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REMARKS BY U.S. SECRETARY OF TRANSPORTATION BROCK ADAMS TO THE FEDERAL CITY COUNCIL, WASHINGTON, D.C., JANUARY 30, 1978

I'm pleased to have this opportunity to share in your mid-winter board meeting. In asking me to come here today Ambassador Linowitz suggested that I address two subjects: the Visitor Center and the future of Metro development. I am happy to oblige.

As many in this audience are aware I am not exactly unfamiliar with District of Columbia problems.

I recall Congressional opponents in the 1960's contending that I didn't know which Washington I represented, because as Chairman of the House D.C. Subcommittee we adopted and passed the District of Columbia home rule government bill.

I can remember the night I was picketed by both sides for arranging a compromise between the highway and mass transit advocates to break the deadlock and obtain the first construction money for Metro.

I also treasure the memory of many nasty letters I received when it was made public that several of us in Congress had sent a letter to our new colleagues entering Congress saying we lived in the District of Columbia, our children attended school here, and they, too, might want to consider living in the District of Columbia.

When I think of those days and the struggle of the District just to be heard and the progress we have made since then, I do not believe we have a "fragile coalition" in the Washington metropolitan area. It is a strong coalition -- a vibrant one -- with a history of facing difficult problems and overcoming them. The group here today knows as well as I do that Washington, D.C., is better in 1978 than it was in 1968 and it will be even better in 1988.

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I am glad to have the opportunity to speak to you today because I have heard that some of the people who don't know me well and have not lived through the turmoils of this city as I have since 1965 are worried that I do not understand the "political realities" of this area or that I am "against visitors" or "hostile to Metro". Nothing could be farther from the truth. As Secretary of Transportation I inherited the Metro and Union Station issues - along with "Airbags," "Concorde," "Overton Park" and many other transportation problems.

A good part of my early months in this job was spent directly attacking the toughest problems first. Yes, Metro and Union Station were on the list of difficult issues -- not at the top, but not at the bottom either.

The Union Station quarrel between the two Federal agencies has been settled between Secretary Andrus and me. We each made an offer, and I lost. So the Department of Transportation will assume responsibility for putting Humpty Dumpty back together again and providing an intermodal transportation and visitors center. I must admit I don't see why people riding the subways, trains and buses as well as those using the garage aren't capable of being "visitors" too, so all will use the facility.

The Federal Railroad Administration has been examining planning alternatives for the physical structure, going over costs carefully and weighing the funding options for DOT's assumption of the Department of Interior Lease on Union Station.

We have focused on ways the interior of the facility can be redesigned for joint use by Amtrak and the Visitor Center. We believe we are very close to agreement on the particulars, as well as determining the costs for carrying out our proposals.

While I cannot go into detail today - there are still a few loops to be closed - I can assure you that our plans call for the joint use of the facility by Amtrak and the National Visitor Center in a manner acceptable to both; completion of the parking garage to accommodate 1,400 cars; and some additional construction to improve access and traffic flow. We also have looked at, and budgeted for, the rehabilitation work needed to repair the structure itself, involving the heating and electrical systems and repairs to the roof.

I am reasonably confident that we can conclude the legal and institutional agreements necessary, and go to Congress for the money. I might add that our plans for the Center are compatible with the schedule for rail and station improvements under the Northeast Corridor Project, and meet Northeast Corridor traffic projections.

I was startled last week when a reporter came into my office and said he wanted an on the record interview because the story was around town that I was anti-Metro. He asked if I was encouraging DOT officials to "harrass" the Metro operation.

I was glad to set the record straight then, and since I know in the shimmering world of politics that appearance can turn to reality and this town's business is politics, I have come here publicly to tell you of the concerns I have voiced privately to Metro and to others. We must move the debate on Metro from non-issues such as "like versus dislike" or the meaning of some letter from the Department of Transportation to the real issues which have deeply concerned me as the one responsible in this Administration for transportation matters. These problems should concern everyone in this room.

You care and I care about this region, its government, its people and its use as a national example for local transportation planning and operation. Because I care and was concerned about the lack of a plan for the whole system I asked UMTA Administrator Dick Page to get for me Metro's plans showing which routes would be built in what order and at what cost, along with a proposal for financing construction, paying off the bonds and paying any operating deficits.

I did this because I had not followed detailed plans for this system since working on the legislation in Congress in the early 1970's. At that time it was a 100 mile system estimated to cost approximately \$2.5 billion, to be paid for from appropriations plus bonds with the fare box to pay for operating expenses plus interest and principal on the bonds.

I did not receive any hard figures, so finally I asked DOT officials to give me the best picture they could. Obviously, I wanted the public to know why the Department was asking for an alternative analysis and a financial plan for construction and operations.

I still don't have hard figures, but I want to discuss the problem with you because the support of this group and especially some form of plan for local financing, as suggested by Steve Ailes recently, are key ingredients to the future success of Metro.

