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REMARKS PREPARED FOR DELIVERY
DEPUTY SECRETARY OF TRANSPORTATION MORTIMER DOWNEY
NATIONAL TRANSPORTATION SYSTEM
PERFORMANCE MEASUREMENT CONFERENCE
WASHINGTON, D.C.
NOVEMBER 1, 1995

(Introduction to be made by Janno Lieber)

Thank you, Janno, for that introduction. I'd like to welcome all of you to what should be a valuable conference -- one that will help us further define the National Transportation System as a tool in our effort to make transportation investment decision-making a more rational process.

We've been working on the NTS since Secretary Peña first unveiled the concept two years ago. Then, as now, we saw it as serving several purposes.

The NTS can provide information that government and business need to make sound investment decisions in an era when resources are limited and demands for greater mobility are not.

It can also focus us on results -- getting people and goods where they need to go -- rather than on process, and thus fulfill the vision set forth in ISTEA of a true intermodal transportation system that uses the best and most efficient mode for each purpose. This is what we mean when we speak of "performance partnerships."

Finally, a defined NTS with quantified measures of performance can help raise awareness among the broader public and the key decision-makers of the critical role that transportation plays in our world.

That can help to ensure that transportation can justify the public support needed to provide the mobility that the American people demand.

Although the NTS's purpose is substantially the same as it was when we first unveiled the concept, its substance has evolved as we've continued our conversation with you and others interested in the process.

Early on, some saw it as an effort to map the nation's current, high-volume transportation facilities -- perhaps as a way of defining and limiting the federal interest in transportation, although that certainly wasn't our view of it.

However, it quickly became clear that a simple map really wouldn't help us to meet the expectations we'd set for the NTS concept.

Instead, we realized that what we *really* needed was sound information about how our transportation system is functioning.

Now, that's not necessarily a popular view in Washington today, where there's a tendency to devalue data collection and

analysis in everything from the environment to public health and safety.

This know-nothing culture already is affecting transportation -- for example, in the efforts in the National Highway System bill to reduce the data collected on highway accidents and speeds, which would make it harder to identify the real impact of rolling back safety initiatives.

We also see the idea that knowledge isn't important in Congressional budget cuts that might jeopardize the collection of journey-to-work data in the next Census. These data, together with the National Passenger Transportation Survey, form the backbone of our travel statistics.

A House subcommittee challenged the need for the Census "long form" -- which includes these questions -- and that places them at risk in the current environment, even though the Census is clearly the most cost-effective way to get these critical data.

This culture hasn't spread too far yet, but that doesn't mean its future spread won't at some point threaten our ability to make sound decisions about the operation or development of our transportation system.

Let me be clear: we don't want the collection of vital data to be burdensome for the public, for business, or for other government agencies. We need to show that the benefits of this process substantially outweigh the costs.

That means we continually have to look at ways to collect data more cheaply and more efficiently. We've got to promote interagency cooperation to avoid redundant data reporting, and we have to streamline our existing systems. Doing that means working with you -- our partners.

The NTS is a major step in this process, and today's and tomorrow's deliberations are the next steps in the NTS's development.

You're going to be instrumental in its formation, and so I'd like to take a few minutes to give you some context to aid you in your work. I want to describe how we see the NTS -- how we see it developing -- and what we believe it will achieve.

We see the NTS as having four key uses. First, we see the NTS as a tool -- or, more properly, a set of tools -- that will allow us to measure, analyze, and report on the nation's transportation system as to how it contributes to achieving our economic, environmental, and social goals.

This isn't new, of course. We already do some of this through existing agencies -- such as the Bureau of Transportation Statistics -- and through existing media -- such as the updated *Transportation System Conditions and Performance Report* that the Secretary just released.

However, the NTS will allow us to do this in a more integrated and systematic fashion, focused on the key elements of the system, and in ways that will be even more effective.

Second, the NTS's scope will be national, but with some ability to sense multistate corridor and regional impacts on the national system -- something that's increasingly important as transportation problems take on a national, and even international, flavor.

Accordingly, we want the NTS's information collection and analysis capabilities to emphasize how all of the components of the system are performing from a *national* perspective.

I want to add that the NTS won't determine how the operational problems in our system should be resolved, nor will it be used as a way to allocate formula funds. As ISTEA makes clear, those decisions are best left to state and local governments.

The NTS, however, will help our nonfederal partners to better understand the regional and national impacts of their decisions, and to promote greater cooperation among states and localities to solve regional problems.

Third, the NTS will change how we view our transportation system. The functional counterpart to the national perspective is a total trip or shipment perspective -- that is, how well transportation serves door-to-door movements.

That's the way that transportation users -- shippers and travelers -- view the system. These users want seamless service with efficient connections, and if a mode -- or combination of modes -- can't provide it, they'll look elsewhere.

Fourth, the NTS will relate how the nation's transportation system is helping us to achieve the outcomes we're trying to achieve through transportation.

Apart from Saturday night cruising by teenagers and increasingly-rare Sunday afternoon drives by their parents, transportation is rarely undertaken for its own sake. It usually is meant to get people or products where they need to go, and the NTS can tell us how the system is doing in meeting these goals.

At the same time, transportation also has certain costs -- financial, environmental, human -- that we need to reduce. The NTS can measure these impacts, and tell us how well we're doing in controlling them.

Evaluating these macro issues isn't going to be easy. It's going to require time, resources, and commitment by a broad cross-section of interests. However, it's something we need to do.

There currently is no national ability to look systematically or comprehensively at transportation, something that's shocking when you realize that this industry generates a sixth of our Gross

Domestic Product and affects every American's life in very direct ways.

Getting a clearer picture of the national system's functioning will make transportation planning and decision-making at all levels better informed.

Although we have far to go, these benefits aren't necessarily far in the future: information and communications technologies are evolving so rapidly that we may be able to reap the benefits of the NTS quite soon.

And the sooner we begin the NTS process, the sooner we'll see its benefits. We need your help to do so, and over the next two days we're asking you to assist us with an ambitious undertaking: the conception and implementation of performance measures, the backbone of the entire NTS.

With your insights, your knowledge, and your collective experience, we believe that performance measurement in the context of the NTS concept will help us all to do our jobs better, and to better serve our customers: the shipping and traveling public. Thank you.

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TALKING POINTS
DEPUTY SECRETARY OF TRANSPORTATION MORTIMER DOWNEY
INTRODUCTION OF PROFESSOR MARVIN L. MANHEIM
AT BTS SEMINAR SERIES
WASHINGTON, D.C.
NOVEMBER 7, 1995

* I'm pleased to have this opportunity to introduce my colleague Marvin Manheim. I wouldn't want to acknowledge how long I've known him, but I can say that it's been long enough for me to know that his reputation is well-deserved.

* That reputation is of a visionary whose ideas come from practical experience. He's the Patterson Distinguished Professor of Transportation at Northwestern's Kellogg School -- among other academic affiliations, including many years at MIT -- and also the Chairman of Cambridge Systematics, the consulting firm whose work has been helpful to many of your programs.

* Professor Manheim's interests over the years have woven together transportation policy and business management issues, using the evolving potential of information technology to create new capabilities for real-world decision-makers.

* His current research continues this focus, linking three distinct areas that have great relevance to those of us in the transportation community: strategic management, the use of information technology, and the evolving structures and processes of globally-competing organizations -- asking how businesses can compete more effectively by harnessing new technologies to meet their growing transportation and logistical needs.

* In particular, Professor Manheim plans to address issues directly affecting those of us at DOT. For example: how can national-level transportation planning and policy-making support American companies competing in the global marketplace? What approaches could be used to promote global transport logistics as a competitive strategy? What role can evolving information technologies play in this effort?

* These are questions that we've been pondering over the past couple of years, as we seek to open new markets for American business. Making the most of these new markets requires sound transportation and logistical links -- the types that Professor Manheim has been studying. I'm looking forward to hearing what he has to say, so let me close by introducing my friend Marvin Manheim.

# # # # #

U.S. Department of Transportation

TRANSPORTATION TRENDS

REMARKS AS PREPARED FOR DELIVERY
DEPUTY SECRETARY OF TRANSPORTATION MORTIMER DOWNEY
***RAILWAY AGE'S* PASSENGER TRAINS**
ON FREIGHT RAILROADS CONFERENCE
WASHINGTON, D.C.
NOVEMBER 7, 1995

Thank you, Bob, for that introduction -- and thank you for your efforts in hosting another valuable meeting that brings together people from every sector of the rail industry.

Railroading has a rich history in America, but of equal importance, a bright future. The Clinton Administration is committed to support for *all* forms of rail transportation -- freight, intercity passenger, and commuter service.

We believe that rail services should be a key part of a truly intermodal national transportation system -- the foundation of America's strategic investment decisions in transportation well into the next century.

Rail's place in this system is well-warranted by its contributions to so many critical goals. Efficient freight movement is essential for national economic growth. The intercity rail service provided by Amtrak is indispensable to the relief of congested airports and Interstate Highways. Commuter rail makes an important contribution to reducing local highway congestion and air pollution.

These are all key goals, and we support the growth in rail service required to achieve them.

That's because the promise of railroading's future -- for both freight and for passengers -- depends on sustaining and improving our commitment to all forms of rail transportation.

(More)

U.S. Department of Transportation
Office of the Secretary, Public Affairs
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The diverse ownership of trackage means that freight and passenger services are inextricably linked, and can in fact be real partners in achieving rail's total promise.

We can -- *and we must* -- accommodate *both* freight and passenger service, and this conference is an important step in that continuing effort.

I say "continuing" because this conference was not beginning of this process, nor is it the end. We've been establishing partnerships in every area of rail transportation -- from safety to liability to infrastructure development to financing.

