



DEPARTMENT OF TRANSPORTATION

NEWS

OFFICE OF THE SECRETARY

WASHINGTON, D.C. 20590

FOR 10 AM EDT RELEASE
Thursday, May 5, 1977

DOT 55-77
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Secretary of Transportation Brock Adams presented to Congress today the Carter Administration's proposals for financing the modification and replacement of commercial jet aircraft that do not meet noise level standards set by the department's Federal Aviation Administration.

Testifying before the House Subcommittee on Aviation, Secretary Adams said the Administration's proposals "comprise an important aspect of our program to produce an aviation system that is quieter, more fuel efficient and more economical to the consumer.

"These proposals," he said, "go hand in hand with our efforts to achieve aviation regulatory reform. I would like to emphatically state that the President and I regard our air transportation program as a major priority. Working with the Congress, we would like to see enactment of aircraft noise and economic regulatory reform legislation this summer."

To assist the airline industry in achieving a combination of modification and replacement of noisy jet aircraft and to meet the more stringent noise level standards that became effective March 3, 1977, Secretary Adams recommended a revision of the present 8 percent passenger ticket and waybill taxes, revenue which now goes to the Airport and Airway Trust Fund.

The Secretary proposed:

1. A requirement that the Civil Aeronautics Board (CAB) authorize for up to ten years, for those airlines that request it, a two-percent environmental surcharge on air passenger tickets and waybills and a \$2 surcharge on international departures.
2. A reduction of the current passenger ticket and waybill taxes by two percentage points for all airlines;

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3. A requirement that each airline requesting the surcharge, under guidelines set by the CAB, deposit revenues from the surcharge in a separate environmental fund;

4. A provision permitting the use of monies in these environmental funds to pay up to 100 percent of the cost of retrofitting existing aircraft that do not meet part 36 standards; up to 35 percent of the cost of acquiring new replacement aircraft which meet the March 3, 1977 noise standards; or up to the full cost of re-engining present aircraft (provided the engines enable the aircraft to meet the March 3, 1977 standards), but not to exceed an amount equal to the allowance for a suitable replacement aircraft; and

5. A provision requiring any airline whose surcharge revenues reach an amount equal to the allowable costs under this proposal to terminate its surcharge. In line with the Administration position on rate freedom and regulatory reform, it should not be necessary for airlines to continue reflecting sums in their fares if the amounts are not necessary to finance rule compliance.

Secretary Adams said enactment of legislation following the Administration's guidelines would provide the following advantages and benefits:

- * Reasonable assurance that the new noise standards can be met by the airlines on a timely basis through reasonable and economic courses of action;

- * Little or no increase in the cost of air transportation to the users, and at the same time continued integrity of the Airport and Airway Trust Fund -- both from the standpoint of there being sufficient revenues to fund authorized airport and airway costs, and insuring that users of the airlines pay their fair share of system costs;

- * Minimum federal involvement in the complex financial affairs of the airline industry;

- * An incentive to the airlines to replace existing noisy aircraft with aircraft embodying new noise reduction technology; and

- * Avoidance of a situation where one element of the industry cross-subsidizes another element.

Secretary Adams recommended an unhurried approach toward a noise abatement program for U.S. and foreign aircraft engaged in international aviation.

"We should avoid provisions which favor U.S. operators over their foreign competitors and we should also avoid restricting our operators if similar restrictions are not placed on foreign carriers," he said.

The Secretary said that the U.S. must make every effort to negotiate an internationally accepted noise abatement program for international traffic, but recommended that U.S. domestic regulations be enforced on all carriers in service to or from the United States beginning in 1985 if international agreement is not reached by 1980.

Secretary Adams urged that the Federal Government not be injected into the area of local noise land use planning and control.

"We believe," he said, "that the airport proprietors, along with state and local governments, should make the basic decisions in this area. They have the best understanding of local conditions, needs and desires and are in the best position to weigh the costs of action against those of inaction.

"We see the role of the Federal government in this area as one of encouraging -- but not requiring -- local planning to assure not only that airports will be adequate to provide the service required to meet future transportation needs, but also that environmental impacts -- including noise -- are considered and minimized," the Secretary said.

