will work harder to control costs and invest the community's resources where the community will realize the greatest benefit. With oil supplies and oil prices growing more uncertain, it is increasingly obvious that public transit is a good investment of public resources, especially where we must otherwise depend on an undependable, expensive foreign, controlled energy source.

Now let us look at the rest of the financial package we must address today -- the problem of operating deficits.

During the first year of rail service, WMATA's operating loss was \$58 million. The FY 1980 budget projects a deficit of \$120 million. And the plan submitted last August forecasts a \$325 million operating loss for the full 100-mile system in 1990 -- a loss that could go as high as \$450 million. This is a serious matter -- and makes the burden of the bonds look small.

We must face this trade-off in benefits of air quality -- lack of congestion -- a better life style -- against deficits which are increasing faster than the inflation rate. We are in danger of building a marvelous

system that everyone may love but no one can afford. And we must not make the mistake the railroads and other transit systems have made, of deferring maintenance and postponing repairs until the entire system collapses.

This brings me back to the message I have delivered to this assembly before, and no doubt will deliver again, because I believe it is absolutely essential to the future of Metro. We must have a dedicated local funding source to support public transit construction, maintenance and operations.

I say to you as I have said to city and regional transportation groups throughout the country, we stand ready to help those who help themselves. We are not telling you how to build your system, or what method to adopt to pay for your share of it. But when you tell us what you are prepared to do -- when you have your plan together and have a funding mechanism that qualifies you to compete with other cities for UMTA's Section Three funds: then I will support you at the Federal money counter and work with you all the way.

I will go to Richmond. I will go to Annapolis. I will go to Capitol Hill. I will help you give them the message that you need authority to develop an ample, dependable, stable funding source to finance operating costs of the Metro system. But without that local commitment to run the system I cannot promise you a place at the head of the line, or even in the line, for Section Three capital funds when your Interstate apportionments run out.

I believe such action on your part is imperative. It is the next important step. It is inevitable if WMATA is to succeed and Metro is to continue.

I know you have addressed these difficult issues today and will do so again tomorrow and many times in the days ahead. I want to help. Everyone at DOT who is involved in your program wants to help make Metro a complete success.

The system already in place works, and works very well. The trains are running on time. Ridership is increasing. Saturday and evening rail service is now available. And when the New Carrollton station opened last month, the 2,000 park-and-ride spaces were filled the first day and have been filled every day since.

In short, Metro phase one has made believers out of a lot of people, and our job now is to fulfill the financial plan needed to deliver the rest of the system.

We want Metro to be the best-designed, best-built, most popular transit system in the country. We have, in the greater Washington area, some of the most affluent jurisdictions in the country. I believe that together we can marshal the resources, and the resourcefulness, to finance and finish our regional transit system. But to do that we all have to work harder to make the pieces come together. I ask you to make that your New Year's resolution for 1979.

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