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Report to the Congress; by Elmer B. Staats, Comptroller General.

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The problem of obtaining funds to complete construction and finance operating deficits of the Washington area metrorail system has not yet been resolved. Findings/Conclusions: The funding of metrorail system construction costs remains a major problem. An interim agreement to raise about $1 billion by matching local contributions with interstate highway transfer funds has been developed. The Washington Metropolitan Area Transit Authority can no longer finance the interest costs on over $997 million of revenue bonds from internally generated funds. If no alternative payment method is found, the Department of Transportation, guarantor of the bonds, will have to make the interest payment. The fiscal year 1977 bus operating deficit appears to be understated by about $5.5 million and the original metrorail operating deficit to be understated by $6.7 million. A study is now being conducted to evaluate the feasibility of a system of less than the planned 100 miles. If the rail system is to exceed 60 miles, a more comprehensive financial plan will be required. Recommendations: The Director of the Office of Management and Budget, the Secretary of Transportation, the Authority's Board of Director's, and the State and local jurisdictions should expeditiously devise a mutually acceptable arrangement to finance bond interest payments and bond retirement since the Authority will be unable to finance metrorail bond debt-service costs. Because the primary sources of future funding will be the Government, the Congress should become involved in the arrangements and in the solutions developed. (Author/SC)

REPORT TO THE CONGRESS

BY THE COMPTROLLER GENERAL OF THE UNITED STATES

Need To Resolve Metro Funding

Department of Transportation
Washington Metropolitan Area Transit Authority

Funding Metrorail system construction costs remains a major problem. An interim agreement to raise about $1 billion by matching local contributions with interstate-highway transfer funds has been developed. A permanent financial plan will follow a study of alternatives to building some Metrorail routes.

Another funding problem is the interest payment on revenue bonds. Unless funding is secured elsewhere, the Department of Transportation, guarantor of the bonds, will be obligated to pay approximately $12.2 million in July 1977, and higher amounts in later years.

PSAD-77-123

JUNE 29, 1977

COMPTROLLER GENERAL OF THE UNITED STATES
WASHINGTON, D.C. 20548

B-141529

To the President of the Senate and the
Speaker of the House of Representatives

This report describes the problems facing the Congress, the Office of Management and Budget, the Department of Transportation, the Washington Metropolitan Area Transit Authority, and the local jurisdictions in funding the construction of the METRO subway system, bond interest costs, and bus and rail operating deficits.

Our review was made at the request of the Chairmen, Subcommittee on Economic Development and Regional Affairs and Subcommittee on Fiscal and Government Affairs (formerly the Subcommittee on Commerce, Housing and Transportation and the Subcommittee on Fiscal Affairs), House Committee on the District of Columbia.

We made our review pursuant to the Budget and Accounting Act, 1921 (31 U.S.C. 53), and the Accounting and Auditing Act of 1950 (31 U.S.C. 67).

We are sending copies of this report to the Director, Office of Management and Budget; the Secretary of Transportation; the General Manager and the Chairman, Board of Directors, Washington Metropolitan Area Transit Authority; and the governing bodies of the local jurisdictions.

Elmer B. Staats
Comptroller General
of the United States

COMPTROLLER GENERAL'S
REPORT TO THE CONGRESS

NEED TO RESOLVE METRO FUNDING
Department of Transportation
Washington Metropolitan Area
Transit Authority

DIGEST

The problem of obtaining funds to complete construction and finance operating deficits of the Washington area Metrorail system has not been resolved. As a result

--the full 100-mile system may not be completed;

--capital (construction) funds are being used to finance expenses of Phase I operations;

--the Secretary of Transportation, as guarantor of the bonds, may soon have to make a bond interest payment; and

--local jurisdictions are reluctant to commit themselves for future financing arrangements.

Metrorail system revenues probably will never cover operating costs. (Few, if any, transit systems in the United States operate in the "black.") Reducing the scope of the system may make it less attractive to some people and could lead to proportionately larger deficits than anticipated.

The Washington Metropolitan Area Transit Authority is responsible for planning, developing, and operating a rapid rail transit system and an urban bus service in the Washington Metropolitan area. The rapid rail system, commonly called METRO, is the product of two decades of congressional and community efforts to relieve traffic congestion and to improve the physical character, economic growth, and well-being of the National Capital region. To do this, the Government and the local jurisdictions must cooperate and agree to provide needed funds.

THE FACTS ABOUT THE FINANCING

Cost estimates for building the 100-mile rail system have increased from $2.5 billion in 1969

to over $5.0 billion in December 1976. The Department of Transportation, however, has stated it will not share in funding beyond a system cost of $4.67 billion. (See pp. 5 and 7.)

The plan for funding the rail system has not been revised since 1969, even though estimated costs have more than doubled. The funding provided by the 1969 financial plan is now nearly depleted. (See p. 6.)

Participating local jurisdictions recently signed an interim agreement transferring $754.2 million of interstate highway funds to the Authority for completing the first 60 miles of METRO. (See p. 6.)

The Authority can no longer finance interest costs on over $997 million of revenue bonds from internally generated funds. If no alternative payment method is found, the Department of Transportation, guarantor of the bonds, will have to make the interest payment. Interest over the 40-year term of the bonds will be more than $3.1 billion. (See pp. 12 and 13.) Eventually, retirement of the bonds will also be the responsibility of the Department of Transportation, if alternative financing is not found.

The fiscal year 1977 bus operating deficit appears to be understated by about $5.5 million and the original Metrorail operating deficit understated by $6.7 million. (See pp. 15 to 20.)

A study is now being conducted by Peat, Marwick, Mitchell & Co. to evaluate the feasibility of a system of less than 100 miles. (See pp. 7 to 10.) If the rail system is to exceed 60 miles, a more comprehensive financial plan will be required. For jurisdictions in Virginia, a referendum at a general or primary election will be required. This is a time-consuming process and probably cannot be done before the summer of 1978, unless the Authority and the local jurisdictions move immediately after release of the consultants' report.

RECOMMENDATIONS

The Director of the Office of Management and Budget, the Secretary of Transportation, the Authority's Board of Directors, and the State and local jurisdictions should expeditiously devise a mutually acceptable arrangement to finance bond interest payments and bond retirement since the Authority will be unable to finance Metrorail bond debt-service costs.

Because the primary source of future funding will be the Government, the Congress should become involved in the arrangements and the solutions developed.

AGENCY COMMENTS

The Transit Authority believes that there is a need for mutual agreement on financing future interest and principal for the revenue bonds. The Office of Management and Budget, however, feels that, since the question of debt service is being discussed within the executive branch, it would be inappropriate to comment on the subject of repayment of the debt-service costs.

