News:

U.S. Department of Transportation

Office of the Assistant Secretary for Public Affairs
Washington, D.C. 20590
http://www.dot.gov/briefing.htm

REMARKS PREPARED FOR DELIVERY
DEPUTY SECRETARY OF TRANSPORTATION MORTIMER DOWNEY
GREAT AMERICAN STATION FOUNDATION SEMINAR
ON STATION REVITALIZATION
WASHINGTON, D.C.
OCTOBER 21, 1998

Thank you, Mark Warren, for that introduction, and for your work as President of the Great American Station Foundation. I'd like to start by bringing you all greetings from Secretary Slater. The Secretary and I share your commitment to a balanced, intermodal transportation system, one that also promotes economic growth.

This afternoon, I want to talk about how we're translating this shared commitment into real progress. Two of our key goals are to promote stable communities and to support economic development. One good way to do both is to preserve railroad stations and transform them into improved centers of transportation and commerce. We want to help you rebuild and revive the nations's railway stations into vital intermodal transportation hubs and prosperous centers for economic activity.

Here in Washington, we've seen what this can accomplish, as we celebrate the 10th anniversary of Union Station's redevelopment, and the 90th anniversary of its original construction.

This summer, we took a big step towards generating the resources we all need to achieve results like this around the country when President Clinton signed the Transportation Equity Act for the 21st Century, TEA-21.

Most of you know the basics of TEA-21: it reauthorized ISTEA's highway, transit, and intermodal programs, maintaining ISTEA's core principles while dramatically increasing investment levels.

TEA-21 has initiatives, such as transportation enhancements and the new transit enhancements, which can be used to renovate rail stations. TEA-21 gives localities expanded flexibility for matching funds to make it easier to use these programs.

And TEA-21 will provide the basis for us to continue our Livable Communities emphasis, targeted at linking transportation to the communities it serves. Although the early design of Livable Communities has focused on transit, it's equally applicable to intercity rail.

That's obviously the case in those cases in which Amtrak shares a station with a commuter rail or subway line, It's also applicable when an Amtrak terminal can become a major destination in its own right, as is already the case with Washington's Union Station. By centering development around transportation hubs that combine other uses, such as offices, shops, or housing, we can create instant destinations that can be served by transit and intercity rail.

A new, related initiative is the Transportation and Community and System Preservation Pilot Program. This new, competitive grant program is targeted at supporting planning and projects for regions that have a commitment to advance sustainable development.

Rail stations can play a key role in these efforts, and I know that the Great American Station Foundation has offered its expertise. I encourage you to work with the Foundation's staff, and submit the required letters of intent to apply. The first year's letters are due by November 15, so there isn't much time.

The premise of this and the other TEA-21 programs reflects two fundamental facts: transportation doesn't solve anything if it doesn't take people where they want to go, and development can't achieve its promise if people can't get there.

Simple steps such as safe and secure pedestrian access, conversion of unused terminal space to new stores and similar amenities, and other improvements can have real impact. The sale or lease of unused air rights can also produce revenue to pay for station construction or renovation.

I say renovation because it's important that these efforts not be limited to new stations. They also can make older neighborhoods around existing stations more vibrant even as they increase transit and rail's viability by attracting more riders.

This type of cooperation, leveraging funding from other sources such as the sale of air rights, is a theme which runs through our efforts to pay for transportation.

In spite of the significant funding increases that TEA-21 provides, there never will be enough federal money to finance all of the infrastructure we need. We're going to depend more and more on private sector and nonfederal public capital to build these projects.

TEA-21 continues our commitment to innovative financing techniques such as state infrastructure banks, and it offers two new programs that may be especially suitable for station work.

Congress adopted a version of one of the President's key innovative finance proposals when it created new federal credit programs.

One new program, the Transportation Infrastructure Finance and Innovation Act, or TIFIA, offers a way to help finance large projects of national significance which sometimes have trouble getting funding despite their value.

Since some of these projects, such as rail stations, have revenue streams which could be tapped to underwrite their costs. TIFIA is designed to fill gaps in market funding and leverage additional nonfederal resources through federal loans, loan guarantees, or standby lines of credit. These techniques could advance capital-intensive projects that otherwise might be delayed or not built at all because of their size and the market's uncertainty over the timing of revenues.

There also is a second new program focused specifically on providing credit assistance to rail projects. The Railroad Rehabilitation and Improvement Financing Program, or R-RIF, is intended to encourage investment in passenger and freight rail facilities and equipment, including aiding smaller freight carriers lacking ready access to the capital markets.

R-RIF can provide direct loans and loan guarantees for the purchase or improvement of intermodal or rail equipment and facilities, with priority given to projects with clear public benefits, and that certainly could include intercity passenger and freight rail stations.

These two programs, TIFIA and R-RIF, supplement the credit markets, supporting projects of significant public value which might not, on their own, be attractive to private investors. We can help ensure that they can be built, but without imposing a heavy burden on the taxpayers.

TEA-21's financing programs are crucial, but equally important is the continuance, and even expansion, of ISTEA's core principles.

For instance, state and local officials have greater decision-making authority than they did a decade ago, and have the flexibility to use federal funds in ways that best meet their communities' needs. The playing field is much more level than it used to be, so that projects can be chosen on their merit, rather than on whether they happen to fall into some fixed category.

