

Remarks prepared for Delivery by
Deputy Secretary of Transportation Mortimer Downey
during the
TIFIA Loan Guarantee Announcement
Washington Metropolitan Area Transit Authority
Brentwood Yard
Washington, DC
Thursday, February 3, 2000, 1:30 pm

Good afternoon. I am delighted to welcome you to this historic occasion -- the closing of the first loan guarantee under the DOT's new Transportation Infrastructure Financing and Innovation Act (TIFIA) -- a key component of the landmark TEA-21 surface reauthorization bill. This guarantee not provides financing for a vitally important project, but marks the deployment of an important and innovative tool for financing the infrastructure projects our nation will need in this new century.

This innovative program would not have been possible without the leadership and resourcefulness of Senator Daniel Patrick Moynihan and the late Senator John Chaffee.

And, I'd like to acknowledge all of the officials who honor us by their presence here today, including:

Office of Management and Budget Director Jack Lew

Special Advisor to the President for the District of Columbia
Michael Barr

District of Columbia Mayor Anthony Williams

Senator Chuck Robb and Representatives Frank Wolfe and Jim Moran (if present) and DC Delegate Eleanor Holmes Norton

Dick White, General Manager, **and/or** Peter Benjamin of the Washington Metropolitan Area Transit Authority (WMATA)

Gladys Mack, WMATA Board Chair (If present)

Ernest Green of Lehman Brothers

Several DOT officials are also here:

Jack Basso, Assistant Secretary for Budget and Programs

Gene Conti, Assistant Secretary for Policy

Nuria Fernandez, Acting Administrator of the Federal Transit Administration

and, last but certainly not least, our Secretary of Transportation, Rodney Slater

It was only this past September that Secretary Slater and I, along with Senators Moynihan and Graham and other officials, announced the selection of the first 5 projects to be developed under TIFIA. Today, we will sign documents that will close the first transaction and provide \$600 million in loan guarantees to the Washington Metropolitan Area Transit Authority (WMATA) to help complete its \$2.3 billion Capital Improvement Program (CIP) to rehabilitate and upgrade the Washington area's transit system.

While I am excited about this project as a supporter of transit and of innovative finance throughout my career, I'm also looking forward to Metro being able to fix the elevator at the Vienna parking garage. For a few months now, I've been climbing 4 flights of stairs to the top parking deck at the end of the every day.

We have quite a full program today, so let me move quickly to introduce our first speaker, Mayor Anthony Williams. Mayor Williams' goal-oriented leadership has been a real asset for the City of

Washington. He is working hard to make this City a better place to live and work for everyone. Mayor Williams . . .

(Return to microphone to introduce next Speaker)

Thank you Mr. Mayor. Now, I'd like to introduce (List of Members of Congress or Governors to attend forthcoming).

(After they speak, introduce Richard White, General Manager and/or Peter Benjamin of WMATA)

Thank you, Dick (or Peter). Now, it's my great pleasure to introduce Jack Lew, Director of the Office of Management and Budget. Jack and his staff are the key players in the Administration's efforts on behalf of the Nation's Capital and its future.

(Jack Lew concludes, introduce next speaker, Ernest Green)

Thank you, Jack. Now, we're going to hear from the really important partner in this transaction – the man with the money – Ernest Green, Managing Director of Public Finance for Lehman Brothers' Washington, DC office. In addition to a distinguished career

in finance and economics, Mr. Green has long been active in public policy as a colleague in the Carter Administration and, most recently, as President Clinton's appointed Chairman of the African Development Foundation, a Presidential appointment.

Secretary of Education Richard Riley also appointed Mr. Green to serve as Chairman of the Historically Black Colleges and Universities Capital Financing Advisory Board. Ladies and Gentlemen, Ernest Green.

(Mr. Green introduces Secretary Slater)

(Ceremonial documents are signed, then Deputy Secretary Downey introduces the final speaker, WMATA Board Chair Gladys Mack)

(Note: You will be notified if Gladys Mack is not present)

Now, I'd like to introduce our next, and final speaker, Gladys Mack, Chair of Washington Metropolitan Area Transit Authority (WMATA) Board. Gladys has had extensive experience in the areas of human services, financial management and public transportation. She is

a long-time member of the Board of Directors of METRO and perhaps knows as much as anyone about how transit makes a metropolitan area more livable! It's my pleasure to introduce Gladys Mack . . .

Thank you, Gladys, and thank you all again for coming today. We look forward to the progress that will come from this and other TIFIA loan guarantees and credit assistance that we will provide in the coming year.

This concludes our program.

TALKING POINTS
PRT MEETING
FEBRUARY 3, 2000

- Appreciate the opportunity to come talk with you about the future of the Federal Acquisition System. Happy to discuss some of the key points in your paper and perhaps offer you some suggestions. Also, would like to share with you how the FAA experience with acquisition reform weighs on this discussion and how some of the activities of the Procurement Executives Council (PEC) are addressing some of your issues. Finally, will address some of the points in your invitation re activities of the PRT in the year 2000.
- Found your description of the new environment accurate and even a bit understated. Key points that we are dealing with in DOT include the growth of contracting for services, the slippery boundary between private and public sector especially in competition for many of those services, strengthening our acquisition workforce, and the cultural reliance on controls vice performance.
- I would add that the evolution of technology is changing and will continue to change the very nature of the acquisition process itself. Just one example – the growth of auctioning capabilities – several firms are already trying to market their auctioning sites as a place for the federal government to do business.
- Critical point – the pace of technology (a web year is only 3 months) will either drive the government to change its business processes or make it an even more marginal player in the marketplace than your paper implies. But to carry these trends to logical conclusion may suggest an even more radical solution than you proposed. First talk about individual recommendations and then where they might lead us.
- RECOMMENDATION 1: REDEFINE THE SCOPE AND VISION OF FEDERAL ACQUISITION
 - Agree that acquisition should be defined in terms of life cycles. FAA's Acquisition Management System is a life-cycle approach to acquisition and perhaps a model. However, effectiveness of the life cycle approach at FAA has been diminished by lack of budgetary reform. The two go hand-in-hand.
 - Procurement Executives Council (PEC) already begun to address new vision for acquisition system. PEC strategic plan envisions it

as “a model for business excellence” . Expect this concept will ultimately make it into Federal Acquisition Regulation (FAR).

- PEC vision for acquisition workforce is “to be the government’s business leaders”. PEC has several activities ongoing addressing your recommendations: identifying the skills needed for the model acquisition professional in the 21st century, developing a competency based model for the acquisition professional as a recruitment and educational tool, developing and publicizing models for industry exchange and mentoring programs as retention tools, and establishment of a governmentwide intern program which includes rotations through multiple agencies starting this spring.
- Mixed feelings about establishing Chief Acquisition Officers (CAO’s). It is not as simple as redesignating Senior Procurement Executives to the position. Both FAA and Coast Guard have the equivalent of a CAO (NOTE: Steve Zaidman, Admiral Casto) in their organizations with oversight over both contracting and program management. In both cases, those positions are generally filled by individuals who have come up through the program management ranks. Are you proposing that the CAO have responsibility for execution of all agency programs? Before going after legislation, need to define what role is envisioned for the CAO and what type of skills are needed for that position and how that position fits into the organization. Creating a title alone won’t solve the problem.
- **RECOMMENDATION 2: ENCOURAGE RESULTS-ORIENTED, LONG-TERM RELATIONSHIPS BETWEEN THE GOVERNMENT AND ITS SUPPLIERS**
 - Interesting point about rethinking the concept of competition. FAA uses a standard of “reasonable competition among two or more sources.” GWACs limit competition to a smaller pool of contractors. The Federal Supply Schedules essentially have little or no competition at the task level.
 - Question: is full and open competition even a viable concept anymore? Should the concept of competition have to prove its worth in the marketplace? The best way to find out the value of competition is to establish and manage to strict cost, schedule and performance goals and see if competition produces better results or not. Maybe instead of legislating competition, we should establish performance goals for using competition and see what the marketplace tells us.