The Department of Transportation stated that, with the Authority and the Office of Management and Budget, it has examined the capacity of the Authority and the local jurisdictions to sustain all or part of the bond interest payments, and possible alternatives for further Federal assistance. Transportation said that it is unable to indicate at this time what the resolution will be, but expects a decision shortly. The decision will be linked to the broader concern for a full financial plan for the system which is ultimately built.

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ABBREVIATIONS

ARS	Adopted Regional System
GAO	General Accounting Office
UMTA	Urban Mass Transportation Administration

CHAPTER 1

INTRODUCTION

The Washington Regional Rapid Rail Transit System, commonly called METRO, is the product of two decades of congressional and citizen efforts to relieve traffic congestion and to improve the physical character, economic growth, and well-being of the National Capital region. The METRO rapid rail system is being constructed by the Washington Metropolitan Area Transit Authority at an estimated cost of about $5.0 billion. Initial passenger service began in March 1976 and the entire system is scheduled to be operational in 1983. Also, pursuant to Public Law 92-517, the Authority acquired the private bus companies in early 1973; all regular route urban bus service in the region is now under public ownership.

WASHINGTON METROPOLITAN AREA TRANSIT AUTHORITY

The Transit Authority was created on February 20, 1967, by an interstate compact among Maryland, Virginia, and the District of Columbia pursuant to Public Law 89-774, approved November 6, 1966. The Transit Authority's primary function is to plan, develop, finance, and operate a rapid rail transit system serving the Washington Metropolitan Area Transit Zone. The zone includes the District of Columbia; the cities of Fairfax, Falls Church, and Alexandria; the counties of Arlington and Fairfax in Virginia; and the counties of Montgomery and Prince George's in Maryland.

The Transit Authority is governed by a board of six directors from Maryland, Virginia, and the District of Columbia and their alternates. The directors and alternates from Maryland and Virginia are appointed by and selected from the Washington Suburban Transit Commission and the Northern Virginia Transportation Commission, respectively. The directors and alternates from the District are appointed by the District of Columbia City Council from among the Mayor, Assistant to the Mayor, and Council members.

The Transit Authority's chief administrative officer, the General Manager, is responsible for all activities subject to policy direction and delegations from the Board. Other Transit Authority officers are four Assistant General Managers for finance, construction, transit services, and general administration; the Secretary-Treasurer; and the General Counsel.

INTERFACE OF METROBUS AND METRORAIL SERVICE

The Adopted Regional System (ARS) was approved in March 1968, revised in February 1969 and in June 1970, and a Federal contribution toward its cost was authorized by the Congress in December 1969. This system provided for 98 miles of transit service.

The adoption of the regional system initiated a need for a practical interconnecting feeder bus system. Technical studies were conducted to (1) develop a plan to provide for the continuation of bus service after acquisition of the private bus companies, (2) assure efficient and economical operation of area bus facilities before, during, and after construction of the rapid rail system, and (3) establish a level of service compatible with the needs of the area.

The Authority developed a plan to maximize ridership and revenues through combined rapid rail and bus system use. The primary objectives in developing a bus routing network were to

--link the residential areas with the rapid rail system;

--link outlying shopping and business centers with the surrounding residential area;

--provide continuation of certain radial routes within the District of Columbia to serve riders not having direct rapid rail service, including areas between stations;

--link high employment areas not served directly by the rapid rail system with the nearest stations; and

--improve crosstown and crosscounty service.

METRORAIL DESCRIPTION AND FEATURES

Since the regional system was adopted, several changes have occurred. The size of the planned system and the number of stations have changed little, but the number of subway cars to be purchased has been reduced by 74.

As presently envisioned, Metrorail will feature

--a 99.75 revenue-mile network of rapid rail facilities, including 48.3 miles underground;

--87 stations, including 50 underground;

--482 air-conditioned cars, each capable of carrying 220 passengers;

--automatic train control and communications systems; and

--an automatic fare collection system.

Since the adoption of the regional system, approximately 2 revenue miles and 1.5 nonrevenue miles have been added to its overall length; one station location has been added.

The most significant changes to the system were (1) the addition of 2.65 miles extending the A route to Shady Grove in Maryland and (2) changes to the H and J routes, which resulted in a net decrease of 0.85 miles.

PREVIOUS REPORTS ON METRO AND OTHER SUBWAYS

Over the past 3 years, we have evaluated numerous aspects of METRO operations and construction. Reports have been issued on the Authority's system of reporting on the cost and construction status, evaluation of the capital cost estimate, suggested reporting formats, operational safety, construction safety, and the effect of labor strikes on cost. As a result of our work, the Authority has revised its procedures to include consideration of the latest available data to prepare its cost estimates.

Our reports on the Financial Status of Major Acquisitions at June 30, 1975, and at June 30, 1976, show that other subway systems are receiving grants from the Federal Government. Atlanta's subway system, Phase A, estimated to cost $1 billion, will receive Federal funds of $800 million on an 80 percent/20 percent sharing ratio. Similarly, Baltimore's subway system, estimated to cost $721 million, will receive Federal funds of $577 million on the same 80 percent/20 percent sharing ratio. The sharing ratio for METRO's initial funding of $2.5 billion was on a two-thirds Federal and one-third local basis. (See page 5 of this report.)

SCOPE

This review was requested by the Chairmen, Subcommittee on Commerce, Housing and Transportation and Subcommittee on Fiscal Affairs, House Committee on the District of Columbia. (See app. I.) It was directed primarily toward (1) evaluating proposed budgets for bus and rail operations and (2) determining actions taken by the Authority to obtain funding to continue rail system construction and make interest payments due on revenue bonds issued to construct the system.

This report does not consider various social implications of a rail system, including the impact on our current energy crisis, because related costs and benefits are not susceptible to precise measurement. We believe these factors were considered in the decision to build a subway and they include such considerations as

--providing rapid transit for those persons too old, too young, too infirm, or too poor to drive automobiles;

--providing sufficient highways to accommodate increased automobile usage if the system is not completed;

--increased pollution resulting from increased automobile usage;

--increased fuel usage;

--purchasing more buses and increased costs of operating an all bus system;

--residential, industrial, and business growth adjacent to the rail system; and

--improved mobility of both urban and suburban residents.

We reviewed pertinent reports, correspondence, and records and obtained the views of officials of the Authority, the Department of Transportation, and the Office of Management and Budget.

