U. S. DEPARTMENT OF TRANSPORTATION

SECRETARY OF TRANSPORTATION BROCK ADAMS

Wednesday, September 27, 1978

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PROCEEDINGS

SECRETARY ADAMS: You know, when you speak of public transportation to groups in the United States -- we've got a bill now up in Congress, we've had hearings on the 504 regulations going on. We have proceeded with specifications for TransBus, so it's a very important time both technically and policy-wise, for this whole industry. And I particularly wanted to be here with Dick to indicate the support of the Administration for public transportation.

Now, they get very nervous about this, and I want to demonstrate, both by my presence and by the comments that I'm making, that it is a firmly established policy of the nation, now, that we will rebuild our public transporation systems in the United States. But I also want to indicate that in the next two years we hope to reduce -- and you've seen this on Capitol Hill in the approach that we've taken by trying to join the transit and the highway bills into one bill, and we are working internally within the Department. And to the degree it's necessary, we will begin, in the near future, to work externally.

And I want to indicate this to the people here,
and I will do it later to the ASHTO people in Louisville so
nobody is concerned or worried about what we're attempting to
do. We're trying to bring together the public transportation
and highway groupings in the country because most governors

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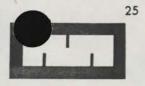
local officials, taxpayers, riders, people who move back and forth to work every day really do not follow those traditional distinctions.

And we find more and more -- and I particularly find this in deciding these very controversial highway cases where we are now combining public transportation and the highway facilities into the same structure. In other words, we will be putting separated bus lanes on them. In some cases, we are making available the right-of-way areas for rail. And, therefore, we hope -- and we've been working on combining some of the planning and functions to the degree we can, internally, of UMTA and federal highways, because we have, in my opinion, two very fine organizations there. And I don't think, in this time of tight budgets and streamlining government, we're going to be able to add substantial numbers of total people to the Department.

Therefore, what we're trying to do is use all of the people that are presently there better, and give everybody an opportunity to work their way up.

I don't want this to be a surprise to people as we're trying to work on it. There's no theatre tablets of stone that have come out, but we are all working on it. And Dick alluded to it in his remarks earlier in the week; I will, today.

And, I guess, finally, I do want to indicate that



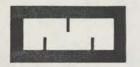
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the problems that we're having with funding, and so on, before the Congress now are not an isolated transportation problem, and I do not view them as that.

What I have indicated, and what I will indicate again today, is that the continuing of a chronic deficit in the United States tends to make every program that goes before the Congress subject to attack as being the one causing inflation. I think that the operation, or the existence, of a deficit in overall government financing is not the end-all of why inflation exists, that it can be used as an excuse for not going to the root causes of it.

Therefore, I think it is terribly important that the Administration eliminate the deficits that are there. This means for about two years, you're trying to hold the line. And, by that, we're not just spending the same amount of money, but not go with the increases we might otherwise, because we find that our revenues and our expenditures are about one year out of sync. In other words, we collect, in revenues each year, the amount that we spent the year before. So that, if you once out them in sync, then everyone can divide the revenues, and you get away from this bugaboo that the deficit is the sole cause of inflation.

That means that we are trying in the programs to be sure that they move forward, and that there is room for new starts. And you'll hear me report today, we've done an



awful lot in terms of construction around the United States for public transportation. But it is a larger thing that we do, and all parts of the government, I think, have to do the same thing.

So these are the kind of things that you'll be hearing me talk about today. But I thought, because we had not brought up advance texts -- we'll have it for you during the day -- you might want to hear me just say that to begin with so that you've got a flavor of where I was going with it, in case you got bored with all the words that I had in between in the speech.

Now, who's first.

Q: You're talking about moderation in the transit budget, the need to bring the expenditures under control.

At the same time, it would appear that the Department of Transportation is proposing several new regulations and mandates on the industry which says exactly the opposite.

I call to your attention the TransBus, which is going to be considerbaly more expensive than the old standard bus; the 504 regulations, which are going to require, in Chicago, for an example, an expenditure which exceeds the cost of construction of the system, originally, and not all that system is (inaudible.)

In the Hartford case, which, if extended, could cost horrendous operating increases to the local transit

budget. Would you care to comment on whether or not you are practicing what you preach?

SECRETARY ADAMS: First, with regard to TransBus, TransBus, as you know, has gone on now for over six years. And the reason for it was that the last new bus, prior to that produced, had been produced in 1958. And the effort there is to produce, as close as possible, a new generation of buses. And in producing this new generation, there's no question that any bus you produce is going to be more expensive, both material-wise and with regard to what has happened with the inflationary rate in the last four or five years.