⁹What started out to be a \$2.5 billion, 100-mile network is now a 64-mile system costing an estimated \$3.8 to \$4.1 billion. Current estimates to complete the 99.7 mile system bring the total projected construction costs to \$5.8 billion. The estimates I have on other costs for debt service, bond payment and unfunded bond interest are estimated to bring the total system price to over \$8.1 billion. That does not take into account the annual operating deficits which are projected at between \$50 million and \$100 million per year, depending on the fares and the losses involved in the additional lines.

¹⁰The Federal government is presently committed to participation in the system within the limits of available resources, including a shift of \$1 billion in interstate transfers. We are still short approximately \$800 million for construction alone. Construction costs continue to go up. We are confronted with operating deficits that are exceeding estimates. And we are working in an inflationary environment of growing cost pressures on local governments, causing increasing competition for available funds.

For those reasons I pulled together a special task force headed by Dick Page with representatives from OMB, the Domestic Council and the staff resources of DOT to work with Metro officials to create a plan that:

- (1) Stipulates the total capital cost requirements for each additional rail segment recommended for construction beyond the present agreed upon system. Along with the proposed local share for each segment;
- (2) Indicates the effect on total bus and rail operating costs of each addition, together with deficit projections and the way those deficits would be funded;
- (3) Proposes a method for payment of the bonded indebtedness already incurred by WMATA; and
- (4) Analyzes the economic and social impact each segment would have on the minority or disadvantaged residents of that community.

I have also tried to get Metro to reduce underground construction costs and shorten the time surface traffic is disrupted. The affected areas such as the Connecticut Avenue corridor along which I travel has been under siege by Metro, it seems to me, for as long as I can remember. I think the business community has shown great patience and good humor during the long construction phase. The system's victim is now becoming its greatest beneficiary, as I think the increased business activity downtown indicates. But we should try to learn from those in the world who have been building subways every year and get on with the job, and do it quickly, in defined segments if not all over, all at once.

We do not support the Metro concept any less, but we have had to move from the world of planners and design engineers to system route proposals and the plans for financing construction for each. System recommendations and financing plans must be developed in tandem and presented together. When building is done by a private concern the market and profit margins discipline planners and place limits on designers. When local governments pay 100%, local taxpayers and annual budgets do the same thing. In Federal public works that disagreeable task falls on people like Dick Page and me.

I know it's tough reaching agreement or even compromising on a system that involves the District, two states, eight county and municipal jurisdictions, and the Legislative and Executive Branches of the Federal government as well. I would like to say that it has not been our intent, or practice, to "change the rules" or impose new assumptions on Metro planners. Developing a financial plan in the absence of an identifiable system may indeed be difficult, but it's harder -- and riskier -- to propose a system without a financial blueprint.

The Glenmont Line has made the local headlines, and I grant you that if the decision to construct that line was the only issue before us, the task would be much easier. But it is only part of the development of a sound financial plan in order to decide what new construction should proceed in what order. There are five district routes left to be built under the 100-mile plan. Each has its own advantages and disadvantages. There is not enough Federal money in sight now to fund all five.

Federal rail construction grants for the Washington system now total more than \$2 billion. Last month we authorized \$22.9 million in payment of the Federal share of the interest due on Metro revenue bonds. We have supported the transfer of Interstate highway money to assist Metro construction. As I said before we have identified approximately \$1 billion more in additional funding expected to be available under the Interstate transfer provision of the Federal Highway Act. But that will not cover all the costs to complete the 100-mile system. So you can see why I have been involved in getting this under control.

Nationally, the Fiscal 1979 DOT budget sets total Urban Mass Transportation Administration program levels at \$2.86 billion -- a \$100 million increase over 1978. Moreover, the President has just proposed new highway and public transportation legislation that will give cities greater, more equitable access to transportation funds for transit purposes. This legislation will make Federal aid for surface transportation programs simpler and more manageable. We're talking about five-year authorizations of approximately \$36 billion for highways and \$15 billion for transit, with much more leeway than in the past to shift funds between the modes to meet local needs.

I am not trying to involve myself in the day-to-day operations of Metro and I will not. I am committed to doing what is required of me to make this effort successful.

- .01. I have worked with the Virginia State Government and Metro now has its commitment.
- .02. Interest payments have been met.
- ... Interstate transfers have been made.
- .03. Design has moved ahead.
- ... A single Administration steering committee is now available to work with Metro.
- .04. Construction is funded through this year. New streamlined procedures for expediting lines of credit and project review will go into effect in February.
- ... If I can get some local decisions on the alternative analysis and a financial plan I will support more transfers of money for fiscal year 1979.

I want Metro to be a success and this city a model for others. There is no magic wishing well where the money can be found for the asking.

I believe that ultimately the concept of a regional tax, as recommended by this Council, must be adopted. The city rail systems that have been most successful have been supported by a specific tax, levied and earmarked for that purpose.

I have been tough and I will continue to be tough because that is the only way tough problems are solved. But maybe when its all over someone will say that was what we needed to make it all happen.

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