These partnerships will help us to build on what we share in common, and to resolve differences, as we seek to fulfill our common vision of a rail industry that meets vital public goals and turns a profit for its shareholders. *These are not incompatible objectives.*

Today I want to talk about one part of this effort: how to pay for our infrastructure needs for passenger rail, especially those operating over freight tracks owned by private railroads.

Let me start with an overview of the traditional source of such funds, the federal budget. As many of you know, Congress recently passed a 1996 transportation appropriations bill. In an era of limited budgets, transportation has -- overall -- come out relatively unscathed. In some areas, such as air traffic control, we would actually get more funding and greater flexibility in our operations.

However, the bill's impact on passenger rail is mixed. On one hand, those who wanted to zero out funding for transit and AMTRAK have been blocked. On the other, the bill has some real cuts from last year's program levels.

The bill cuts the overall transit program by more than $500 million from 1995 levels, and commuter rail will be among the activities affected by that.

AMTRAK funding would be set at $635 million, down from $794 million this past year, although capital funding would be down proportionately less -- $230 million *versus* the $251.5 million appropriated in '95. Funding for the Northeast Corridor Improvement Program will be $115 million, down from $200 million in FY '95.

The National Highway System bill that's making its way through Congress now could serve as the vehicle for greater flexibility in how states use their federal funds, although the signs are not favorable that this will be the outcome. The Senate bill proposes to allow states

to use these funds to support AMTRAK, although the House version doesn't. We're now awaiting the decision of the conference committee.

Finally, the appropriations bill calls for continuing our research and technology funding for the promising Next Generation High-Speed Rail program. The next step for us in our high-speed rail program is to complete the study mandated by ISTEA, the Intermodal Surface Transportation Efficiency Act, which is the enabling legislation for federal highway and transit programs. We hope to finish this study later this year, so that we can answer questions about the feasibility of operating these services over existing rail lines.

We're now preparing our 1997 budget request, and I hope that we can work with Congress to create resources so that America's passenger railroads can do their jobs.

Whatever the outcome for 1997, the nation's rail operators need to work within the realities of this year's budget and an extended period of constraint while the nation puts its fiscal house in order. How to do that will be the subject of my remarks today.

Because the subject of AMTRAK capital funding doesn't directly affect most rail operators, I'm going to focus these remarks on commuter rail.

Clearly, to be successful, commuter carriers must look for strategies that expand their share of the public funds currently available for transportation. I recognize that, in a time of budget constraints at every level of government, this might not seem a very promising approach, but let's look at the bright side.

For instance, the highway obligations ceiling is increased in this year's federal budget, and ISTEA gives states and MPOs tremendous flexibility in how they use those funds -- especially the STP and CMAQ funds that had been held back in earlier years of ISTEA.

State and local officials make those funding decisions, of course, and those of us at the federal level can't -- and shouldn't -- dictate them. *However*, we encourage states and MPOs to use the flexibility available to them to meet their rail transportation needs, and we'll do everything we can to help such choices become realities.

In addition to these ideas, we should be looking beyond public investment to a partnership with the private sector. The greater investment that this path promises is crucial if we're going to have the rail infrastructure we need.

We took a first big step towards this in January, when President Clinton and Secretary Peña announced the Partnership for Transportation Investment, also known as innovative financing.

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Innovative financing is our umbrella term to cover a wide range of financial strategies. It stems from provisions in ISTEA that allow us to experiment with different ways of financing capital projects. That's critical to success, because our current system of paying for projects only through grant reimbursements is outdated.

A process that worked adequately a generation ago when the federal government had enough money for infrastructure is simply too rigid and inflexible for the cash-short 1990s. In addition to adding red tape that slows projects and increases costs, our current grant system makes it incredibly difficult for states and localities to involve private investors.

The innovative financing program allows us to waive those existing restrictions or requirements in many cases, and give local decision-makers greater flexibility and authority, principles that we in fact expect to bring to all of our funding programs.

We've already had tangible successes. To date, we've approved more than 60 projects using innovative financing. If they're all built, their construction value could reach $5 billion.

While the bulk of these projects involve partnerships with the FHWA, the FTA and FRA are also represented in these early successes.

In Chicago, the FTA recently helped that city's transit authority save between $35 and $40 million through what's called a Pickle Lease. That lets the Chicago Transit Authority sell 800 new and rebuilt railcars to private investors, and then lease them back -- allowing the CTA to realize a benefit of between $35 and $40 million over the life of this arrangement.

The FRA worked with the State of Ohio, Norfolk Southern, and CSX to add a third track in Cincinnati, greatly reducing rail congestion and air pollution both on the rails and on nearby highways. Norfolk Southern will provide the upfront money for this project, including the federal share, and be reimbursed over time through the state.

The FRA also has helped to create a $35 million intermodal facility in Stark County, Ohio, that will serve as an interchange between rail and highway -- increasing freight capacity and reducing truck traffic through air quality nonattainment areas. Truck off-loading fees will serve as the functional equivalent of tolls, qualifying the project for loans under ISTEA. The loans will be paid off through a special fee assessed on trucks using the facility, enabling the state to establish a revolving fund for future transportation projects.

These projects characterize our early efforts, which focus on two major approaches to financing projects. First, building more with fewer dollars using leveraging tools. These tools make more funds available to transportation agencies. That means strategies such as flexible matches, which let the private sector provide the match for federal grants in lieu of the state.

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It also includes extensive use of bond financing, taking advantage of federal funding as an indirect source of support.

The second strategy is to get projects underway faster through enhanced cash flow tools. These tools are intended to make federal funds available to states sooner, and to allow federal and non-federal funds to work in a more complementary fashion.

As a result of these tools, innovative financing projects will generally start construction an average of two years earlier than they would have under conventional financing. That's critical, because it means we'll see reduced congestion, better passenger service, and faster freight shipping -- with the consequent economic benefits -- years sooner.

We'll also save the taxpayers money, because earlier construction will lower total costs by avoiding inflation and by reducing the interest burden on loans or bonds. These alone could produce savings of about 15 percent annually.

A concerted effort to develop similar techniques for our commuter rail agenda can help transit operators and freight railroads to make the improvements needed to move both passengers and freight safely and efficiently.

It's clear from all of this that we're on the right track. The question is not *whether* we should continue innovative financing, but *how* we can continue to do so. Much of our authority under ISTEA is for experimentation, with projects being approved under temporary research authority. That means we need to secure authority from Congress if we want innovative financing to become a permanent tool.

That's the next step, and we're working with Congress to make it happen. The NHS bill includes a series of improvements to the ISTEA legislation that will enable us to make these experimental ideas permanent.

The innovative financing concepts that the NHS bill would enshrine in law are only the beginning for us. We're exploring other avenues as well, including several that go so far beyond ISTEA that relatively simple technical changes won't be sufficient to make them a reality.

One that already has some momentum in Congress is the state infrastructure bank, or SIB -- the product of a multi-departmental Clinton Administration effort.

SIBs, like innovative financing, are an umbrella concept that offer states a mechanism to use a variety of tools, such as revolving loan funds, contingent lines of credit to attract private capital, and low-cost pre-construction capital for privately-developed projects. They

would be created and operated by the states using federal seed money, and would focus expressly on leveraging private and other public capital dollars.

We included SIBs in the DOT fiscal 1996 budget that we submitted to Congress last February, and a similar proposal was included in the Senate's transportation appropriations bill -- and we hope that it will be revived in the final NHS agreement.

The Senate version gives states the option of applying up to 10 percent of their regular allocation of funds to SIBs. It also leans to making this a limited, 10-state pilot program, and to providing some incentive funding to participants. We hope that we can work with Congress in the next few weeks to develop a SIB model that meets the needs of the states.

Something else we're exploring is the application of credit reform to project guarantees. The Credit Reform Act of 1990 standardized the rules for how the federal government counts guarantees of project loans against the budget.

In the past, some federal agencies, such as Energy, charged the budget with the entire loan exposure. Others, such as the Department of Housing and Urban Development, assumed no exposure. Neither approach was realistic: one estimated too much, and unnecessarily reduced the funds available to make loans. The other charged too little, or nothing, and risked being unable to cover losses.

Now, the basis to be used is the actual risk associated with default, as calculated using standard actuarial principles. We want to bring this concept to supporting privately-developed transportation infrastructure.

Special legislation has allowed us to do one project in this manner, supporting a public-private toll road in California. There was concern among prospective lenders that use of the road wouldn't generate enough revenue to pay off the debt service during the first years. In order to provide the necessary security, we made available to the developers a $120 million line of credit, counted against our budget as $8 million. This line of credit supported the developers in borrowing $1.3 billion in construction loans. In short, our $8 million secured $1.3 billion.

That's the type of impact we can have by cooperating with the private sector. I can see this same principle being applied to providing additional rail capacity that allows new or expanded passenger operations over freight rights-of-way.

Although we're still exploring the viability of credit reform as a transportation project funding strategy, we may have a proposal ready as early as next year.

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We in DOT look to use this innovation and cooperation with other levels of government and the private sector to help meet our national transportation infrastructure needs.

Rail is especially promising, because both public passenger and private freight carriers have much to gain. There's real potential here for partnership between the public and private sectors.

Indeed, we have with us Paul Marx of the FTA. He'll be available to meet with you. Paul, could you stand up? I hope you'll take advantage of Paul's presence to find out more about the opportunities available through innovative financing.

We want you to take advantage of these new tools, because the Clinton Administration views state and local governments and the private sector as full partners in the effort to build the rail lines, the highways, and the airports that will carry us forward into the next century.