CHAPTER 2

COST, SCHEDULE, AND SYSTEM FUNDING

COST CHANGES

The Authority's Board of Directors approved METRO's first capital cost estimate of $2,494.6 million on February 7, 1969. On December 31, 1970, the Board approved an updated capital cost estimate of $2,980.2 million. In November 1974 the Authority submitted a revised capital cost estimate of $4,453.7 million to the Board for the 98-mile system, an increase of $1,959.1 million over the original cost estimate. As of December 31, 1976, the system was estimated to cost $5,017.8 million, excluding $378.1 million for contingencies.

The increased system cost is primarily due to delays and inflation. Labor wage rates, insurance, and equipment and material costs have increased substantially.

SCHEDULE SLIPPAGES

It was envisioned in February 1969 that the system would be completed by December 1979. Design and construction difficulties resulted in numerous changes in the estimated completion date of the various phases of the system; the latest estimate for completion is September 1983. Labor strikes, hurricanes, and floods also have caused substantial delays. In addition, the inability to secure funding as costs increased contributed to delays by not permitting the Authority to contract for construction as planned.

INITIAL CONSTRUCTION FUNDING

The only formal agreement providing an allocation formula for funding the METRO system costs by the various localities is the Capital Contributions Agreement which was signed by the City of Falls Church on March 29, 1969, and shortly thereafter by the other jurisdictions. Under the agreement, the Federal Government and local jurisdictions were to contribute construction funds on a two-thirds/one-third matching formula toward the $2,494.6 million system. The allocation formula percentage distribution was to be set in December 1974 and absolute amounts were to be recalculated every 2 years thereafter.

As the cost of the system continued to rise, funding, or the lack of funding, became a major concern to the

Congress, the Authority, and the local jurisdictions. The funding provided by the 1969 financial plan is now nearly depleted. While new funding sources were sought, the Authority managed to keep construction in progress by matching Federal grants with funds earned over the years through investment of bond proceeds and local jurisdiction capital contributions. The internally generated funds, however, are now substantially exhausted.

REVISED PLAN

In December 1976 a plan was devised to make an additional $942,781,000 available for construction. After a 2-month delay, the last of the local jurisdictions signed the plan, called the Interim Capital Contributions Agreement, in March 1977. The agreement requires that local jurisdictions make Federal funds currently earmarked for interstate highway construction available. The transfer of these interstate highway funds, amounting to $754,225,000, will then be matched with a 20 percent contribution consisting of $59,085,000 of internally generated funds (interest on Authority investments) and $129,471,000 of direct contributions by the local jurisdictions.

The transfer of interstate funds for METRO construction requires the Governors of the States involved, the Mayor of the District of Columbia, and the local governments to request that the Secretary of Transportation withdraw his approval of interstate highway projects and substitute approval of specific mass transit projects. As the funds are freed for this purpose, the Authority submits applications explaining the intended use of the funds and requests the release of the funds for construction purposes. Approximately $112,554,000 of the interstate highway funds identified in the Interim Capital Contributions Agreement have been released for METRO construction to date. These funds have been matched with $28,138,000 of internally generated funds. The District of Columbia and the State of Maryland are in the process of freeing and making available to the Authority an additional $394 million and $35 million, respectively, of interstate highway funds. The Authority has awarded some contracts using the highway funds released by the Urban Mass Transportation Administration (UMTA) and its matching internally generated funds.

Construction completed, in progress, and to be completed with funds made available through the interim agreement, will complete approximately 60 revenue miles of the 100-mile system if all schedules are met and estimated costs of construction are reasonably accurate.

ADDITIONAL FUNDING

To construct portions of the system beyond the 60 miles provided for in the Interior Capital Contributions Agreement, additional funding and further funding agreements will be required. Spiraling costs to complete and operate the system have caused the local jurisdictions to question how to meet the increased costs and still provide to their citizens essential programs, such as schools, police and fire protection, other transportation programs, and water and sewer services. In addition, the UMTA Administrator has expressed similar concerns. On September 24, 1976, he told a joint meeting of the Council of Governments, the METRO Board, and the Transportation Planning Board that UMTA would provide only enough money to pay for a system costing $4.67 billion. He requested that a new financial plan be developed to fund METRO construction and subsequent operating costs, and that an alternative analysis study be conducted on three of the system's lines.

ALTERNATIVE ANALYSIS STUDY

Pursuant to UMTA's request for an analysis of selected system segments, the Council of Governments issued a request in December 1976 for proposals for consulting services to conduct a Metrorail alternative analysis study of selected unbuilt system segments. A contract funded by UMTA was awarded to Peat, Marwick, Mitchell & Co. on February 15, 1977. The study will examine the full Adopted Regional System and alternatives to the full system in four corridors. The alternatives are summarized below.

E Route (Gallery Place to Greenbelt)

1. Construct ARS route (as modified).

2. Construct an alinement which terminates at the I-95/I-495 interchange.

3. Terminate at incremental terminal at Prince George's Plaza.

4. Terminate at Fort Totten, and construct light rail line or busway thereon via New Hampshire

Avenue and Potomac Electric Power Company (PEPCO) right-of-way to I-95/I-495 interchange.

5. Terminate at Columbia Heights.

6. Delete E route, construct light rail line between Gallery Place and 14th Street and Missouri Avenue and operate light rail line from I-95 to Fort Totten via PEPCO right-of-way.

F Route (Anacostia to Branch Avenue)

1. Construct ARS alinement (as modified).

2. Construct alternate route terminating at Rosecroft.

3. Realine Branch Avenue route via St. Elizabeths--Southern Avenue.

4. Terminate above alinement at Southern Avenue.

5. Terminate at Anacostia.

J/H Route (King Street, Alexandria to Franconia)

1. Build ARS alinement to Franconia.

2. Construct C route to Huntington station with no J/H route extension.

3. Terminate ARS alinement at Van Dorn station.

4. Build J/H route from King Street to Franconia and eliminate the Springfield station.

5. Terminate J/H route at Springfield.

6. Construct C route to Huntington, delete J/H route, and provide connecting commuter railroad service from King Street to Manassas and Fredricksburg.

K Route (Ballston to Vienna)

1. Build ARS alinement from Ballston to Vienna.

2. Terminate ARS alinement at Ballston.

3. Terminate ARS alinement at West Falls Church.

4. Construct ARS alinement to a relocated West Falls Church station and an alternative alinement thereon to Tyson's Corner.

5. Build (4) above and implement express bus service from Tyson's Corner to Dulles Airport.

6. Construct ARS route to Vienna with enhanced parking at Metrorail stations where needed and feasible.

In May 1977 the Secretary of Transportation requested that the study include the B route from Silver Spring to Glenmont, Maryland.