And federal policies and programs increasingly support each other, with linkages between transportation, housing, economic development, and other fundamental purposes. These linkages can create synergies that could make all the difference in whether a project is successful.

Let me close my remarks by saying that we're proud of the partnerships we've forged during the ISTEA era, including our partnerships with many of the agencies and organizations you serve. We want to continue this cooperation with you as we implement TEA-21.

We promised that, before we started implementation, we'd come back to our partners to get your views on how we can make reauthorization a success. We did similar consultations when we first took office in 1993 and when we were preparing our original reauthorization proposal in 1996. We received excellent advice both times, and we want your help with TEA-21. We've been holding outreach sessions around the country, and I know that some of you have participated in them.

I hope that those of you who haven't will take the time, either in one of the remaining sessions or directly to us, to give us your thoughts on TEA-21 implementation and how it can help to revitalize our rail stations and the communities they serve. I want you to know that my door, and those of my colleagues at DOT, are always open.

The partnerships we've built together have helped us make a great start so far during the 1990s: let's continue together on the same path into the 21st century.

Working together, we can provide all of our people with greater opportunity to lead safer, happier, more fulfilling lives. Working together, we can ensure that, as Secretary Slater says, our best days are yet to come. Thank you.

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REMARKS PREPARED FOR DELIVERY
DEPUTY SECRETARY OF TRANSPORTATION MORTIMER DOWNEY
OSDBU MINORITY ENTERPRISE DEVELOPMENT WEEK AWARDS
WASHINGTON, D.C.
OCTOBER 22, 1998

Thank you, Luz Hopewell. I'd like to start by bringing you all greetings from Secretary Slater. The Secretary has long been a strong supporter of small business development, and he wants to make sure we can continue producing the kinds of opportunities which you, as our partners, have made the most of.

Today, I'm honored to join you as we recognize some of the outstanding businesspeople and government officials who have been so successful over the past year. These awards give us the chance to acknowledge the excellence of our colleagues, and to inspire all of us to greater achievements during the coming year.

One of the perquisites of being a keynoter is that you have to listen to me, at least for a few moments. So I'd like to use those few moments to talk to you about an issue which will be of paramount importance next year: the Year 2000 computer problem.

This is National Y2K Action Week, so it's appropriate that we talk about the biggest technological challenge we face. It could threaten our safety, our security, and the health of our economy.

A year ago, few had heard of this problem, and fewer still understood its implications. Today, I hope I don't have to explain what the Year 2000 problem is, nor do I have to tell you that it could disrupt everything from transportation to financial networks to telecommunications and power systems. You know that.

If there is any doubt about whether the impacts are real, this fact should clear it up: up to half of all American businesses could have problems with mission-critical systems because of the Y2K problem. The National Federation of Independent Businesses, not a group that I think of as part of any lunatic fringe, estimates that 330,000 small businesses could fail as the result of Y2K-caused breakdowns.

But there *is* a solution, and it's one that we in the federal government want to work with you to put it in place. The technical fix for the Year 2000 problem is straightforward, but it requires a commitment of resources to evaluate computer systems and implement the necessary repairs. So the challenge we face is *not* one of technology but one of project management. The

January 1, 2000 deadline *will* be met if we have all the right people in place and the right resources available to them.

We've already been helping our transportation partners learn what they can do to protect their own systems, and we've let them know that they can use federal highway, transit, and, most recently with Congress' approval, airport funds for Year 2000 problem repairs.

Other federal agencies, such as the Small Business Administration, are also taking steps to assist private companies, raising awareness, providing information, sharing solutions, through initiatives such as its "Are You Y2K OK?" campaign.

And President Clinton is doing his part. On Monday, the President signed into law the Year 2000 Information and Readiness Disclosure Act, which will help give businesses and others access to the information they need to solve their own Y2K problems. The act provides limited liability protection for information-sharing about an organization's experience with the Y2K problem.

This complements the Justice Department's recent ruling that the securities industry can share information on this problem without raising questions of anti-trust violations. Although the conclusion was specific to that industry, it signals the government's view that information sharing is a key element in the solution.

We're also working with the President's Council on Year 2000 Conversion and other federal agencies to carry out steps that President Clinton has called for, including the National Campaign for Year 2000 Solutions, which will promote broad awareness of the problem.

I hope that you'll take action, and make the necessary repairs to your own systems so that we don't stumble over the doorway into the 21st century.

The work you do is varied, but what you have in common is that you use computers, and therefore are vulnerable to this problem. And the risks aren't limited to your own systems.

Remember that you're not just doing business with your suppliers and customers: you're "doing business" with all of *their* suppliers and customers as well. Even if you're Y2K-OK, you could be out of business if a key supplier can't get you the materials you need, or if your biggest customer can't pay her bills.

What every business needs are contingency plans geared to every possibility, and the ability to manage parts of your business if they run into problems because of Y2K failures.

This means knowing your business, and it means knowing how to stay in business even if significant parts of your operations are compromised because of the Y2K problem.

I'd like to ask all of you to work with your customers and partners at home to see that we are as prepared for the Y2K problem as we would be for a national disaster like an earthquake or a hurricane. After all, in the case of Y2K we at least can predict when it might happen.