It's an approach that's implicit in the Vice President's National Performance Review, which emphasizes the need for better planning and the use of market incentives as we reinvent government to work better and cost less.

This is neither an abdication of public responsibility nor an ideological statement about government's value, but simply a recognition that the federal government can achieve better results through partnerships.

We'll answer the challenge of meeting national infrastructure needs by expanding the spectrum of available resources and offering opportunities for creative involvement by new parties. We hope that other levels of government and the private sector will join with us in this historic -- and vital -- effort. Thank you.

# # # # #

(In his remarks the Deputy Secretary referred to Bob DeMarco, Publisher of Railway Age.*)*

Draft

RESOLUTION:

Proposed National Surface Transportation Goal for Intelligent Transportation Systems (ITS)

Working Draft - November 9, 1995

The Board of Directors of ITS America, in cooperation with the U.S. Department of Transportation, has initiated development of a national goal for immediate deployment of intelligent transportation systems in the United States. ITS America seeks comments, support, and endorsement of this proposed resolution and goal from organizations interested in surface transportation.

WHEREAS: A vast domestic market and a new high technology industry is moving American surface transportation into the information age to better serve consumers.

WHEREAS: Intelligent Transportation Systems are being developed to enhance:

- travel and transportation
- travel demand management
- public transportation operations
- electronic payment
- freight management
- commercial vehicle operations
- emergency management
- advanced vehicle control and safety

WHEREAS: Deployment of viable Intelligent Transportation Systems in the United States can:

- increase safety for transportation users
- improve mobility
- reduce congestion
- facilitate interstate commerce
- generate jobs
- improve international competitiveness
- provide environmental protection
- conserve energy

WHEREAS: ITS is a cost effective means of increasing the utilization of our transportation systems in response to increasing demand.

WHEREAS: The transportation technology revolution will require a broad array of independent, yet coordinated actions for a sustained period in both the public and private sectors -- nothing less than a national commitment of our nation's most creative and capable energies.

Draft
Attachment I
Opportunities for Early Deployment in Support of the Proposed National Surface Transportation Goal for Intelligent Transportation Systems (ITS)

ITS America, in cooperation with the U.S. Department of Transportation, proposes a national goal for immediate deployment of intelligent transportation systems in the United States:

To complete deployment of basic ITS services for consumers of passenger and freight transportation across the nation by 2001.

Three basic elements are ready for wide-spread deployment:

- Services Related to Travel Information and Transportation Management
- Services Related to Intermodal Freight including Commercial Vehicle Operations
- In-vehicle and Personal Information Products in the Consumer and Commercial Marketplace

Other ITS technology applications are being developed and will be added to this listing as they are ready for deployment in urban and rural areas.

Services Related to Travel Information & Transportation Management

The safe, efficient and convenient movement of people and goods will be enhanced as the public and private sectors work together to create seamless, intermodal, interjurisdictional intelligent transportation systems by:

- Providing accurate, reliable and up-to-the-minute information on travel conditions and choices that will become indispensable in deciding whether, where, when, and how to travel;
- Managing freeways to include area-wide, real-time monitoring, metering control, variable message signing, and information distribution;
- Providing and operating regionally integrated, responsive traffic control systems;
- Improving safety and traffic flow on roadways by rapid detection and response to and clearing of incidents by police, fire, and emergency service and traffic control authorities;
- Improving response time for police, fire, and medical services due to advanced emergency notification from vehicles and travelers and through fleet management, route guidance and signal preemption for emergency vehicles.
- Managing transit systems with automatic vehicle location and other technologies that improve on-time performance, operating efficiency, and passenger safety; and
- Collecting tolls, fares and fees using compatible electronic technologies that eliminate delay and inconvenience.

The integration of these ITS services in major metropolitan areas constitutes the ITS Core Infrastructure initiative of the U.S. Department of Transportation.

Draft

Attachment II

Actions Needed to Support Early Deployment of Intelligent Transportation Systems (ITS)

ITS America, in cooperation with the U.S. Department of Transportation, proposes a national goal for immediate deployment of intelligent transportation systems in the United States:

To complete deployment of basic ITS services for consumers of passenger and freight transportation across the nation by 2001.

To achieve the National Goal, a broad array of independent yet informed and coordinated decisions and actions must be undertaken by a multitude of public agencies, private firms, and interested parties to achieve the national ITS goal. Deployment will be accelerated by:

- Conducting model deployments. Benefits multiply at increasing rates as more ITS services are added. A small number of comprehensive model deployments should be initiated within two years to demonstrate the benefits of regionally integrated ITS services in metropolitan areas and commercial vehicle services and CVISN pilots in a few regional platforms.
- Developing institutional capabilities to eliminate constraints, overcome barriers and enable deployment;
- Empowering champions and partnerships;
- Accepting the national ITS system architecture and implementing key standards and protocols;
- Disseminating costs, benefits, and methodologies to inform and influence resource allocation decisions across all sectors and levels;
- Funding inducements for public and private initiatives, including public/private partnerships;
- Articulating effective deployment funding mechanisms and strategies;
- Facilitating effective mechanisms for coordination and information sharing among agencies and jurisdictions;
- Instituting effective programs of education and training in primary, secondary, advanced, professional, technical, and continuing contexts.
- Integrating in-vehicle technologies within the framework of the Automated Highway System;
- Involving stake holders and interested members of the public throughout the processes of planning for and decision making about local, state, and regional ITS deployment technologies and options;
- Integrating ITS deployment with state and local growth management and transportation system development policies and processes;
- Coupling ITS deployment with appropriate transportation demand management (TDM) and transportation system management (TSM) strategies;
- Assuring that ITS deployment accounts for the potential social equity concerns of both the driving and non-driving public;
- Addressing the public's concern for maintaining privacy while deriving maximum benefit from the enhanced information management potential of ITS systems.
- Conducting a nationally coordinated public information program to better define and communicate the benefits of ITS.
- Making use of existing or emerging telecommunications systems.
- Identifying and obtaining necessary and suitable radio frequency spectrum.

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FINAL

TALKING POINTS
DEPUTY SECRETARY OF TRANSPORTATION MORTIMER DOWNEY
MEETING OF THE NATIONAL WORKING GROUP
ON DEPLOYMENT OF ITS SERVICES
WASHINGTON, D.C.
NOVEMBER 9, 1995

* Good afternoon. I'm Mort Downey, Deputy Secretary of Transportation. I'd like to welcome all of you to this afternoon's meeting -- what could be the first step in a cooperative effort to make Intelligent Transportation Systems the next great advance in transportation -- the 21st century's equivalent in impact of the steamship, the airplane, or the automobile.

* All of us recognize that, in Washington, hyperbole is the predominate art form, but I really don't think it's an exaggeration to talk about ITS's potential in this way. The first generation of ITS services and products -- even though deployment is spotty and somewhat random -- are already producing tremendous savings and efficiencies and better customer service for travelers.

* We've got a booklet now that documents the success stories, and they *are* real. Look at Boston, where the SmarTraveler information system provides faster routes for its thousands of users every day...

  ...look at Baltimore, where automatic vehicle locators on buses have improved on-time performance by 23 percent...

...and look at Minneapolis, where a freeway control system has increased average rush hour speeds by 35 percent.

* These are just some of the earliest success stories. Scores of other systems are now being deployed by state, county, and local governments and -- yes -- by private entrepreneurs, who also know a good idea when they see it.

* At the federal level, we've taken a leadership role in ITS development, with support from the Congress -- a role that has us providing seed money and expertise, helping to create standards to ensure the compatibility that fosters entrepreneurial investment, and promoting technological development.

* In looking at where we can make a difference for the public, we've concluded that our focus should be on creating what we call the core infrastructure for ITS -- integrated communications and information systems serving a variety of public and private uses that could work separately, but that can work even better together -- much like the components of a stereo system.

* A core infrastructure will provide significant public benefits -- allowing more effective traffic management, providing real-time information on transit services and helping operations to run more smoothly, and reducing the time and staff needed to respond to emergencies.

* And -- like the man who was astonished to find out that he had been speaking in prose all his life -- the key

components of the core infrastructure are the things we've been buying all along, and will continue to buy -- traffic light controls, bus radios, bus dispatching systems, vehicle location systems, et cetera.

* This core infrastructure is deployable *now*, but it also lays the foundation for future generations of ITS -- applications including intermodal "smart cards," enhanced in-vehicle route guidance systems, intelligent cruise controls, and perhaps even fully-automated highways and transit systems.

* I want to emphasize that even the most advanced of these systems is in development *today*. Congress has mandated that we field a prototype of an automated highway test track by 1997 -- just two years from now.

* We've been pushing hard on ITS, but I think you'd all agree that there are limits to the federal role. We shouldn't dictate the decisions that are appropriately made by others.

* When it comes to actually deploying these systems, state, county, and local governments and private businesses must take the lead, and we think that this deployment will make sense as a priority investment -- not a new federal mandate.

* That's why we've suggested today's get-together. You -- and your respective constituencies -- have a stake, as do we, in ensuring safe and efficient transportation. At the same time, you and we recognize that dollars are scarce while demands for investment are not. We believe that, in

ITS, we have a real answer to the challenges we face in an era of limited resources and growing travel demand.

* We would therefore like to invite you to join with us in developing a strategy to advance ITS deployment, and especially the core infrastructure -- the traveler information and travel management services that are already available.

* Secretary Peña is prepared to get behind such a strategy, with a kickoff at TRB in January -- not a campaign to do new things, but to continue the things we are already doing, but doing them in a smart way that will bring about an integrated infrastructure.

* We'd like your help in shaping that effort, and your partnership in launching it. We think that this level of attention can really capture the public imagination, much as the "Information Superhighway" has done.

