

**FINAL****REMARKS PREPARED FOR DELIVERY****DEPUTY SECRETARY OF TRANSPORTATION  
MORTIMER L. DOWNEY****NEW YORK PUBLIC TRANSIT ASSOCIATION SPRING CONFERENCE****COOPERSTOWN, NEW YORK  
JUNE 8, 1994**

*(Introduction to be made by Dennis Fitzgerald,  
President, New York Public Transit Association, Inc.)*

Thank you, Dennis, for that introduction. Although I'm proud to be in Washington serving in the Clinton Administration, it's *always* a pleasure to return to one's roots. And *my* roots are planted deeply in New York's transit community.

It's especially nice to be here in Cooperstown. During this conference, some of you may visit the baseball Hall of Fame. And perhaps you remember riding the subway to watch Willie Mays and Mickey Mantle play.

That was in the days of ten-cent fares, when getting permission to ride to Ebbets Field or the Polo Grounds by yourself was an urban rite of passage not unlike getting a driver's license today.

And to keep the record straight, I have to admit that *my* rides weren't on the New York subway but rather were

on Boston's MTA to see Ted Williams at Fenway Park and Sibby Sisti at Braves Field.

Many things have changed since the term "Subway Series" epitomized the apex of competition. Baseball's departure from many of our central cities paralleled the suburbanization of America. And its recent return to transit-oriented venues like the Toronto Skydome and Oriole Park at Camden Yards perhaps signals an urban revitalization.

Changing demographics over the last generation have transformed the American city and the transit industry that has served it so well.

However, the 1990s offer unparalleled opportunities for a renaissance. President Clinton *believes* in transit. He is perhaps *the* strongest proponent of transit ever to sit in the White House.

One might ask where this support comes from -- why this President from a rural state has been such an unwavering supporter of our programs.

The answer is that the President understands that a sound public transit system is an essential element in a goal of "putting people first." And it was the President's commitment to *people* -- ordinary people, the working men and women of America -- which put him in office.

Many of the President's efforts to improve the lives of Americans implicitly rely on transit. Take, for example, the Administration's major initiative: health care reform.

People in our business understand that access to health care is more than an issue of access to insurance -- important as that is -- it is for many people a question of getting to the clinic or the doctor's office. It's certainly been a long time since *any* doctor *I* know made house calls! Health care reform will be of little use if people can't get there.

For many people -- particularly the urban poor and people in rural America -- transit provides the vital link to health care services. As our Surgeon General, Dr. Joycelyn Elders, has said, "it's cheaper to train a bus driver than a doctor."

Transit is also an important element of the President's efforts to revitalize communities. In fact, Secretary Peña worked closely with other Cabinet members to develop guidance on the role of transportation in empowerment zones and enterprise communities.

As a result, applicants for these programs are asked to propose a transportation strategy that supports their development plan. Some of our suggestions included improvements in line-haul transit, mobility enterprises using vans and minibuses, revising zoning regulations to encourage transit- and pedestrian-oriented development,



**and involving residents in the regional transportation process.**

**A properly-conceived transportation strategy could benefit urban communities in several ways.**

**It could enhance the influence of empowerment zone residents in metropolitan and regional transportation planning processes and ensure that their needs -- as they articulate them -- are fully integrated into mass transit systems.**

**It could generate new business, jobs, housing, social service, and other opportunities for area residents.**

**It could provide area residents with improved access to job opportunities throughout the regional economy.**

**It could enhance neighborhood mobility of area residents and provide them with easy access to community and social services.**

**And it could stimulate commercial redevelopment and neighborhood revitalization.**

**In addition to his strong role in supporting the President's initiatives, Secretary Peña has made "putting people first" one of the seven key goals in our Strategic Plan for the Department. Not surprisingly, all of the actions designed to "put people first" involve transit.**



**For example, putting people first in our transportation system means making it relevant and accessible to users.**

**We will ensure mobility in all transportation modes for Americans with disabilities, adopt policies and support programs that make transit and passenger rail more viable options for the traveling public, and promote strategies that encourage stronger intermodal connections and provide coordinated, user-friendly public information and signage to increase customers' choices.**

**Another key element of Secretary Peña's goal of "putting people first" is seen in the efforts to establish partnerships and improve service to all our customers -- our grantees, the industries we regulate, and the American people.**

**We're making a concerted effort throughout the government and the Department to improve customer service. We want to operate in a more businesslike fashion, committing to improved levels of services and delivering on these commitments.**

**Your suggestions on how we can better serve you and your customers are welcome.**

**Within FTA, Administrator Gordon Linton has initiated a bottom-to-top examination of the agency's mission. It's a strategic planning effort that will lead to more customer-friendly procedures. The next time he**

speaks to you there should be significant advances in making FTA a model government agency.

In the spirit of reinventing government, we are trying to de-tangle bureaucracy and reduce red tape. That was the rationale behind our revision of the private enterprise participation guidance.

The previous Administration created a complicated, costly, and burdensome set of requirements for local governments and transit agencies to follow -- the stated purpose of which was to promote private sector involvement in the provision of transit services.

In our review of the program, we found absolutely no evidence that these cumbersome procedures and requirements caused transit agencies to make decisions that they wouldn't have made in their own self-interest *without* the federal paperwork. That is, *when* it is cost-effective *and* in the agencies' best interest to contract with the private sector, they have done so -- and will continue to do so -- with *or* without federal requirements.

*We support that.* It is our strong belief that the federal government should encourage local decision-making on how best to meet the goals that we share. That is a fundamental principle of *both* ISTEA *and* Vice President Gore's National Performance Review. Reinventing government is about cutting red tape and pushing decisions down to the grass-roots. That is *exactly* what the new FTA private-sector approach will do.

The FTA also has made the publication of formula grant apportionments an automatic "letter of no prejudice." That allows you to incur project costs and repay yourselves from the eventual federal grant. It's a way of eliminating red tape and letting you get projects underway faster.

Such efforts to empower local decision-makers are consistent with Secretary Peña's efforts to reevaluate and reinvent the way we do business.

Another of the Secretary's strategic goals is actively enhancing our environment through wise transportation decisions, a goal that goes well beyond just avoiding environmental harm.