- Some new techniques for encouraging long term relationships with vendors are being tried – notably award term contracting where a vendor receives a contract for a base number of years (say 7) and then through its performance has the opportunity to “earn” additional years (or “lose” them!).
- PRT should take a look at Coast Guard’s Deepwater program as a model for future systems buys. Deepwater is a mission-based program where teams of contractors have been asked to propose systems of assets to meet CG’s Deepwater mission over a 20 year period.
- One caution: GWACs are under severe pressure from Congress and GAO (and severe pressure from GSA’s schedule program which has less strict rules for competition). The very nature of the long term relationships PRT lauds GWACs for encouraging are under attack from Congress and GAO as anti-competitive. Question whether GWACs can survive the scrutiny and pressure to remain a viable vehicle in the marketplace. If PRT values them, then need to make your voice heard.
- **RECOMMENDATION 3: ADOPT POLICIES CALLING FOR GOVERNMENT IT ARCHITECTURE AND SYSTEMS THAT ARE FULLY CAPABLE OF INTERFACING WITH EACH OTHER AND THOSE OF INDUSTRY**
 - Government is inching in this direction. Imminent designation of a governmentwide single point of entry for procurement will be a big step.
 - PEC is sponsoring a reengineering of Federal Procurement Data System which would address many of your issues – especially eliminating unique agency feeder systems and establishing a standard interface for those vendors marketing automated procurement systems.
 - Interestingly, Congress passed S.468, Federal Financial Assistance Management Improvement Act proposing a standard information technology architecture for financial assistance programs. But, did not provide any resources to carry this out. And continues to micromanage grant programs with unique provisions and earmarks which make a standard architecture difficult at best.
 - Major challenge which not many are thinking of yet: defining standards for electronic files and electronic records management.

- RECOMMENDATION 4: ADOPT BUSINESS-BASED APPROACH TO COST ACCOUNTING, BUDGETING, AND POLICY GUIDANCE
 - FAA has limited applicability of Cost Accounting Standards to non-commercial items. Also, has a bias for price analysis vice cost analysis.
 - Agree with your thoughts on budgeting – if we are truly in a performance based environment, then agencies should be held accountable for accomplishing missions and have ultimate flexibility in how funds are allocated. One of the reasons we keep proposing air traffic control as a performance based organization.
 - You are on right track vis-à-vis policy, but don't go far enough. Back to my original point about the pace of technology – the regulatory system under which federal acquisition operates cannot possibly keep pace with the latest tools and techniques available. Look no further than private/public competition to find a major area where the regulations lag practice significantly.
 - FAA has one streamlined policy document located on the Internet with automated tools and guidance. The policy is flexible and easy to update. And it leads to perhaps the most profound lesson of FAA's acquisition reform experience: **FAA's Acquisition Management System is non regulatory.** AMS was established without going through the rulemaking process; it can be changed without going through the rulemaking process (it has adopted some of the FAR clauses which did go through that process and the dispute resolution process went through rulemaking). And it has been successfully operating for 4 years.
 - Ask yourself: does the Federal Acquisition System have to be a regulated system? What if the critical elements the FAR seeks to control were performance based instead? Imagine a system with broad policy principles and guidance with performance goals for socioeconomic programs, competition, and other key parameters. And holding the procurement executive or chief acquisition officer accountable for meeting those performance goals with significant consequences if they don't. What if federal acquisition was a performance based function?
 - If those agencies which have received special acquisition authority from Congress work, then doesn't that call into question the need for this massive acquisition system regulatory architecture that we have created and continue to add to? Will come back to this point again in discussing implementation.

- **RECOMMENDATION 5: PLACE GREATER RELIANCE ON COMMERCIAL INDUSTRIAL CAPABILITIES**

- DOT has been active in leveraging its R&D capabilities. Actively partnering with other agencies on transportation R&D initiatives. Also actively using the Other Transactions authority provided to us in TEA-21. (PEGGY – Mr. Downey knows a lot more than I do about what is going on in this area and can probably add to this).
- As to developing and fielding capital items, would point you to Coast Guard's Deepwater Project again. CG needs to replace its varied deepwater assets including planes, ships and command and control architecture. Rather than replace on an asset by asset basis, CG defined its mission needs for a deepwater system of assets and is letting industry teams propose a systemic solution with varying mixes of assets. PRT might want to do a case study and publicize CG's approach.

- **IMPLEMENTATION**

- Concerned about using the Section 800 panel model for change. That approach allowed Congress to cherry pick what they wanted to accept with result that many laws that inhibit procurement are still on the books. There is no evidence that Congress is going to change its mind on any of those recommendations that it rejected last time.
- If PRT thinks there is merit to the idea of a non regulatory Federal Acquisition System, then maybe it would be worthwhile to study the outcomes of those organizations already operating in that environment such as the Post Office and FAA. Perhaps the models for success are right in front of us.
- Truly start with a blank slate. Let your group try to develop a non regulatory model for the federal acquisition system – defining the broad policy principles and the performance metrics that would ensure the government's public policy objectives can still be met and how agency officials (including, perhaps, a chief acquisition officer) would be held accountable. Then if some framing regulatory elements are needed, they could be added but kept to a minimum. End product should be less a report and more a model for the future federal acquisition system.

- **OTHER AREAS**

- **FINANCIAL ASSISTANCE AGREEMENTS:** One of the problems here is that there is no central focus for financial assistance such as the PEC or CIO Council. Thus, governmentwide financial assistance policy issues are often addressed in a fragmented fashion. There is not usually one person responsible for grants in an agency. Several agencies, including DOT, have their procurement executives responsible for overall policy. But management of the programs is scattered throughout the operating elements and often, there isn't a person below the level of the Administrator, who has any insight into an operating element's overall grant activities. So the very structure of those programs tends to inhibit a strategic perspective on grants. PRT might have some thoughts on how to bring more strategic coherence to the government's use of financial assistance instruments. One thought: do "other transactions" really work from an outcome perspective - are they bringing commercial technology into the government marketplace? Something you might look into.
- **SERVICE CONTRACTS:** 1) DOT has begun an aggressive initiative to increase the use of performance based service contracts. Tied it to GPRA – contractors must be invested in the same performance objectives that our employees are accountable for. 2) As mentioned previously, we run the risk of losing the benefits of GWACs and similar vehicles if we don't begin to fight back against the nay sayers and start publicizing why these vehicles are a success (beyond simply saying they shorten the procurement cycle).
- **TRAINING:** Training continues to be a tough sell on the Hill and often the loser in the budget battles. Transforming the federal acquisition system is going to require a significant training effort, especially in imparting broader business skills to our workforce. The procurement brain drain is underway and the pipeline is not full behind it. The PEC initiative for an acquisition intern program is very positive, but it only covers the first 2 years and continuing the professional development of those interns after that time continues to be a challenge. The PRT could be helpful by beginning to articulate the story and describing the consequences of failing to take action in very stark terms. Those of you who participated in the Logistics Management Institute workshops last year know the magnitude of the problem.
- Appreciate PRT's continuing interest in the federal acquisition system. Major challenge is for the system to keep pace with changes in technology and the marketplace. Those are occurring much faster than the federal acquisition system can keep up both from a policy perspective and providing implementation tools.

Leaves a workforce without the right skills struggling with inadequate policy guidance. PRT solutions are on the right track. The end product should be a model for the future acquisition system.

BACKGROUND INFORMATION FOR MR. DOWNEY

Copies of the PEC Strategic Plan and the LMI Acquisition Workforce Workshop proceedings will be provided to you.

Some other PEC initiatives that may bear on the discussion:

Looking at the current socioeconomic goaling process to determine if that is the best way to measure success. Would like to be able to develop a measure that tells us how well small businesses or disadvantaged businesses are doing rather than how many dollars we've funneled to them. For example, do disadvantaged businesses that graduate from the 8(a) program succeed in the marketplace after graduation?

PEC will consider at its February meeting (same day as PRT meeting) adoption of a set of governmentwide acquisition performance measures. Builds on both the Balanced Scorecard initiatives that many agencies are using and the President's Management performance measurement initiative from a few years back that you sponsored.

DOT has implemented a comprehensive Procurement Performance Management System based on the Balanced Scorecard (www.dot.gov/ost/m60/scorecard).

DOT has put its acquisition policy guidance on the web. More significantly, our internal guidance (Transportation Acquisition Manual) which does not have to go through regulatory process, has been redesigned as a web document with hyperlinks to all internal and external references. It is also published only electronically - we have eliminated paper copies (www.dot.gov/ost/m60/earl/tam). What FAA has done with their web-based policy guidance and toolset is similar (<http://fast.faa.gov/ams/default.htm>).