Study objectives

The objectives of the study are to develop the following information.

1. Alternatives to the full regional system including appropriate feeder systems in each corridor and the need for access and terminal facilities.

2. Estimated patronage by line, station, and mode of access for the alternatives as compared to the full system. Determine the effect on bus patronage and auto use.

3. Revenues and construction and operating costs for alternatives compared to those for the full system. This task will include (1) estimating capital costs by line for each alternative, including rail facilities and equipment, feeder buses, and necessary transit-oriented highway improvements, (2) operating costs through 1990 for rail and bus improvements to serve projected patronage demands, (3) revenues by line through 1990, and (4) subsidies and the required local share of capital costs required by line and line segment.

4. Measures of cost-effectiveness.

5. Travel time and access changes for alternatives compared to the full system.

6. The effect on auto use, costs, and accidents and access and terminal requirements for alternatives compared to the full system.

7. The effect on the environment for alternatives compared to the full system.

8. The effect of alternatives compared to that of the full system on the community.

Proposed use of study

The alternative analysis study is to be completed by the consultant 120 days after award of the contract. After a 30-day review period by the consultant, a Joint Policy Steering Committee, which is made up of members from the Council of Governments, the Authority, and the Transportation Planning Board, will recommend a preferred system configuration to its parent bodies and the participating jurisdicitons. The results of the study will then be used to determine Metrorail capital requirements for system increments not previously funded under the original or interim capital contributions agreements.

The Authority staff has advised the Board of Directors of critical dates associated with its August 1976 design and construction schedule, including the impacts of not meeting these dates. Failure to meet the scheduled events will result in delays in awarding contracts, delays in receiving grants and matching funds, and will eventually effect the date various phases of the system are placed in operation, all of which result in increased costs of the system due to inflation and schedule disruptions. A 2-month delay in executing the interim capital contributions agreement is estimated to cost about $8.8 million. Delays in completing the alternative analysis study by April 1977 is estimated to cost $4.3 million a month, and delays in establishing a permanent financial plan by November 1977 will result in additional costs of $1.4 to $2.7 million a month. The study will not be completed before October 1977 and, as a result, the Authority believes Board adoption of a more comprehensive financial plan will be delayed until the summer of calendar year 1978. Although most costs associated with delays are not cumulative in their entirety, the Authority staff advised us that delay costs associated with the alternative analysis study and the establishment of thé financial plan are cumulative.

FUNDING AFTER THE STUDY

If a decision is made to construct in excess of 60 miles, a new comprehensive financial plan will be required. Establishing a financial plan is a time-consuming process requiring adoption by the METRO Board and the various local jurisdictions, which the Authority estimates will require approximately 4 months. Then, in the case of the jurisdictions in the Commonwealth of Virginia, approximately 60 days must be provided prior to a general or primary election to certify a referendum on the ballot. It is doubtful that this can be accomplished before the spring of 1978 unless the Authority and the local jurisdictions are in a position to move immediately after the release of the study report.

CHAPTER 3

BOND INTEREST COSTS AND REPAYMENT OF BOND PRINCIPAL

REVENUE BONDS

The Washington Metropolitan Area Transit Authority Compact authorized the Authority to issue bonds by resolution of the Board of Directors. This was accomplished by adoption of the Transit Bond Resolution of August 3, 1972, as amended by supplemental resolutions authorizing each series of bonds.

The Authority has issued $997 million of revenue bonds in five series. As each series was issued, an amount equal to 4 years' interest was set aside. Fiscal year 1977 is the first year that the interest set aside does not provide the full interest cost on the bonds. The Authority estimates that an additional $15.3 million will be required.

Originally, the Authority expected that a substantial part of the rail system would be providing service and operating at a profit by this time. For this reason, the Authority assumed that interest costs and bond retirement would be paid from operating revenues; it did not anticipate that additional funding in the form of operating subsidies, direct appropriations, or grants would be required.

In November 1974, when an income analysis was completed, the Authority recognized that interest on the bonds and payment of the bond principal could not be fully covered by system revenues. The local jurisdictions and the Department of Transportation also realize that they cannot depend on system revenues to retire the bonds and that the solution will involve a Federal-local sharing of the bond retirement, probably on an 80 percent/20 percent basis.

Through most of fiscal year 1977, only 4.6 miles of the system were providing service. Approximately 17.6 miles are scheduled to be in service on or about July 1, 1977, and an additional 5.7 miles in November 1977. Since the Metrorail system opened in March 1976, it has operated at a loss, and the Authority expects to continue operating at a loss. Therefore, other sources of funds will be needed to pay interest costs over and above that amount set aside when the bonds were issued.

Interest on the bonds issued will amount to about $3.1 billion over the 40-year term of the bonds. The Federal Government presently provides a 25-percent interest subsidy, which over the term of the bonds will total almost $775 million, to defray the additional interest cost caused by the bonds being taxable rather than nontaxable. During the first 4 years of each bond series, the Authority will have paid about $232 million from interest set-aside funds. In addition, in January 1977 the Authority paid almost $3.1 million interest from internally generated funds because funds were not available from other sources. Therefore, if bond principal retirement commences in fiscal year 1983 as scheduled, more than $1.5 billion of unfunded interest payments remain to be paid on the bonds between now and the year 2014 when the last series will be retired. If the bonds are not retired as scheduled, the interest to be paid will be substantially higher.

On January 28, 1977, the Authority's General Manager, in a letter to the Director, Office of Management and Budget, explained that there are not sufficient funds budgeted or available to cover bond interest in 1977 and 1978 for these federally guaranteed bonds. He requested that the Federal 1977-78 budgets be revised to reflect participation by the Federal and local governments on an 80 percent Federal/20 percent local basis to provide the necessary amounts of the bond interest payments. Shortly thereafter, according to the Authority, it was advised informally that the request had been denied.

On February 11, 1977, the General Manager rejustified the need for federal participation in the bond interest cost of these federally guaranteed bonds and the Office of Management and Budget is awaiting a decision by the Secretary of Transportation on this matter.

In addition, installments are due to be paid to sinking funds which will be used eventually to retire the bonds. Sinking fund installments for the first two series of bonds begin on July 1, 1983, for a total of $6,315,000, and continue in increasing amounts due each July 1 thereafter. Payments begin on July 1, 1986, and July 1, 1990, for the other series of bonds.

ALTERNATIVE METHODS FOR PAYING BOND INTEREST COSTS

The question which now arises is how bond interest costs will be paid. The Authority claims it can no longer finance interest costs from internally generated funds. Also, the Department of Transportation has not decided to include the debt in the 1978 budget; if it does, there is no assurance the local jurisdictions would agree to share in the cost.