So let's work together, determine the scope of the problem we face, and then decide on the best ways to solve it. If there are few problems, and I hope that is the case, we can give that assurance to the American people before unfounded rumors and fears have become widespread.

We owe it to ourselves, to our citizens, and to the future of our industries. I'm confident that, working together, we can not only solve this problem, but come away from it stronger than ever. Thank you.

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REMARKS PREPARED FOR DELIVERY
DEPUTY SECRETARY OF TRANSPORTATION MORTIMER DOWNEY
BROWNFIELDS SHOWCASE SUMMIT
WASHINGTON, D.C.
OCTOBER 22, 1998

Thank you, Mayor Jones, for that introduction, and for the work you've done in making East Palo Alto a Brownfields Showcase Community. It's a national model for what effective leadership can accomplish through partnering and leveraging resources.

I also want to thank the National Association of Local Government Environmental Professionals for launching the Showcase Community Network. They're working in partnership with the EPA, and we all appreciate Administrator Browner's personal leadership on this issue, should we be calling these "Browner's fields"? Or just stick with "Fields of Dreams"?

The Showcase Community Network will expand the sharing of effective strategies for brownfields mitigation and reuse, will make the connections we need between local needs and federal resources, and will identify ways in which we can work together to better protect public health and the environment.

We at DOT are proud to play a part in this effort, and I thank NALGEP, especially David Padgett, Doug McCourt, and Ken Brown, for their contributions to this showcase.

It seems as if brownfields have been with us for generations, but it's only recently that we realized how much they were wasting valuable land and resources, threatening the health of our people and the well-being of our environment.

Certainly, for too many years the federal government actively stood in the way of solutions. We discouraged private parties as well as state and local governments from investing in brownfields, instead causing them to invest untold billions of dollars in new infrastructure to serve new development, even as we lost precious open space and farmland.

But things have changed. President Clinton and Vice President Gore acted to reverse this policy, and the new policy is a "win-win." It makes better use of taxpayer funds even as we help to generate economic revitalization.

Since 1993, we've taken significant steps to clean up and redevelop brownfields and return them to productive use. We've removed legal barriers to redevelopment; we've created a national model to determine the best way to revitalize communities; and we've provided more than $42 million in revitalization seed money to 228 communities across the country, including many of those represented here.

Just last week we took another big step forward. In budget negotiations, President Clinton forced Congress to drop special-interest riders that tried to roll back these hard-won environmental protections. Proposed anti-environmental language would have placed restrictions on the use of brownfields funds, denying municipalities the flexibility they need to clean up brownfields.

The budget agreement includes the President's request of $91 million for EPA's brownfield activities, including grants for site assessment and community planning.

There's no greater example of the environment and the economy working hand in hand to benefit the American people than our efforts to clean up and revitalize brownfields. Across the nation, cities are coming back to life, offering people new jobs, new opportunities, new hope.

This budget, and the policies it represents, will give businesspeople and local officials the incentives necessary to reinvest in brownfields. Our cities are full of places which would be good for new investments were it not for the potential environmental liabilities and uncertainties staring investors in the face. This will help to lift that burden, and bring investment back to our cities.

We're doing our part at the Department of Transportation. On Earth Day this year, Secretary Slater announced our new brownfields policy, a policy which reverses decades of short-sighted practices. This policy also recognizes that transportation played a major role in creating some of the problems, abandoned railyards, truck maintenance facilities, and the like.

We're now committed to supporting transportation-related redevelopment of brownfields as part of President Clinton's initiative to make communities more livable places through transportation investments.

Through leadership *and* financial assistance programs, we now encourage state and local transportation agencies to address community brownfields redevelopment in transportation planning, and other project development processes.

These agencies should ensure that transportation planning in support of development plans considers everything from access to planned brownfields redevelopment to the use of brownfield properties for transportation-related development.

The planning process also should consider new partnerships with state and local environmental and economic development entities to attract additional resources and leverage transportation funds.

We're giving states, localities, and transit agencies the flexibility to participate in transportation projects that include the reuse of brownfield sites. This changes what had been a long-standing, but short-sighted, policy that called for avoiding contaminated sites if any possible alternatives existed. Instead, brownfield sites *can* be used if they meet the other appropriate criteria and are consistent with the specific transportation project. Appropriate clean-up costs can be part of a project's budget.

This action follows federal and state policy changes that have reduced liability concerns and excessively-stringent cleanup requirements that long discouraged use of these properties.

Returning brownfields to productive use creates a foundation for new economic opportunities and revitalized communities. We believe that transportation can be key in the redevelopment of brownfields for several reasons.

First, redeveloped brownfields need good transportation access, and, given the eras when they were first developed, they're typically located near existing roads, railroads, or transit lines.

It's far more efficient to reuse these properties than to provide costly new infrastructure or services in support of new development. That eliminates the cost of new public investment. For example, a subway stop or a highway interchange could be located on a revitalized brownfield, helping to spur redevelopment in the surrounding neighborhood.

And second, partnerships between federal, state and local transportation, economic development and environmental interests can leverage additional funding resources for transportation-related brownfields redevelopment.