Our goal of improving our environment is important here in New York, as you work to meet the Clean Air Act's demands. The 1990 amendments strengthened it considerably and set tough stringent new health-based standards.

The requirements for vehicle emissions reductions appear to have great potential for the transit industry. We all understand the importance of getting people out of their cars, and one way of doing that is to get them onto transit.

However, it's going to take *careful* planning to do that effectively. Transit *can* help to clean our air, but it *has* to be part of a well-designed, comprehensive strategy.



**Uncoordinated transit projects would have little air quality benefit, and could even be counter-productive.**

**And, although the Clean Air Act and urban air quality increasingly drive transportation decision-making, we should not lose sight of transit's many other benefits.**

**We can, and should, justify investment in transit by viewing it in the context of broader societal goals, some of which I've already touched on.**

**Transit reduces traffic congestion, serves those without access to cars, and promotes economic activity. From an environmental standpoint, it helps to reduce greenhouse gas emissions, cuts down energy use, and helps encourage development patterns that preserve open space.**

**We also have to look at transit as one part of a larger set of tools to improve mobility and improve air quality. For example, the most effective way to reduce vehicle trips is through market-based mechanisms -- congestion pricing, parking pricing, and similar ideas.**

**Obviously, pricing strategies aren't suitable everywhere, and are often politically difficult to sell in the places where they are most needed.**

**Transit can serve as the missing link, offering the travel alternatives needed to earn public acceptance of pricing, while using the revenues of creative pricing to support these effective investments.**

A good example is in the San Francisco-Oakland area, which has proposed differential pricing on the Bay Bridge under the FHWA's Congestion Pricing Pilot Program.

To make this both more effective *and* more acceptable, the project funds and the revenues will largely be plowed back into bus and BART subway programs. That's the sort of mutually-reinforcing synergy transit operators need to explore. It represents one of the best opportunities for transit to solidify its role in the clean air solution.

And, of course, the federal government must live up to its responsibility to invest taxpayer dollars wisely and rebuild America. Under Secretary Peña, we're doing that. We believe it's important for the federal government to participate in infrastructure investment -- to replace aged rolling stock and upgrade deteriorating facilities and tracks.

This Administration, from Day One, has dramatically expanded and better targeted funding for transportation, and *especially* for public transit.

The President's 1995 budget proposed, for the first time, *full funding* of the transit formula grant program. The \$2.9 billion called for represents a 69 percent increase over the FY1993 enacted level -- the last budget under the previous administration.

And our total mass transit program, including discretionary grants, is up by 25 percent.

This year, that will mean an additional *\$962 million* more for transit nationwide compared to the last appropriation under the previous Administration. And that's *in spite of* a domestic budget freeze.

For FY1995, our proposal means over \$839 million for New York State. I'd call that putting our money where our mouth is!

But the transit spending authorization is no longer the *only* one of interest to the transit community. As you know, the traditional highway program has acquired greater relevance for transit operators under ISTEA -- the Intermodal Surface Transportation Efficiency Act.

That's because ISTEA provides far greater flexibility for transfers between highway and transit funding. And our investment-oriented budgets have set higher spending ceilings, making such transfers feasible. State and local governments have a unique opportunity to choose the *best* projects, *regardless* of mode, as you are doing here in New York.

This is especially true for CMAQ -- the Congestion Mitigation and Air Quality Improvement Program. We've already seen good progress: about half of all CMAQ money obligated since ISTEA's passage has gone to transit



projects -- about \$660 million nationwide through mid-1994.

CMAQ and the other flexible-funding programs provide new sources of funds for innovative efforts to improve mobility and air quality.

And even though there's been enormous progress, these resources are *still* not fully utilized. That's where *you* come in.

If the transit community is going to increase the use of flex-funds, it's *got* to be more aggressive in developing and supporting good projects.

Transit operators are going to have to be at the table when the decisions are made on project selection and funding. You have to work closely in the established planning processes and fully participate in decision-making. That's the *only* way creative transit projects are going to be funded.

I'd like to conclude tonight by speaking about an issue that offers a great opportunity for the transit industry. It's a classic example of the type of partnerships that we're trying to foster. And that's the 1996 Olympics in Atlanta.

Those Olympics will draw more than a half-million visitors to Atlanta each day. Atlanta is planning a huge expansion of transit service to cope with the anticipated explosion in travel demand.

**This will provide a real showcase for U.S. transit -- a chance to prove that our transportation capabilities are on a par with any in the world -- and that transit is a viable way to meet America's growing travel demand.**

**But Atlanta alone can't provide all of the thousands of vehicles needed. So we've asked transit agencies from throughout the U.S. to lend new or nearly-new buses to Atlanta.**

**Visitors from all over the world will ride in these lift-equipped buses and receive a powerful message about American friendship, hospitality, and cooperation. A few weeks after the Olympics, the same messages will be driven home at the follow-on Paralympic Games.**

**We've set a goal of 2,000 buses, and already have more than 1,600 pledged, including 200 from the New York City T.A. But participation isn't limited to large properties: in Pennsylvania and Tennessee, consortia of small operators have pooled their resources to take part.**

**President Clinton has committed the federal government to doing its share. We've asked Congress for funding of the round-trip delivery and preparation costs of these buses and for the installation of special communications equipment, and the initial response from the House Committees has been positive.**

**I ask *all* of you who plan to receive new buses over the next two years to participate in this program. Let's**

**work together to show the world that public transit *can*  
make a difference right here in America!**

**Thank you.**

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FINAL

**REMARKS PREPARED FOR DELIVERY****DEPUTY SECRETARY OF TRANSPORTATION  
MORTIMER L. DOWNEY*****WE STRIVE FOR EXCELLENCE IN EVERYTHING WE DO:  
HINE JUNIOR HIGH SCHOOL COMMENCEMENT 1994*****WASHINGTON, D.C.  
JUNE 14, 1994*****(Introduction to be made by Princess D. Whitfield,  
Principal, Lemon G. Hine Junior High School)***

**On behalf of Secretary Peña and the whole Department of Transportation, I want to congratulate you on the national acclaim you've helped Hine earn. Hine students not only strive for excellence in everything you do -- *you succeed!***

**And when a school is *this* successful, there should be praise all around.**

**So, let's all congratulate Princess Whitfield, Hine's Principal, and the teachers here. *My* mother was a junior high school teacher, so I know how important it is to have someone to inspire you to work hard and make the most of yourself.**

**And congratulations to your parents, who have worked hard and sacrificed so that you could have better lives.**

And most of all, congratulations to you, the students. This is a "school of excellence" because *you* have made it so. *I* think Hine is *the* finest school in all of Washington. Now, some people might say I'm just bragging because of the Department of Transportation's partnership with Hine, but let's look at the record.