* The benefits that ITS can bring to commuters, businesses, and communities alike are real ones -- things that they will be asking government agencies and elected officials to put in place.

* Over the next two months, we want you to help guide the development of this educational and informational initiative... to create a national partnership, whose members would participate with the Secretary in the kick-off at TRB... and to shape a mission for the partnership that sustains ITS implementation which meets the needs of a broad national constituency.

* These new technologies are going to be part of America's transportation mainstream, and we can make it happen *now*. We think that this will be a positive process -- one that will let all of us better serve those who are our ultimate customers: the American people.

* I hope that you'll take this opportunity to participate in the working group, and I look forward to its ideas and recommendations. Now, I'd like to turn the platform over to Gary Euler of our ITS Joint Program Office.

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TALKING POINTS
DEPUTY SECRETARY OF TRANSPORTATION MORTIMER DOWNEY
RSPA EMPLOYEE RECOGNITION CEREMONY
WASHINGTON, D.C.
NOVEMBER 9, 1995

(Introduction to be made by Administrator Dave Sharma)

* I'm happy to join Administrator Sharma, Deputy Administrator Gutiérrez, and Associate Administrator McMurray today in honoring the RSPA employees who have worked so hard over the past years and who are so deserving of recognition.

* I take special pleasure in participating because I feel like a plank-holder in RSPA. For those of you who don't have the benefit of a Coast Guard background, the first crew who launch a new ship each are said to "own" a plank in its deck and are known as plank-holders.

* The same DOT reorganization that made me the first Assistant Secretary for Budget and Programs also made RSPA a DOT directorate. When I returned as Deputy Secretary in 1993, RSPA had finally achieved permanent status as one of the department's operating administrations. I don't mean to suggest that there's a cause-and-effect relationship here, but I *do* feel a special bond with you.

* During the years between, RSPA superbly fulfilled its growing responsibilities for transportation safety and for

research and development. I don't want to scare all of you who've been working so hard, but the truth is that those responsibilities are going to continue growing -- if not in number, then certainly in importance.

* In the future we're going to increase our emphasis on transportation safety and our focus on developing new technologies, as we look for ways to make travel more efficient and to mitigate its unwanted impacts like air pollution and energy waste.

* I'm sure that you'll meet the challenges posed by those increased responsibilities with the same dedication that you've shown in the past -- a dedication shown in RSPA's varied accomplishments, such as the Hazardous Materials Exchange, which recently won the Vice President's Hammer Award...

  ...this year's research and pipeline safety conferences, which are moving us forward in two of RSPA's primary areas of responsibility...

  ...the Office of Emergency Transportation's effective responses to disasters ranging from a dozen hurricanes to earthquakes to the Oklahoma City tragedy...

  ...and the consistent excellence of the Volpe Center, which has been cited not only for its leadership in science and

technology, but also as an model of customer service and responsiveness to the public.

* For these reasons -- and others which we'll hear about this morning -- the Secretary and I are proud of RSPA. We applaud your commitment to achievement and public service, and want you to know that your work is deeply appreciated. Thank you, and keep up the good work.

# # # # #

SUGGESTED PARTIAL REMARKS FOR MEETING OF NATIONAL ORGANIZATIONS

BACKGROUND:

The genesis of the coalition came about in June of 1995 during staff discussions on how to mainstream the concept of deploying an ITS "core infrastructure" into the decision making of state and local government. The purpose of the coalition would be to help develop a partnership between DOT and key groups that represent State, regional, and local government in order to help educate and inform a broad-base constituency. In addition, it is important that the message not be just one from DOT but from DOT and its partners.

In July, 1995 staff representatives with a significant interest in ensuring efficient and effective transportation for our metropolitan areas came to an informal meeting at DOT to hear Christine Johnson, Denny Judycki, and Larry Schulman present the concepts of the "core infrastructure" deployment and to give a perspective of how ITS deployment fits into the mainstream of their activities. In addition, there was a discussion of what the associations need in terms of ITS for information sharing with the membership they represent. Education and information (technology transfer) and in some cases the resources to present it were cited as critical needs. "If you can get us the information, we know best how to get it to our membership" was the theme often mentioned. The representatives agreed to continue to participate in informal meetings. However, longer term participation will require some formal request from DOT, FHWA and/or FTA.

Three more meeting were held during August, September, and October to brief them on the status of the "roll-out" and a brochure that is being developed. Two of the meetings were held in the Offices of ITS America. ITS America co-chaired the meeting with DOT and presented a draft goal statement as well as other legislative updates.

Purpose of Working Group:

- Create a partnership, whose members would participate with the Secretary at the ITS core infrastructure kickoff event,
- Provide guidance to DOT on the ITS core infrastructure "kickoff" event at working group meetings,
- Shape a mission for a national partnership which sustains the ITS deployment program activities designed to meet the education and information needs of a broad constituency and gain widespread acceptance on national ITS goals, and
- Guide the development of the ITS educational and informational campaign that supports the needs of associations constituencies, DOT, and ITS America.

TALKING POINTS:

Introduction

- Thank you for coming. We appreciate your support for the overall transportation program and especially the Intelligent Transportation program.

- Before we go further, I would like for everyone to introduce themselves.

- You have shown a significant interest in ensuring efficient and effective transportation for our metropolitan areas --to ensure mobility and safety- which helps create jobs promote productivity and to facilitate international competitiveness.

Core Infrastructure Concept

- The ITS core infrastructure defines a set of components which provide platform for deploying ITS traveler information and travel management in metropolitan areas. The components are as follows:

  Regional Multimodal Traveler information
  Traffic Signal Control
  Freeway Management
  Transit Management
  Incident Management
  Emergency Management Services
  Electronic Fare
  Electronic Toll Collection

- These components constitute today "state of the art" implementation of ITS and establish a platform for deployment of future ITS user services to both public and private sector entities.

- A number of these components are already in use in many metropolitan areas. By establishing flow of information between the departments that support them - police, fire, traffic, and transit- a new generation of integrated ITS capabilities is created to improve mobility, safety, facilitating more transportation choices, encouraging economic growth and maintaining our quality of life.

Purpose of this meeting:

- Shape a national partnership which sustains the ITS deployment program activities and is designed to meet the education and information needs of a broad constituency and gain widespread acceptance on national ITS goals

Building a Partnership

- A major goal within the Department of Transportation is the deployment of Intelligent Transportation Systems.

- We realize building more roads is not the solution to our growing transportation demand. The solution has to be better management of our existing transportation resources.

- Intelligent Transportation Systems components can be used to optimize the efficiency of those resources. Therefore, the focus must be on the deployment of Intelligent Transportation Services for traveler information and travel management in the metropolitan areas.

- You have shown a significant interest in ensuring efficient and effective transportation for our metropolitan areas --to ensure mobility and safety- which helps create jobs promote productivity and to facilitate international competitiveness.

- Because of this common interest, we would like you and your organizations to participate by helping shape and mobilize a nationwide effort to promote the deployment of these ITS services.

Conclusion of Introductory Remarks

Before we get into the details of how we can work together, I would like to invite others in he Department to explain the ITS program in more detail and describe some of our planned activities.

Draft

RESOLUTION:

Proposed National Surface Transportation Goal for Intelligent Transportation Systems (ITS)

Working Draft - November 9, 1995

The Board of Directors of ITS America, in cooperation with the U.S. Department of Transportation, has initiated development of a national goal for immediate deployment of intelligent transportation systems in the United States. ITS America seeks comments, support, and endorsement of this proposed resolution and goal from organizations interested in surface transportation.

WHEREAS: A vast domestic market and a new high technology industry is moving American surface transportation into the information age to better serve consumers.

WHEREAS: Intelligent Transportation Systems are being developed to enhance:

- travel and transportation
- travel demand management
- public transportation operations
- electronic payment
- freight management
- commercial vehicle operations
- emergency management
- advanced vehicle control and safety

WHEREAS: Deployment of viable Intelligent Transportation Systems in the United States can:

- increase safety for transportation users
- improve mobility
- reduce congestion
- facilitate interstate commerce
- generate jobs
- improve international competitiveness
- provide environmental protection
- conserve energy

WHEREAS: ITS is a cost effective means of increasing the utilization of our transportation systems in response to increasing demand.

WHEREAS: The transportation technology revolution will require a broad array of independent, yet coordinated actions for a sustained period in both the public and private sectors -- nothing less than a national commitment of our nation's most creative and capable energies.

WHEREAS: The U.S Department of Transportation and ITS America are committed to an aggressive partnership in support of Intelligent Transportation Systems.

THEREFORE BE IT RESOLVED: That the U.S. Department of Transportation and ITS America do hereby embrace the following National Goal for Intelligent Transportation Systems. We hereby further encourage the broadest possible support for this Goal among public leaders, the transportation industry and the general public.

GOAL:

To complete deployment of basic ITS services for consumers of passenger and freight transportation across the nation by 2001.

- **The private sector will develop and bring to market reliable and affordable Intelligent Transportation Systems.**

- **The public sector will deploy core Intelligent Transportation Systems to meet essential public needs, forming innovative partnerships with the private sector where appropriate.**

- **The Intelligent Transportation Systems developed and deployed will be integrated, inter-operable, and intermodal.**

Opportunities for early deployment are shown in Attachment 1 and actions needed to support early deployment are contained in Attachment 2.

Draft
Attachment I
Opportunities for Early Deployment in Support of the Proposed National Surface Transportation Goal for Intelligent Transportation Systems (ITS)

ITS America, in cooperation with the U.S. Department of Transportation, proposes a national goal for immediate deployment of intelligent transportation systems in the United States:

To complete deployment of basic ITS services for consumers of passenger and freight transportation across the nation by 2001.

