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STATEMENT PREPARED FOR DELIVERY BY SECRETARY OF TRANSPORTATION
WILLIAM T. COLEMAN, JR., DOWNTOWN PEOPLE MOVER (DPM) PROJECT
NEWS CONFERENCE, WASHINGTON, D.C., DECEMBER 22, 1976

Today I have three announcements: First, the results of the Downtown People Mover competition initiated last April by our Urban Mass Transportation Administration. Second, a report of our decision on a four-part public transportation improvement program submitted by the public officials of Los Angeles, a program which includes a Downtown People Mover project. Third, the amount of money the Department of Transportation will commit to Miami for its rapid transit system which we approved in principle in the spring.

As I have said on other occasions, our nation's cities are both our pride and our despair -- essential to our civilization but plagued by problems. I have tried, during my nearly two years of public service, to use the resources available in imaginative ways that will assure the preservation, and aid the revitalization, of our cities and the essential services they provide. As of this date the sum of Federal assistance extended to the cities since I took office stands at \$6.2 billion. In the end we were awarding grants in ways which required the participation of the private sector as well, in making specific financial commitments aiding job and business opportunities for minorities.

I am pleased to add to that total today. While the Federal funding approved in support of the Downtown People Mover (DPM) program is not in the form of construction grants and therefore is, in a sense, "open-ended," we are setting aside \$220 million in UMTA funds on an 80/20 matching basis for downtown people-mover projects.

Moreover, while Miami is not one of the cities chosen for a demonstration system, we have informed Mayor Clark and other Miami and Dade County officials that we are prepared to commit between \$500 and \$600 million -- I think the final number will be \$575 million -- for the rapid transit line proposed for that city. As I told Governor Askew yesterday, I am making the commitment because of his assurance that he will do all in his power to make it possible for Miami to obtain its matching share of the capital grant and also to handle operating costs. We have indicated that a portion of those funds can be used for a demonstration people-mover project in Miami, if adequate cost savings or reprogramming from conventional rapid transit construction can be achieved.

Similarly, we are giving the "go-ahead" to Detroit to proceed with its people-mover system, but as a part of the \$600 million funding commitment we made in October.

As you know, the bulk of our UMTA capital funds -- more than 93 percent to date -- have gone to our largest cities, those of more than one million population. On the other hand we have not turned down any meritorious request of a smaller city. In the past many of the investments in the major cities have aided the movement of people and commerce to and from our cities. Our intent now is to invest as well in systems that will improve transportation in the "downtown" central business districts.

Certainly our cities serve us best when they serve us efficiently. It's a fact that the private motor vehicle requires approximately 15 times more space per passenger than public transit. We cannot afford to give over our center cities to the automobile, nor can we in all wisdom concede our downtowns to the congestion that discourages travel and impedes commerce.

For these reasons we decided last April to select three cities for downtown people-mover demonstration projects. From 65 urbanized areas which expressed interest, and the 38 which submitted formal proposals, we selected 11 cities as finalists.

All of these cities submitted applications of exceptional merit, and selecting the winners was one of the most difficult decisions I have had to make. In fact, while we had intended to fund no more than three demonstration projects, the high

quality of the applications caused us to extend our approval to four cities. Those cities, and the current Federal matching grant estimates are as follows: Cleveland, \$41 million; Houston, \$33 million; Los Angeles, \$100 million; and St. Paul, \$45 million. In the case of Los Angeles, we have also indicated that we would approve use of Federal-aid highway funds for the parking and highway access supports to the Downtown People Mover Project. This could add as much as \$25 million more in Federal funds. These cities will now receive preliminary engineering funds and, once all statutory requirements have been met and environmental clearances obtained, capital grants for construction will follow.

I want to comment briefly on each city's proposal, but first let me make it clear that our purpose is not to test technologies, but to assess the economic benefits improved downtown transportation services can produce, to determine operating cost economies of an automated transit system, and to find out how well people-mover systems might perform as substitutes for more expensive fixed-guideway systems in high-density, short-trip situations. I would remind you that the kind of compact, non-sophisticated people-mover system we are talking about is already in use in 15 locations around the country, including airports, amusement parks and other commercial centers. We believe the concept should now be tested in the harsher environment of city transit service.

Our selections of four cities, as I indicated, were made on the basis of three criteria: transportation merit, development impact and the capacity of each city to build and operate such a system.

Among the finalist cities, Cleveland alone has an existing rapid transit system. But the downtown people-mover project affords the city a unique opportunity to connect pockets of economic activity in a dispersed downtown core -- to link up urban components and rejuvenate the downtown area.

Houston, now in the midst of an explosive growth pattern, has proposed a DPM system which would link up older and new development activity centers and which is tied to a well thought-out transit and auto intercept program. Given existing and projected downtown rates of employment and economic activity, the DPM will serve a rapidly expanding market for internal daytime circulation trips.

An especially attractive part of the \$40 million Houston proposal is its financing plan, which includes in addition to an UMTA grant a \$10 million UMTA loan. The loan, secured by a full faith pledge of the City of Houston, would be repaid over a 10-year period from surplus fare box revenues and from lease income from real estate development. This is an excellent example of the value recapture principle and the most visible demonstration of that concept at work we have seen yet.

The Downtown People Mover Project proposed by Los Angeles would serve to bring together a rather spread-out, and growing, central business and civic district. The system would link the Convention Center, the major office and retail districts, the new Bunker Hill redevelopment area, the Civic Center and Union Station.

Approval of the people mover demonstration project is actually one part of a four-part program of public transportation improvements for the Los Angeles area. We are committing more than \$11 million in Federal transit funds for engineering and other studies, and making, as I have stated, a commitment in principle for up to \$100 million to implement the city's downtown people mover proposal, plus possible additional highway funds.

I have also advised Mayor Bradley and Byron Cook, Chairman of the Southern California Rapid Transit District, that transportation systems management improvements and high level bus-on-freeway service throughout the Los Angeles area will be supported with preliminary engineering and environmental impact analysis funding of \$7.8 million; and that further study of a rapid transit alternative in the Wilshire/La Brea Corridor is approved. While several issues must be resolved before full preliminary engineering would be authorized on any rail transit line, UMTA will entertain an application for up to \$2 million in technical study funds for this purpose.

The fourth city, St. Paul, presents perhaps the best opportunity of all to evaluate the role of a downtown people mover system in stimulating new downtown investments. The city already has begun to rebuild its central core, and is committed to a major transit/pedestrian mall and to skyways to connect existing and new buildings. Two major downtown development decisions hinge directly upon implementation of the DPM; upwards of \$60 million in new private investment will be triggered within three months of today's decision. We believe St. Paul's proposal has been well planned, has strong public and private support, and would be ably implemented by the Metropolitan Transit Commission, an agency with unique technical capabilities in automated guideway systems. Implementation of this DPM system will provide an excellent test of the role of automated guideway transit in spurring redevelopment in a medium-sized city and operation in a severe climate.

As I mentioned earlier, Detroit is not included among the demonstration cities selected, but its people mover proposal is viewed as a key part of the city's revitalization efforts. Baltimore and Miami, while not chosen for preliminary engineering grants in the DPM competition, have been advised that their

proposals were of sufficient merit to permit the reprogramming of funds from their existing Federal transit commitments, should they choose to request such action.

As a final word, I would like to suggest that these DPM projects must provide an excellent showcase for the use of minority business enterprise activities in the preliminary engineering and actual construction stages. I have required the local transit authority and other potential grantees to provide assurances that there will be significant opportunities for the participation of minority-owned enterprises in the execution of these programs.

And now, Bob Patricelli and I will be happy to take your questions.

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