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REMARKS PREPARED FOR DELIVERY BY SECRETARY OF TRANSPORTATION BROCK ADAMS BEFORE THE NATIONAL LEAGUE OF CITIES CONFERENCE, SAN FRANCISCO, CALIFORNIA, DECEMBER 7, 1977.

President Lamphere; Secretary Harris; Mayors; Council and Commission Members: it is always a pleasure to meet with those who are responsible for the key public services we depend on in our day-to-day lives. It is a special pleasure for me to be introduced by a long time friend, and colleague, Phyllis Lamphere. She has served the city of Seattle well for almost a decade, and her year as your President has been a dynamic and exciting one.

It is appropriate today that I address my hopes and, yes, some of my fears to the League and discuss the new sophistication which is developing in our approach to transportation systems and their relationship to the American lifestyle. This wider vision will drastically affect the way all of us approach transportation planning and operations. Transportation under this Administration will not be an end in itself. We will not be building facilities just because existing technologies, legal rights, and financing permit; because we have now experienced with nagging frequency the unforeseen economic impacts and, too often, harmful side effects for such a practice. As a nation, we are past the age when transportation systems could be built in the splendid isolation of the frontier where all the land was vacant. The national consensus then was to "build it" and our only constraints were the time, the technology, and the treasure required.

Transportation could be viewed as an end in itself, when the side effects were much less important. Then industrial air pollution in the cities or the moving of homes for transportation corridors were accepted as unpleasant necessities. Now we know the hard truth: that freeways and cheap land created suburbia; that excessive use of petroleum in our autos causes huge trade deficits which can threaten our economy; and that we cannot revitalize our cities without an effective transportation system any more than cities can live without water, electricity, law enforcement or fire protection.

I believe that the more than \$10 billion a year in Federal transportation grants to state and local governments should be used as a powerful tool to achieve our national and local goals, for urban revitalization, rural mobility, increased employment, and energy conservation. In the short term, transportation must provide access to jobs, better mobility for the disadvantaged and handicapped, and extend the impact of other social services. In the long term transportation can spur economic redevelopment, determine land values and even control the growth pattern of our nation. Transportation policy has virtually affected economic growth since the first horse paths, harbors, rivers and canals established early city locations. The railroads, highways and airways have continued to determine the location and growth of cities.

Before we can begin using our funds in a more realistic and effective manner, we must alter the way in which transportation funds are distributed. During the last several months, we have begun this process by proposing certain initiatives on how transportation policy should change. These initiatives are now being channeled through both the President's Urban and Regional Policy Group, chaired by Secretary Harris, and the Office of Management and Budget. We will also use these initiatives as the basis for the legislative proposal we will send to Capitol Hill in January, which will revamp our entire grant structure.

In this new era of open government, it is hard to discuss the development of new policy without debate and disagreement being mistaken for final action. Contemplation, criticism, and creation are all separate levels of policy development. We haven't finished, but I want you to know about our contemplation. I will listen to your criticism and pray we will finish the creation part by January. Before describing what a grant program might look like, however, I want to emphasize that transportation grants of over \$10 billion a year cannot be truly effective as tools and have the beneficial effects that cities and neighborhoods desire, unless they are well coordinated with Federal, state and city programs which in turn spur private development.

Taken by itself, no particular transportation project is going to be able to promote economic development, establish good land use, or meet national environmental objectives unless many other Federal, state, local and private sector actions are taken as well. We have recently completed an assessment of

the land use impacts of rapid transit which provided a striking confirmation of this. Housing assistance, economic development assistance, zoning requirements, private real estate development, and other forms of investment must work together. If this cooperation does not take place, Federal programs may be able to foul things up, but we are not going to do much that is positive for urban revitalization.

The first step would be to provide for consolidation of highway and transit planning grants so there will be a single system of planning with money distributed on a formula basis. These funds could be used for any transportation system planning, without a tilt toward any one mode. It would give state and local officials, for the first time, the ability to finish plans for an entire transportation system for each area. These funds would be allocated to designated local planning organizations and states.

A second step is to deal with the Federal aid urban system. By changing the delivery process for FHWA urban system funds to urbanized areas with a population of one million and coordinating this with existing public transportation funding, we could establish these urban areas, by agreement with the state, as grant recipients. This change would allow local officials to make the necessary tradeoffs between highway and transit projects and allow urban transportation needs to be combined with total urban planning in a coordinated fashion. This would improve the current situation in which states are the recipients of urban highway funds and play a major role in project implementation; whereas the governor, local officials, and operators of mass transportation designate a recipient for transit funds which then play the major role in implementation of that project.

We should also be certain that urban and rural programs have the same population definitions for both highway and transit programs so the system of distributing funds is uniform.