Three basic elements are ready for wide-spread deployment:

- Services Related to Travel Information and Transportation Management
- Services Related to Intermodal Freight including Commercial Vehicle Operations
- In-vehicle and Personal Information Products in the Consumer and Commercial Marketplace

Other ITS technology applications are being developed and will be added to this listing as they are ready for deployment in urban and rural areas.

Services Related to Travel Information & Transportation Management

The safe, efficient and convenient movement of people and goods will be enhanced as the public and private sectors work together to create seamless, intermodal, interjurisdictional intelligent transportation systems by:

- Providing accurate, reliable and up-to-the-minute information on travel conditions and choices that will become indispensable in deciding whether, where, when, and how to travel;
- Managing freeways to include area-wide, real-time monitoring, metering control, variable message signing, and information distribution;
- Providing and operating regionally integrated, responsive traffic control systems;
- Improving safety and traffic flow on roadways by rapid detection and response to and clearing of incidents by police, fire, and emergency service and traffic control authorities;
- Improving response time for police, fire, and medical services due to advanced emergency notification from vehicles and travelers and through fleet management, route guidance and signal preemption for emergency vehicles.
- Managing transit systems with automatic vehicle location and other technologies that improve on-time performance, operating efficiency, and passenger safety; and
- Collecting tolls, fares and fees using compatible electronic technologies that eliminate delay and inconvenience.

The integration of these ITS services in major metropolitan areas constitutes the ITS Core Infrastructure initiative of the U.S. Department of Transportation.

Services Related to Intermodal Freight including Commercial Vehicle Operations

Improvements in safety, efficiency for both states and carriers, and the competitiveness of America's intermodal and international freight transportation system can be achieved by applying ITS technologies and services. This will result in more productive asset and cargo management by freight and passenger carriers, and more efficient exercise of public responsibilities for safety, environmental and economic regulation and fee collection. These technologies and services include:

- Improving highway safety by targeting unsafe carriers, vehicles and drivers through automated roadside safety inspections and on-board safety monitoring and by providing information on hazardous material cargo and countermeasures to emergency responders;
- Enhancing commercial vehicle productivity by automating the processes of acquiring credentials, reducing paperwork, minimizing the burden of necessary regulatory checks, and preclearing safe and legal national and international border movements;
- Using fleet management systems with real-time communications for vehicle location, dispatching, and tracking among commercial vehicle drivers, dispatchers, and intermodal transportation providers, thereby reducing delays and furnishing commercial drivers and dispatchers with real-time routing information; and
- Improving state administrative processes through institutional changes and development of a commercial vehicle information systems network (CVISN) that enables the exchange of timely information on commercial carriers, vehicles and drivers.

In-vehicle and Personal Information Products in the Consumer and Commercial Marketplace

Wide-spread deployment of ITS services will be accompanied by a variety of new products and services that will mean improved safety, personal security, and increased travel efficiency and convenience. Manufacture and marketing of these new products and devices will mean larger American markets and more jobs. In-vehicle and personal information products, many linked with other ITS services, will include:

- Navigation and route guidance systems that suggest the optimal route to a destination while accounting for current roadway conditions;
- Devices that communicate traveler information services, such as electronic yellow pages, intermodal connections and tourist information;
- Electronic toll and fee payment and clearance devices to eliminate delays;
- "Mayday" systems to quickly summon breakdown and emergency services;
- Adaptive cruise control to reduce driver stress;
- Collision warning systems which inform the driver that action is necessary to avoid a collision;
- Fleet and container identification, location and management systems to improve productivity, service quality, and security.

Draft

Attachment II

Actions Needed to Support Early Deployment of Intelligent Transportation Systems (ITS)

ITS America, in cooperation with the U.S. Department of Transportation, proposes a national goal for immediate deployment of intelligent transportation systems in the United States:

To complete deployment of basic ITS services for consumers of passenger and freight transportation across the nation by 2001.

To achieve the National Goal, a broad array of independent yet informed and coordinated decisions and actions must be undertaken by a multitude of public agencies, private firms, and interested parties to achieve the national ITS goal. Deployment will be accelerated by:

- Conducting model deployments. Benefits multiply at increasing rates as more ITS services are added. A small number of comprehensive model deployments should be initiated within two years to demonstrate the benefits of regionally integrated ITS services in metropolitan areas and commercial vehicle services and CVISN pilots in a few regional platforms.
- Developing institutional capabilities to eliminate constraints, overcome barriers and enable deployment;
- Empowering champions and partnerships;
- Accepting the national ITS system architecture and implementing key standards and protocols;
- Disseminating costs, benefits, and methodologies to inform and influence resource allocation decisions across all sectors and levels;
- Funding inducements for public and private initiatives, including public/private partnerships;
- Articulating effective deployment funding mechanisms and strategies;
- Facilitating effective mechanisms for coordination and information sharing among agencies and jurisdictions;
- Instituting effective programs of education and training in primary, secondary, advanced, professional, technical, and continuing contexts.
- Integrating in-vehicle technologies within the framework of the Automated Highway System;
- Involving stake holders and interested members of the public throughout the processes of planning for and decision making about local, state, and regional ITS deployment technologies and options;
- Integrating ITS deployment with state and local growth management and transportation system development policies and processes;
- Coupling ITS deployment with appropriate transportation demand management (TDM) and transportation system management (TSM) strategies;
- Assuring that ITS deployment accounts for the potential social equity concerns of both the driving and non-driving public;
- Addressing the public's concern for maintaining privacy while deriving maximum benefit from the enhanced information management potential of ITS systems.
- Conducting a nationally coordinated public information program to better define and communicate the benefits of ITS.
- Making use of existing or emerging telecommunications systems.
- Identifying and obtaining necessary and suitable radio frequency spectrum.

REMARKS AS PREPARED FOR DELIVERY
DEPUTY SECRETARY OF TRANSPORTATION MORTIMER DOWNEY
TRANSPORTATION RESEARCH BOARD PRESENTATION
TO THE NATIONAL RESEARCH COUNCIL GOVERNING BOARD
WASHINGTON, D.C.
NOVEMBER 14, 1995

I'd like to thank the NRC's governing board for inviting me to take part in the Transportation Research Board's annual presentation of its continuing core programs.

As Bob Skinner and Les Hoel have already noted, TRB has a long and productive record in the transportation field. TRB serves as a valuable resource for the entire transportation community.

Its knowledgeable staff and the hundreds of active volunteer committee members provide a vital communications link between the many different stakeholders who make up the community, including the federal government.

Since its creation 75 years ago, TRB's relationship with the federal government has been one of cooperation and partnership. Beginning with the Bureau of Public Roads, and continuing with its successors and the Department of Transportation itself, the HRB -- now TRB -- has been a vital partner to federal transportation agencies.

TRB provides an important forum that engages all levels of government, transportation providers, users, and researchers in a continuing dialogue and information exchange that contributes to continuing innovation in our field.

The Department of Transportation's partnership is broad in scope, most notably encompassing several world-class research programs administered by TRB.

Beginning in 1962, the National Cooperative Highway Research Program has conducted research in vital areas affecting the planning, design, construction, operation, and maintenance of the nation's roads.

This work has been done in close concert with the Federal Highway Administration and the American Association of State Highway and Transportation Officials, together with the state departments of transportation that AASHTO represents.

Since 1991, TRB has managed the Transit Cooperative Research Program, which undertakes research and other technical activities on mass transit issues.

This new program, modeled after its highway counterpart, brings together the Federal Transit Administration, the American Public Transit Association, and its members to encourage transit research in areas ranging from planning and policy to service configuration to equipment and operations.

In recent years we've come to recognize that technological breakthroughs represent our best hope for improved safety, efficiency, and environmental friendliness in our transportation system.

These innovations require extensive development, and TRB plays vital a role here as well. It administers the IDEA Program, an acronym for Innovations Deserving Exploratory Analysis.

This program exemplifies TRB's success in coordinating and stimulating advanced concepts such as the application of new information and communications technologies to transportation infrastructure...

...the deployment of new technologies to improve the operation and management of all transportation modes by integrating them into a seamless intermodal system...

...and the development of analytical tools and techniques to assess and mitigate transportation's impacts on our natural. environment.

TRB also has other notable activities which we fully participate in. For instance, over the past decade TRB has performed about 30 special policy studies at the request of DOT or Congress.

They include a 1984 study that showed the existing national speed limit saved two to four thousand lives annually, something we want to remember as some call for ending those limits...

...a study identifying potential markets for high-speed rail, in particular those corridors that could justify public aid to rail because of airport and highway congestion...

...and a pioneering analysis of aviation deregulation that called for corporatizing many of the FAA's activities -- much as the Clinton Administration has proposed.

These studies have been performed with the greatest competence and integrity, and both we and Congress have benefited from them.

TRB also manages the Transportation Research Information Service, which makes available to researchers throughout the nation a vast data base of publications and information produced by TRB and DOT.

Finally, TRB sponsors 180 multidisciplinary committees, which bring together transportation professionals to offer recommendations on everything from pavement technology to transportation's impact on urban form.

TRB serves many roles that would be difficult, if not impossible, for any other entity to replicate: that of information broker, facilitator, and coordinator of transportation research.

These roles will become increasingly important in the 21st century, as we rely more and more on knowledge and information to meet the challenges we face.

The federal government, as well as the broader transportation community, have benefited greatly from TRB's continuing contributions to our field.

Over the past three-quarters of a century TRB has demonstrated its ability to learn and to adapt to a changing environment as it seeks to meet the transportation profession's needs.