This year alone, Hine has won the national "Drug-Free School Recognition Award," the "Educator of Our Choice Award," the "Hero in the Community Award." from Gallaudet University, and the "Enterprise Award."

Individual students have won numerous prizes this year in everything from science to cheerleading to poetry. It's a range of excellence which demonstrates your extraordinary talents.

You have made all of us at the Department of Transportation very proud to have been your Partners in Education for the past decade.

But what makes us proudest of all is the sense of responsibility you've demonstrated. The progress you've made on everything from test scores to attendance shows real maturity -- and a dedication to the future.

Nothing is as important to us, or to our nation, as helping to build a future for you. For you to have safe, happy, prosperous lives will be a greater accomplishment than all of the roads or bridges or subways we help to build.

Graduating from Hine is a big step towards taking control of your own futures. And that's why we're here to honor *you* at today's commencement. *This is your hour.*

It's a time to look back on your years here at Hine, and to be proud of all you've achieved. That pride should give you the confidence -- and the determination -- to do even more in the future.

The next few years will bring some of the most important -- and some of the toughest -- challenges of your whole lives. And how you meet these challenges will do a lot to shape your futures -- for better or for worse.

Your future may be beyond your vision, but that future is *not* beyond your control.

Because it isn't "fate" or "luck" that will determine your destiny, but your own efforts. The lives of people as different as Michael Jordan and General Colin Powell show this. We make our own luck, and by graduating today you have taken the first, big step in taking control of your own futures.

The next big step is finishing high school, and that may not always seem easy. Sometimes it may seem easier to skip school, or to drop out and give up, than to go through the day-to-day effort of learning. But it's *so* important that you stay with it. Never, ever, ever, give up. Never. *You are too good to give up.*



Because today's world *demands* that people be well-educated. Years ago you could get a pretty good job without much schooling. But those days are gone, and those jobs are gone with them. Today, you *have* to have good skills to function in a high-tech society that emphasizes knowledge. A high school diploma today is the *minimum* passport to success tomorrow.

In fact, I'm sure that a high school diploma is only going to be the next step for many of you on a path which leads on to college, and perhaps to law school or medical school or other graduate work.

And for *all* of you, high school should be a chance to continue to strive for excellence in *everything* you do. Whether you are an outstanding scholar like Tamika Brew or Talaiya Owens, an athlete, a talented artist, or a gifted musician, high school will let you keep developing your special abilities -- and have a good time while you're at it.

I say have a good time because I think all of you will discover that learning and understanding -- feeling the power of your own minds growing -- is something you're going to enjoy. It feels good -- just like it feels good to make a lay-up, to dance well, to paint a beautiful picture, or to hit the right note when you're singing.

Some of you will do all of these things -- and all of you will do some of them. And when you do, you're going to make the teachers at Hine, and your parents and

friends -- and all the people who love you -- just as proud of you as they are today.

It's an honor for me to join with them in congratulating you today. I wish you great success.

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**REMARKS PREPARED FOR DELIVERY****DEPUTY SECRETARY OF TRANSPORTATION  
MORTIMER L. DOWNEY****INTERNATIONAL BUSINESS FORUM-GOVERNING MAGAZINE  
NATIONAL FORUM ON PUBLIC FINANCE****ARLINGTON, VIRGINIA  
JUNE 16, 1994**

*(Introduction to be made by Peter A. Harkness,  
Editor and Publisher, GOVERNING Magazine)*

Thank you, Peter, for that introduction. I'd also like to thank *GOVERNING Magazine* and the International Business Forum for having invited me to speak. I'm pleased to be able to offer the keynote address for what promises to be a highly valuable conference.

*Introduction*

It should come as no surprise that this Administration believes that the federal government should play a central part in stimulating investment in America's infrastructure. Simply put, this is because efficient and effective transportation systems, communications, and other infrastructure are *vital* to our long-term national economic health.

Today, I'd like to offer my perspective on these issues, and then offer some solutions.

**First, I'd like to discuss the importance of sustained investment -- both public and private -- in our permanent assets, especially transportation facilities.**

**Then, I want to lay out several of our strategies: increased federal funding, the National Transportation System, increased efficiency through technology, and transportation demand management.**

**Finally, I'd like to talk about the role of the private sector in meeting these challenges, and especially the Federal Highway Administration's emerging Innovative Financing Program.**

### ***The Critical Role of Investment***

**The emergence of a global economy over the last generation and the increasing mobility of resources pose significant challenges to the United States and other industrialized nations.**

**Many resources -- capital, technical knowledge, production equipment -- are easily transferable among nations. Indeed, it seems there is only one class of assets that is fixed within our borders: our infrastructure.**

**President Clinton understands -- better than any President in our recent history -- the necessity of investing in these permanent assets if we are to ensure the continued economic growth America needs for long-term prosperity.**



**The President is undertaking a broad range of programs to invest in America's human capital. Initiatives such as greater educational and job training opportunities, welfare reform, and health care reform are all intended to increase the ability of the American people to compete in a global economy.**

**The President also has proposed extensive and increased investment in America's physical capital of roads, mass transit systems, railroads, airports, and communications systems. Effective systems to move people, goods, and information are essential to improved productivity.**

**Moreover, the sheer size of the transportation sector -- one-sixth of our economy and a trillion dollars a year -- means that even small improvements can yield large returns. For example, a one percent increase in efficiency would save our economy \$100 billion over a decade.**

### ***The Impacts of Investment***

**Investment in our intermodal transportation network is indispensable to the safe and rapid transport of people and products that sustains our economy. Although there's no absolutely "correct" amount of investment in this sector, there is a clear consensus that a sound, well-maintained infrastructure is essential to sustained economic growth.**

For example, in the short term, nearly 25,000 construction jobs are supported by every \$1 billion invested in transportation infrastructure. In the longer term, DOT research predicts that user benefits -- reduced congestion and fewer delays -- could amount to three dollars for every dollar invested in new highway facilities.