Existing FAA planning and grant programs -- some recently initiated -- already provide for land use and control programs to abate noise on residential areas, Secretary Adams said. "I believe these cooperative programs already underway should be given a chance to work before any new program is mandated."

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FOR IMMEDIATE RELEASE

DOT 11-77

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President Carter today sent to Congress a legislative proposal to provide more than \$50 billion over the next five years for highway construction and public transportation development.

The legislation is designed to give city, county and state officials greater flexibility to meet transportation priorities, and it redirects transportation planning toward meeting the challenges of energy scarcity and national social objectives.

The highway and public transportation legislative proposal would:

- Equalize federal funding levels for public transportation and highway programs so that decisions are not made simply on the availability of federal money.
- Simplify existing funding categories and increase the flexibility of their use.
- Establish regular and predictable funding sources for meeting the Nation's public transportation needs.
- Extend the life of the Highway Trust Fund for four more years.
- Create a single transportation planning program treating all modes evenly.
- Expedite the completion of the essential gaps in the Interstate highway system.
- Establish a rural and small urban transportation program.

"The proposal the President is transmitting today puts new priorities on the conservation of scarce resources, completion of the Interstate system and the compatible development of both rural and urban transportation," Secretary of Transportation Brock Adams said. "It is legislation that assures the sufficiency and integrity of our transportation system, and at the same time serves national energy and social objectives.

"In the past," the Secretary said, "we spent federal tax funds to expand transportation. The Interstate system -- more than 90 percent of which is now open to traffic -- testifies to the success of that effort. Now we must redirect highway and public transportation programs toward making all our systems better, safer, longer-lasting and more efficient.

"This proposal" Adams said, "represents a transition from policies and programs appropriate to the formative years of our highway network to those better geared to an era of scarce, costly energy and growing urban needs."

The legislation, if approved by Congress, would direct the Secretary of Transportation to plan the consolidation of DOT's Federal Highway Administration and Urban Mass Transportation Administration, and possibly other DOT elements, into a single surface transportation agency.

Embracing ten major program areas including both public transportation and highway activities, the legislation proposed a \$10.94 billion authorization for fiscal year 1979, a moderate increase above the combined UMTA and FHWA authorizations for fiscal year 1978.

The authorization level would increase to \$11.055 billion in FY '80 and to \$11.62 billion and \$11.735 billion in FY '81 and '82 respectively.

A summary of the major provisions of the proposed legislation follows.

TRANSPORTATION PLANNING PROGRAM

The planning funds of the Federal Highway Administration and the Urban Mass Transportation Administration -- approximately \$130 million - will be consolidated to remove existing artificial barriers that restrict planning activities on the basis of the source of the planning grants. All transportation planning activities will be eligible for funding from the consolidated program. The federal share for planning grants will be 80 percent.

Most of the planning funds will be distributed under a formula to be developed by the Secretary, with a small portion retained for discretionary funding of more complex, costly or nationally significant projects.

Planning funds will go directly to metropolitan planning organizations (MPOs) in urban areas of one million or greater population. Other planning funds will be distributed to the states with a portion earmarked for MPOs in urban areas of 200,000 to one million population and a portion allocated to MPOs in urban areas of 50,000 to 200,000 population.

In addition to the present requirement for a transportation planning process in urban areas, a statewide planning process will be required after October 1, 1980.

The transportation plans and programs of metropolitan areas with populations of one million or more would be reviewed by the Secretary. That process will assure that transportation needs, air quality, energy conservation, environment, housing, land use and future development have been reasonably addressed.

INTERSTATE HIGHWAY PROGRAM

To accelerate the completion of the remaining essential gaps in the Interstate highway system, the apportionment formula will be changed from one based solely on the cost to complete the total system to one based 50 percent on the cost to complete essential gaps and 50 percent on the cost to complete the total system. Funds apportioned to states for the completion of gaps must be spent for that purpose, and, if not, will be reapportioned to other states with priority given to ready-to-build gaps.