We applaud its excellence and its commitment, and look forward to continuing this productive relationship for many years to come. Thank you.

# # # # #

REMARKS PREPARED FOR DELIVERY
DEPUTY SECRETARY OF TRANSPORTATION MORTIMER DOWNEY
NATIONAL QUALITY INITIATIVE SEMINAR:
PARTNERSHIPS FOR QUALITY: INITIATIVES IN ACTION
ALEXANDRIA, VIRGINIA
NOVEMBER 14, 1995

I'm pleased to be here today to join so many committed transportation professionals at a meeting that's so important to our future.[1]

The work you're doing to implement the National Quality Initiative is critical to the continued excellence of essential programs.

It's that significance -- the importance of what we do -- that makes me feel fortunate to be a part of this profession.

Transportation is at the center of things. The work we do, the decisions we make, and the projects we design and build directly affect the lives of those we serve in so many ways.

Transportation is inextricably linked to much that is worthwhile in our lives: our families, our friends, our work, our leisure -- everything that makes life satisfying. It allows us to

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[1] The audience will be comprised of FHWA field and headquarters staff, state DOT staff, and representatives of private construction and transportation firms. I have attached a partial attendance list provided by FHWA.

expand our horizons in so many ways, and to connect our lives with others in more than just a literal sense.

Without our modern transportation system and its counterpart, the communications system -- which transports ideas and images to complement the movement of people and products -- our lives would be as limited as those of medieval villagers.

Most of that progress has come in a period scarcely longer than a human life-span. The past hundred years have seen the development of the best and most diverse transportation system the world has ever seen.

Four million miles of roads, thousands upon thousands of miles of railways and waterways, hundreds of airports -- it's a system that powers our economy, and that contributes one in every six dollars to that economy.

Much of this system is substantially in place. Many of you here today contributed to it, especially to the most significant public works project this nation has ever seen: the Interstate Highways.

The Interstate has generated much of the vitality that has driven this nation's prosperity. It has, in a very real sense, defined our economic destiny over the last half of this century, and will continue to do so into the future as far as we can see.

We've much to be proud of. And yet, there's so much more to do.

We need to continue improving our transportation system, maintaining it and expanding it where necessary.

We have to develop the intermodal connections that can increase efficiency and make the best use of each mode.

We must work tirelessly to increase safety and to mitigate such unwanted impacts of transportation as air pollution and wasted energy.

Achieving these goals isn't going to be easy. Some -- such as the effort to control global warming -- are new, and require innovative processes or different ways of setting priorities. Today, more than ever before, we have to be sensitive to balance in our activities.

Others goals, such as the need for improved transportation infrastructure, come in the face of limited resources and increasing demands in other areas, such as health care and education.

These limits won't change in the future, as we work to balance the budget -- both to free up funds for investment in our economy today and to stop adding to the crushing burden of debt our children will face tomorrow.

The second challenge we face is external. The United States's economic supremacy, so unchallenged a generation ago when we began the Interstate system, is being tested by dynamic economies with lower costs.

In order to remain competitive in this expanding global economy, we have to be *better* -- more efficient, more productive, more committed to meeting customer needs.

Doing so means creating a seamless, intermodal transportation system that moves people and products efficiently.

It means providing the infrastructure -- of roads, bridges, rail and transit lines, air and seaports -- that we need for safe, low-cost transportation.

It means providing these by making the most of our limited resources -- using innovative financing, innovative procurement, and quality management to get projects built on time, on budget, and up to the highest standards.

If we do, the result will be an improved ability to compete in the new markets opening up around the world -- and it will mean continued growth for our own economy.

Given these trends, issues of quality have become of paramount importance in recent years. Putting it simply, we

can't attain our many goals without substantial increases in the quality of what we do.

Webster's Dictionary has several definitions of *quality*, but the one most relevant to us is: the degree or grade of excellence.

How good a service or product is when compared to the user's expectations is what determines its quality. The standards for this are changing, just as our clients and customers are changing.

There aren't any permanent standards, which makes the pursuit of high quality a continuing and changing process. The organizations that set for themselves a continuous course of transformation and self-evaluation are those which are going to succeed at home and around the world.

Because of the challenges we face, "getting it right the first time" takes on greater significance and importance.

So, we joined with AASHTO and our partners in the private sector to develop the National Quality Initiative.

We've been working on this for several years now, starting out with construction management.

It was a logical beginning, since highway construction has long had a series of well-defined processes that lend themselves to critical examination.

Since then we've expanded the scope to include all project phases, including planning, design, and maintenance.

The NQI isn't a paper exercise, nor is it a one-time effort. It's an attempt to develop a continuing process for ensuring that our products and services are the very best possible. Six themes have guided this effort:

Excellence in carrying out our programs, such as construction and maintenance, through the use of the best people and materials available, and through adherence to the highest standards;

Continuing improvement in technology through continuing research and information-sharing;

Flexibility to choose the best without unnecessarily rigid restrictions;

Responsibility at all levels for ensuring quality;

Incentives to reward achievement and innovation; and,

Partnerships and cooperation between business, academia, and government, because no one can do it all alone.

Today, the national dialogue is focused on the ability to change, on excellence, on communication between partners, and on personal and institutional responsibility.

A conference such as this takes that dialogue beyond mere rhetoric. It asks us to participate, to communicate, and to create a future that is fundamentally better than the present.

We see a willingness to do this not only in the private sector, but also throughout the federal government, which -- as Vice President Gore's new book *Common Sense Government* explains -- is bringing the same quality management principles to its operations that business did during the 1980s.

This meeting is evidence of *your* commitment to the ideals of the NQI. That's vital, because it can't succeed without all of us working together.

I hope that you'll continue your personal efforts to make increased quality the central focus of your work. After all, the future is too important to happen by accident.

We're committed to creating the future, and not just letting it happen. I'm confident that the transportation profession can respond to this promise, and help to shape a world worthy of the next generation. Thank you.

# # # # #

TALKING POINTS
DEPUTY SECRETARY OF TRANSPORTATION MORTIMER DOWNEY
MEETING ON ITS OF FHWA/FTA REGIONAL AND DIVISIONAL STAFF
ALEXANDRIA, VIRGINIA
NOVEMBER 15, 1995

* I'd like to welcome you all to today's meeting. It's a pleasure to see the leadership of the FTA and FHWA regional and division field organizations sitting together.

* You're the backbone of the federal commitment to the nation's surface passenger transportation system. That's why we come to you when a big job needs to be done, and we're now facing one of the biggest -- the chance to bring about a genuine revolution in transportation.

* The airplane, the automobile, and rapid transit all came to America at the end of the 19th century, and they've defined transportation for the 20th. Now, as we turn the corner into the next century, the technologies we call Intelligent Transportation Systems promise to have impacts as far-reaching as these other technological advances.

* I don't think it's an exaggeration to talk about ITS's potential in this way. The first generation of ITS services and products -- even though deployment has been spotty and somewhat random -- is already producing tremendous efficiencies and savings for transportation agencies and better customer service for travelers.

* You know the projects in your own areas, and there are other success stories around the country. Boston, where the SmarTraveler information system provides faster routes for its thousands of users every day...

  ...Baltimore, where automatic vehicle locators on buses have improved on-time performance by 23 percent...

  ...and Minneapolis, where a freeway control system has increased average rush hour speeds by 35 percent.

* These are just some of the earliest success stories. Scores of other systems are now being deployed by state, county, and local governments and -- yes -- by private entrepreneurs, who *also* know a good idea when they see it.

* DOT -- led by the Joint Program Office and FHWA and FTA staff -- has taken a leadership role in ITS development, a role that has us providing seed money and expertise, helping to create standards to ensure the compatibility that fosters entrepreneurial investment, and promoting technological development.

* In looking at where we can make a difference for the public, we've concluded that the best place for us to focus is on creating what we call the core infrastructure for ITS.

* This core infrastructure is composed of integrated communications and information systems serving a variety of public and private uses that could work separately, but that can work together even better -- much as we piece together the components of our PCs and suddenly do very interesting things.

* A core infrastructure will provide significant public benefits -- allowing more effective traffic management, providing real-time information on transit services and helping operations to run more smoothly, and reducing the time and staff needed to respond to emergencies.

* And -- like the man who was astonished to find out that he had been speaking in prose all his life -- the key components of the *core* infrastructure are the things that our partners have been buying -- and that we have been paying for -- all along: traffic light controls, bus radios, bus dispatching systems, vehicle location systems, and what have you. And these are the things that will continue to be on our mutual agenda in the future.

* This core infrastructure is deployable *now*, but it also lays the foundation for future generations of ITS -- applications including intermodal "smart cards," enhanced in-vehicle route guidance systems, intelligent cruise controls, and perhaps even fully-automated highways and transit systems.

* I want to emphasize that even the most advanced of these systems is in development *today*. Congress has mandated that we field a prototype of an automated highway test track by 1997 -- just two years from now.

* We've been pushing hard on this, because ITS is a real answer to the challenges we face in an era of limited resources and growing travel demand.

* However, there are limits to the federal role. When it comes to actually deploying these systems, state and local governments and private businesses must take the lead.

* As they do so, it's important that we be there to support them. That's why we're developing a strategy to advance ITS deployment, and especially the core infrastructure -- the traveler information and travel management services that are already available.

* The Secretary fully supports this effort -- as do Rodney and Gordon -- and he's prepared to get behind such a strategy, with a kickoff at TRB in January.

* It won't be a campaign to do new things, but one to continue the things we're already doing -- only doing them in a smart way that will bring about an integrated infrastructure.

* We're planning this in cooperation with our state and local partners and the private sector -- AASHTO, APTA, and a number of other public and private groups. We want them to assist us in developing this educational and informational initiative.