Our economic rivals around the world understand this longer-term linkage: Asian governments will spend upwards of \$1 *trillion* on infrastructure in coming years, and European governments are developing a multi-year high-speed interregional transportation network to improve their competitiveness.

### *The Decline of the U.S. Transportation System*

Our transportation system, however, has worked so well for so long that we sometimes take it for granted. As a result, over the last decade we've neglected to adequately invest in transportation infrastructure. Now, limited capacity, outdated connections, and congested conditions have decreased the system's reliability at the same time they've increased its costs.

In 1989, half of our nation's roads were rated in fair or poor condition. 23 of our primary airports experienced more than 20,000 hours of flight delays in 1990. Congestion on our highways has been estimated to cost more than \$39 billion per year in the 50 largest American cities.

**These problems are a drag on our economy and contribute to a lower quality of life for all Americans.**

**That's why Secretary Peña's Strategic Plan for the Department of Transportation includes as one of its seven key goals "investing strategically in transportation infrastructure" to increase productivity, stimulate the economy, and create jobs.**

### ***Increased Federal Funding***

**President Clinton shares an understanding of the magnitude of this challenge and the importance of meeting it. That's why he's worked hard to provide as much federal funding as possible for transportation infrastructure.**

**Indeed, 71 percent of his proposed FY1995 transportation budget -- *more than \$28 billion* -- is dedicated to such investments. That's the most ever, nearly \$2.9 billion more in total infrastructure investments than in 1993 -- the last budget enacted under the previous Administration.**

**The President's request includes full funding for the highway and transit formula capital grant programs under the Intermodal Surface Transportation Efficiency Act -- ISTEA. Compared to 1993, we proposed almost \$3.5 *billion* more for these core investment programs. Such funding would renovate our deteriorating roads and**

bridges and allow modernization of the nation's aging transit fleet.

The budget also includes major funding for aviation, especially for projects to improve and modernize our air traffic control system. And it includes a landmark program to ensure that America retains the ship-building and merchant marine capabilities it needs.

At the same time, the President is fully aware of the budgetary constraints that all levels of government face as they attempt to bridge the gap between America's infrastructure needs and available public funds.

He's directed us to explore ways of meeting these demands without burdening taxpayers or neglecting other pressing national needs. We're looking at several strategies to do this.

### *The National Transportation System*

We're working with Congress as it considers the National Highway System. The NHS, which will include 159,000 miles of strategically and economically important roads, will help to maintain the pace of our economic growth while accurately targeting our investment on the four percent of roads which carry more than half of America's commercial and interregional traffic.

The NHS is an important step towards a National Transportation System which will consist of the



infrastructure components of *all* modes of transport -- highways, waterways, airports, seaports, rail lines, and even pipelines -- both passenger and freight, as well as their connections.

The NTS's purpose is two-fold: first, to foster intermodalism. And second, to strategically focus our efforts in infrastructure investment well into the next century.

The ownership of America's transportation system is diverse, reflecting the investments made by multiple layers of government, public authorities, private carriers, and shippers of goods. This has often led to investments made without consideration for an alternative's efficiency, or for the connections between modes.

The NTS will promote more, and better, investment in transportation facilities. We expect this to result from the better understanding that both the public and private sectors will have of actual needs, allowing better targeting of investment dollars.

In addition, the NTS will make clearer the opportunities that government and business should seize to develop greater efficiencies and synergy in the movement of people and goods.

## *Improvements in Technology*

As important as such insight will be to better planning, the national infrastructure deficit can't easily be bridged.

It would cost about \$212 billion to eliminate the backlog of deficiencies on our road system and \$78 billion to do the same for our bridges. And our aging transit systems require \$18 billion to replace overaged buses and repair deteriorating rail transit facilities. This can't be done all at once, but we need to begin cutting away at this backlog.

Another solution we're working on is the development of innovative technologies that enable us to make better use of existing facilities.

In order to increase the efficiency of existing facilities, we have made a major commitment to the development and deployment of Intelligent Vehicle/Highway Systems. IVHS, at its most basic level, means technologies that allow existing facilities to handle greater levels of traffic while not only maintaining but actually improving safety.

Such technologies have great potential for spanning the investment gap by reducing the need for greater capacity. They also could become the basis for toll and fare collection systems which might provide new financial resources.

## ***Efficiencies Through Transportation Demand Management***

**We're also exploring transportation management strategies to ensure that better use is made of current facilities, especially during peak periods.**

**We're promoting the increased use of mass transit, telecommuting, and ridesharing as alternatives to driving alone.**

**And we're exploring market-based measures, such as our Congestion Pricing Pilot Program, to reduce the demand for additional capacity.**

**But increased efficiency, whether driven by technology or economics, can only go so far. In some cases, there's no viable alternative to building or expanding facilities. But there's not going to be enough public money to make *all* of the improvements we need.**

## ***Involving the Private Sector***

**So, we're seeking to close the gap by raising private sector resources -- *and we're succeeding*. The municipal bond market recently hit its highest level ever for new bonds issued, with transportation financing comprising a third of the market.**

**Clearly, the financial community thinks transportation is worth the investment, and we're exploring other new**

**financing techniques which maximize the use of private funds.**

### ***Creative Uses of Funding***

**These include federal-aid financing of state-level loan funds for private and cooperative projects. For example, states can now work with private entities to develop efficient concessions and franchises.**

**For the future, we're considering a wide range of additional options, such as revolving loan funds, loan guarantees, credit enhancements, and capital enhancements to further stimulate needed investment. And Vice President Gore's National Performance Review endorsed the use of federal funds to serve as capital reserves to guarantee debt.**