So what we've attempted to do is simply say that the new bus that is designed shall be accessible. And I don know whether Dick has told you this or not, or you've examined the specifications that have gone out, you'll see that the specifications provide a considerable amount of flexibility. They are performance specifications, not standards that say you have to build it in a particular way.

And, in doing that, the new vehicle, whatever it is that comes out, is going to be more expensive. We're trying to have people build in safety and accessibility rather than fancier design features; in other words, fancier chrome or stainless steel or tinted windows, or these kinds of things. And we do not think, as it goes into production,

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that it will be substantially more expensive than the other new generation of bus that is going to be produced, anyway. By that, I mean the manufacturers have to shift to a new technology because the old buses are really out of date.

So we do not consider that, in the TransBus area, that we are laying on an unreasonable set of regulations or expenses. And part of that comes from that we have to provide accesibility. In other words, this is not something that we, in the Administration, particularly in the Department of Transportation, have any alternative to. In other words, both the statute and the lead agency, HEW, regulations that have been put out require that new designs be accessible to the elderly and the handicapped.

We think that the new bus will work well. Lord, they've spent enough time designing it, and everybody came in with a new prototype, so that it should be.

Now, with regard to the retrofitting of the systems,

I am very concerned about that. We think that will require,

if there's to be a change, Congressional action that gives us

some alternative in that we are now simply carrying out

what we're really instructed to do by both the Congress and

by the HEW regulations that are out.

Q: You read the regulations as requiring retrofitting?

SECRETARY ADAMS: The regulations, to us, are



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mainline-type regulations. Now, we're holding hearings on them now, around the country, to determine whether or not a different position should be taken with regard to retrofit But I have a real question as to how far we can go with the 504 regulations that are presently out; I'm talking about retrofit.

New design, we don't have as much difficulty with new design. In other words, when we're building in the new stations, we just do that.

Q: Aren't you saying, in effect, that the retrofit requirements are going to be substantially backed off from what --

SECRETARY ADAMS: Well, I don't know whether it will be backed off, but his question is absolutely correct. It is substantially expensive, and we have not been advocates of it. We haven't been able to run from it, either.

Q: This means that, in respect to the retrofitting --

SECRETARY ADAMS: Retrofitting, right.

Q: -- you might want to see some sort of an easing, somewhat, of some of these requirements (inaudible.)

SECRETARY ADAMS: I can't speculate on it because they are coming in with comments. And we have to make judgments out of the hearings that are being held. But I wanted you to know that we are very concerned about it because the

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costs are very high, and that's all the testimony that is coming in.

And, so that's one of the things, you can see it being discussed here by all the various groups. And, as I'd say, we've had four hearings now.

: Five, counting Washington.

SECRETARY ADAMS: Five, yes, five.

Q: Is there a chance that you'll ask for legislation to ease these requirements to retrofit?

SECRETARY ADAMS: I can't tell you that until we finish getting in all of our hearings. Then, at that point, we'll make recommendations to the President and to all of the other agencies -- there are a series of agencies involved in it -- as to what our position is, based on the evidence and the testimony we have heard. And the testimony is conflicting, not only the fact it's going to cost a lot, but whether or not it should be done.

Q: Mr. Secretary, would you give us a comment?

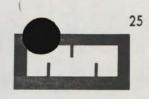
We have had immediate reaction from some of our Canadian

members who have talked to Congress (inaudible) reference to

buy American. What is your feeling about that provision in

the bill?

SECRETARY ADAMS: Well, it has been our position that we should not have a buy-America provision in that bill. We've taken that position both in testimony and public and



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private conversations with people on the Hill. Particularly in the transit area, we have very limited sources of supply in the United States, now, and that our industry had reached a very low ebb with the advent of the highways and the automobile traffic.

And, therefore, as it begins to come back on line, we're going to have to have available either joint ventures or the bringing in of equipment from elsewhere. A lot of times, our bids are just astronomical if we don't have that kind of competition. So we have opposed buy-America in the transit area.

Q: Do you expect them to finish with that bill today?

SECRETARY ADAMS: I do expect them to finish with it, at least I think they will. But I've given up trying to second guess whether or not they will do it, because they've got so many bills and they keep running in and out. We thought it was going to be finished last week.

Q: Now that the (indistinguishable) amendment has gone down are you sort of advising the level of acceptability, funding levels in the bill?

SECRETARY ADAMS: No, we have a Senate bill that is at an acceptible level. What our problem has been --

: On the highway side.

SECRETARY ADAMS: Yes, on the highway side. Well

and we're working on the other. That's why he says whether the bill will come up, it's supposed to come up this week, too, on the Senate side.