Even if we can't quite achieve the goal of a non regulatory system, I think there are ways to restructure the federal acquisition policy architecture along the lines of what FAA has done and what we've done in the TAM to make it more responsive to changing conditions. The FAR rewrite project foundered 5 years ago because folks couldn't agree on how it should be done. FAA and the TAM could serve as a model for FAR with an interactive document, broad internal policy guidance linked to implementation tools, and minimal regulatory content.

Comment 10-91

**REMARKS PREPARED FOR DELIVERY
DEPUTY SECRETARY OF TRANSPORTATION MORTIMER DOWNEY
FY 2001 CONSTITUENTS BUDGET BRIEFING
WASHINGTON, D.C.
FEBRUARY 7, 2000**

Opening: New Challenges

Today, President Clinton announced his budget for fiscal year 2001. As the President said in his State of the Union address, "Never before have we had such a blessed opportunity...to build the more perfect union of our founders' dreams."

This innovative, ambitious budget prepares us to meet the challenges of the new century – and to embrace its limitless opportunity.

In transportation, we have met the challenges of the last century – and we are ready to confidently accept the opportunities of the new century.

We know that our purpose in advancing transportation must be to help people live safer, better, more fulfilling lives. Here are the fundamental challenges I believe we must meet to shape the transportation system of the 21st century.

We must make transportation more international in reach, opening global markets, as we have through our three dozen open skies aviation agreements.

We must make transportation more intermodal in form, taking advantage of the strengths and synergies of our various modes, working together as One DOT.

We must make transportation more intelligent in character, making the most of new technologies, and supporting the move to e-commerce.

We must make transportation more inclusive in service, so that we leave no one behind, moving ahead in New Markets across the country.

And we must make transportation more innovative in scope, developing a climate of innovation that helps us achieve our other goals.

Budget Overview

The Administration's record \$55 billion transportation budget – 9 percent more than this year – helps us do all of these things. This budget will help us create a transportation system for the new century.

The budget provides funding increases in the areas that matter most – the areas that are goals for our strategic plan: safety – mobility – economic growth – environmental protection – and national security.

We will increase safety with a record \$4 billion, 13 percent more than this year.

We will enhance mobility through a record \$39 billion in infrastructure investment – an amount that is 86 percent above the previous Administration's average.

We will continue to promote economic growth and trade by answering the President's call for advanced transportation systems.

To do that, we propose a record \$1.28 billion investment in technology. This funding for transportation innovation is a 37 percent increase over the current year.

We will invest a record \$3.8 billion to protect and to enhance our environment – 5 percent more than this year.

And we will continue to support national security with \$1.6 billion – an 8 percent increase over this year's budget.

Let me tell you more about this budget and about the visionary programs we will implement to achieve our goals.

Safety

Safety – as always – is our top strategic goal. We already have made enormous progress – and, as in every goal – we are ready to be measured on that progress.

We have driven highway and rail fatality rates to all-time lows.

And we have helped the Coast Guard to save a life every two hours.

We are proud of these achievements and we want to build upon them.

Since transportation deaths occur most frequently on our roadways, we must continue our work to make them safer.

That is why we want to increase combined safety funding for NHTSA, for Federal Highways and for the new Federal Motor Carrier Safety Administration to \$1.7 billion – 21 percent above the current year.

We are going to add motor carrier inspectors to improve truck safety.

We are going to get dangerous drivers off the road.

We are going to expand the use of seat belts and child safety seats.

And we are going to promote new technologies, such as advanced air bags, testing them with the newest generation of crash dummies.

Our budget includes \$47 million, more than 28 percent above this year's level, to help states and communities protect their citizens from the serious consequences of pipeline failures.

We also request \$1.1 billion for aviation safety. Last week's tragic Alaska Airlines crash reminds us of the importance of our commitment to making our skies ever safer.

Let me add that – as Congress acts on this budget – I hope it also acts swiftly to pass legislation to reauthorize the FAA's programs. We need to give the FAA the management tools and the financial structure it needs to do its job.

Mobility

Mobility is our second goal, and it is about helping people get to where they want to go. It is about strengthening families, linking communities and supporting businesses. Again, we have made enormous progress.

Today, our roads and bridges are in better shape.

Amtrak ridership is increasing.

Transit ridership has seen double-digit growth.

And air travel has grown by 36 percent since President Clinton and Vice President Gore took office.

We have made a great deal of progress during this period – but we must continue to invest to meet the challenges we face.

The new budget does this through a record \$30 billion for highways – a record \$6.3 billion for transit – and \$521 million to continue Amtrak on its path of rebuilding.

And we are looking even further to the future. Last week we saw the partial introduction of Amtrak's high-speed Acela Regional service as the switch was turned on to electrify the Boston to New Haven lines.

To fully realize the potential of such technologies, we are requesting \$468 million to upgrade passenger rail service and to make the improvements necessary for high-speed rail.

Economic Growth

In his State of the Union address, President Clinton called for “a 21st century revolution to open new markets...right here in America.”

The President’s New Markets initiative seeks to bridge the opportunity divide so that no American is left behind.

We will support this initiative by extending mobility options to all Americans, helping them make the most of the opportunities our economy offers.

And so we have \$280 million for trade corridors and border crossings, improving freight shipment and our economic competitiveness.

We have \$150 million, double this year’s level, to help former welfare recipients travel to new jobs, and realize the promise of welfare reform.

We have \$358 million to improve mobility on Native American lands to – as the President said – honor “our historic responsibility to empower the first Americans.”

We have \$69 million for a new initiative to invest in improved transportation to help the people of the Mississippi Delta make the most of their region’s enormous potential.

And here in Washington just last week the President committed \$25 million towards a new Metro station to promote economic development along New York Avenue.

But we are not just meeting today’s needs. President Clinton, quoting Theodore Roosevelt, said we need to take “the long look ahead.” We are doing so with our support of research and education.

Through our partners, we are encouraging innovation in areas – such as telecommunications and nanotechnology – with enormous potential for transportation.

We are exploring ways to support the emerging e-commerce industry.

And we will help produce the next generation of transportation innovators.

We have joined with our partners in the Garrett A. Morgan Technology and Transportation Futures Program to encourage nearly two million youths to acquire the skills they need to become tomorrow’s transportation leaders.

Environmental Protection

In his the State of the Union address, President Clinton reminded us that we have “put to rest the bogus idea that you cannot grow the economy and protect the environment at the same time.”

Our air and our water are cleaner today, even as we enjoy the longest economic expansion in our nation’s history.

The cleaner fuels, cleaner vehicles and other initiatives that the President and Vice President Gore have supported are doing that job without compromising mobility or prosperity.

Our commitment to our natural heritage continues in this budget, with a total of \$3.8 billion to safeguard our communities and our environment.

Our strategies for a healthy environment will also strengthen our communities and families. As the President has said, parents shouldn’t “have to spend all their time stalled in traffic when they could be home with their children.”

And so we double funding – to \$52 million – to demonstrate strategies that can make our communities more sustainable *and* more livable.

We also have \$1.6 billion for the Congestion Mitigation and Air Quality – CMAQ – Program, to help our communities achieve both cleaner air and less congestion.

We also are answering the President’s call to develop new technologies that “make it possible to cut harmful emissions and provide even more growth.”

We saw the fruits of our efforts to do so at the Detroit Auto Show, which spotlighted the clean cars that have been developed through the Partnership for a New Generation of Vehicles.

The DOT’s Advanced Vehicle Program, with \$20 million in new funding, will extend similar technologies to produce clean trucks and buses.

National Security

Our safety programs protect us from accidental harm; our national security programs protect us from *deliberate* harm.

This budget continues to safeguard our nation from both foreign and domestic threats.

We have \$617 million for Coast Guard drug interdiction programs.

We have \$91 million as we move forward to protect our air traffic control system from cyber-terrorism.

And we have \$99 million to keep 47 ships available for emergency sealift capacity.

These programs will keep Americans secure at home and around the world.

Aviation

Now, let me turn to some details of the individual operating administration budget proposals.

We have set aside \$6.6 billion – about 12 percent above this year – for FAA operations. That will bring us 202 new field maintenance staff.

We also have \$129 million to operate new equipment being brought on-line.

The purchase of this new equipment is supported by \$2.5 billion – 22 percent more than this year – to modernize FAA facilities.

This modernized equipment – primarily air traffic control and navigation systems – will further reduce the number of outages – reduce delays – and maximize the safe use of our airspace.