States will be permitted to borrow from their following year's Interstate apportionment. The time period for which funds are available to each state will be shortened to two years, and lapsed funds will be allocated to other states with ready-to-build projects.

The legislation will change the present procedure whereby states withdrawing nonessential segments from the Interstate System receive equivalent funds for other federal-aid highway projects with a federal share of 70 percent, or, in the case of public transportation, 80 percent. A 90 percent federal share for both substitute highway and mass transit projects would be available.

A separate Interstate resurfacing, restoration and rehabilitation program will be continued with a revised apportionment formula that considers highway sections in use for more than five years and the miles traveled on those sections. The federal share will be 80 percent.

PRIMARY HIGHWAY PROGRAM

In order to increase the ability of the states to plan and construct a basic system of main roads, the legislation will consolidate seven highway programs into the existing primary program and increase the funding accordingly. The federal share will be increased from 70 percent to 80 percent.

States will be permitted to use up to 50 percent of the primary funds for other rural or urban highways or for mass transit investment.

URBAN HIGHWAYS

This program will consolidate five existing categorical programs and its funds will be used for any urban road or street not on the Interstate or Primary Systems. The funds will be apportioned on the basis of urban area population.

In the case of urban areas with populations of one million or more, the funds will be distributed to a recipient or recipients designated by agreement between the governor and local officials, instead of to the state, as is the present procedure.

For urban areas of 200,000 to one million population, the money will be allocated on a population basis, and for those between 50,000 and 200,000 population, on a fair and equitable basis.

Up to 50 percent of the urban highway funds may be transferred to the primary or small urban and rural programs. Officials in urban areas of 200,000 or more population must approve such a transfer from their attributable funds.

URBAN TRANSIT FORMULA PROGRAM

Under the existing assistance program formula transit grants are used primarily to offset transit system operating expenses and the discretionary grant program is the source of practically all federal capital assistance.

The Administration would broaden the transit formula grant program to make it the source of assistance for all routine capital activities, such as rolling stock replacement and system modernization, as well as for operating expenses. Routine capital projects will no longer be eligible for discretionary grants, except under emergency circumstances.

The formula grant program will also be the source of funds for commuter rail operating assistance and for assistance of the elderly and handicapped, and existing categorical programs for these purposes will be discontinued.

The present formula for apportioning transit grants considers only population and population density as factors for distribution of funds. The proposal would establish a new formula to reflect the expansion of the formula grant program based on the following factors:

- 25.5 percent -- population,
- 25.5 percent -- population weighted by a factor of density,
- 5.0 percent -- commuter rail train miles,
- 19.0 percent -- fixed guideway system route miles,
- 25.0 percent -- to be divided between replacement of buses and bus seat miles.

Grants will be made to designated recipients in urban areas of 200,000 or greater population, and to governors for distribution to urban areas with populations between 50,000 to 200,000. Grant funds may be retained by recipients for four years in order to meet the needs of larger capital projects in addition to annual needs.

Only those formula funds apportioned on the factors of population, population density and a part of the commuter train miles may be used for operating expenses, and the federal participation will be limited to 33.3 percent of an urban area's total operating costs.

Flexibility in the use of urban funds will be increased by permitting up to 50 percent of urban transit funds to be used on highway projects in urban areas.

URBAN TRANSIT DISCRETIONARY GRANT PROGRAM

The legislation will convert the discretionary program from one designed to fund most public transit capital needs to one intended primarily to assist major mass transportation capital investments such as the construction of new fixed guideway systems, the extension of existing systems, major bus acquisition programs and joint development projects. The governor, appropriate local officials and transit operators will designate jointly a single recipient to receive and dispense funds for a project eligible for discretionary funding.

The legislation provides the discretionary funds may also be used in the event of major local emergencies and to meet the added costs of introducing new technology into public transportation service.

SMALL URBAN AND RURAL TRANSPORTATION PROGRAM

The legislation consolidates existing highway and public transportation assistance programs for small urban and rural areas into a single program with funds to be distributed by formula.

Highway projects exclusive of the Primary and Interstate Systems and public transportation projects including -- for the first time -- operating assistance will be eligible for funding. The federal share for capital projects will be 80 percent and for operating assistance no more than 33.3 percent of total operating costs.