And what we have been consistently trying to say is that we cannot accept the old game, which was to come in very high and work with the figure on the other side, and trade off both structure and split the difference. Those figures are too high. We do think a bill is conferable, and we want to see a bill passed, because we've got an October 1 deadline on allocation and highways.

We're in better shape on the transit side in that the transportation appropriation bill has passed and is signed. And we, therefore, have some flexibility there that we do not have as far as the highway allocations.

So our repeated statements to the House committee, and to those that have been managing the billisdo not expect to simply split the difference between, say, 60 billion and 33-, or 55-and 33-, because that is not an acceptable level. And we didn't want anybody to be surprised about it. In other words, lots of times, people would say, "Well, you know, we really didn't know that the bill was having any trouble, and why didn't you tell us? We could have fixed it."

And so we have made it, I think, very clear that that bill is too high, and that we do not agree with the

structure on the House side. I mean, all those new categories running all the way from lottery tickets to vending machines to particular projects where I'm to exercise my discretion, but to build 13 bridges. You know, that's not -- we're just saying it's a new day.

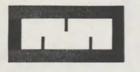
Q: Well, actually, Congressman Howard said that, although this is going on for months, he hasn't heard any expressions form anybody in the White House about what they want.

SECRETARY ADAMS: I think the best answer to Jim is to say, you know, that we do speak with one voice. And I've had many conversations with Jim. And so he has very little doubt about what kind of figures and what kind of problems we have with it.

I'm very happy to have the conferees go down to the White House for a session, if that will help make the bill go. And I will support that kind of a meeting with whoever else they wish to have.

But we have tried, on both the Senate and the House sides, and I think they've had full information as to what the Administration's position is. Now, as we get into conference, if it's easier to settle it by getting everybody in one room, we'll get them all in one room.

Q: Could I ask your reaction to the passing of the Houston Transit Referendum? I understand you've been



briefed on that. And I would suppose that the Houston program would mesh with your interests in seeing freeway, highway right-of-way combined with the transit program.

SECRETARY ADAMS: I talked with the chairman of

the Houston Referendum Committee before they had the election.

And we went into it in some detail. And we are very pleased that it passed because it indicates what we're trying to say throughout the country, that you have to have community support for your system before you get too far into your planning, your development, and so on.

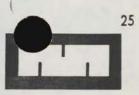
And, in the western cities, it is essential that you make use of the highway system that exists, particularly the freeway system, in that the scope of those cities, now, make rail projects very difficult, particularly heavy rail projects, because the size and the cost becomes astronomical.

We're certainly willing to consider new technologies with light rail, and we're doing the Boston operation now.

As you know, we've made grants in there. And that's one thing I'm very interested in Toronto.

We have looked at both their bi-level communter trains here, their streetcar system, as well as their heavy rail system. But in the Houston area, we are very, very pleased that, really, kind of a citadel of automobile usage has said, "No, we've got to have public transit."

And it came from - in talking with the chairman --



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from a very simple conclusion they arrived at, which was that the speeds with which people could move on the freeway system had dropped drastically in the last ten years, so that people were now down to five to ten miles an hour trying to get in and out of the city. They came to the conclusion that they wanted a better way of moving.

And so we are trying, as you've seen, in each of these, throughout around the country, to get exclusive bus and carpool-type lanes that will move at high speed, and have preferential treatment to move people in and out of the city. And, as more of those go into effect, and people see the movement that can occur on those systems, you get more and more people out of their individual cars for that commuting trip.

Q: How far distant would you suppose that traintype vehicles on a transit-way network in a city like
Houston might be?

SECRETARY ADAMS: Oh, there's no limit to how far they can go. The problem is --

- Q: How near in time might --
 - : He means how many years.

SECRETARY ADAMS: Oh, you mean how many years before they might build a trolley system down there? I can't give you any estimate, because they have not really discussed that.

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Have they discussed it with you in detail?

They haven't with me. The Denison Line is the only thing that's been discussed with me on light rail. They're really looking at an expanded-bus-on-freeway system in Houston, at this point.

Q: Mr. Secretary, going back to your Advanced Bus, we heard figures on it ranging all the way from 75,000 to \$300,000 cost figures. Do you have any projected figures for an acceptable price tagged for that bus in 1983, and it would be (indistinguishable) for the Administration.

: The present ADBs are selling anywhere
between 85 and 100-102, depending on who bids and what's in
it. The lift adds cost to that. If that bus simply inflates
at an annual rate for the next three-four-five years, we'd
be up--as the Secretary indicated before--those new products
would inflate to 120- \$130,000 in a few years.