During the next 2 years, four unfunded interest payments on a semiannual basis will respectively amount to about $12.2 million, $16.6 million, $20 million, and $23.5 million. Thereafter, until the retirement of the bond principal commences, annual interest payments will require in excess of $58 million. If the Authority does not receive financial assistance to pay the interest costs, the Department of Transportation, guarantor of the bond principal and interest, would be required to make the interest payment. According to the Transit Bond Resolution, if the Authority fails to have sufficient deposit in the bond interest fund to pay interest on all guaranteed bonds becoming due 5 business days prior to any interest payment date, the Authority shall notify the Secretary of Transportation, specifying the amount involved.

One alternative the Authority is considering is to apply interstate-highway transfer funds, which are currently planned for use under the Interim Capital Contributions Agreement for future construction. Other alternatives the Authority is considering are (1) converting future Authority appropriations to an UMTA grant which would convert its sharing ratio with local jurisdictions from two-thirds/one-third to 80 percent/20 percent and make the funds eligible for use in paying bond interest and (2) requesting that UMTA permit the use of appropriated funds to pay interest costs. UMTA is currently reviewing the possibility of using appropriated or grant funds for interest payments.

CHAPTER 4

BUS AND RAIL OPERATING DEFICITS

FISCAL YEAR 1977 BUS DEFICITS

The Authority's bus operating budget for fiscal year 1977 estimated operating deficits to be about $54,716,000. The estimated deficit was predicated on several operating assumptions which have not occurred. On the other hand, bus fuel costs and workmen's compensation claims and liability costs were not accurately estimated, producing a net overstatement of expenses. Based on our analysis of the Authority's assumptions and estimates, we believe the budgeted operating deficit was understated by about $5.5 million because (1) the Authority did not implement revenue and service adjustment recommendations and (2) a construction slippage has caused a delay in Phase II rail operations. Each of these matters is explained below.

Reduction or elimination of marginal bus services

The budget anticipated the reduction of marginal weekend and weekday service and the elimination of "owl" service (service between the hours of 1 a.m. and 5 a.m.). Savings were estimated at $2.7 million for reducing marginal service and $0.35 million for eliminating owl service. Only a minimal number of adjustments were implemented, resulting in an estimated savings of $0.883 million; therefore, the budget was underestimated by about $2.167 million.

Bus transfer charge

At public hearings in March 1976, opposition was voiced against a budget recommendation to establish a 10-cent bus transfer charge, and no action has been taken for its implementation. Failure to implement this recommendation is estimated to increase the operating deficit for fiscal year 1977 by $2 million.

Phase II rail operations delayed

The rail budget assumed Phase II would begin operations on January 1, 1977. However, budget guidance for fiscal year 1978, dated May 6, 1976, showed that Phase II operations would begin in July 1977. This delay extends the need for bus operations which were scheduled to be curtailed. The additional 6 months of operations reduce estimated bus operating savings by $1,778,000.

Expenses overstated--net

Estimated expenses appeared reasonable, with two exceptions--bus fuel costs and workmen's compensation claims and liability expenses. In our opinion, bus fuel costs were overstated by $1.431 million as a result of using an inflated price factor for diesel fuel. We also believe that workmen's compensation claims and liability expenses were understated by at least $968,000 because the Authority used an inappropriate method of calculation, resulting in a net overstatement of expenses by $463,000.

Deficit

The bus operating deficit adjusted for the above changes is reflected below.

	Adjustment	Total
	(000 omitted)	
Authority's estimated deficit		$54,716
Reduced or eliminated bus service	$ 2,167	
Transfer charge	2,000	
Phase II opening	1,778	
Bus fuel costs	-1,431	
Workmen's compensation claims and liability	968	
Increase in deficit		5,482
Adjusted deficit to be subsidized		$60,198

In September 1976 the Authority revised the 1977 budget to reflect retention of 57 buses to improve rush-hour service. This increased the estimated operating deficit by $540,000. We were advised that the Authority also intends to further revise the budget shortly to reflect changes for the items shown above and to reflect lower pay and fringe benefit increases resulting from a 2-year contract negotiated with the unions.

FISCAL YEAR 1977 RAIL DEFICITS

The Authority's rail operating budget for fiscal year 1977 estimated operating deficits to be $26.1 million, excluding bond interest costs. The budget estimated that Phase I operations would experience a deficit of $14.8 million and Phase II a deficit of $11.3 million. The operating deficit was based on the following assumptions:

--In fiscal year 1977, 18.5 miles of the rail system would be operational with Phase I operating throughout the year and Phase II starting on January 1, 1977, and continuing through June 30, 1977.

--Phase I would consist of five stations for a full year. Gallery Place would not be open.

--Phase I would start revenue operation on May 1, 1975.

--Automatic Fare Collection System would be operational for Phase II on January 1, 1977.

--The Federal Government would participate in debt-service retirement (both interest and principal) on an 80/20 cost-sharing basis, and in accordance with provisions of present law, will continue the 25-percent interest subsidy.

Phase I operations actually became operational on March 27, 1976, approximately 10 months after the date assumed in the budget. Phase II operations were delayed; current estimates indicate it will become operational on or about July 1, 1977.

Gallery Place and Dupont Circle stations were opened in December 1976 and January 1977, respectively. The Automatic Fare Collection system is being installed for Phase II operations. It is currently used in Phase I stations to familiarize patrons with its operations.

Interest on bonds issued by the Authority has been paid with funds set aside from the bond proceeds. Fiscal year 1977 is the first year that interest due will not be fully covered by interest set-aside funds. Unfunded interest due in fiscal year 1977 is estimated to be $15.3 million. The Authority has not obtained an agreement with the Federal Government or the local jurisdictions for participation by both parties to make bond interest payments. As a result, the Authority paid over $3.1 million in January 1977 with internally generated funds, which is normally used to fund construction of the system. Another interest payment of $12.2 million will become due in July 1977. The Authority has requested that the Office of Management and Budget include funds in the President's budget to cover the amount due. The Federal Government has not acted on this matter.

In September 1976, after it was known Phase II operations would be delayed from January to July 1977, the fiscal year 1977 budget estimate for Phase I operations was revised. The revised budget estimated Phase I would experience an operating deficit of about $24.7 million or about $10 million more than originally anticipated.

During the first half of fiscal year 1977, Phase I net Metrorail passenger-carrying operations costing $8.3 million were charged to the cost of constructing the system. The Authority estimates that Phase I passenger-carrying operations will cost approximately $13.2 million during the second half of fiscal year 1977.