Secretary Slater has often said that transportation is about more than concrete, asphalt and steel. We believe it's about people, and about providing them with the opportunity to lead better, safer, more fulfilling lives.

President Clinton wants us to ensure that our transportation investments not only promote mobility, but support the strong economies and healthy environments valued by our communities.

This new policy will contribute to the reuse of idle, often blighted land, the conservation of open space, better transportation, and the economic growth and health of our America's communities.

We're proud of this as a logical step, and we hope you'll make use of its provisions. To give you further support, we have a wide variety of transportation programs that are providing record-level transportation investment.

This summer, President Clinton signed the Transportation Equity Act for the 21st Century, TEA-21, which guarantees a record $198 billion for highway, transit, and intermodal projects over the next six years. This historic act continues the important provisions of its predecessor, ISTEA, including funding flexibility, expanded public participation, and a strong focus on regional planning and local empowerment in decision-making.

In tandem with our new brownfields policy, this gives local officials the ability to direct these funds towards the projects that are most important to their communities.

I understand that some of you have expressed interest in having us tell our state DOT colleagues that the Brownfields Showcase Communities have been identified as having high potential for early and exemplary results, and that we're giving a high priority to brownfields-related projects in those communities. We urge our state transportation counterparts to give similar, sympathetic treatment to those projects when funding decisions are made.

I can commit to you that we will provide such support, I'll ask Secretary Slater to sign such a letter, and we'll go a step further and ask that the Secretary's letter be hand-delivered to the state DOT directors by the Federal Highway Administration Division Administrators, who are the key contacts between us and the states. That will give the appropriate high profile to our support.

TEA-21 also supports our increased emphasis on sustainable development, in essence, supporting economic growth and a high quality of life without harming our environment or compromising future generations' ability to enjoy the same benefits we do.

The new law emphasizes transportation strategies which support sustainability, which improve system efficiency, reduce environmental impacts, reduce the need for costly new public investments, and ensure efficient access to jobs and services.

The core concept of sustainability is to invest in and preserve communities we have, rather than abandoning them. We're pursuing this by putting a priority on basic investment in rebuilding existing communities and facilities.

In fact, the majority of TEA-21's transportation investment is focused on rebuilding or maintaining existing systems, not on new construction. It significantly increases transit investment, with $41 billion authorized and $36 billion guaranteed over six years.

And other TEA-21 programs, such as transportation enhancements and Livable Communities, are focused on improving our quality of life. These programs offer support for the kinds of investments which would be most applicable for brownfields redevelopment.

Let me close by noting that nine of the sixteen showcase brownfield communities represented here today have strong transportation elements in their plans, and that reflects the importance, and the potential, of transportation as a catalyst for brownfields redevelopment.

We in the Clinton-Gore Administration want to work with you to unlock transportation's potential. Working together, transportation investment can be the key to revitalizing our communities and preventing sprawl and the congestion and pollution it brings.

Recognizing that land use decisions are the responsibility of states and localities, it made sense to give you real ability to reuse brownfields instead of building on greenfields, and our new policy does that: it gives you the flexibility and the resources you need. We believe it's a real option and not a forced choice towards sprawl.

The partnerships we're building have helped us make a great start so far during the 1990s: let's continue together on the same path into the 21st century. Working together, we can provide all of our people with greater opportunity to lead safer, happier, more fulfilling lives. Working together, we can ensure that, as Secretary Slater says, our best days are yet to come. Thank you.

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(In his remarks, the Deputy Secretary referred to East Palo Alto, California Mayor R. B. Jones; to U.S. Secretary of Transportation Rodney E. Slater; to Environmental Protection Agency Administrator Carol Browner; and to David Padgett, Doug McCourt, and Ken Brown, all o the National Association of Local Government Environmental Professionals.)

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REMARKS PREPARED FOR DELIVERY
DEPUTY SECRETARY OF TRANSPORTATION MORTIMER DOWNEY
MTA FREDERICK SERVICE GRANT AWARD
FREDERICK, MARYLAND
OCTOBER 23, 1998

Thank you, Senator Paul Sarbanes, for that introduction, and for all of your work as Ranking Member of the Senate Banking Committee. Your committee is responsible for authorizing transit assistance, and you've contributed so much to improving public transit, not only here in Maryland, but throughout the Nation. This year's transit legislation, TEA-21, was the best ever.

I'd also like to thank Senator Barbara Mikulski for joining us. As a senior member of the transportation appropriations subcommittee, Senator, you've helped to expand the pie for transit across the country, and I know that Maryland is getting its fair share of that pie. Maryland really has the bases covered when it comes to transit, and all the other modes of transportation.

I'm also glad to see Secretary Winstead, who has helped to keep Maryland's DOT among the nation's leaders, Governor William Donald Schaefer, who has long been a strong supporter of transit, Delegate Sue Hecht, Delegate Bruce Reeder, and Nuria Fernandez, our Deputy Federal Transit Administrator.

And I want to acknowledge the leadership of Governor Parris Glendening and Lieutenant Governor Kathleen Kennedy Townsend, who couldn't join us today. They're doing so much to make sure that transportation contributes to Maryland's quality of life, and to making sure that transportation truly serves people's needs.