**An example of the financial innovation we seek is a deal we recently worked with WMATA, Washington's transit agency, to refinance the Metrorail system with the lower interest rates many Americans have used to lower their home mortgage bills.**

**The agreement we secured retires federally-guaranteed debt and allows WMATA to secure a line of credit for the fast-track construction of the rest of the Metrorail system, at a total \$800 million savings to the nation's taxpayers.**



## *Corporatized Air Traffic Control*

**Our efforts to introduce innovative funding of crucial national services extend to our newly-proposed Air Traffic Services Corporation, or ATSC. This government corporation, which also stems from a recommendation in the Vice President's National Performance Review, would modernize, operate, and maintain the nation's air traffic control system.**

**In doing so, it would allow us to purchase new technology faster and more flexibly and deploy and reward workers more productively. It will increase the air traffic control system's efficiency and cost-effectiveness even as it preserves its safety in the face of continuing growth.**

**What's important for this group is that the ATSC will no longer be constrained by the uncertainties and limitations of the 22-month-long annual federal budget cycle. That process restricts the flexibility needed for a capital-intensive, high-technology-driven operation. As a not-for-profit corporation along the lines of the Tennessee Valley Authority, the corporation will be supported by user fees levied on commercial airlines.**

**That reliable income stream will allow the corporation to borrow from private markets the billions of dollars needed for timely capital improvements. We could significantly accelerate air traffic control modernization and investment to deliver reduced costs and other benefits to users.**

**We believe that this corporation is the key to ensuring safe, technologically-advanced, and competitive air service in the U.S. We look to the private capital markets as partners in developing the air traffic control system of the future.**

### ***Public-Private Partnerships***

**And there are many other opportunities for the private sector beyond providing project funding. Public-private partnerships and fully-private facilities will have a prominent place in the transportation systems of the future. They offer not only a source of start-up capital, but also the continued discipline of business-driven efficiencies.**

**Recent advances in technology, such as vastly more efficient toll collections, combined with changes in state and federal laws, also have increased openings for private involvement in toll roads, and growing travel could create markets big enough to ensure an adequate return on investment. Privately-funded facilities such as the Dulles Toll Road extension in Virginia are prime examples of this.**

### ***The FHWA's Innovative Financing Program***

**Perhaps the most exciting opportunity today is being developed through the Federal Highway Administration's Innovative Financing Task Force: we hope it will provide**

a model for similar efforts in other modes, and I'd like to talk about it at some length.

This task force grew out of a series of 10 public roundtables on ISTEA's implementation which we held around the country last autumn. We wanted to hear what America was saying about transportation. I chaired half of those meetings, and can tell you that I heard a lot.

One issue which came up at every stop was the fact that ISTEA's funding -- even through it is now the highest ever -- was still not enough. And the gap in funding was undermining the flexibility and creativity ISTEA was meant to foster. Besides, ISTEA's procedural demands were viewed as overly complex.

That was especially frustrating, because ISTEA was meant to *eliminate* the rigid funding categories and restrictions which discouraged states and localities from choosing the best mode or project for their needs.

ISTEA authorized greater flexibility in the use of funds, new revenue options such as tolls on federally-funded roads and bridges, and greater private involvement in facility development and operation.

After the roundtables were completed, Secretary Peña formed a task force to increase use of ISTEA's innovative procedures. We wanted to translate ISTEA's concepts into reality, and make it easier for government agencies to

**take advantage of ISTEA's programs and other new financial techniques.**

### ***Strategies to Attract Private Capital***

**We've worked to make these opportunities more attractive by establishing incentives for their use and removing barriers to increased investment in transportation.**

**In our review, we found that we'd inadvertently set up obstacles to innovation. So we formed a pilot program to iron out the administrative details and demonstrate ISTEA's full potential.**

**We looked for places in which flexibility would spur project development.**

**For example, the guidance on the reconstruction or replacement of toll-free bridges and tunnels required that construction work be "major" in scope in order to allow conversion to toll facilities. We realized that was overly restrictive, and adopted a broader definition of "reconstruction" to give states greater options on financing improvements.**

**We also realized that the guidance on "soft-match" credits -- which allow states to use toll revenues in lieu of local match for federal grants -- provides for earning credits in the current year based only on previous spending. We've changed that so states can propose to**



earn a credit prospectively for a specific future-year project.

In addition, we identified areas where states might want to consider proposals: highway-related concession income, bond financing, public-private partnerships, revenue streams from the lease of rights-of-way, and loans.

### *Making a Deal With the States*

Our guidance was deliberately kept broad in order to encourage creativity. We simply asked states to identify specific projects and develop a financing plan. And we told them that we would help them through the red tape and qualify for ISTEA funding whenever possible. In effect, we said to the states: *let's make a deal!*

We've now received more than 60 proposals from 25 states, with projects ranging from a few hundred thousand dollars up to a billion.

At least some people are thinking big!

The proposals are diverse: some projects are based upon toll financing; a few involve the use of private sector or local government assets to match federal grants; some proposed increased bonding flexibility; several are joint public-private partnerships; several have proposed the use of federal aid in revolving funds; and some propose post-ISTEA funding commitments in the late 1990s.

## ***Innovative Financing's Benefits***

**Given the short time-frame, the response was remarkable. The task force is reviewing these proposals now, and hopes to complete its evaluation soon. We expect to see several benefits from this program -- and to see them soon.**

**First, large amounts of money will be invested in our highway system. Projects which wouldn't have been done, or which would have been delayed for years, will now be possible. We'll see the gains from this immediately -- jobs and economic stimulation immediately, and reduced congestion, faster freight shipping, and improved air quality in the longer term.**

**Second, we expect to obtain insight into new project ideas and models for other states. We'll share success stories and assist other states in developing similar projects. We'll also have a good basis of knowledge to shape ISTEA's reauthorization process as an even more flexible investment tool.**

## ***The Clinton Administration's Commitment to Innovation and Cooperation***

**We look to these types of innovation and cooperation with other levels of government and the private sector to help meet our transportation infrastructure needs. We view state and local governments and the private sector as full partners in the effort to build the highways and**