Indications are that the costs of $21.5 million for the extension of Phase I operations from 6 months to 1 year during fiscal year 1977 rail passenger-carrying operations will be approximately $3.2 million less than the revised estimate, but $6.7 million more than the original estimate.

With respect to the $13.2 million, the Authority plans to have local jurisdictions pay $1.8 million and finance $11.4 million with capital funds. We were informed by Authority staff that operating losses starting July 1, 1977, will be borne by the local jurisdictions, pursuant to Article VII of Public Law 89-774.

FISCAL YEAR 1978 BUS AND RAIL DEFICITS

On August 23, 1976, the Authority's fiscal year 1978 operating and capital budgets were presented to its Board of Directors. In December 1976 the Board's budget committee submitted its recommendation on the budget. The committee, in making its adjustments to the budget, recognized the inability of local governments to provide the funding requested to support the operating subsidy and debt-service requirements. Accordingly, its goal was centered about reducing the requirements to a more acceptable level of funding.

Committee adjustments to bus and rail operations are shown as follows.

	FY 1978 requested	Committee adjustments	FY 1978 committee recommendations
Metrobus operations	$135,799,300	$- 9,836,400	$125,962,900
Metrobus revenues	66,038,000	4,050,700	70,088,700
Metrobus subsidy	69,761,300	-13,887,100	55,874,200
Metrorail operations	54,995,600	-10,358,900	44,636,700
Metrorail revenues	20,220,000	94,100	20,314,100
Metrorail operations capitalized	3,700,000	-700,000	3,000,000
Metrorail subsidy	31,075,600	-9,753,000	21,322,600

Several subsequent changes have been made to the committee's budget assumption regarding a bus/rail interface plan for Phases II and IIA, which are scheduled for July 1, 1977, and November 1, 1977, respectively.

Under the recommendations proposed by the Board's budget committee, most Virginia commuter buses would have terminated at the Pentagon or Rosslyn rail station. This would have minimized transit system deficits by reducing rail and increasing bus subsidy requirements. Authority officials told us that the Board has approved an alternate plan whereby more buses will continue downtown, thus decreasing the bus deficit and increasing the rail deficit.

The Board of Directors approved the bus and rail operating budgets on February 10, 1977. Transit Authority officials told us that total bus and rail subsidy requirements for fiscal year 1978 remain virtually unchanged from those in the budget committee recommendations.

At the time of our review, the Board of Directors had not decided whether to begin bus turnbacks on Phase II and IIA opening dates or whether to allow some period of overlap. The fiscal year 1978 operating budget did not provide for an overlap period in Phase II, but Authority officials advised us there would be about a 3-week overlap. No estimates on the weekly costs of continuing concurrent bus and rail operations were available during our review.

Due to continuing changes, we were not able to perform a detailed review of the bus and rail operating budgets as approved by the Board of Directors.

We believe it is highly unlikely that METRO system revenues will ever be able to cover operating costs; few, if any transit systems in the United States operate in the "black." Reductions in the scope of the system may make it less attractive to potential users and could lead to proportionately larger deficits than anticipated.

CHAPTER 5

CONCLUSION, AGENCY COMMENTS, AND RECOMMENDATION

CONCLUSION

Unless a portion of Department of Transportation interstate-highway grant funds are diverted from construction purposes or a waiver is obtained to use appropriated funds for interest payments (see p. 14), the Secretary of Transportation, under the guarantee provisions of the bond resolution, will be obligated to make the bond interest payment of $12.2 million due on July 1, 1977. If the Authority is not successful in arranging alternative methods of financing, future interest payment and retirement of bond principal when due will also be the responsibility of the Department of Transportation under the guarantee provisions of the bond resolution.

AGENCY COMMENTS

The Transit Authority agrees that there is a need for mutual agreement as to financing future interest and principal for the revenue bonds. It has participated in discussions with the Department of Transportation regarding alternatives for handling the recommended Federal portion of the debt service and expects the Department of Transportation to make a recommendation to the Office of Management and Budget in the near future.

The Office of Management and Budget, however, feels that since the question of debt service is currently under discussion within the executive branch, it would be inappropriate to comment in detail on the need for repayment of the debt service. It also stated that it is unclear upon what we base the assertion that the Federal Government will be the primary source of future debt-service funding and that we should include a discussion regarding

--good faith pledges obtained by the Department of Transportation from local jurisdictions to make efforts to cover the debt service in the event of a shortfall of farebox revenue and

--proposals which have been made concerning the creation of permanent local revenue sources for transit financing as has been done in other areas such as Atlanta, Georgia and Cleveland, Ohio.

The Department of Transportation stated that it, with the Authority and the Office of Management and Budget, has examined the capacity of the Authority and the local jurisdictions to sustain all or part of the bond interest payments, and possible alternatives for further Federal assistance. Transportation said that it is unable to indicate at this time what the resolution will be, but expects a decision shortly. The decision will be linked to the broader concern for a full financial plan for the system which is ultimately built.

We believe the Federal Government will be the primary source of future debt-service funding because

--it is highly unlikely that the Metrorail system revenues will cover operating costs and bond interest and principal obligations;

--the local jurisdictions have not indicated that bond interest and principal obligations are their responsibility;

--the "best effort" pledges by the localities are not strictly legally binding; and

--efforts to create new tax sources, such as gasoline taxes or specific regional taxes, to meet increased construction and operational costs have been unsuccessful.

Further, if the local jurisdictions do honor "best effort" pledges or adopt regional taxes, it is doubtful that the localities would be able to meet their share of the cost of construction and the full cost of operating deficits, bond interest payments, and bond retirement. Therefore, we believe the Federal Government would still be the primary source of funding for bond interest payments and principal retirement, even with increased local participation.

RECOMMENDATION

We recommend that the Director, Office of Management and Budget; the Secretary of Transportation; the Authority's Board of Directors; and the State and local jurisdictions expeditiously arrive at a mutually acceptable arrangement to finance future interest payments and bond retirement. Because the primary source of future funding will likely be the Federal Government, we also recommend that the appropriate congressional committees become involved in the arrangements and solutions developed.

U.S. House of Representatives
Committee on the District of Columbia
[illegible]
Room 1310, Longworth House Office Building
Washington, D.C. 20515

December 2, 1975

Mr. Sam Pines
GAO Building
441 G Street, N.W.
Suite 6478
Washington, D.C. 20548

Dear Mr. Pines:

Enclosed are:

1.) The written staff questions referred to by Mr. Mazzoli during the hearing on November 18, 1975.