This state is fortunate to have leaders with a vision of how transportation can improve our quality of life, and today shows they have the ability to translate that vision into reality.

Let me bring you congratulations from President Clinton and Secretary Slater for your continued success in keeping one of America's model transportation systems on the right track for the 21st century.

Your success shows that this region makes smart choices, and that's why President Clinton has awarded this state more than a half-billion dollars to support mass transit in just the first five years of his Administration.

Now, we need to look to the future. We all know that the conventional answer to congestion, expensive new highways, doesn't always work. Nor, at up to $40 million a mile, is it always affordable.

Instead, we need to make realistic options, available as the alternative to driving alone, alternatives that make sense for busy lives in a complex world, multiple job holders in families, multiple job locations, and the like.

That means services like MARC's commuter rail and the other services provided by the MTA. They, and other alternatives to the single-occupant vehicle, are our best line of defense against smog and gridlock. They're taking thousands of cars off the roads every day, they're helping to revitalize our cities, and they're helping to maintain the quality of life in our suburbs and rural areas.

Today, I'm pleased to tell you that the Clinton Administration is awarding Maryland $30 million towards the purchase of rolling stock for MARC and the extension of MARC service to Frederick.

Improvements such as these are win-win propositions, and it's clear who the biggest winners will be: the people of Frederick and this entire region, who will have better transportation and stronger economic growth, without more congestion and pollution.

We're proud to be your partners in maintaining Maryland's role as one of America's transit leader, and we look forward to continuing that partnership. This is powerful evidence President Clinton believes that, when it comes to transportation, Maryland is on the right track.

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REMARKS PREPARED FOR DELIVERY
DEPUTY SECRETARY OF TRANSPORTATION MORTIMER DOWNEY
TRANSPORTATION LAW INSTITUTE SYMPOSIUM LUNCHEON
CRYSTAL CITY, ARLINGTON, VIRGINIA
OCTOBER 27, 1998

Opening

Good afternoon. I'd like to thank the Transportation Law Institute's sponsors: the American Bar Association, the Transportation Lawyers Association, the Association for Transportation Law, Logistics, and Policy, and the University of Denver College of Law, for holding this most valuable and timely forum and for inviting me to speak.

Today, I'd like to focus on a very specific topic: the new financing tools created by the Transportation Equity Act for the 21st Century, the bill those of us inside the Beltway, who speak only in acronyms, call "TEA-21."

To put TEA-21's provisions in context, let me point out that, during the last five years, President Clinton and Vice President Gore have raised transportation investment to its highest levels ever, more than 40 percent above the previous Administration's average.

I say that to make the point that we are not offering financing as the alternative to traditional funding, but rather as an important supplementary strategy. This is not the usual code-word meaning of "innovative finance," which is "we're going to cut your budget, so good luck."

TEA-21, which the President signed this summer, will continue an era of substantial funding, guaranteeing at least $198 billion over the next six years for highway, mass transit, and intermodal improvements.

The 1999 appropriation which the President signed last week affirms our commitment to transportation investment by fully funding TEA-21's guaranteed programs, something that didn't always happen in the past. The nature of the TEA-21 compromise on funding makes it likely that Congress and the Administration will continue to agree on meeting these guaranteed levels.

However, even with TEA-21 in place, the President and Vice President recognize that federal investment alone, however robust, can't ever meet all of the needs of our growing transportation system, and that's where financing comes in. They directed us to supplement it by cutting red tape, attracting nonfederal resources, and continuing our cooperation with state and local agencies to create new opportunities.

Success stories

This, in fact, is something we've been doing for the last 5½ years. Early on, we worked with WMATA, which operates the Metro transit system here in Washington, to save money by fast-tracking completion of the 103-mile rail system, moving away from the "mile-at-a-time" approach to a reality-based financing and construction proposal that reflected our joint commitment to completing the system.

Through a series of bond refinancings, intergovernmental loans, and lines of credit, we enabled WMATA to accelerate completion of the MetroRail system to 2001, a mere 25 years from the time its first lines opened.

By taking advantage of the lower interest rates we've seen since President Clinton took office and through the efficient construction schedule that multi-year financing made possible, WMATA expects to save several hundred million dollars in financing and inflation costs. Some of those were anticipated at the time of the agreement was set, and others have accrued since.

These are hard dollars that will now be used, and used now, to upgrade or replace Metro's capital stock and finish some elements of the system that seemed unattainable in 1993, including a yard and some vitally needed ADA improvements.

These timely improvements, in turn, will mean lower maintenance and operating costs for Metro, helping it to hold down fares, meet its schedules, and increase ridership and revenues. In other words, cooperative efforts on funding are to everyone's benefit, especially the ultimate customer: the transit user.

That's the same principle we've understood since the President took office in 1993: save money through greater efficiency, reinvest the savings for further improvements, and establish a continuing virtuous cycle which will maximize taxpayer dollars and improve the delivery of services. We've seen these same results elsewhere.

Under an early pilot program, called the Partnership for Transportation Investment, we approved nearly 90 innovative projects, highways, transit, and rail, in more than 40 states with a construction value of more than $4 billion. This total includes about a billion dollars in *new* capital directly attributable to this program, funding that otherwise wouldn't have been available to transportation.

