

U. S. DEPARTMENT OF TRANSPORTATION

SECRETARY OF TRANSPORTATION

BROCK ADAMS

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Wednesday, September 27, 1978

(TRANSCRIPT OF A TAPE RECORDING)

P R O C E E D I N G S

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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 transportation 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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1 local officials, taxpayers, riders, people who move back
2 and forth to work every day really do not follow those
3 traditional distinctions.

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

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

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

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

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

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

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

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

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

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

12 Now, who's first.

13 Q: You're talking about moderation in the transit
14 budget, the need to bring the expenditures under control.
15 At the same time, it would appear that the Department of
16 Transportation is proposing several new regulations and
17 mandates on the industry which says exactly the opposite.
18 I call to your attention the TransBus, which is going to be
19 considerbaly more expensive than the old standard bus; the
20 504 regulations, which are going to require, in Chicago, for
21 an example, an expenditure which exceeds the cost of construc-
22 tion of the system, originally, and not all that system is
23 (inaudible.)

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

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

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

13 So what we've attempted to do is simply say that
14 the new bus that is designed shall be accessible. And I don't
15 know whether Dick has told you this or not, or you've exam-
16 ined the specifications that have gone out, you'll see that
17 the specifications provide a considerable amount of flexibili-
18 ty. They are performance specifications, not standards that
19 say you have to build it in a particular way.

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

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

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

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

17 Now, with regard to the retrofitting of the systems,
18 I am very concerned about that. We think that will require,
19 if there's to be a change, Congressional action that gives us
20 some alternative in that we are now simply carrying out
21 what we're really instructed to do by both the Congress and
22 by the HEW regulations that are out.

23 Q: You read the regulations as requiring retro-
24 fitting?

25 SECRETARY ADAMS: The regulations, to us, are

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1 mainline-type regulations. Now, we're holding hearings on
2 them now, around the country, to determine whether or not
3 a different position should be taken with regard to retrofit
4 But I have a real question as to how far we can go with the
5 504 regulations that are presently out; I'm talking about
6 retrofit.

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

10 Q: Aren't you saying, in effect, that the retro-
11 fit requirements are going to be substantially backed off
12 from what --

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

17 Q: This means that, in respect to the retrofitt-
18 ing --

19 SECRETARY ADAMS: Retrofitting, right.

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

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

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

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

6 : Five, counting Washington.

7 SECRETARY ADAMS: Five, yes, five.

8 Q: Is there a chance that you'll ask for legisla-
9 tion to ease these requirements to retrofit?

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

18 Q: Mr. Secretary, would you give us a comment?
19 We have had immediate reaction from some of our Canadian
20 members who have talked to Congress (inaudible) reference to
21 buy American. What is your feeling about that provision in
22 the bill?

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

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

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

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

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

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

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

24 : On the highway side.

25 SECRETARY ADAMS: Yes, on the highway side. Well

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

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

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

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

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

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

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

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

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

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

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

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

4 SECRETARY ADAMS: I talked with the chairman of
5 the Houston Referendum Committee before they had the election.
6 And we went into it in some detail. And we are very pleased
7 that it passed because it indicates what we're trying to
8 say throughout the country, that you have to have community
9 support for your system before you get too far into your
10 planning, your development, and so on.

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

16 We're certainly willing to consider new technologies
17 with light rail, and we're doing the Boston operation now.
18 As you know, we've made grants in there. And that's one thing
19 I'm very interested in Toronto.

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

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

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

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

15 Q: How far distant would you suppose that train-
16 type vehicles on a transit-way network in a city like
17 Houston might be?

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

20 Q: How near in time might --

21 : He means how many years.

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

1 Have they discussed it with you in detail?

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

6 Q: Mr. Secretary, going back to your Advanced Bus,
7 we heard figures on it ranging all the way from 75,000 to
8 \$300,000 cost figures. Do you have any projected figures
9 for an acceptable price tagged for that bus in 1983, and
10 it would be (indistinguishable) for the Administration.

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

17 Q: The new development cost would tell.

18 : TransBus, you're talking about 150-160 mini-
19 mum.

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

25 The other reason is that the TransBus spec is now,

1 for the first time, an officially, federally adopted speci-
2 fication. That should tell everybody, producers and buyers
3 alike, that the market is going to be stabilized and standard-
4 ized for at least another decade, and maybe two.

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

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

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

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

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

4 Now, I have talked with the manufacturers about
5 this, with Estes of General Motors and some of the others.
6 And what they were getting were series of very different
7 type requests from differing cities for a type of bus. So
8 they tried to design in, in their new bus -- it is really a
9 very fancy bus.

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

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

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

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

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

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

20 Q: Lots of people know how to build --

21 : Mr. Secretary, we're going to have to leave
22 right away.

23 Q: Will you continue to fund non-spec buses for
24 special uses, like the smaller buses, and the articulated
25 buses?

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1 SECRETARY ADAMS: Yes.

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

5 SECRETARY ADAMS: No.

6 Q: Articulated bus, will that meet the TransBus
7 specs?

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

10 Q: Well, I'm asking you.

11 : No.

12 : Got to run.

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

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

24 Q: Mr. Secretary, the pressure is rising --

25 : To leave.

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(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.)

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