There is \$221 million to support our plans for planes to fly directly to their destinations instead of taking the roundabout routes imposed by today's air navigation system.

The budget also will provide \$1.95 billion for airports and related investments. This includes \$60 million for research and other costs.

It also includes \$28 million – of a total \$50 million – for the Essential Air Service Program, which subsidizes commuter and regional flights to small communities.

And there is \$184 million for FAA research – 18 percent above this year – including \$49 million for continued research in safer aircraft structures and materials and \$49 million to improve security.

Coast Guard

We're requesting \$3.2 billion for Coast Guard operations, including the \$617 million I mentioned previously to continue the war against drugs.

We will help the Coast Guard modernize through a \$520 million capital budget – 34 percent above this year.

We also will fund the necessary planning so that we can move forward decisively in 2002 with the much-needed modernization of the Coast Guard's deepwater fleet.

Surface Transportation

Our highway programs include a record \$30.4 billion – reflecting the higher spending made possible because of TEA-21's alignment of budget authority with revenues.

For the new Federal Motor Carrier Safety Administration, the budget provides \$279 million – that's more than 50 percent above this year's level.

This includes \$177 million in safety grants. We also plan \$10 million for a pilot program to enhance law enforcement by improving the exchange of Commercial Drivers License information among the states.

Our record \$6.3 billion transit budget includes \$3.3 billion for formula grants and \$2.6 billion for capital investments.

The \$1.1 billion allocated for new starts will enable us to meet all of our outstanding Full Funding Grant Agreement commitments. It also will support agreements for 12 new rail transit projects across the country.

Other Programs

We are proposing \$18.7 million for the Nationwide Differential Global Positioning System. Together with \$10 million for train control projects, this gives us the foundation for safety assurance in the rail system.

In addition to funding the Maritime Security Program, we want to provide \$159 million for the Department's Marine Transportation System initiative.

This comprehensive effort to improve the nation's water transportation systems involves FY 2001 funding in the Coast Guard, RSPA, MarAd and the Saint Lawrence Seaway Development Corporation.

Overall funding for RSPA totals \$104 million – more than 25 percent above this year. This includes \$47 million for pipeline safety – \$19 million for hazardous materials safety – \$14 million for emergency preparedness grants – and \$9 million for innovative research.

The Bureau of Transportation Statistics budget – at \$31 million – will continue to give government and industry the data and the analyses we all need to make sound business and policy decisions.

Finally – as we did last year – we call for the Saint Lawrence Seaway Development Corporation to become a performance-based organization funded at \$13 million per year. That will better enable us to maintain the Seaway at lower cost to taxpayers.

Closing: The Tie That Binds

Let me end by saying that this budget is about the future.

It's about the federal role in partnerships for investments and for safety.

It's about innovation – the ideas and services that make this transportation system work in the New Economy.

And it's about a Department of Transportation that can help deliver these things.

We want to ensure that transportation continues to move this country and provide the foundation of our prosperity.

We look forward to our discussions with the Congress on the budget's detail, and I look forward to your questions.

Thank you.

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Remarks prepared for Delivery by
Deputy Secretary of Transportation Mortimer Downey

During the
U.S.-Japan Workshop on Bus Transit Operations
American Public Transit Association
Annual Business Meeting
Hilton Hawaiian Village
Honolulu, Hawaii
Wednesday, February 9, 2000, 8:30 am

should I say
Good morning (or Aloha!).

It's a pleasure to be here in the beautiful state of Hawaii and
to talk about one of my favorite subjects, transit.

We all know that more people are traveling – by car, bus,
train and plane – than ever before and that congestion is growing
in our cities and Metropolitan areas. *if we are going* To continue to prosper
economically *at the same time* and maintain *and* or improve the quality of life for our
citizens, we need to look at innovative transportation solutions.
innovations
And, one of those solutions is Bus Rapid Transit (BRT).

I believe that transit in ^{every} any form -- whether it be buses, light rail, streetcars, or shuttle vans -- can help to relieve traffic congestion and to make our nation's and the world's transportation system safer and more efficient. — *The ~~important~~ key is applying the right solution in the right place at the right time.*

We at the Department of Transportation also know that solutions can be found not only in the U.S., but overseas *around the world.* Working with and learning from ^{my} ~~the~~ experience of counterparts in other nations has been an important part of my ^{learning experience,} ~~career~~ both at the Department and in the ^{and} private sector. The Department of Transportation and its Federal Transit Administration have reached out internationally to exchange transit information and experience. *Should mention Curitiba Brazil as our model for*

For example, over the past 5 years the Department has been ^{for} fortunate to work with the Japanese Ministry of Transport to encourage innovation and technological advance in the transportation field, particularly transit. *PORT*

Earlier this week in Los Angeles, we held the 6th Meeting of U.S.-Japan Transportation Experts. (Phyllis Gales to provide information on outcomes and successes)

We want to continue our cooperation in transportation science and technology with Japan and expect to exchange information and experience with other nations as well.

The focus of this workshop is the image and marketing of Bus Rapid Transit. You heard from speakers yesterday that “an effective marketing campaign is as important as the special lanes, traffic preemption system or station amenities.” Buses, *at least* particularly in the U.S., suffer from an image problem. They are often perceived as slow, uncomfortable *or* as primarily serving the poor and disadvantaged.

We seek to change that image by demonstrating that bus service can be fast, efficient, and reliable. And, we are already *and the fact should be*

seeing positive results with our ~~first~~ demonstration project right here in Honolulu with its CityExpress! Bus Rapid Transit service.

CityExpress! was implemented in March 1999. In less than a year the average weekday ridership has more than doubled from about 2500 riders to about 6,000 riders today. CityExpress! has cut about 30 minutes off of a 90-minute trip and has spurred the sale of monthly passes – indicating an increase of regular riders.

Our next BRT project to come on line will ^{now on} be Ventura Boulevard in Los Angeles. This new express service is scheduled to begin in June and will feed the new North Hollywood transit station on the Red line. ^{heavy rail} — again showing that there is a place for every transit mode.

We expect other projects to follow in the next several years, and we are optimistic that they demonstrate the viability of bus rapid transit. Most projects – including those in Honolulu and Los Angeles – will incorporate Intelligent Transportation Systems

Include some
words about
Dulles
corridor

technology, including traffic signal preemption for buses, automatic vehicle location, and real-time passenger information at stations and on buses.

Our goal is to demonstrate BRT in a number of American cities and to see how it can be tailored to meet the needs of particular regions or metropolitan areas. Within ^{or so} ~~about~~ 5 years, we hope to have ten or more operational and successful BRT projects. “Successful” means that these projects will have overcome the institutional and technical problems that currently exist and will demonstrate to ^{one and all} ~~everyone~~ – transit riders, political leaders, and taxpayers -- that Bus Rapid Transit can make life better for people at a reasonable cost.

Another key goal of this demonstration program is to leverage the transportation impacts of the improved bus rapid transit service to promote transit oriented land development in the

BRT corridor and especially at the BRT station or stops. By this concentration of activity we hope we can address the related issues of congestion and sprawl. You all know — ^{whether from your direct involvement or} just from reading the newspapers and watching television — that these have become controversial political issues. There were literally hundreds of local ballot issues on these topics during the last U.S. general election in 1998. — ^{and a substantial majority vote in favor of the "anti-sprawl" forces.}

In the United States, cities and counties have the final say in ^{land use} zoning matters. I am confident that these officials ^{can} will use the market-influencing opportunities of Bus Rapid Transit to change zoning where necessary to prevent congestion and promote wiser land use.

You might ask: Why is he so confident? Well, I'm confident because we are already seeing a push toward transit solutions and Bus Rapid Transit in many cities throughout the nation. In Dallas, Texas, for example, total transit ridership grew 6.5% and bus use

grew 3.3% in 1999. This upsurge in ridership has led the Dallas Area Rapid Transit Authority to expand services, and the agency is in the middle of a 5-year plan to buy about 500 new buses.

This Fall, Chicago is planning a \$43 million lakefront busway primarily for charter buses running between its convention center and downtown hotels. Using a right-of-way along existing rail tracks, the buses will run an express service. This idea came about when some groups threatened to leave Chicago as a convention or conference site because of inefficient transportation for attendees.

(One more example may be added on Friday, 2/4)

So, the future is already looking bright for Bus Rapid Transit.