The strategies identified through our partnership are now part of our daily way of doing business and our federal agency staffs, highway, transit, and rail as well as our state and local partners, have become far more comfortable with the language and the concepts of project finance.

For example, this year the transit sector alone has seen $1.1 billion in transactions, mainly cross-border leases and lease-leasebacks, generating $96 million in net new funds for transit systems.

We've seen increasing use of bond finance to accelerate highway projects, highlighted by the recent Arizona deal to provide accelerated construction of badly-needed new roads based on the anticipation of continued federal aid.

And just last week, we announced an initiative to speed up completion of the Baltimore-Washington Parkway's reconstruction, saving four years of construction and $2 million in direct construction costs over the best schedule attainable through year-at-a-time appropriations.

Another major initiative that led up to the current legislation is the creation of state infrastructure banks, or SIBs. SIBs use federal seed capital to leverage private investment through loans and credit enhancement assistance, and are meant to serve as ongoing, revolving loan funds.

As projects are implemented, loans are repaid to the SIB and the proceeds can be used for new projects in another version of the continuing, virtuous cycle I mentioned earlier. We've approved 39 states to capitalize SIBs using dedicated funding and a portion of their regular federal funds. $346 million in SIB loans are currently scheduled to support 34 projects, leveraging $1.9 billion in construction.

That was the state of play as we began reauthorization, and we built on these steps, continuing existing programs and creating new ones under TEA-21.

SIBs

TEA-21 renews and extends our state infrastructure bank program, but limits access to the new program to four states, California, Florida, Missouri, and Rhode Island. These states will be able to continue transferring new money from other programs to SIBs over the next six years.

Although we were disappointed that Congress didn't extend the SIB program to all states or authorize additional, dedicated seed money, there are significant innovations which will make it even more effective for the four states, and more attractive for others we might be able to get approved in the future.

The previous capitalization limit, 10 percent of a state's federal funds, has been lifted, enabling these states to transfer whatever level of funds they need to make their SIBs work.

In addition, the kinds of projects SIBs can support are broader and more intermodal. This additional flexibility makes sense, and it's more reflective of the real world in which we work.

At the same time, the Congress indicated that SIB projects will be required to comply with federal environmental, labor and civil rights protection, a reasonable trade-off, in my mind, for the benefits offered.

We're hoping that SIBs will continue to prove their worth, so that we can revisit the idea of expanding them at a future date.

TIFIA

Congress adopted its version of one of the President's key innovative finance proposals when it created a new federal credit program.

It was inspired by a $400 million loan for California's Alameda Corridor rail project, which we made at a budgetary cost of just $59 million, a set-aside amount pegged to the risk factor. The $400 million federal loan was the factor that capped a total $2 billion funding package, making the entire project viable.

In fact, the project is moving well ahead. The Alameda Corridor Transportation Authority has received the first two federal loan disbursements, totaling $280 million, with the third and final disbursement due by January 1. These funds will be used to construct a key 10-mile rail trench in the heart of the corridor project, and the funding will help to ensure timely construction.

The new federal credit program, called the Transportation Infrastructure Finance and Innovation Act, or TIFIA, offers a way to pay for similar, large projects of national significance. These projects, trade corridors, border crossings, and freight facilities, often cross jurisdictions or traditional modal boundaries, and sometimes have trouble accessing capital markets despite their value. However, some of these projects, such as toll roads, have revenue sources which could be tapped to underwrite their costs.

TIFIA's purpose is to fill gaps in market funding or to leverage additional nonfederal resources by providing supplemental and subordinate capital. We will be able to do this through three products: federal loans, loan guarantees, or standby lines of credit. These techniques can help to advance large, capital-intensive projects that otherwise might be delayed or not built at all because of their size and complexity and the market's uncertainty over the timing of revenues.

To qualify, projects must cost at least $100 million or half of a state's total apportionments, except $30 million for intelligent transportation system projects. They also must be supported by user charges or other dedicated revenue streams. By addressing the market's concerns about doing large projects which don't have much of a track record, this program would expand their ability to access private financing.

Although TIFIA will largely fund construction, its value will also be great during certain sensitive phases of project development: the preconstruction phase before other sources of capital are available, and the so-called "ramp-up" period of initial operation when a project is built but its revenues may not yet be great enough to cover all costs.

In such cases, support through TIFIA could be crucial for success, just as public authorities like the Port Authority of New York and New Jersey and the Triborough Bridge and Tunnel Authority have carried the early years of their follow-on projects with revenues from their original facilities.

TIFIA authorized $530 million of contract authority based on the budgetary cost of the credit support it provides. Its total project activity will be a function of its specific projects and their efficiency, within a legislated cap of $10.6 billion of credit assistance. The projects that can be funded include everything from roads and bridges to passenger terminals, freight transfer facilities, and MagLev systems.

Railroad Rehabilitation and Improvement Financing Program

There also is a second new program focused on providing non-grant federal credit assistance. The Railroad Rehabilitation and Improvement Financing Program, or R-RIF, provides credit assistance to rail and intermodal projects. It's intended to encourage investment in passenger and freight rail facilities and equipment, including aiding smaller freight carriers lacking ready access to the capital markets.