The dollars will be apportioned to each state by a formula containing the following factors:

50 percent -- small urban and rural population,

25 percent -- land area,

25 percent -- postal route mileage.

Money may be redistributed to other recipients within a state including state agencies, local governments and their agencies, nonprofit organizations and operators of public transportation services.

At least ten percent of a state's funds must be used for public transportation projects unless the Secretary finds a lower level is warranted.

Up to 50 percent of the funds may be transferred to projects in urban areas or for Primary system highway projects.

HIGHWAY SAFETY

The legislation consolidates six existing highway safety programs into a single grant program with a federal share of 80 percent.

Safety projects on all public roads will be eligible for assistance. At least 30 percent of the funds must be used on roads that are not a part of the federal-aid system, and at least 10 percent must be used to implement highway-related safety standards issued by the Secretary of Transportation.

BRIDGE REPLACEMENT AND REHABILITATION

The legislation will expand the existing bridge program to include rehabilitation as well as the replacement of bridges. Up to 30 percent of the funds could be used for bridges off the federal-aid highway system.

The federal share will be 80 percent and the allocation will be based on a priority listing of deficient bridges on the federal-aid system, plus a provision for off-system bridge funding.

Proposed Authorization Levels
(In millions of dollars)

| | <u>Fiscal Years</u> | | | | | <u>5-Year Total</u> |
|--|---------------------|-------------|-------------|-------------|-------------|-------------------------|
| | <u>1979</u> | <u>1980</u> | <u>1981</u> | <u>1982</u> | <u>1983</u> | |
| Interstate | 3,500 | 3,500 | 3,500 | 3,500 | 3,500 | 14,000 |
| Interstate 3R | 175 | 175 | 275 | 275 | | 900 |
| Primary | 1,500 | 1,500 | 1,625 | 1,625 | | 6,250 |
| Urban Highways | 700 | 700 | 750 | 750 | | 2,900 |
| Small Urban and Rural | 786 | 796 | 856 | 866 | | 3,304 |
| Safety | 500 | 500 | 525 | 525 | | 2,050 |
| Bridges | 450 | 450 | 500 | 500 | | 1,900 |
| Misc. (FHWA) | <u>189</u> | <u>189</u> | <u>189</u> | <u>189</u> | | <u>756</u> |
| Subtotal(FHWA) | 7,800 | 7,810 | 8,220 | 8,230 | 3,500 | <u>35,560</u> |
| Discretionary Grants | 640 | 690 | 740 | 790 | 840 | 3,700 |
| Interstate Transfers (transit projects) | 675 | 675 | 725 | 725 | 725 | 3,525 |
| Urban Transit Formula Grants | 1,735 | 1,785 | 1,835 | 1,885 | | 7,240 |
| Misc. (UMTA) | <u>90</u> | <u>95</u> | <u>100</u> | <u>105</u> | | <u>390</u> |
| Subtotal(UMTA) | 3,140 | 3,245 | 3,400 | 3,505 | 1,565 | <u>14,855</u> |
| TOTAL | 10,940 | 11,055 | 11,620 | 11,735 | 5,065 | 50,415 |

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FOR RELEASE FRIDAY
May 27, 1977

DOT 57-77
Phone: (202) 426-4321

Railroads will play a central role in determining the ability of the nation to meet President Carter's eventual goal of coal production at an annual rate of more than 1 billion tons, Secretary of Transportation Brock Adams said today.

Testifying before the Subcommittee on Energy and Power of the House Committee on Interstate and Foreign Commerce, Secretary Adams said, "Presently, the great bulk of coal transportation in the United States is by rail. Therefore, we must first concern ourselves with the ability of our rail system to respond to a large-scale increase in coal demand."

The department is studying the possible need for expansion of rail lines in existing and future mining areas in the west, east and south, the Secretary said. He predicted there will be no production problems in manufacturing the required additional coal-carrying hopper cars or the locomotives to transport them.

"To the extent that constraints on the shipment of coal by rail do emerge," the Secretary said, "they are likely to involve the ability of financially marginal railroads to secure the financing required to make the necessary investments."