By offering more transit choices in this new century, we can ensure greater mobility for more people and ease the highway gridlock that plagues many of our cities today.

Thank you.

**American Public Transit Association Business Members'
Board of Governor's Meeting
Ihilani Resort and Spa, Malolo Room
Honolulu, Hawaii
Thursday, February 10, 2000
9 - 10 am**

Thank you, Stephanie (Pinson, Board Chair and President and Chief Operating Office, Gilbert Tweed and Associates, Inc.). Of course, it's great to be here in paradise, but more importantly, to be here with APTA to discuss the transit issues of the day.

As you all know, transit is a critical part of transportation systems for our nation and for the world. Buses and rail move millions of people safely and efficiently every day. Transit offers people many other benefits, including affordable and accessible transportation options, reduced roadway congestion and a cleaner environment.

Transit has been shown to revitalize cities large and small, helping people travel to jobs and to save time and money. Transit currently saves the U.S. approximately \$19.4 billion a year in costs associated with congestion.

While you may not make the front page of national newspapers every day, your industry is vitally important to millions of people.

Without transit, their quality of life would not be nearly as good as it is today – and would not hold the promise it does in this new century.

Now that I've made you feel pretty good about yourselves, I'm going to make you feel even better about the future of transit. And, I'll say right now that the future is bright.

We are in the midst of the longest-running economic boom since the early 20th century. The Clinton/Gore Administration's economic strategy of fiscal discipline is working. Because of the tough choices we made on deficit reduction, we have turned a deficit of \$290 billion in 1992 into a surplus of \$124 billion in 1999 -- the largest surplus in history.

In the last two years, we have paid down more than \$140 billion in debt and we are continuing to pay down even more debt. This Administration remains committed to maintaining a strategy of fiscal discipline to keep our economy strong and pay down the debt by 2013.

This strong economy and the disappearing Federal deficit allows us the means to invest in and improve our transportation system and to prepare for the challenges of increased population and demand for transportation in this new century.

I'm sure many of you would like to hear the latest on the Administration's budget proposal for transit in 2001. The proposed \$6.3 billion, a 9% increase over 2000, will continue the innovations and investments in infrastructure called for under the Transportation Equity Act for the 21st Century (TEA-21). Ultimately, this investment will improve mobility and access for all transit users.

More specifically, the President has proposed \$3.3 billion for the formula grants program, a 10% increase from 2000. This program includes grants specifically targeted to urban areas, non-urban areas and for special needs of the elderly and people with disabilities.

In 2001, funds proposed for the Formula Grants program will contribute \$4.7 million to the Over-the-Road Bus Accessibility program. This program will help to improve the accessibility of over-the-road buses for riders with disabilities. It will also protect the basic mobility of rural and disadvantaged communities by mitigating the costs of complying with the Americans with Disabilities Act and keeping fare prices affordable.

We have proposed increasing capital investment grants to \$2.6 billion in FY 2001, a 6% increase over 2000, including \$529 million for the replacement, rehabilitation, and purchase of buses and the construction of bus-related facilities. Several projects we expect to fund include \$50 million for additional buses in the Los Angeles area and \$35 million to support the 2002 Winter Olympic and Paralympic Games in Salt Lake City, Utah. These funds are an investment in transit infrastructure and will help make our nation's bus fleet more accessible to the disabled and more environmentally-friendly.

On the rail side, we propose investing \$1.1 billion to modernize and improve existing guideway systems for both heavy and light rail, commuter rail, and ferry boat operations. We have also included \$1.1 billion for the construction of new fixed guideway systems and extensions to existing fixed guideway systems. These funds represent a federal commitment to improve the productivity and competitiveness of our metropolitan areas.

Just last week, Vice President Al Gore announced that the Administration will seek to invest \$211 million for new transit projects in 12 urban regions this year. From Pittsburgh to Chicago and from Denver to Portland, the plan calls for investing in mass transit projects that are key to revitalizing our cities and creating more livable (not liberal!) communities. This proposed transit funding is part of the Administration's \$9.3 billion Livable Communities Initiative.

Safety – Still DOT's #1 Priority

While helping to finance infrastructure improvements and innovative technologies are important, DOT's #1 priority will continue to be safety. This past May, Secretary Slater announced a new rule that will make railroad passenger travel safer by enhancing the crashworthiness, fire safety and emergency escape features of passenger trains.

The final rule, which was issued by the department's Federal Railroad Administration (FRA):

- * Establishes comprehensive structural safety standards for rail passenger equipment.
- * Creates specific, more stringent safety standards for high-speed rail passenger equipment.
- * Enhances requirements for fire safety including an evaluation of existing fleet compliance.
- * Specifies requirements for passenger car emergency escape and escape features.
- * Revises existing standards on the inspection, testing and maintenance of power brakes.
- * Establishes new standards for the inspection and testing of mechanical components of passenger trains.
- * Requires passenger railroads to undertake specific safety planning on aspects of railroad operations affecting equipment safety.

The rule was developed in consultation with a working group comprising representatives of rail labor, Amtrak, and commuter railroads, as well as industry associations -- including APTA -- passenger advocate groups, manufacturers and states.

Technology and Innovation in Transportation

As technology continues to permeate most aspects of our lives in this new century, a surge of change and innovation is also forecast for transportation.

Los Angeles plans to become a test bed for the widespread use of Intelligent Transportation Systems (ITS) to improve traffic flows and overall quality of life. And, as LA moves toward a future of smart vehicles and intelligent highways. Technological innovations like this are not just technology for its own sake, but can help to improve our environment, our quality of life, and our economic competitiveness. We encourage innovation in transportation and in other sectors because it will truly improve the lives of people.

And what counts most are not the specific innovations, important as they are, but rather the climate of innovation – the encouragement that leads to new processes, new methods that, in turn, lead to new products or services that meet real needs.

Today, we are gradually providing the technologies, institutional framework, and experience needed to convert the nation's surface transportation infrastructure into an "intelligent" system and to convert future cars, trucks and buses into safer, more "intelligent" vehicles. Already, we are seeing positive results -- business being done in a new way.

For example, there have been several instances in cities with Advanced Vehicle Location (AVL)-equipped buses – which often use satellite systems to pinpoint the location of a vehicle -- where bus operators have observed accidents, crimes, or medical emergencies which warrant quick response by emergency personnel.

AVL technology not only offers passengers and station managers real-time schedule information, but also allows drivers to quickly notify emergency personnel, who can use the system to determine the location of the trouble. In the latter case, the technology can mean the difference between life and death.

Bus operators in transit systems with AVL report a greatly increased feeling of security with the silent alarm, listen-in feature, and rapid response capability that the system provides.

This is an example of how innovative thinking can turn technologies intended for other uses – like Global Positioning Systems (GPS) Navigation and cell phones – into lifesaving devices.

APTA, in partnership with FTA, is providing a leadership role in guiding development and demonstration projects to benefit the industry as a whole. You are helping to combine individual fuel cell projects to become a single National Transit Fuel Cell program where all can participate. We would like to thank APTA and the Business Members for their initiative and their support of innovation in transit.

The Administration and DOT seek to continue this climate of innovation and, as part of a broad expansion of our investment in science and technology, the President plans to propose that transportation R&D increase to over \$1.2 billion more than 35 percent over this year's level. This includes a nearly 80 percent increase for NHTSA safety programs -- a 60 percent increase for Intelligent Transportation Systems -- and a 34 percent increase for surface transportation research.

The Benefits of International Cooperation

While more transit is not the only answer to our transportation needs, it has become one vital solution to congestion both here in the U.S. and abroad.

We in the Department of Transportation are proud to partner with the Department of Commerce and other agencies to encourage the development of efficient and safe transit systems for cities and communities worldwide -- a key global economic and international issue.

The interagency, intermodal and public/private cooperation and collaboration that we expect to develop is also essential if we are to find success in the mass transit marketplace both domestically and internationally. And we in DOT want to see such success.

Intermodalism holds a lot of meaning for DOT and for transportation systems worldwide. We believe that transportation planning should consider all modes of transportation and how they interconnect to move people and goods. For that reason, Secretary Slater instituted ONE DOT several years ago, which is now our way of doing business. All agencies under the DOT umbrella -- the FAA, FTA, FRA and FHWA -- communicate and work together so that our transportation system continues to be safe, efficient and world class.