R-RIF can provide direct loans and loan guarantees for the purchase or improvement of intermodal or rail equipment and facilities, with priority given to projects with clear public benefits. The aggregate amount for outstanding loans and loan guarantees under R-RIF is limited to $3.5 billion, including a billion dollars for smaller railroads.

Unlike TIFIA, R-RIF is dependent on future appropriations or nonfederal contributions based on project credit and risk assessments to kick it off. However, we're optimistic that it can help to bridge the funding gap for private rail projects with strong public benefits. We're looking forward to implementing it during the coming year.

While these two programs, TIFIA and R-RIF, have different orientations, they share a common philosophy of filling capital market gaps, leveraging private capital investment, sharing project risks, and managing the federal government's credit exposure.

These two programs supplement the credit markets, supporting projects of significant public value which might not, on their own, be attractive to private investors. We can help ensure that they'll be built, but without imposing a heavy burden on the taxpayers.

Other initiatives

TEA-21 continues other innovative finance provisions, and creates some new ones, and I'd like to sketch them quickly.

States can now use design-build contracting as a matter of choice on federal-aid projects, saving time and money where such approaches are warranted.

In many cases, states and localities have been given greater flexibility on matching federal grants. Instead of matching grants project-by-project on a quarterly basis, they can do so program-wide on an annual basis. And the local match can often include things such as other federal funds or the value of land used in a project.

A new pilot program would enable as many as three states to use new tolls to fund the reconstruction of existing Interstate highways, an idea that was thought to be impossible, if not downright subversive, when it was included in our NEXTEA draft bill in March, 1997.

TEA-21 also continues our value pricing program, which supports state and local efforts to apply market-based pricing strategies to highways.

Finally, TEA-21 continues our strong commitment to Intelligent Transportation Systems. These new technologies also can help to support pricing mechanisms through, for example, EZ pass tolling, which makes pricing more flexible and efficient.

Closing

We want to continue implementing our existing innovative finance programs and the new ones authorized by TEA-21, and extend these principles to other modes.

We're already starting to do this. For example, we're helping to provide needed surface access to Kennedy Airport by permitting the use of Passenger Facility Charges to finance a rail connection that was critical to future airport capacity, the kind of access which is common elsewhere in the U.S. and around the world.

Our management of the PFC program has permitted stand-alone project financing based only on the program's revenues.

And we've used Airport Improvement Program funds to provide bond insurance and prefunded interest payments to the Palm Springs airport, part of a new program to help smaller airports raise money in the capital markets.

There are other opportunities for TIFIA and other innovative financing strategies. For example, the project to convert the Farley Post Office into a new Penn Station could use these strategies to pay some of the conversion costs out of ultimate project revenues.

These are just a few of the innovative ideas we're looking at. We see them as ways to supplement our traditional forms of funding, and to bring private-sector practices to public policy.

We intend to proceed with implementation on what we call a ONE DOT basis. Our goal in implementing the TIFIA and R-RIF programs is for the communities using them to see a seamless and consistent DOT process, with uniform policies and uniform procedures. We also want to provide the efficiency and responsiveness that the markets need to work their best.

To do all of this well, we need to work closely with the project sponsors and their technical and legal advisors on specific projects. So, let me close by asking you to offer your thoughts on innovative finance. TIFIA and R-RIF are new programs, and we need regulations or guidance to implement them. There will be formal processes to develop whatever is needed, but we believe it would be extremely valuable to get input from you at the outset.

As leaders of the transportation law community, you bring to this issue experience and knowledge which can help us to make these programs work well from the outset, and I look forward to hearing your thoughts, today, and in the coming months.

And, once these programs are in place, I hope that the agencies and firms you represent will take full advantage of them to create ways to pay for the transportation systems America needs for the 21st century. Thank you.

# # # # #

INTRODUCTION OF MORTIMER DOWNEY BY JANETTE SADIK-KHAN

I'm pleased to have the opportunity to introduce my friend and colleague, Mort Downey. We've worked together closely for nearly a decade, first here in New York and then in Washington, and I don't know of anyone in transportation who is more universally respected.

As you know, Mort is Deputy Secretary of Transportation -- in fact, he's the longest-serving Deputy Secretary ever, and -- when his service in the Carter Administration is added in -- he's the longest-serving Presidential appointee in DOT history.

Although Mort is DOT's Chief Operating Officer and is involved in virtually every issue at the Department, there are several in which he is the unquestioned departmental lead -- things ranging from rail and transit matters to reinventing government reforms to technology issues. A lot of DOT's achievements in these areas are the direct result of Mort's personal involvement.

Mort's successes come from his broad experience in transportation: he has an impressive résumé, including service as executive director and chief financial officer at the MTA here in New York, during which he led the rebuilding of the city's bus and subway systems.

Prior to that, he served President Carter as DOT's Assistant Secretary for Budget and Programs at the Department of Transportation -- he was the first transportation program analyst for the U.S. House of Representatives Committee on the Budget -- and he held several positions with the Port Authority.

Mort is a graduate of Yale and of NYU, and also counts among his achievements a dozen years as an officer in the Coast Guard Reserve, leadership positions in a wide range of professional and civic organizations, and -- most importantly -- a 37-year marriage to his wife, Joyce, and two sons, Stephen and Christopher.

