



August 11, 2020

WMATA Board of Directors
600 5th Street NW
Washington, DC 20001

Dear Board Members,

We urge you to immediately stop the egregious outsourcing of the public infrastructure in our nation’s capital and reissue the pending Washington Area Metropolitan Transit Authority (WMATA) Metrorail 8000-series request for bids with the inclusion of federal Buy America laws.

WMATA’s Capital Budget funds rolling stock purchases and this fund receives around \$460 million in annual funding from the U.S. Department of Transportation, money which applies Buy America provisions requiring both 70 percent of the cost of the components produced and the final assembly of the vehicle to take place in the United States. While we recognize that WMATA receives funding via a mix of federal, state, and local taxpayer money, it appears that — in an effort designed exclusively to bypass American workers — WMATA is exploiting a loophole fashioned by the creative accounting of federal-aid funds known as “segmentation” to claim that the procurement of the new 8000-series railcars is not subject to federal procurement requirements.

The effect of this accounting gimmick is to limit the applicability of the Federal Transit Authority’s (FTA) Buy America requirement to only portions of a project and to permit the use of materials and products made offshore. Congress has previously acted to put a halt to this practice, closing the so-called “segmentation” loophole for highway projects that was used by California officials to outsource materials and fabrication of the San Francisco-Oakland Bay Bridge. This project has been deemed nothing short of a failure, given its cost-overruns, quality and safety issues, and the missed opportunity it presented to create good manufacturing jobs and strengthen America’s industrial capabilities. Despite this successful strengthening of Buy America for Federal Highway Administration projects, as we see in this case at WMATA this remains a practice by which FTA funds are misused. It is a violation of the spirit, if not the letter, of the law.

At a time when the COVID-19 related economic fallout has cost tens of millions of Americans their jobs and over seven hundred thousand manufacturing workers have already been laid off, your decision to evade Buy America requirements represents a missed opportunity to put taxpayer dollars to work creating and supporting jobs in factories across the country. WMATA's arbitrary assertion that it is funding this procurement solely from funds it receives from the District of Columbia, Maryland, and Virginia is particularly galling in light of WMATA's much needed recent financial injection of more than a half billion dollars of federal taxpayer money.

While FTA guidance on transit financial plans allows sources like the local sales tax revenue WMATA receives from the District of Columbia, Maryland, and Virginia to be used for local capital funding to be used for operation and maintenance expenses, the \$1.82 billion capital program being used to fund the 8000-series railcar procurement remains largely unchanged because of the federal tax-payer support WMATA has received. It is appalling and disgraceful that WMATA is avoiding application of federal domestic content requirements that would sustain employment at the more than 750 companies in at least 39 states that manufacture components for transit and passenger rail today. It is surely no time to be using tax payer dollars to voluntarily offshore manufacturing investment. There is no reasonable justification for this accounting gimmick.

In 2019 Congress also barred WMATA from procuring rail cars from CRRC, a Chinese state-owned rolling stock manufacturer. While WMATA will not be directly procuring these rail cars from CRRC, by failing to follow Buy America components manufactured by CRRC or other Chinese State-owned companies can still be used in these foreign-assembled railcars. WMATA's reckless decision to avoid complying with Buy America runs directly counter to the clear intent of Congress.

Americans of all political backgrounds believe that their tax dollars should be spent on U.S.-made products, and American workers stand ready to supply the materials needed. American taxpayers and Congress have stood up to say they support transit systems and in this time of crisis, they should similarly expect WMATA to do its part to support domestic manufacturing, American workers, and the communities they sustain. We urge you to immediately stop the egregious outsourcing of the public infrastructure in our nation's capital and reissue the pending request for bids with the inclusion of federal Buy America laws.

Sincerely,

Alliance for American Manufacturing
Amalgamated Transit Union
American Foundry Society
American Institute of Steel Construction
American Iron and Steel Institute
American Line Pipe Producers Association
BlueGreen Alliance
Committee on Pipe and Tube Imports
International Association of Machinists and Aerospace Workers
Municipal Castings Association
Rail Security Alliance
Steel Manufacturers Association
Transport Workers Union
United Auto Workers
United Steelworkers