The Benefits of International Cooperation

Secretary Slater and I believe it is vitally important for the Department -- all of our modal administrations included -- to be involved internationally. We live in an age of global communication and international commerce. Many large companies are multinational, and international trade drives our national and international economies.

The Department has long been involved in international efforts. For example, the FAA is working closely with China to modernize its aviation infrastructure. In Chile, the FAA is helping with that country's transition to satellite-based navigation and, in Africa, is helping several nations to identify aviation safety, security, and air traffic management needs.

While our transit industry does not have the level of market share we enjoy in aviation, rail or other transportation products and services, we are moving in an upward direction. We believe that international cooperation will help us to meet our goal of a more globally competitive mass transit industry.

In addition to the economic gains from increased trade, there is also an information-sharing benefit of going global in mass transit. In my experience with transportation, I know that other countries can show us how to do some things better.

Congress gave DOT new authority to increase our international work in the area of transit under TEA-21. As a result, we have begun to get involved in mass transit internationally, an effort which I think will benefit both the U.S. and the international community.

Last week, the Department hosted the 6th U.S.-Japan Transportation Experts Meeting in Los Angeles, California, and we have invited the Japanese to participate in workshops here on accessibility, bus rapid transit and ITS. As a matter of fact, your President, William Millar, suggested that we combine our meeting with the Japanese with this week's APTA annual business meeting.

Over the past 5 years, we have worked cooperatively with the Japanese Ministry of Transport to deploy technology in the transportation arena under an intergovernmental agreement on science and technology exchange. During this year's meetings, we discussed potential projects or information exchange in the areas of rail seismic design, smart card technology, communication-based train control, and Maglev (low-speed).

Conclusion

It's time for me to wrap this up. I know I have talked about a lot of different, albeit related, issues. But, I do want to leave you with one overall message: The outlook for transit in this new century is bright. And, working together, we can push the envelope and make it even brighter.

Thank you.

A Marine Transportation System for the New Millennium

Remarks prepared for delivery by

Deputy Secretary of Transportation Mortimer Downey

during the

Marine Log Magazine's 3rd Annual Conference

"Safe Passage, Safe Harbor"

Washington Marriott Hotel

Washington, DC

Wednesday, February 16, 2000

9:30 am

Thank you, Sid (Wallace, Dyer, Ellis & Joseph law firm). And, congratulations to ***Marine Log*** magazine and the Baltic and International Maritime Council (**BIMCO**) on this 3rd annual conference. DOT has hosted quite a few conferences, so we know that it's no small feat getting the right mix of busy people together to talk about vital issues.

And, I appreciate the opportunity to speak to the movers and shakers in the shipping industry about what actions the Clinton/Gore Administration and DOT believes we need to take to ensure a strong and vibrant U.S Marine Transportation System (MTS).

This Administration understands how a safe and efficient MTS contributes to America's economic health and well-being. This year, we met the Y2K challenge in maritime thanks to the comprehensive and cooperative efforts of our maritime community in partnership with the U.S. Coast Guard and our Maritime Administration (MARAD). It was because of this teamwork that we went through the Year 2000 rollover with no glitches.

In looking ahead to future maritime challenges, again we worked in partnership with private sector stakeholders. The result is the vision we share for the future of our ports and waterways contained in, *An Assessment of the U.S. Marine Transportation System: A Report to Congress*, completed last year with strong participation from the shipping industry.

Another report, *America's Ocean Future*, released about the same time by Vice President Gore, also picked up on these issues and confirmed the importance of waterborne commerce as an essential use of our ocean resources.

A brochure about the MTS is available out there on a table, and I urge you to take a look at it. Or, if you are Internet savvy, the entire Assessment is available on-line at <http://www.dot.gov/mts>. This effort is probably the most comprehensive look yet taken at waterborne commerce – its importance, its challenges, and its future.

2001 Budget Proposal for Maritime

The Administration's 2001 budget proposal, which we sent to Congress just last week, demonstrates the first step in our commitment to upgrading and improving our Marine Transportation System. We can identify \$159 million in that budget as specifically responsive to the needs of the MTS, including \$110 million for a new icebreaker to keep Great Lakes ports open for winter shipping, almost \$5 million for waterways infrastructure, and \$6 million in budget authority to back

loan guarantees for U.S. flag and export ship construction and shipyard modernization.

Having a well-trained and knowledgeable maritime workforce is equally important, particularly as we employ more and more sophisticated information and other technologies in marine transportation.

This year's budget proposal includes \$80 million -- or 10% more than 2000 -- to support the U.S. Merchant Marine Academy, state maritime schools, and MARAD operations and training and \$2.5 million for the newly proposed maritime component of our University Transportation Centers program, which will support maritime research and encourage students to study toward a career in transportation.

We hope the Congress will approve our proposals because they are essential to improving our maritime transportation system.

Our Marine Transportation System: Key Facts and Issues

The MTS was in fact our nation's first "national highway system" long before we developed roads, bridges and other surface

transportation.

Perhaps because we haven't envisioned marine transportation as a system in the way we see aviation and surface transportation, we don't seem to pay as much attention to it. Despite its importance, it's always thought of not as a whole but as a disconnected set of elements – ports, waterways, navigation aids, commercial operations, and so on.

With its vast reach, the MTS, especially when we view it as a total system, plays a major role in our nation's economic competitiveness and national security.

The MTS provides economic benefits and value through the efficient, effective, and dependable transportation for the movement of people and goods. Waterborne cargo alone contributes more than \$742 billion to U.S. GDP (Gross Domestic Product) and creates employment for more than 13 million workers.

The U.S. MTS is a key part of our highly productive economy -- contributing to the unprecedented period of growth that we are enjoying. This vital system:

- Moves more than 2 billion tons of domestic and international freight;
- Handles 3.3 billion barrels worth of oil imports to meet growing U.S. energy needs;
- Serves 78 million recreational users;
- Hosts more than 5 million cruise ship passengers; and
- Supports 110,000 commercial fishing vessels and recreational fishing that contribute \$111 billion to state economies.

The MTS also plays a vital role in our national security by supporting the swift mobilization of America's military. For example, 90 percent of all equipment and supplies for Desert Storm were shipped through U.S. ports and other parts of the MTS.

I could go on and on, but you, better than anyone else, already know how your industries contribute enormously to the nation. That's why this Administration has made preparing and upgrading our Marine Transportation System a national priority.

Critical Issues Facing the MTS

It is an important priority because, in a globalizing economy, the total volume of domestic and international maritime trade could triple by 2020. The number of recreational users is expected to grow by over 65 percent to more than 130 million annually in the next 20 years.

World population growth will influence the scope and character of world transportation demand in the 21st century. Over the next 25 years, world population is projected to increase to 8.5 billion from its present 5.5 billion people.

Along with population, world trade is expected to increase dramatically. And one of the fastest growing U.S. exports are high-value agricultural products. U.S. agricultural exports, now valued at more than \$50 billion, and are expected to increase by about 45% to \$72.6 billion by 2008. Other products, from computers to cars and trucks, will also drive the maritime sector. Ports that handle autos have reported record shipments for 1999.

Given the increased capacity forecast for agriculture, raw materials, autos and other finished goods, the physical infrastructure and information systems that support the MTS are, in many ways, in need of an overhaul. Today, larger vessels are more cost effective in many portions of ocean-going trades, while mid-size and smaller vessels are important for our coastal and inland trades.

The larger vessels and the expected increase in waterborne traffic will require deeper channels and innovative channel designs. Overall, our country's dredging requirements are expected to grow, but to meet those needs, we must address environmental issues. For instance, we must minimize dredging where possible through sediment management, watershed planning and channel designs while, at the same time, encourage planning for and implementation of beneficial uses of dredged material.

In order to achieve top performance, a transportation system must be intermodal. Waterways, ports and terminals are only part of the MTS. The system needs to reach out and assure that we have the inland rail, road and pipeline connections that support the success of the overall enterprise.

Highway connectors and rail lines are essential for moving cargo between maritime terminals and interior markets of the United States. As a matter of history and economic development, most major U.S. ports are located in or near densely populated metro areas, such as New York City and New Orleans. Among the landside infrastructure inadequacies faced by such historic ports, two stand out:

- 1) At least half of all ports, and nearly 2/3 of container ports, have growing traffic congestion on the truck routes that serve them; and,
- 2) Many ports report that rail lines serving their facilities have at-grade crossings on local streets which pose a safety hazard, impede efficient access of trains to port terminals, and tie up traffic on local streets.