Join me in welcoming Mort Downey -- and in congratulating him as he marks 40 years of service to the transportation community...

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8.13 FINAL

REMARK PREPARED FOR DELIVERY
DEPUTY SECRETARY OF TRANSPORTATION MORTIMER DOWNEY
COAST GUARD FOUNDATION SALUTE TO THE COAST GUARD DINNER
NEW YORK, NEW YORK
OCTOBER 29, 1998

(Introduction to be made by emcee Peter Finnerty of the Coast Guard Foundation)

Thank you, Peter Finnerty, for the introduction, and Thomas Allegretti for your work as Dinner Chairman, and Admiral Rufe and Captain Leroy Gilbert for your remarks.

I want to acknowledge Admiral Loy, who is continuing the Coast Guard's long tradition of excellence in leadership.

Let me thank John Costello and the other foundation officers and directors -- as well as the foundation staff -- for their outstanding work all year long.

And I'd like to thank the Color Guard for their presentation, and the Coast Guard Academy's Glee Club for providing tonight's entertainment. (*Although I'm sure you'd all rather I cut short so you can hear an extra encore from them, I'm going to plow ahead anyway.*)

I bring you greetings from Secretary of Transportation Rodney Slater. The Secretary well knows the outstanding support the Coast Guard Foundation offers to the men and women of our Department's uniformed service. And he knows how much those men and women deserve our support.

And so, on behalf of the Secretary and the entire Department of Transportation, I want to offer the Coast Guard Foundation our warmest thanks for three decades of service and support.

We have long appreciated and admired the courage, the steadfastness, and the commitment to service of the men and women of the Coast Guard.

I know this from first-hand experience. 40 years ago I began my career in transportation at Officers' Candidate School in New London.

I continued my career with a dozen years as an officer in the Coast Guard Reserve -- most of them spent within a few miles of this hotel. And compared to the heroism we honor tonight, my greatest risk was probably a paper cut putting a correspondence course test into an envelope.

But my service and my years in the Department of Transportation have given me the deepest respect for the men and women of the Coast Guard.

Tonight, we honor new heroes: Petty Officer James Moore and the men and women of Air Station Kodiak and Coast Guard Forces St. Louis.

Their service epitomizes the Coast Guard's ability to respond to -- and master -- fast-changing conditions, and prove that the phrase "Semper Paratus" is more than a motto: it exemplifies how these men and women live their lives.

They have won our service international recognition, as well as the respect and gratitude of the American people.

And the Coast Guard Foundation's generous support for the men and women who carry out these missions is not only the factor that enables them to continue performing at the highest levels, but the recognition that symbolizes America's respect for its seagoing service.

Coast Guardsmen and women from New London -- to New Orleans -- to San Francisco benefit from facilities you've helped to build and from the programs and scholarships you offer.

Your assistance adds greatly to the quality of their lives by providing for their education, morale, and welfare. In a time of limited budgets -- and it seems like that's a time that will be long be with us -- you provide the margin of excellence that keeps the Coast Guard Academy among the finest colleges in the nation, and Coast Guardsmen and women among the fittest for duty.

I know that the Secretary deeply appreciates your efforts. He has often spoken of the importance of volunteerism. He's strongly encouraged everyone in the transportation community to participate in the Garrett Morgan program, which promotes lifelong learning.

Through your support, you've given everyone a model for what volunteer efforts can accomplish. The Coast Guard has just the right phrase for your efforts: Bravo Zulu!

So, thank you for the good you do -- and thank you for giving me the chance to express our gratitude.

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8.12 Final

TALKING POINTS
DEPUTY SECRETARY OF TRANSPORTATION MORTIMER DOWNEY
CONFERENCE CALL ON DELAWARE DISCRETIONARY GRANTS
WASHINGTON, D.C.
OCTOBER 29, 1998

(You will be joined on the conference call by Governor Thomas Carper, Transportation Secretary Anne Canby, and Delaware local media)

* Welcome everyone. Thanks to Governor Carper and Secretary Canby for joining us. The Governor is giving Delaware the transportation system it needs to ensure its future prosperity and to maintain its historic role as the crossroads of America. He's doing that through a strong commitment to all forms of transportation: highways, transit, Amtrak, ferries.

* I have some good news today to help the Governor continue the job of improving Delaware's transportation system. I'm pleased to announce that DOT is awarding Delaware two grants totaling more than $12 million.

* The first grant is $11.9 million, and it will pay to rebuild the northernmost 6½ miles of I-95. I-95 is the main highway corridor not only in Delaware but on the entire east coast, and it's critical to our nation's economy.

* I-95 was built about the same time John Glenn first went into space, but it hasn't held up as well as he has. It needs to be replaced, and it needs to have state-of-the-art safety improvements, such as better lighting and improved guardrails. This grant will help pay for these improvements.

* The second grant is $400,000, and it will make two more vessels on the Cape May-Lewes (*Lew-is*) Ferry accessible for those with disabilities. That includes elevators and other improvements on the only direct connection between Delaware and New Jersey. *(Four of five ferries will now be accessible.)*

* President Clinton's support in awarding these grants is powerful evidence we believe that, under Governor Carper's leadership, Delaware's transportation system is on the right track. Governor...?