Q: The new development cost would tell.

: TransBus, you're talking about 150-160 mini-

I don't think there's any basis for that. I say that for two reasons. The price of the ADBs is a little bit higher because it has a short sales life. Now, we want to make it even shorter by encouraging, through incentive payments, the early delivery of TransBus.

The other reason is that the TransBus spec is now,

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for the first time, an officially, federally adopted specification. That should tell everybody, producers and buyers alike, that the market is going to be stabilized and standar ized for at least another decade, and maybe two.

That is one of the major reasons behind TransBus, to standardize the bus market. And that ought to enable producers to amortize their costs over a long period of time, be able to count on 3-, 4,000 units a year. So I think that estimates like 150- or \$170,000 are just speculation.

Q: In other words, are you saying, then, that a figure of about 130- to \$135,000 would be acceptable.

: I'm not going to name a figure. We don't have one in mind. We're interested in the standardization of the market around a performance specification. We're interested in competition. We're prepared to pay a little extra for early delivery. And I think those factors all ought to tell the market that we're interested in keeping the cost of that bus down.

SECRETARY ADAMS: See, an interesting thing was happening, and it was why it was important that we had to move when we did with TransBus, is that it became apparent in the manufacturing circles, and in the buying circles, that public transportation, through buses, was going to come back as an industry, and people were trying to judge approximately

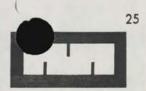
how many buses would be sold per year, and then they were going to design a new bus, because the old was, as I say, a 1958 bus.

Now, I have talked with the manufacturers about this, with Estes of General Motors and some of the others.

And what they were getting were series of very different type requests from differing cities for a type of bus. So they tried to design in, in their new bus -- it is really a very fancy bus.

We found that other manufacturers were having considerable doubt whether they would or would not get into the market, because they didn't know what they would face in terms of competition from consortia buying. And since the federal government is now, as they said, one of the major contributors into this -- in other words, we're paying roughly 80 percent of all the buses now that are purchased in the United States -- they wanted to know, "What can we expect for the next decade?"

And our position, at that point, had to be either, "Well, you all go out and try to do your own thing, and then you'll get a nice lawsuit under the present statutes and some of the regulations that are out that says that your bus is not acceptable, and they'll be put off the street." It's also a question whether the rear axle loading of that bus is legal.



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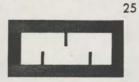
And, at that point, we begin to really try to get a performance specification. And a decision had to be made, and I think the right one was made that we go with a performance specification which allowed manufacturers to come in with their variations, but that it had to do certain things.

Once that was accomplished, then you have a stabilized market, and we can begin to show manufacturers that they have a very good business, if we want to have at least two or three to compete.

Q: For American bus manufacturers that don't respond to the performance standard, will foreign manufacturers' buses be acceptable?

SECRETARY ADAMS: Only if it meets the performance Sure, if it meets the performance specs, but they will know, also, exactly what they have to meet in terms of performance. And this applies not only to, as we mentioned, elderly and handicapped, but there are loading requirements -- in other words, how much you can load an axle -- and so on.

- Q: Lots of people know how to build --
- : Mr. Secretary, we're going to have to leave right away.
- Q: Will you continue to fund non-spec buses for special uses, like the smaller buses, and the articulated buses?



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SECRETARY ADAMS: Yes.

So in other words, the industry could get another TransBus if it doesn't work by going one higher or lower?

SECRETARY ADAMS: No.

Articulated bus, will that meet the TransBus specs?

SECRETARY ADAMS: Do you think everybody is going to buy artics just to avoid that specification?

> Q: Well, I'm asking you.

> > No.

: Got to run.

When is your Surface Transportation Act legislation going forward, and do you have any reasonable expectation that it will pass?

SECRETARY ADAMS: Well, we are, as I say, doing the internal things that we have to do, and it would be next year. In other words, we're starting to discuss it with the groups now, like this. As I say, we've discussed it here today, and we'll discuss it with the others. We don't want there to be any surprises. And we have talked about this with governors, local officials, and so on, for a considerable period of time.

> Mr. Secretary, the pressure is rising --To leave.

(Laughter.)

Q: -- for employees to pay commercial parking rates. Are you going to make a recommendation for that, to OMB, which I understand (inaudible).

SECRETARY ADAMS: Not within the next six months, at least. In other words, we've already put into effect things like 90 percent carpools and parking areas.

Q: \$5 or \$6 a month for parking is not commercial rate.

SECRETARY ADAMS: Well, but we have required them to carpool with at least three people in there. 90 percent of the space --

: We've got to go.

(Simultaneous discussion.)