2.) The staff notes on the visit to the Senate Labor Committee. (Please contact Mr. David Patch 225-4244 for further information on this.)

3.) Un-edited transcript of the November 18, 1975 hearings. Please note any corrections in grammar style or transcription errors to make the comments of the GAO representatives more readable. No alterations of substance may be made. Please return the transcripts with your corrections noted on the copy as soon as possible to Mr. Nevens so that we may begin printing.

Thank you for your cooperation in this matter.

Sincerely,

W. S. (BILL) STUCKEY
Chairman, Subcommittee on
Commerce, Housing
and Transportation

ROMANO L. MAZZOLI
Chairman,
Subcommittee on
Fiscal Affairs

GAO note: Items 2 and 3 above are not pertinent to this report.

Written Questions for the GAO

(1) Submit to the Committee an analysis of the estimates of operating deficits through FY 1980 contained in Metro's FY '77 Budget Estimates. Also include an analysis of the cost savings made possible by the reduction in the hours and levels of service.

(2) Analyze the contracted relationship between Metro and Rohr, and submit for our record possible escalation of the contract price, and further delays in delivery.

(3) Submit for the record an opinion from your legal staff on the binding or non-binding nature of the agreements local governments have entered to make capital contributions, and payments for operating subsidies. Also include comments on any obligations for refunding capital contributions if the entire adopted regional system is not completed.

(5) In his testimony on November 16, 1975 General Graham stated that:

> "We have been testing cars that are unaccepted since March 22nd of this year. This is one area where there is a misunderstanding by the GAO."

Based on this submit for the record any alterations in your testimony on testing and safety.

(6) Submit to the Committee an analysis of the staff reports on capital cost and deficits. (attached)

(7) Submit for the record a supporting schedule for the $4.8 billion estimate noted in your testimony. (A reconciliation of the increase noted by contract would be sufficient.)

(8) The November 4, 1975, report to Mr. Rees identifies reports to show the status of the rail system's development. Please recommend for our record additional reports to provide similar visibility for bus operations, rail operations, and the position of the vairous funds administered by Metro.

GAO note: Questions (2) through (8) covered in other GAO reports.

EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

MAY 3 - 1977

Mr. Victor L. Lowe
Director, General Government Division
General Accounting Office
Washington, D. C. 20548

Dear Mr. Lowe:

This letter responds to your request for OMB's comments on the draft GAO report entitled "Need to Resolve Metro Funding." On the whole, the report appears accurate. We defer to the Washington Metropolitan Area Transit Authority and the Department of Transportation to verify the accuracy of specific amounts included in the report.

[See GAO note 1, p. 26.]

Chapter 3, which concerns repayment of the Authority's revenue bonds, should be expanded to include a more comprehensive discussion. For example, the Department of Transportation obtained good faith pledges from the local jurisdictions, to the effect that the localities would make efforts to cover the debt service in the event of a shortfall in farebox revenue. The report would be incomplete without discussion of this point. Also, the discussion of alternative methods for payment of debt service costs could be expanded to discuss proposals which have been made concerning the creation of permanent local revenue sources for transit financing (for debt, operating and capital costs) as has been done in other areas (e.g. Atlanta, Cleveland).

Since the question of debt service is currently under discussion within the Executive Branch, it would be inappropriate to comment in detail on the draft recommendation concerning repayment of the debt service. However, because it is unclear upon what you base the assertion that the Federal Government will be the primary source of future debt service funding, we would recommend that such a statement be deleted.

2

—

[See GAO note 2 below.]

Thank you for the opportunity to comment on the draft report.

Sincerely,

James McIntyre
Deputy Director

GAO notes:

1. Deleted comment refers to material not included in final report.

2. Deleted comment refers to material in the draft report which has been changed in the final report.

WASHINGTON METROPOLITAN AREA TRANSIT AUTHORITY

April 15, 1977

Mr. Henry Eschwege
Director, Community and Economic
Development Division
U. S. General Accounting Office
Washington, D. C. 20548

Dear Mr. Eschwege:

This is in response to your letter of March 18, 1977, and the enclosed draft report on "Need to Resolve Metro Funding" which you intend to submit to the Congress.

Authority staff has met with staff of the General Accounting Office on the report and has discussed a number of details which I understand have been worked out to the mutual satisfaction of GAO and the Authority. In regard to more substantive matters, we believe that the report appropriately describes the accomplishments and remaining problems associated with the Authority's funding needs. We also concur with the GAO recommendations regarding actions that are necessary to meet the funding problems.

[See GAO note, p. 29.]

metro

Mr. Henry Eschwege
Page 2
April 15, 1977

[See GAO note, p. 29.]

We are deeply concerned in regard to debt servicing the Authority's revenue bonds. We concur with the recommendations in the report that the Office of Management and Budget, Secretary of Transportation, the Authority Board of Directors and the local and state jurisdictions expeditiously arrive at a mutually acceptable arrangement to finance debt service on the bonds. We also concur that it would be desirable that the appropriate Congressional committees become involved in the solutions to this problem, particularly in view of the report's recognizing that the primary source of future funding for debt service of the bonds will be the federal government.

Our original fiscal 1976 budget request to the Office of Management and Budget that the federal budget reflect payments by the federal and local governments on an 80/20 share, respectively, to provide the necessary amounts of the bond interest payments in 1977 and 1978 was disallowed. In my letter of January 26, 1977, to the Director of the Office of Management and Budget we requested that the federal budget be revised to reflect the 80/20 cost sharing of the bond debt service and explained that there were not

Mr. Henry Eschwege
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April 15, 1977

sufficient funds budgeted nor available for the Authority to cover the cost of debt servicing in 1977 and 1978. We were advised that funds would not be included in the revised federal budget at that time for this purpose.

At the direction of the Authority Board of Directors we testified on March 1 before the Subcommittee on Transportation of the House Committee on Appropriations and on March 3 before the Subcommittee on Transportation of the Senate Committee on Appropriations that funds in the amount of $12.2 million for fiscal 1977 and $29.3 million for fiscal 1978, representing the 80 percent federal share of interest due from the Authority, should be appropriated. The Authority has already paid interest due in December of the current fiscal year in the amount of $3.1 million representing slightly in excess of the 20 percent local share. It is necessary that action be expedited in regard to the 80 percent portion -- $12.2 million -- due July 1, 1977. The local jurisdictions are including in their 1978 budgets the 20 percent share of interest payments due in fiscal 1978.

Authority staff has participated in discussions with staff of DOT regarding alternatives for handling the recommended federal portion of the debt service. We understand that the Department is to make a recommendation to the Office of Management and Budget in the near future.