**airports and high-speed rail lines which will carry us forward into the next century.**

**This reflects our recognition that the federal government cannot do it all alone. From defense conversion to worker retraining to the President's Clean Car Project, the theme of new public-private partnerships is consistent in this Administration's approach to solving national problems.**

**Solving problems is what we're all about, and we're anxious to build the partnerships necessary to do so.**

**This holds true across the entire spectrum of our efforts on infrastructure, from the construction of traditional facilities to the adoption of efficiency-enhancing technologies to the mobilization of private investment.**

**We're determined to find ways that work to increase investment in transportation, create jobs, stimulate long-term growth, and improve the quality of life for the American people.**

**We believe that government can lead this effort, but that every step of the way offers opportunities for private investment and financial innovation. We look forward to working with you to meet these challenges and prove that America's ability to innovate -- and to win -- is alive and well. Thank you.**

**# # # # #**



6-16-94 at noon

**REMARKS PREPARED FOR DELIVERY BY  
DEPUTY SECRETARY MORT DOWNEY  
RETIREMENT OF VICE COMMANDANT ROBERT T. NELSON  
JUNE 17, 1994  
ALEXANDRIA, VIRGINIA**

**Here, at the Alexandria Coast Guard Station two great traditions co-exist in service to our nation. This station is home of the elite Honor Guard, symbols of the time-honored task of humanitarian service, self-testing and self-renewal that is the United States Coast Guard.**

**At the same time the Alexandria Station is also home of the Telecommunications and Information Systems Command, which embodies the technology that will keep this proud branch of America's Armed Forces ready to meet the demands of the 21st century.**

**What an ideal place to say a grateful farewell to a man who for 36 years has epitomized both venerable tradition and a powerful vision for the future.**

**In this period of dynamic social and technological change, Admiral Nelson has been a tremendous asset not only to Admiral Kime and the Coast Guard but to the Department of Transportation as well.**

**Much will be said about his 36 years of service -- the commands he held, the jobs he did, the medals and citations he received. Admiral Nelson and I share a unique bond -- we are both # 2 -- so I want to speak on a more personal note.**



For those of you who don't know what it's like to be Number 2, let me tell you it's a busy and satisfying role. Number 1 makes the policy and Number 2 sees that it is carried out, and carried out well. Admiral Nelson and I have had a lot of contact as we've carried out the mission of the Department and the Coast Guard.

For me, working with Bob Nelson and with the Coast Guard has been a kind of homecoming. It reminded me of the time when I had the honor of serving as a Coast Guard officer myself -- a long time ago, somewhere between Elvis and the Beatles.

Now, some people come to the Department of Transportation without this experience and so they are amazed at the quality and skill and dedication of the Coast Guard people they meet.

But I came into the job I have now with high expectations of Coast Guard performance -- and with the pride of being a Coast Guard veteran. And I am here to tell you that even my expectations have been surpassed.

This service has become even more professional, more technologically sophisticated, more diverse and more effective in more missions than it ever was in my day.

And the fact that *Semper Paratus* is a living reality is due in no small measure to the steady hand and strong leadership of Admiral Nelson and his fellow officers -- constantly renewing the meaning of "Always Ready."



I've been lucky enough to spend more than a little time with Admiral Nelson. I've grown to know him as a calming influence that often is at the eye of the storm. I saw these qualities just a few days ago when a quiet inspection trip on the Chesapeake Bay turned into a high-tempo search and rescue mission.

I know him as the Coast Guard's "budget guru" -- the officer who best understands the intimate details of the budget process and the political realities of budget decisions as well as the officer which we could ask to "tell it like it is" and define the consequences of all the options.

He has a reputation among colleagues within the service and at the Department of Transportation as an "honest broker," a "true gentleman."

I am told that Bob Nelson is the one that the junior Admirals or newly selected Admirals come to for advice, counsel and guidance. The balance and perspective he has brought to policy decisions will be a real challenge for his successor to replace.

He's a true sailor. Because of his own sea service (including combat action during Vietnam and long polar deployments), he can relate to the hardships and difficulties that the young men and women experience today going to sea. This has served him well in solving the problems of today and planning the future of the Coast Guard.

And so, I know I join hundreds of friends in wishing Bob Nelson all the very best in his new life and in expressing our best wishes to Pat as she looks forward to a new and more relaxed lifestyle. Bob, on behalf of the Secretary of Transportation, the President of the United States and our fellow Americans, let me thank you for your outstanding service.

May you always enjoy fair winds and following seas.

It now gives me great pleasure to, in a more tangible manner, recognize the exceptional contributions of a dedicated career officer, and a true sailor, who has faithfully served his country for 36 years in times of peace and war ... Admiral Nelson will you please join me at the podium...

Captain Naccara, will you please read the citation.

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(You wait for Captain Naccara to read citation.  
Commander McClellan takes medal to you on stage.  
After presenting medal to Admiral Nelson, you take your  
seat.)



**REMARKS PREPARED FOR DELIVERY  
DEPUTY SECRETARY OF TRANSPORTATION  
MORTIMER L. DOWNEY**

**NATIONAL IVHS PROGRAM PLAN FORUM**

**ARLINGTON, VIRGINIA  
JUNE 24, 1994**

*(Introduction to be made by Tom Deen)*

I'd like to thank Tom Deen for that introduction and welcome all of you this morning. This meeting is important and I am glad you're here.

Linking the nation's transportation providers with the capabilities of our world-class technology industry holds tremendous promise for increasing both the efficiency of the transportation system and the international competitiveness of America's economy.

The Clinton Administration recognizes, and strongly supports both of these goals. Indeed, Secretary Peña has made accelerating technological advances one of his seven central goals for the entire Department of Transportation.

One of our most exciting efforts to translate American technological ingenuity into improvements in service and operations is IVHS, with its enormous promise for a more efficient, safer, and environmentally-sound transportation system.



Our challenge is to develop these systems in a way that helps us attain critical national goals.

Today's forum, and the others being held around the nation this month, will help us to better identify the kinds of user needs that can be met with intelligent transportation systems technology and applications.

That's because the heart of this opportunity is the user, the application and the benefit -- not the technology *per se*. That's why we need to hear from the users.