* We also need your help, both in shaping that effort and in launching it, because it's clear that its success depends upon the full participation of FHWA and FTA staff. Its failure would be a real setback, because the benefits that ITS can bring to commuters, businesses, and communities alike are real.

* You -- as the leaders of our surface transportation field organizations -- are the key to this initiative's success. When the Secretary issues his challenge in January, you'll be the ones on the front lines -- the first points of contact for the state and local officials and private businessmen who will want to be part of the ITS revolution. It'll be up to you to make things happen in your states and regions.

* Doing that will demand the very best each of us has to offer, because deploying complex systems like the ones that make up ITS will often require very different approaches to managing programs and projects. If we're going to succeed, we'll have to be flexible and creative, and forward-looking in everything we do.

* I know that we'll meet this challenge, and make ITS part of America's transportation mainstream. This will be a tremendous success -- one that will let all of us better serve our customers: the American people.

* The level of attention we're planning can really capture the public's imagination, much as the "Information Superhighway" has done, and make our physical highways and transit lines -- which are so much a part of people's lives -- the subject of the same sense of excitement.

* I look forward to working with you in this effort, and to moving transportation into the 21st century. Now, I'd like to turn the platform over to Chris Johnson, who will talk more about exactly how we can make this happen.

# # # # #

FINAL

TALKING POINTS
DEPUTY SECRETARY OF TRANSPORTATION MORTIMER DOWNEY
WMATA POTOMAC YARD SIGNING CEREMONY
POTOMAC YARD, VIRGINIA
NOVEMBER 16, 1995

(Introduction to be made by emcee Mary Margaret Whipple, Chairman, Northern Virginia Transportation Commission and Metro board member)

* Thank you for that introduction, Ms. Whipple. It's a great day for the entire Washington area, and I'm happy to join you and the other outstanding supporters of sound transportation who are with us today -- Lieutenant Governor Beyer -- Congressman Moran -- Mayor Ticer -- Mr. Kent -- and Mr. Reuter.

* Our recent report to the Congress on the performance of our transit and highway systems showed that this region -- like other metropolitan areas throughout the country -- could be facing growing congestion as our transportation system is overwhelmed by rapidly-increasing travel demand from an ever more mobile population.

* The challenge we face is how to preserve Americans' mobility options with the limited resources available for new transportation projects.

* This project shows the way. The partnership that Metro and RF&P Corporation have forged epitomizes the innovative approach to financing such projects that

President Clinton called for earlier this year -- bringing private-sector resources to bear in partnerships that can solve public problems.

* This project also recognizes some fundamental facts: new transportation facilities don't solve anything if they don't take people where they want to go, and new development can't achieve its promise if people can't get there.

* Over the past 20 years, Metro construction has been shaping this region's development and spurring a pattern that makes environmental and economic sense. This new initiative is the latest step in this process.

* By centering a new transportation hub in a development that combines offices, shops, and housing, Metro and RF&P are creating an instant destination, one that will be served by a variety of efficient, environmentally-sound transportation options -- Metrorail and bus, of course, but also commuter rail and bicycle and pedestrian paths.

* This is the type of project that the Clinton Administration has encouraged under the Livable Communities Initiative -- a project that promotes stronger links between transportation and the community it serves.

* This is a win-win proposition, and it's clear who the winners are: the people of Alexandria, Arlington, and the entire Washington area, who will have more transportation

options and new housing, new jobs, and more tax ratables without sprawl, congestion, and pollution.

* I want to congratulate RF&P and Metro. The public-private cooperation that they're bringing to this project sets a new benchmark for transportation, and it's going to make an outstanding project a reality. I applaud your vision in making it happen.

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FIN

TALKING POINTS
DEPUTY SECRETARY OF TRANSPORTATION MORTIMER DOWNEY
REMARKS TO DOT EMPLOYEES ON FEDERAL SHUT-DOWN
WASHINGTON, D.C.
NOVEMBER 16, 1995

* Good afternoon. I'm Deputy Secretary of Transportation Mort Downey. I saw many of you this morning at the elevators and I'd like to welcome back to work all of you who had been furloughed the past two days.

* As you may know, last night President Clinton signed the Fiscal Year 1996 appropriations bill for the Department of Transportation.

* This includes all of our operating administrations except for the Maritime Administration, which would be funded under a separate bill. We hope that their situation will be resolved shortly.

* However, we now have the necessary funding authority to end the partial shut-down of most of our operations that began Tuesday, and to resume normal operations. I want to add that DOT's civilian employees will receive their regular paychecks next week for the period preceding the furlough.

* I appreciate the understanding and cooperation that you've shown during the uncertainty of these past few days. I

especially appreciate that you were able to return to work on the relatively short notice we were able to give you.

* I know that this period has been difficult for you, and that many of you may be affected by the closings that still continue for many other government agencies and the District of Columbia's government, and that there are still uncertainties for our Maritime Administration colleagues.

* I want to assure you that President Clinton is working to resolve the budget impasse and resume the government's full operations. His commitment extends to settling the unresolved issues created by the shut-down, including pay reimbursements for the furlough days.

* The President and the Congressional leadership have already indicated their support for special legislation that would ensure all federal workers will be paid for the period of the furlough.

* Over the coming days we'll keep you informed of this and any other developments through messages such as this one and through special editions of DOT TALK.

* Let me conclude by again thanking you for your cooperation, and for your continued efforts to sustain the Department's programs. Welcome back!

# # # # #

FINAL

TALKING POINTS
DEPUTY SECRETARY OF TRANSPORTATION MORTIMER DOWNEY
ADVISORY COUNCIL ON TRANSPORTATION STATISTICS MEETING
WASHINGTON, D.C.
NOVEMBER 16, 1995

(Introduction to be made by Dr. T. R. Lakshmanan)

* I'm happy to join you at the first meeting of the Advisory Council on Transportation Statistics. The work that you're beginning today to guide our data collection and analysis is going to be increasingly important as we enter an era of limited resources and growing demands on our transportation system.

* We're going to have to give government officials and business leaders the best information available if they're going to make sound decisions about operating and investing in that system.

* Now, that's not necessarily a popular view in Washington today, where there's a tendency to devalue data collection and analysis in everything from the environment to the economy to public health and safety.

* This know-nothing culture is already affecting transportation -- for example, in the efforts in the National Highway System bill to reduce the data collected on highway crashes and speeds, which would make it harder to identify the real impact of rolling back safety initiatives.

* We also see the idea that knowledge isn't important in proposed Congressional budget cuts that might jeopardize the collection of journey-to-work data in the next Census. These data, together with the American Travel Survey and the Commodity Flow Survey that BTS commissions, form the backbone of our travel statistics.

* A House subcommittee challenged the need for the Census "long form" -- which includes these questions -- and that places them at risk in the current environment, even though the Census is clearly the most cost-effective way to get these critical data.

* This culture hasn't spread too far yet, but that doesn't mean its future spread won't threaten our ability to make sound decisions about the operation or development of our transportation system.

* Let me be clear: we don't want the collection of vital data to be burdensome for the public, for business, or for other government agencies. We need to show that the benefits of this process substantially outweigh the costs.

* That means we continually have to look at ways to collect data more cheaply and more efficiently. We've got to promote interagency cooperation to avoid redundant data reporting, and we have to streamline our existing systems.

* Since its inception, BTS has been at the center of our efforts to do this, and they've done an outstanding job. However, it'll be tremendously beneficial to have people familiar with our field or with statistics to advise us.

* You're among America's leading experts in these fields, and we're looking forward to your counsel and guidance as we refine our statistical collection and analysis programs.

* The work that you and the Bureau of Transportation Statistics will be doing together is absolutely indispensable, and I want to thank you for contributing your expertise. Let me close by hoping that you find your efforts personally rewarding.

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U.S. Department of Transportation

TRANSPORTATION TRENDS

REMARKS PREPARED FOR DELIVERY
DEPUTY SECRETARY OF TRANSPORTATION MORTIMER DOWNEY
INFRASTRUCTURE BANK CONFERENCE
DENVER, COLORADO
NOVEMBER 29, 1995

Good afternoon. I heard you spent the morning talking about "surf and turf," so I was expecting a big lunch until they told me it was state revolving funds and transportation reinvestment funds -- with cold cuts on the lunch menu. I hope that's not a subtle hint of where we're going with transportation investment.

Of course, *I* don't think it is. We've made substantial progress in meeting our infrastructure needs since Secretary Peña put them at the center of DOT's agenda three years ago.

Yesterday we took a very big step when President Clinton signed the National Highway System bill. His action made infrastructure banks and a series of other new financing tools part of your arsenal to meet our nation's infrastructure needs.

Make no mistake: those needs -- and the consequences of not filling them -- are growing even though we at the federal level and our state and local partners have been investing more in transportation.

All levels of government together spend about $40 billion a year on capital improvements to our nation's highways, bridges, and transit systems.

However, a report that Secretary Peña recently submitted to Congress estimated that we need to invest $57 billion annually just to maintain the current conditions of those systems.

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That report also projected that an additional $23 billion could be invested in projects whose benefits -- such as savings from congestion reduction -- would outweigh their costs.

Given those levels of need, we see the impact of this investment shortfall every day.

We see a shortage of capacity -- in all modes -- that causes congestion resulting in what amounts to a $40 billion-plus annual tax on the American traveling public

We see poor connections between modes and bottlenecks that prevent us from realizing the full benefits of those transportation changes -- such as "just-in-time" delivery and double-stack railcars -- that are sweeping business and ought to be providing us with a national competitive advantage.

We see changing patterns of commuting and goods movement that our existing system wasn't designed to handle.