"I should point out," he added, "that the bulk of investments in question would be for improved signalling systems, rolling stock and lengthened sidings needed for intermittent double tracking."

"We are not likely to be faced with the need to construct whole new rail routes," Secretary Adams said.

Because of their potential significant impacts on both the nation's economy and environment, a decision to move forward with the construction of coal-carrying slurry pipelines must not be taken lightly, Secretary Adams said. (Coal slurry is a mixture of coal and water.)

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In view of the heavy emphasis the President has placed on increased coal production and the need to marshal transportation efforts in the most effective manner, Secretary Adams said he has established in DOT a coal transportation task force.

Headed by Assistant Secretary Chester Davenport, the task force will pull together the considerable work already completed, identify gaps in the analysis conducted to date, conduct further analyses and develop proposals and recommendations for the Secretary's consideration.

Secretary Adams said upon completion of the task force study he will make his recommendations to the President before the end of the year. Should legislation be needed to carry out any recommendations, Secretary Adams said it is planned to send such proposals to Congress early in the next session.

Stating that slightly more than 10 percent of all coal shipments move via inland waterways, Secretary Adams said increased use of barge lines for transporting vastly increased volumes of coal faces the restrictions of limited geographic coverage and capacity constraints.

While stating that virtually all segments of the inland waterway system have sufficient capacity to handle increased coal traffic, Secretary Adams said, "We need to continue to evaluate the need for waterway capacity expansion. At this time, however, I believe the role of the nation's inland waterway operators with respect to coal shipments will remain significant, but limited."

Trucks are an essential part of the coal transportation system, Secretary Adams said. He stressed their particular importance in the east where they are used to move coal short distances from the mine to washing plants and to railroad or barge loading facilities. Trucks, the Secretary said, are used most intensively in areas typified by small mining operations that cannot consistently meet the production levels necessary for the efficient use of rail or barge service.

"In this connection," Secretary Adams said, "we are looking into the feasibility of centralized coal preparation and storage facilities to serve small mine operators in Appalachia. We believe that modern facilities for the blending and preparation of coal for utility customers will foster a coordinated truck-rail intermodal service, combining the flexibility of truck service from the mine with the economies of unit train loading of high quality, uniform coal to destination."

Secretary Adams said deteriorated roads and high maintenance costs caused by coal truck traffic have placed and will continue to place a significant financial burden on coal-producing states.

He also pointed out there may be significant costs associated with access roads for workers and equipment to mines and power plants and with railroad/highway grade crossing separations and line relocations.

"We are well aware of these problems and we are focusing on them very closely," Secretary Adams said. "In order to ensure that critical coal transportation needs on and off the federal-aid highway system can be met, it may be necessary to provide special federal assistance."

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FOR RELEASE FRIDAY

May 27, 1977

DOT 58-77

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During the week of May 29th, Secretary of Transportation Brock Adams will travel to Europe to make official visits to West Germany, Greece and France, in the latter as President Carter's official representative to the Paris Air Show.

In Bonn, West Germany, on May 30-31, Secretary Adams will meet with that nation's Minister of Transport and its Director General of Civil Aviation to discuss problems of mutual concern. He will also inspect the facilities of the Ministry of Research and Technology.

Secretary Adams on June 1-2 will attend the meeting of the European Conference of Ministers of Transport in Athens and also will meet with officials of the Greek Government. The Secretary is the first member of the Carter Administration to visit Greece.

On June 3-4, Secretary Adams will represent President Carter at the Paris Air Show, which this year will commemorate the 50th anniversary of Charles A. Lindbergh's solo flight across the Atlantic.

He will participate with French President Valery Giscard D'Estaing in the opening ceremonies of the Paris Air Show, during which a wreath will be placed at the Lindbergh Monument. Secretary Adams also will participate in the ceremonies opening the U.S. pavillion, and will host a French National Day reception for President Giscard D'Estaing.

On June 4, Secretary Adams will participate in a ceremony at the site of the landing of Lindbergh's plane, The Spirit of St. Louis.

Secretary Adams will return to Washington on June 5.

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