I want to thank Jim Constantino and IVHS America for agreeing to co-sponsor these forums, and encourage all of you to work with us to help develop a vision of how highway and public transportation operational problems should be addressed.

That's why I am pleased that we have so many representatives of local governments, universities, industry associations, small businesses and research organizations with us here today. We need your ideas and thoughts on how we can create effective partnerships to realize the potential of IVHS by applying its promise to real-life problems.

As you know, the Federal government's role in IVHS is primarily one of providing leadership and some of the funding for research and development, system architecture development, and for operational testing and analyses.



**State and local governments and private industry must make the investment decisions that determine whether their federal-aid funds and their own funds should go to deploying IVHS products and projects.**

**And that is the way it should be, since local governments and businesses know the transportation needs and priorities of their communities firsthand. But that also raises the question of the ultimate customer -- the American public -- as travellers and shippers -- and the issue of how we get closer to their needs.**

**As we guide our surface transportation systems into the next century we must skillfully develop IVHS technologies to optimize the utility of our existing infrastructure.**

**Given both budgetary and environmental restraints, the option of simply building our way out of our transportation problems is no real option at all.**

**IVHS offers us the best prospects for finding solutions to our transportation problems -- not only by improving the efficiency, safety and environmental quality of our highways -- but by seamlessly integrating them with transit, rail and other modes of transportation.**

**That is why such a range of modal administrations within the DOT, including FHWA and its Motor Carriers Office, FTA and NHTSA are all working together -- intermodally -- to find ways to deploy IVHS technologies that can serve as models for the nation.**

**But our interest in IVHS as a means to rationalize transportation investment will only be as successful as the applications we choose are in meeting user needs.**

**Indeed, our most important goal -- and a vital reason for today's forum -- is to ensure that IVHS applications meet real customer needs.**

**We need your expertise, experience -- and your imaginations -- to help determine those needs and find creative ways for IVHS to satisfy them.**

**Let me encourage frank comment and even criticism from anyone here today on any aspect of IVHS technology and the IVHS National Program Plan.**

**And as I sit back to listen, let me once again thank all of you for coming.**

**#####**



**REMARKS PREPARED FOR DELIVERY  
U.S. DEPUTY SECRETARY OF TRANSPORTATION  
MORTIMER DOWNEY  
CENTRAL AND EASTERN EUROPEAN HIGHWAY MARKET  
CONFERENCE  
BUDAPAST, HUNGARY  
JUNE 28, 1994**

*Introduction*

**I want to thank Ken Rezendes for that very generous introduction. And I would also like to say how very pleased I am to see so many representatives from Central and Eastern Europe at this conference.**

**Let me also say that I am personally honored to meet with you, because I know that all fourteen nations here today are engaged in a truly historic task of re-thinking and re-creating your societies and your economies.**

**It is a difficult, demanding, often frustrating process. Its course will not always be smooth. But it is worth every ounce of energy that this generation of Central and Eastern European leaders can muster.**

**The people of the United States want you to succeed. We are ready to lend assistance, to roll up our sleeves and join your work of building a better future, and to share our technologies and skills in ways that will benefit all of us.**



**So while we discuss highways and bridges, modes of transportation, infrastructure investments and many other technical and financial issues here today -- let us remember that we are also talking about building the foundations for new free societies -- societies that can keep their peoples' hope alive and deliver to them, in time, the prosperity they deserve as the reward of freedom.**

***The Central Role of Infrastructure Investment***

**One of the pleasures of talking to such a distinguished group of experts is that we all, presumably, share a common view that investment in transportation infrastructure is vital to any nation's economic health.**

**Something else I'm sure we have in common is that we all spend a fair amount of our energy in convincing our colleagues in government that even when we must live with tight budgets, it makes sense to continue to invest in transportation and the infrastructure. I'm sure that America's Office of Management and Budget is just as tight-fisted as any of your Ministries of Finance.**

**But the truth is, we're right about investment. Because transportation has become even more vital with the emergence of a truly global economy over the last generation. Today, the increasing mobility of resources across the world economy poses significant challenges to all nations.**

**As President Clinton's old friend, now Secretary of Labor, Robert Reich, pointed out in his book, *The Work of Nations*, we are all faced with a world where capital, technical knowledge, product designs and even factories themselves move easily among nations.**

**Only two sets of assets are fixed within any nation's borders: that nation's own people and its basic infrastructure.**

**President Clinton understands the importance of these two key assets to the economic future of the United States. That is why his programs center so clearly on increased investment in our people and our infrastructure.**

**He is undertaking a broad range of programs to invest in the American people. What economists might call "human capital investments," President Clinton calls "putting people first."**

**He is seeking greater educational and job training opportunities, welfare reform, and health care reform not only because these goals are worthwhile in themselves, but because these reforms will increase the skills, the sense of security, and the motivation of the American people -- and their ability to compete in a global economy.**

**But at the same time, the President has also proposed extensive new investment in America's physical capital -- our roads, our mass transit systems, our railroads, our airports, and our communications systems -- the new "information highways" of the future.**

**He understands that effective, efficient systems to move people, goods, and information are essential to improving the overall productivity of any nation's economy and its linkage to the world's markets**

**I'm sure that all of us here today would agree with that idea, but let me illustrate the broad gains that transportation investments produce with a single, striking example from home.**

**That is the way the availability of an extensive, efficient, flexible highway system has enabled American industry over the past decade or more to successfully introduce -- and I believe, improve upon -- the "just-in-time" manufacturing techniques learned from the Japanese.**

**In effect, American manufacturers have turned the stream of containers moving by truck and rail to the point of production into "warehouses on wheels." More than a quarter of American manufacturers are now applying J-I-T production methods. That has enabled them to save many billions of dollars a year in storage and other inventory costs while increasing productivity and flexibility in a consumer-driven manufacturing process.**

**This sort of society-wide "return" that highways and other transportation investments make possible is difficult to quantify -- but it is clearly substantial -- well worth doing.**

**Similiarly, while it is impossible to define some absolutely "correct" quantity of investment in transportation infrastructure, virtually all economists and businesspeople agree that a sound, well-maintained infrastructure is essential to sustained economic growth.**