And we see aging, crumbling infrastructure that causes disruption and delays.

Now some of these needs *are* being met through sound investment policy and by making better use of the flexibility offered by ISTEA and related programs.

For example, we can reduce pressure on airports by promoting intercity rail, and we can reduce the need for highway expansion if we encourage ridesharing and transit use.

And we can make our transportation system operate more efficiently through better management and new technologies such as Intelligent Transportation Systems -- much of which focuses not on exotic systems but on the nuts-and-bolts of transportation management.

These systems are providing such basics as better information for motorists and transit riders, better traffic control, and improved emergency response -- and there's no limit to what they can provide in the way of safety and capacity improvement in the future.

But there's no getting around the fact that -- as things now stand -- this country needs far more investment in its transportation infrastructure than will be provided by the traditional forms of public sector participation.

We all know about constraints at the federal level. President Clinton has already cut the deficit nearly in half, and is working with the Congress on the best way to get us to a balanced budget. That's something we all agree on, but it is going to limit future federal funding in most programs.

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Nor can we expect a lot more from state and local governments, which already face competing demands for such vital needs as education and health care. They're likely to be under even more pressure as Congress "devolves" responsibilities to them.

The best remaining answer is to look to partnerships with the private sector. This is what our international competitors already do.

Secretary Peña just returned from a series of meetings with Asian officials, and Indonesia's President Soeharto told him that about 20 percent of that country's infrastructure is privately financed -- and that they want to double that figure in the next few years.

We, too, have to build partnerships with the private sector.

We took the first big step this past January, when President Clinton announced the Partnership for Transportation Investment -- better known as innovative financing.

That's an umbrella term covering a wide range of strategies, including the infrastructure banks that are the subjects of today's conference.

DOT's involvement with innovative financing began with provisions in ISTEA that let us experiment with different ways of financing projects, and -- in the last three years -- we've aggressively pursued such experiments.

I challenged our staff and our constituencies to be flexible, to be innovative, to learn by doing -- and they've done all that.

This innovation is critical to meeting our infrastructure needs, because our current system of paying for projects only through grant reimbursements is outdated.

Besides adding red tape that slows projects and increases costs, the current system makes it hard for states and localities to involve private investors.

The innovative financing program that we've put together under the existing statutory framework lets us waive many of those restrictions or requirements, and gives local decision-makers greater flexibility and authority.

We've already had some concrete successes, if you'll excuse the pun.

For example, in Michigan, the required match for a new interchange on I-94 will be put up by the owners of a nearby industrial zone, letting work get underway faster and freeing up state funds for other projects.

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And in Texas, a new bridge in Laredo to cut congestion brought about by the increased traffic we expect from NAFTA will be paid for by toll revenues and rental income from the property.

Altogether, the first round of projects that the President announced in January included 35 potential investments around the country which -- if we're successful and they're all built -- could have a total value of about $2 billion.

That's only the start, because we have a *second* round of projects -- worth perhaps another $3 billion in construction value -- that we hope to announce shortly.

So innovative financing isn't about petty cash -- even in terms of the large volume of national needs, it can make a real difference in the money available to transportation agencies. For example, I'm told that John Platt is funding a third of Ohio's new capital projects using innovative financing tools.

Nor is innovative financing only about highways. Although many of the early projects have been ones to build new roadways, other modes -- such as transit, rail, and aviation -- have equally-great potential.

For instance, Norfolk Southern put up the money to add a third track on a rail right-of-way in Cincinnati, greatly cutting rail congestion. This project opened last Wednesday -- just 10 months after we approved it last January.

Norfolk Southern will be reimbursed for this over time through the state's ISTEA allocation using the technique known as advance construction funding.

In Chicago, the FTA recently helped that city's transit authority get 800 new railcars and save between $35 and $40 million through a sale-leaseback arrangement.

And airport construction -- which relies on the capital markets for as much as three-quarters of its funding -- has in many ways served as the prototype for involving the private sector in public projects. We're committed to working with airport sponsors to find ways to improve that partnership.

Our early efforts under the Partnership for Transportation Investment have focused on two major approaches to paying for projects.

First, building more projects with fewer direct federal grant dollars by using leveraging, thereby making more total money available to transportation agencies.

That means strategies such as flexible matches, which let states use private sector contributions to match federal grants.

All told, such ideas have already attracted about $1.5 billion in increased public and private investment above the level available through conventional cost-sharing.

The second strategy is to get projects on the ground faster through cash flow tools. These make federal funds available faster, and let federal and nonfederal funds work in a more complementary fashion.

As a result of these tools, the innovative financing projects we've approved will generally start construction as much as two years earlier than they would have under conventional financing.

That'll let us see reduced congestion and faster freight shipping -- with the resulting economic benefits -- *years* sooner.

We'll also save the taxpayers money, because earlier construction will lower costs by avoiding inflation and by reducing the interest burden on loans or bonds.

Together, all of these savings could produce average annual benefits over a project's life that equal about 15 percent of project costs. That's an impressive rate of return that conventional financing can't begin to match.

Innovative financing -- which is in great part about public-private partnerships -- also has tremendous potential for helping us deploy such innovative solutions as Intelligent Transportation Systems.

These high-tech communications and information systems, encompassing everything from "smart cars" to "smart roads" to "smart subways and buses," are a leading priority for us, and are already cutting congestion and increasing safety.

Deploying *more* of them will take resources, as well as ideas, from all levels of government *and* the private sector, so innovative financing is especially suitable as a source of funding.

We're already seeing such cooperation. In Missouri, an entrepreneur is laying fiber optic cable along highway rights-of-way. This cable will serve as the conduit for a statewide transportation management and information system -- free of charge to the state.

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To further leverage that investment, the private investment will also count towards the state's match for other transportation investments. It's an excellent example of how innovative financing can help everyone win.

All of these projects make it clear to us that we're on the right track, so the question is not *whether* to continue innovative financing, but *how* to continue it -- and where to go next.

Much of our authority under ISTEA is for experimentation, with projects being approved under temporary authority.

As I said earlier, the National Highway System bill signed yesterday by President Clinton makes many of these innovative financing tools a part of our permanent arsenal.

Infrastructure banks are one of these, of course -- like innovative financing itself, an umbrella concept to attract more capital into transportation investment.

Given all that you've heard this morning -- and will hear this afternoon -- I don't need to say much more about the details of these banks.

I *do* want to say that they'll be a vital tool for state and local governments. We at DOT strongly support their creation, and I want to assure you that -- as you develop them -- you'll have the full support of the Secretary and the entire department.

We can do 10 pilots under the NHS bill, and I'd like to see all 10 up and running *soon*.

Of course, the infrastructure bank isn't the only ingenious strategy that will be made available through the NHS legislation.

Advance construction funding, which is playing a role in such projects as the Norfolk Southern rail expansion in Cincinnati, lets states start building based upon anticipated federal apportionments.

Bond financing will be more feasible, since federal funds can now be used to reimburse states not only for bond retirement costs but also for bond principal and for interest, issuance, and insurance costs.

States can loan federal funds to both toll roads and non-toll projects that have dedicated revenue streams -- with the flexibility to offer below-market interest rates to increase the feasibility of projects that make sense from a public standpoint but may be on the margin financially.

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Finally, states will be able to accept private funds and other assets for their projects -- as is being done at the experimental highway interchange in Romulus, Michigan -- and count them as part of their match to federal grants.

Most of these strategies are already being used today by creative transportation agencies taking advantage of ISTEA's experimental authority. They -- and other agencies around the country -- will be able to make these ideas part of the mainstream -- the way they do business every day.

We're helping them by providing the guidance and technical assistance they need to make this a success. For example, both the FTA and the FHWA have issued handbooks on innovative financing that give these public agencies the basic information they need to get started.

This information-sharing is critical, and one thing I hope you'll let us know is: how can we better help you to get innovative financing projects underway?

Over the course of this conference and our dialogue in coming months I hope that we'll hear your ideas on the best ways for federal agencies to provide guidance and technical assistance.

Nor are we stopping with the innovative financing strategies included in the NHS bill. Instead, we're looking for other new ideas. For instance, we're exploring some new rules related to loans.

The Credit Reform Act of 1990 redefined how federal agencies count project loan guarantees against the budget. Now, the scoring is based on the actual risk associated with default. That lets us guarantee privately-developed transportation projects without tying up excessive amounts of federal funds.

Special legislation has already let us do one project in this manner, a toll road in Southern California. Prospective lenders worried that the road wouldn't generate enough revenue to pay off the debt service during the first years.

In order to provide the necessary security, we gave the developers a $120 million line of credit -- counted against our budget as just $8 million. That supported them in borrowing $1.3 billion of construction loans. In short, our $8 *million* helped lock in $1.3 *billion*. *That's* leverage.

We're still exploring this concept's potential, but we may have a proposal about its use in transportation ready for Congress as soon as next year.

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All of these initiatives stem from President Clinton's directive that we be more innovative and more cooperative with our partners in order to meet America's infrastructure needs.

As a former Governor, he views state and local governments and the private sector as full partners with the federal government in the effort to build the highways, transit systems, rail lines, and airports that will carry us into the next century.

That's also an approach implicit in Vice President Gore's National Performance Review, which emphasizes the need for better planning and the use of market incentives as we bring common sense to government's operations.

None of this, as I see it, is an abdication of government responsibility, nor is it an ideological statement about government's value, but rather it's a simple recognition that the federal government can achieve better results through such partnerships, and what we are about is achieving results.

We hope that state and local governments and the private sector will join with us to take advantage of the opportunities that innovative financing offers so that we can give our people a more prosperous future and a better quality of life. Thank you.

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