I want to thank you for the constructive nature of your report and for the opportunity to respond with these comments.

Sincerely,

Theodore C. Lutz
Theodore C. Lutz

GAO note: Deleted comments refer to material not included in final report.

OFFICE OF THE SECRETARY OF TRANSPORTATION
WASHINGTON, D.C. 20590

ASSISTANT SECRETARY
FOR ADMINISTRATION

May 16, 1977

Mr. Henry Eschwege
Director
Community and Economic Development Division
U. S. General Accounting Office
Washington, D. C. 20548

Dear Mr. Eschwege:

This is in response to your letter of March 13, 1977, requesting comments on the General Accounting Office draft report entitled "Need To Resolve Metro Funding." We have reviewed the report in detail and prepared a Department of Transportation reply.

Two copies of the reply are enclosed.

Sincerely,

Edward W. Scott, Jr.

Edward W. Scott, Jr.
Acting

Enclosures (2)

DEPARTMENT OF TRANSPORTATION REPLY

TO

GAO DRAFT REPORT

ON

NEED TO RESOLVE METRO FUNDING

SUMMARY OF GAO FINDINGS & RECOMMENDATIONS

In the report, GAO made the following principal findings:

- o Costs of the system adopted by the WMATA Compact member jurisdictions have outstripped the financial plan for construction of the Metrorail System.
- o The system cost increases have led to a restudy of some system segments.
- o It is unlikely that WMATA can meet the July 1977 interest payment on the $997 million in outstanding revenue bonds.
- o If construction beyond the 60 miles provided for by the Interim Capital Contributions Agreement is to proceed, additional funding sources will have to be secured.
- o WMATA has capitalized costs which should be considered as operating costs.

Specifically the following recommendations are made:

1.

[See GAO note, p. 34.]

2. We recommend that the Office of Management and Budget, the Secretary of Transportation, the Authority's Board of Directors and the local and state jurisdictions expeditiously arrive at a mutually acceptable arrangement to finance future interest payments and bond retirement. Because the primary source of future funding will be the federal government, GAO also recommends that the appropriate Congressional committees become involved in the arrangements and agree to the solutions developed.

The Department of Transportation is fully aware of the concerns expressed in GAO's audit report, and has been working closely for many months with WMATA, local political leaders, OMB and others to see to it that a sound and supportable Metro system is defined and agreed to by all of the interests involved. As your report indicates, a careful alternative analysis study is already well advanced, and is scheduled for completion by mid-summer. This study will consider not only route alternatives, but will gauge the cost effectiveness of these alternatives.

[See GAO note, p. 34.]

3

[See GAO note, p. 34.]

With respect to the issue of bond interest payments, we have also carefully examined, with WMATA and OMB what the facts are concerning the capacity of WMATA and the local jurisdictions to sustain all or part of this indebtedness, and alternatives that are possible for further Federal assistance. We are not able at this time to indicate what the resolution of this issue will be, but we expect a decision in the near future, linked to the broader concern for a full financial plan for the system which is ultimately approved.

Finally, with respect to capitalization by WMATA of certain startup costs, UMTA has indicated to WMATA that it is prepared to participate through interstate transfer grants in the costs of acceptance testing, training and security of facilities which are completed but not physically operational. In letters dated January 29, 1976, and January 5, 1977, we have advised

WMATA that we believe ordinary operating costs are not capitalizable, even during system startup. However, in view of the budget cycle of WMATA and the jurisdictions, we have advised WMATA that we believe capitalization of such expenses through FY 1977 with funds appropriated directly to WMATA would be appropriate in order that local payment of these expenses can be reflected in its FY 1978 operating budget. **[See GAO note below.]**

Acting Administrator
Urban Mass Transportation Administration

GAO note: Deleted comments refer to material not included in final report.

PRINCIPAL OFFICIALS

RESPONSIBLE FOR ADMINISTERING

ACTIVITIES DISCUSSED IN THIS REPORT

	Tenure of Office From	To
OFFICE OF MANAGEMENT AND BUDGET		
DIRECTOR:		
Bert Lance	Jan. 1977	Present
James T. Lynn	Feb. 1975	Jan. 1977
DEPARTMENT OF TRANSPORTATION		
SECRETARY OF TRANSPORTATION:		
Brock Adams	Jan. 1977	Present
William T. Coleman, Jr.	Mar. 1975	Jan. 1977
Claude S. Brinegar	Feb. 1973	Mar. 1975
URBAN MASS TRANSPORTATION ADMINISTRATION		
ADMINISTRATOR:		
Robert H. McManus (acting)	Jan. 1977	Present
Robert E. Patricelli	Aug. 1975	Jan. 1977
Judith T. Connor (acting)	July 1975	Aug. 1975
Frank C. Herringer	Feb. 1973	July 1975
WASHINGTON METROPOLITAN AREA TRANSIT AUTHORITY		
BOARD OF DIRECTORS:		
Francis W. White, Chairman	June 1973	Present
Joseph S. Wholey	Feb. 1976	Present
Sterling Tucker	Sep. 1973	Present
Cleatus E. Barnett	Feb. 1971	Present
Joseph Alexander	Jan. 1971	Present
Walter E. Washington	Jan. 1975	Present
ALTERNATE DIRECTORS:		
Carlton B. Sickles	Sep. 1975	Present
Rose C. Kramer	Jan. 1977	Present
Frank E. Mann	Sep. 1976	Present
John P. Shacochis	Jan. 1976	Present
Jerry A. Moore, Jr.	Sep. 1973	Present
Douglas N. Schneider, Jr.	Jan. 1977	Present

	Tenure of Office	
	From	To
GENERAL MANAGER:		
Theodore C. Lutz	Nov. 1976	Present
Warren Quenstedt (acting)	Feb. 1976	Nov. 1976
Jackson Graham	Mar. 1967	Jan. 1976
DEPUTY GENERAL MANAGER:		
Vacant	Jan. 1977	Present
Warren Quenstedt	Oct. 1967	Dec. 1976
EXECUTIVE OFFICER AND COMPTROLLER:		
William A. Boleyn	July 1975	Present
Schuyler Lowe	July 1967	July 1975
SECRETARY-TREASURER:		
Delmer Ison	Jan. 1967	Present
GENERAL COUNSEL:		
John R. Kennedy	Oct. 1967	Present
CHIEF OF DESIGN AND CONSTRUCTION:		
Roy T. Dodge	Oct. 1967	Present
CHIEF OF OPERATIONS AND MAINTENANCE:		
Ralph L. Wood	Oct. 1967	Present