**Competitive nations all over the world understand the link between transportation investment and long-term economic growth. Asian governments will spend upwards of \$1 *trillion* on infrastructure in coming years. Western European governments are spending even more on a multi-year, high-speed interregional transportation network of railroads and highways.**

**In the United States, too, where the vast bulk of our highway system has reached a stage of full maturity, we are nevertheless seriously increasing investment in our transportation infrastructure. Indeed, 71% of our proposed 1995 budget at the Department of Transportation is devoted to infrastructure investments -- more than \$28 billion worth, the most in our history.**



**This worldwide movement to create modern, efficient highways, ports, airports, railways -- and efficient, intermodal links between them -- presents each of you -- and every other nation on earth -- with a simple choice: consistently improve your transportation system or fall behind.**

**In transportation, as in riding a bicycle, the basic rule is that there is no standing still.**

**In fact, any nation that wants to foster industrial and commercial investment -- whether from domestic or global enterprises -- must provide the modern transportation links such enterprises need -- and increasingly demand.**

**It is this imperative that makes the ambitious highway proposals under consideration in your region are so necessary -- and so promising.**

**If these highways are well-designed, adequately financed, and linked effectively to rail terminals, to ports, to airports and to each other, then they will sustain economic development in Central and Eastern Europe well into the next century -- much as the Interstate Highway System, begun in the 1950's, has done for America.**

**These new highways will integrate national economies with each other from Bulgaria to Estonia, deepen the ties between peoples -- and better link all the nations of Central and Eastern Europe to world markets.**

**These cross-border linkages are very important -- something we Americans are learning as our continent's economy -- the U.S., Canada and Mexico -- becomes more closely integrated through the North American Free Trade Agreement.**

**The U.S. Department of Transportation has informally participated in meetings to assess Central and East European highway programs. Our participation stems from the United States' membership in the World Bank, the European Bank for Reconstruction and Development and many other multilateral bodies.**

**Together with the traditional trade development agencies of the American government -- such as our co-sponsor for this conference, the Trade and Development Agency, the Agency for International Development, and the Export-Import Bank -- our Department of Transportation is lending its technical expertise to support sustained development in Eastern and Central Europe and to strengthen trade ties between this region and the United States.**

**We have been a strong supporter of funding for highway and other transportation proposals and we expect to play an important role in the future through numerous public and private channels.**

**I can assure you that we have a wealth of experience to share -- not only in planning and building roads and highways, but in financing them, maintaining them,**

*Forging Partnerships for Progress*

**And as we forge these partnerships to speed progress in Central and Eastern European transportation, we will be working with you both on the government level and, I would hope, through a vast array of private contractors, designers, engineers, builders and financiers who have built America's own highway system.**

**On the government level, our Department of Transportation, for example, is now deeply engaged in implementing the transportation provisions of the new North American Free Trade Agreement.**

**Our experts will be happy to share the growing body of experience that we and our Canadian and Mexican partners are gaining on methods and technologies to better plan border transportation systems, to coordinate customs procedures between very different nations, to keep trade flows moving, to minimize bottlenecks and so to mesh national transportation systems into smoothly coordinated units.**

**We may also have much to share and much to learn in the area of fostering partnerships between the state and private businesses for the construction and operation of a host of transportation facilities.**

**For example, we too are increasingly seeking ways to mobilize private capital to supplement public investment in such facilities as toll roads.**

**Indeed, we are convinced that some fully-private facilities will have a prominent place in the transportation systems of the future -- provided, of course, that they are well integrated with the strategic needs of the national economy as a whole.**

**Our experience is that the involvement of private, profit-driven investors can offer not only a source of construction capital -- on toll roads, for example -- but also the continued discipline of business-driven efficiencies through the life of a project.**

**The precise mix of public investment, public-private mixed investment and wholly private ventures in transportation is not, for us, an issue driven by ideology or economic theory. It is, instead, an unending series of practical questions to be resolved case-by-case.**

**We do, however, believe that government does have a central responsibility to assess and plan for overall national transportation needs. Government must also establish the framework of rules and incentives within which a richly varied mix of public and private transportation investments can flourish.**

*The Private Sector's Role*

**But the advice and assistance that our government can offer you frankly pales before the rich variety and experience of the American private sector.**



**The American Road and Transportation Builders Association, one of the hosts of today's conference, represents more than 4,000 private firms engaged in transportation planning, construction, equipment, maintenance and finance -- with experience not only on roads and highways, but in the creation of the intermodal links that bring added value and efficiency to road networks.**

**We have representatives of a broad spectrum of such firms here today. I hope many of you will seize the occasion to make contacts that lead to mutually beneficial business.**

**I should also tell you that there are numerous other American firms in every aspect of the the road-and-highway industry that were not able to send representatives here today.**

**You can get in touch with such firms either through the good offices of ARTBA or through some three dozen other road-related industry associations in the United States.**

**Collectively, the thousands of private firms engaged in the American road and highway industry form an extraordinarily rich mix of experience and practical expertise on everything from grading equipment to electronically-operated monitors used for "gateless" toll collection.**

**They are ready, willing and eager to be your partners -- and they are also prepared to compete for contracts with any companies on earth.**

**The Department of Transportation stands alongside America's private industry to help you identify and make contact with American highway firms that have precisely the skills, products and competitive prices you need to make the maximum positive impact from your infrastructure investments.**

**This conference provides an important opportunity for us to get to know more about each other -- for you to assess our companies' abilities and for us to learn about the transportation needs of Eastern and Central Europe.**

**I am sure that there will be a fruitful interchange, but I know that this is only the beginning.**

**The challenge of building world-class highways throughout Central and Eastern Europe and linking them seamlessly to rail lines, ports and airports, urban transit, and waterways will surely demand a steady, continuous effort for a full generation or more.**

**There are vast physical and financial obstacles to overcome.**

**But I am sure that your nations' determination will match your peoples' needs.**

**I am also sure that my government and American industry will lend a hand.**

**Together, we will lay the foundation for a new prosperity in Central and Eastern Europe, securing democracy and honoring the great sacrifices that your peoples have made in their long, victorious struggles to be free.**

**Again, I feel honored to be with you, and I thank you very much for your interest.**

**# # # # #**