MTS Assessment and Recommendations

Because of the increasing pressures on the MTS now and those we foresee in the future, DOT decided and the Congress agreed that it was time to do a complete – and historic – assessment of the System.

Last March, Secretary Slater directed the Maritime Administration and the Coast Guard to lead this effort in cooperation with other government agencies, with maritime interests, with state and local governments and with the private sector.

In the spring of 1998, seven regional listening sessions were held across the country to hear from stakeholders and the public about the current and desired condition of the MTS. The issues and concerns we heard provided the framework for the first ever, national MTS conference held in November of 1998.

The several hundred national conference attendees from both the private and public sectors crafted a vision statement that is clear and powerful:

The U.S. Marine Transportation System will be the world's most technologically advanced, safe, secure efficient, effective, accessible, globally competitive, dynamic and environmentally responsible system for moving goods and people.

Several dozen federal agencies, companies and organizations participated in the MTS Task Force, which performed the assessment, including a very inclusive cross section of MTS interests -- participated, including dry bulk, liquid and intermodal cargo shippers; recreational boaters; environmentalists; and inland, ocean and Great Lakes carriers.

In addition to the Coast Guard, MARAD and 9 other DOT modal administrations, a number of non-DOT agencies participated, including the U.S. Departments of Agriculture, and Commerce and Interior, the Environmental Protection Agency, the Army Corps of Engineers and the Department of Defense.

Some key recommendations of the MTS report include:

- Creation of an MTS National Advisory Council to provide a structured approach for non-federal stakeholders and to provide input on national-level issues. We have placed a notice in the Federal Register and expect to have a Council formed later this year.

- Adoption of a systematic approach to MTS safety and environmental protection. Managers, operators and users of the waterways and facilities, the landside transportation system, environmental interests and the public all must be involved via local committees or planning groups.
- Better coordination and development of adequate financing mechanisms to ensure the growth of seaports, waterways and their intermodal links. Industry and government at all levels must explore innovative funding mechanisms to leverage existing resources and make more effective use of existing funds.
- Improved efficiencies in the movement of people and cargo, including one-stop shopping for federal inspection and reporting, improved landside access to ports, a national cooperative MTS research program and more reliable traffic forecasting.
- Establishment of information management systems and infrastructure supportive of the MTS, including development of better hydrographic and weather information; improved vessel, cargo and passenger tracking methods; and better waterway traffic management information for mariners and ports.

Now that we know what's needed, we must work diligently to put these recommendations into action. But, the federal government cannot accomplish these objectives on its own. We will need the private sector to do its part to make them happen.

Conclusion: Now Is the Time

Now is the time to plan ahead and to invest in important MTS infrastructure and other improvements. Why?

Because, under the President's and the Vice President's leadership, our nation's economy is the strongest it has been in a generation.

Since 1993, the economy has created more than 20 million jobs and we have the lowest unemployment in over 30 years. Because of the tough choices we made on deficit reduction, we have turned a deficit of \$290 billion in 1992 into a surplus of \$124 billion in 1999 -- the largest surplus in history. In the last two years, we have paid down more than \$140 billion in debt and we are continuing to pay down even more debt -- a projection of \$300 billion by the end of FY 2000. This Administration remains committed to maintaining a strategy of fiscal discipline to keep our economy strong and pay down all publicly held debt by 2013 -- leaving far more room in the economy for private and state and local government investment at affordable interest rates.

This good news means we have an opportunity to seize the

moment to highlight the MTS and transportation issues in order to revitalize, in partnership with the private sector, the infrastructure of our ports and waterways. Such investments in our ports and waterways and their intermodal connections are not only necessary, but will ensure that we remain competitive and secure well into the new millennium.

Sir Walter Raleigh, the famous English Merchant and shipowner once said:

*Whoever commands the sea, commands the trade,
whoever commands the trade of the world, commands the
riches of the world, and consequently, the world itself.*

While this was said several centuries ago, I think it rings true today.

Our work to put the MTS recommendations into action has only begun, but we are already on track. Secretary Slater and I and the entire Department of Transportation will continue to work with you to ensure that our nation's maritime transportation system is ready for the challenges ahead.

With your continued support and leadership, we will achieve our

vision for the MTS – for our ports, waterways and their intermodal connectors. We are committed to this effort, and look forward to working with the Congress and all MTS stakeholders.

Remarks prepared for Delivery by
Deputy Secretary of Transportation Mortimer Downey
during the
Traffic Club of New York
Annual Dinner
Grand Hyatt Hotel
Park Avenue and 42nd Street
New York, New York
February 24, 2000
6:15 pm - 10 pm

Thank you, Anton (Becker, Club President), and good evening everyone. I knew this would be a large, as well as diverse and knowledgeable audience, so it was a challenge to come up with comments that would interest all. I hope they'll at least keep everyone awake!

As Anton indicated, I've spent a number of years working in the transportation field, first with the Port Authority of New York and New Jersey in a variety of positions in freight and passenger transport. And, after a sojourn in Washington, I moved over to the Metropolitan Transportation Authority, which put me ever closer to the region's hot issues.

So, unlike some national figures you may have heard at dinners like this, I can't get away with a claim that New York problems are too complicated and should be left to New Yorkers to sort out.

Tonight, I want to focus on 2 areas that are near and dear to all of us and are inextricably linked – transportation and the economy.

Transportation and the Economy: The Outlook is Positive

Our strong national economy not only makes for a positive outlook, but demands that transportation keep pace. We know that the economy is strong . . .

During their first year in office, President Clinton and Vice President Gore put into place the strategy of cutting the deficit to help reduce interest rates and spur business investment. Under their leadership, we have enjoyed more than 7 years of continuous economic expansion, a growth period of unprecedented length.

Since 1993, the economy has created nearly 21 million jobs, and we have the lowest unemployment in over 30 years. Based on the tough choices we made on deficit reduction, we have turned a deficit of \$290 billion in 1992 into a surplus of \$124 billion in 1999 -- the largest surplus in history. In the last two years, we have paid down more than \$140 billion of the national debt and we are continuing to pay down even more -- a projection of \$300 billion by the end of FY 2000. This Administration remains committed to the strategy of fiscal discipline to keep our economy strong and pay down all publicly held debt by 2013 -- leaving far more room in the economy for private and state and local government investment at affordable interest rates.

The New York-New Jersey region, like the rest of the country, is also experiencing phenomenal economic growth. In 1998 alone, we saw more than 170,000 jobs created, with the New York-New Jersey region adding more new jobs than Seattle and Atlanta combined. Regional construction jobs jumped more than 7 percent in the same year.

The Port Authority's 1998 Annual Report, the source of these positive statistics, noted the link between regional prosperity and transportation: "Business relationships and transportation and communication links play a vital role in helping spread prosperity throughout the metropolitan area." That observation gives us foresight into the future investments we need to sustain our prosperity.

Because of this economic strength, we have the financial ability to invest a record 50.5 billion Federal dollars in transportation in the current year to make travel safer and more convenient for all Americans and to enhance our nation's competitiveness.

And this number will increase to \$55 billion in FY 2001, if the Congress supports our budget proposal for strategic investments.

The E-Commerce Revolution and Innovation

Key businesses in the New York-New Jersey Metropolitan area, such as banking, finance and publishing, have been virtually transformed by electronic commerce. But, I'm sure the people in this room realize that even the virtual world needs real-world transportation. Selling products on-line has been fully accepted by the public.

One of my staff tells me he's purchased both a car and a dog online, but I haven't gotten reports on how they are performing. The hard part for e-commerce retailers is to find efficient distribution and transportation networks to deliver the goods -- just ask the kids who didn't get their Christmas gifts last December.

Digital age companies want and need highways, trucks, warehouses and airports. But, they are also searching for ways to integrate their information and distribution systems so that they can deliver goods the goods to the customer anywhere, anytime, and on time.

That's what the e-customer expects, and this calls for innovation -- doing business in a new way. This is what Secretary Slater and I and our colleagues at DOT have been encouraging in the transportation world.

We encourage innovation in transportation – and in other sectors – because it will truly improve people’s lives. And what counts most are not the specific innovations, important as they are, but rather the climate of innovation – the encouragement that leads across the board to new, entrepreneurial products and services. An early example of such innovation is the way this region led the move to create the container shipping revolution that we all now take for granted.