A third major step is to address the best use of our funds for existing public transportation. A major objective of any new transportation strategy should be to restore vitality to the older industrial centers, now plagued by chronic unemployment and depressed economies. We should maintain a discretionary program for these cities. In addition to the discretionary grant program, I see great advantage to combining most of our other transit capital and operating funds into a single grant that can be distributed on a formula basis. Under such a proposal, we could retain the current designated recipient arrangement for all urbanized areas of sufficient size.

We should not overlook the possibilities for the joint development of urban transportation facilities and the surrounding and adjacent areas. This type of joint development, by providing financial support for planning activities and then a more coherent grant program, will act as a catalyst for the commitment of private sector resources. In most cases, the prospect of a new transit line, combined with supportive local actions in the form of development bonuses, zoning incentives, air rights, and tax benefits, should provide sufficient incentive to stimulate private development around selected transportation centers. However, in areas where the market is less strong, we realize that some Federal participation in joint development projects may be necessary to attract private capital.

This type of revitalization strategy should also include the upgrading of a number of rail transit and commuter rail systems which are already in place. In San Francisco, New York, Northern New Jersey, Chicago, there are major existing systems which represent large national transportation resources. We must see that these resources are well used. An accelerated schedule of work on these systems would result in immediate employment benefits, and would provide tangible improvement to transit systems serving millions of daily riders.

A fourth (and probably the most highly visible) item is the building of new facilities. Construction of rail extensions are underway in Chicago and New York; commitments to new starts or major additions in Atlanta, Baltimore, Philadelphia, Buffalo, Detroit and Miami. I believe we should also consider speeding up some of these projects if funds can be made available, in order to create increased economic benefits to these communities, and accelerate their completion.

As a supplement to this recommendation, in order to put help where it is most needed, the initial segments of new rail systems should be started in the central areas. This would assure that the redevelopment potential and other benefits of these major Federal investments accrue first to the parts of the city needing the most help, although what benefits the center benefits all of the surrounding urban areas.

Fifth, to complete this simplified system we should create a small urban and rural formula grant program for small cities and rural areas. This would embody a grant program for highways and transit for all areas with an urbanized population below 50,000. These funds could also be distributed on a formula basis, and if each of the various uses had identical matching ratios it would greatly simplify the system.

And in order to make this an effective tool for light density areas, all needs - including operating expenses for transit - should be covered.

We recognize the critical role that local officials play, in getting needed improvements in place. These proposals are being made to make the local grant part of our national transportation policy more responsive to your needs as local elected officials. As such, they will then make our transportation programs a stronger tool for solving many of our National urban and rural problems.

Earlier this year we made a concerted effort to get the state and local advice and counsel needed to design a realistic and sensible proposal. In order to find out what you thought was workable and unworkable in our grants process, a task force of senior officials from the Department visited 15 cities in 14 different states. We met with local officials in areas as large as New York City, as small as Prestonsburg, Kentucky, and as diverse as Tallahassee, Florida and Bismarck, North Dakota. We covered urban, suburban and rural areas in almost every region of the country. I have also met personally with representatives of the League of Cities, the state governments, the planning agencies and the transit operators to hear their comments and criticism of the Federal grant programs. The Administration wants to present a legislative package that will meet the needs which have been expressed during our consultative process.

In conclusion, we have tried first to create a transportation grant proposal that will permit elected officials greater flexibility in the use of funds.

Second, we want to establish, to the greatest degree possible, a uniform match ratio for local assistance so the Federal government does not prejudge the planning and implementation process.

Third, we want to simplify and consolidate the transportation planning program so that capital investments are available only for projects that have been developed and approved through a comprehensive planning process which evaluates their impacts on environment and society.

Fourth, we want to distribute more local grant funds on a formula basis to eliminate the inequities of the "grantsmanship game" process.

Our legislative proposals are now being formulated, but this does not mean that our work together is over. It is only starting. Your involvement is more important now than ever before in making sure these needed programs come into existence and thereafter the programs produce efficient operations.

Finally, we must all recognize we do not have unlimited funds to carry out these programs. The people want to see a balanced budget by 1981. New transportation programs cannot be created unless outdated programs are eliminated, or new funding sources are developed. The present fashion in which transportation has led to inefficiency, with imbalances among modes and within modes, and lack of coherence in our approach to transportation policy. Today, authorization legislation is handled by separate committees on separate cycles, and revenue legislation on other cycles by other committees. At no point in the process is either the Executive Branch or the Congress asked to view Federal transportation programs as a whole.

I have proposed that we immediately create a combined transportation account in the Federal budget so that the President's budget will have all transportation programs separated into a single functional classification. Regardless of agency or department, this approach will clearly show why we need a stable funding source for urban mass transit construction, just as we do for highways. Hopefully, as we complete the energy and transportation bills we will produce that result.

Over the past decade we have all become much more aware of the benefits and drawbacks of our transportation system. We now realize fully that transportation can be a powerful force to help solve a number of national and urban concerns.

With a working Federal-state-local partnership, we have the chance to solve problems of urban decay, unemployment, and energy scarcity, I am an optimist -- I believe we can do it.

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