Similarly in 1993, Vice President Gore challenged a somewhat complacent auto industry to join with government in a partnership to develop a car that would get 80 miles per gallon and still be safe, comfortable and affordable. Well, at this year’s Detroit auto show, American automakers rolled out such a concept vehicle that gets 107 miles per gallon, not just 80 mpg. The climate of innovation encourages great ideas to come forth.

The federal government has long been a catalyst for innovation. As part of his 2001 budget proposal, President Clinton has included an increase for transportation research and development to more than \$1.2 billion for FY 2001, about 35% more than last year's level. We hope that Congress will approve that proposal, too.

Today, we are gradually providing and encouraging the technologies, the institutional framework, and the experience needed to convert the nation's surface transportation infrastructure into an "intelligent" system and to convert future cars, trucks and buses into safer, more "intelligent" vehicles that operate within an electronically managed system.

Now, I want to move from land to sea and tell you where we are headed with respect to our work in maritime transportation.

Our Marine Transportation System: Key Facts and Issues

The Maritime Transportation System was actually our nation's first "national highway system" long before we developed roads, bridges and other surface transportation. It's no coincidence that the Port of New York's first connection to America's heartland was via the Erie Canal.

Perhaps because we haven't continued to envision marine transportation as such an interconnected system in the way we see aviation and surface transportation, we don't seem to pay as much attention to it. Despite its importance, it's too often thought of as a disconnected set of elements – ports, terminals, waterways, navigation aids, commercial operations, and so on.

With its vast reach, the MTS, especially when we view it as a total system, plays a major role in our nation's economic competitiveness and national security, as documented in our recent MTS Assessment and Report to Congress. Waterborne cargo alone contributes more than \$742 billion to U.S. GDP (Gross Domestic Product) and creates employment for more than 13 million workers.

This vital system plays a truly significant economic role -- it:

- Moves more than 2 billion tons of domestic and international freight;
- Handles 3.3 billion barrels worth of oil imports to meet growing U.S. energy needs;
- Serves 78 million recreational users;
- Hosts more than 5 million cruise ship passengers; and
- Supports 110,000 commercial fishing vessels and recreational fishing that contribute \$111 billion to state economies.

With such diverse demands to be met, the Clinton/Gore Administration has made preparing and upgrading our Marine Transportation System a national priority.

It must be a priority because the total volume of domestic and international maritime trade could triple by 2020.

Among the fastest growing U.S. exports are high- value agricultural products. U.S. agricultural exports, now valued at more than \$50 billion, are expected to increase by about 45% to \$72.6 billion by 2008. Other products, from computers to cars and trucks and even the shipment of waste products, will drive the future of the maritime sector.

Given the increased demand forecast for agriculture, raw materials, autos and other finished goods, the physical infrastructure and the information systems that support the MTS are, in many ways, in need of an overhaul.

The larger vessels, and the expected increase in waterborne traffic, will require deeper channels and innovative channel designs, and that means resolution of the long-standing environmental issues.

In order to achieve top performance, a transportation system must be intermodal. Waterways, ports and terminals are only part of the MTS. The system needs to reach out and assure that we also have the inland rail, road and pipeline connections that support the success of the overall enterprise.

Highway connectors and rail lines are essential to moving cargo between maritime terminals and interior markets of the United States. As a matter of history and economic development, most major U.S. ports are located in or near densely populated metro areas, such as here in the New York region or in New Orleans. Among the landside infrastructure inadequacies faced by such historic ports, two stand out:

- 1) At least half of all ports, and nearly 2/3 of container ports, have growing traffic congestion on the truck routes that serve them; and,
- 2) Many ports report that rail lines serving their facilities have at-grade crossings on local streets which pose a safety hazard, impede efficient access of trains to port terminals, and tie up traffic on local streets.

Some key recommendations from our MTS Assessment include:

- Creation of an MTS National Advisory Council to provide a structured approach for non-federal stakeholders and to provide input on national-level issues. A comparable group will be formed to bring together Federal agencies with an interest in maritime issues. We have already placed a notice in the Federal Register and expect to have a Council formed and operating later this year.

- Adoption of a systematic approach to MTS safety and environmental protection. Managers, operators and users of the waterways and facilities, the landside transportation system, environmental interests and the public all must be involved via local committees or planning groups.
- Better coordination and development of adequate financing mechanisms to ensure the growth of seaports, waterways and their intermodal links.

Industry and government at all levels must explore innovative funding mechanisms to leverage existing resources and make more effective use of existing funds.

A good example of innovative financing is the Alameda Corridor project which, when completed, will provide intermodal freight links between the Ports of Los Angeles and Long Beach and shippers throughout the United States.

By providing a \$400 million loan, DOT is a minority-share investor in this 20-mile rail express line that will connect the nation's largest port complex at San Pedro Bay to the transcontinental rail network near downtown Los Angeles. This loan, which cost the government \$59 million, was an important factor in making the \$2.4 billion project viable. The success of this project stimulated the passage of an entire new form of financial assistance – the Transportation Infrastructure Finance and Innovation Act, or TIFIA.

TIFIA's \$530 million of contract authority could support up to \$10.6 billion of credit assistance for infrastructure projects of national significance over the next several years.

Our MTS Assessment also recommends:

- Improved efficiencies in the movement of people and cargo, including one-stop shopping for federal inspection and reporting, improved landside access to ports, a national cooperative MTS research program and more reliable traffic forecasting.

Another report, *America's Ocean Future*, which Vice President Gore released about the same time as the MTS report, picked up on these same issues and confirmed the importance of waterborne commerce as an essential user of our ocean resources.

Rail Merger Issues

Rail freight access and the health of the rail industry is another issue of continuing importance to the New York-New Jersey region. Right now, we are undergoing significant market restructuring, and the future of the railroad industry is under active debate. Because our transportation system is interconnected, the decisions we make with regard to our rail system in the near future will have profound consequences on all the rest of our transportation system.

The single most important event which brought us to the present state of the railroad industry was the passage of the Staggers Rail Act of 1980. This legislation substantially deregulated the rail industry. While much of the news is good -- rates have declined, investment has grown, financial health has been largely restored -- the Act had an unanticipated effect, contributing to a trend of consolidation in which the 40-plus Class I's gradually restructured into 2 large systems in the West and 3 in the East.

When Conrail split between the two remaining eastern carriers, a state of competitive equilibrium was established in North America: 2 megasystems in the West; 2 in the East; and 2 in Canada -- and we finally saw the (praise) of some restored competition in this region.

But, this equilibrium was shaken on December 20, 1999 when one Western carrier (BNSF) announced it would merge with another Canadian carrier (CN), creating a system covering both the Atlantic and Pacific regions and the Gulf of Mexico. The remaining large carriers have loudly protested this move and have threatened defensive mergers to offset the reach of the new carrier.

DOT is communicating daily with the industry and with Congress about the issues and potential impacts and is working to understand how we can preserve economic competition and support continued investment in our ports and terminal regions. We are taking the so-called railroad “endgame” and its potential impacts very seriously, and our comments before the Surface Transportation Board on March 7th will focus on what these potential impacts might be.

Finally, in order to be efficient and to contribute to our economy, our transportation system must also be safe. Safety continues to be DOT’s top priority, and we have been working diligently to ensure safety in all modes of transportation.

Moving Forward with Motor Carrier Safety

One of the most important safety initiatives of 1999 occurred when President Clinton signed the Motor Carrier Safety Improvement Act of 1999. DOT strongly supported the passage of the Motor Carrier Safety Improvement Act and, as a result, the Federal Motor Carrier Safety Administration is up and running. This new modal administration within DOT will focus solely on motor carrier safety.

New safety pioneers come with the new law, including major improvements to the commercial driver's license program by allowing the Department and states to more effectively identify problem drivers, take remedial action and get high-risk drivers off the road. We now have the ability to ensure the safety fitness of newly-formed motor carrier companies, levy strong sanctions on foreign carriers who operate illegally in the United States, deny access to carriers who are not properly registered and impose stiff fines on violators.

We have new authority to shut down carriers who have bad safety records – and even under our existing authority, we have been vigorous in enforcement – increasing the level of compliance reviews by 96% over the past 9 months. Over the same period, we have brought 25% more enforcement cases, increased penalties by 55% and reduced our enforcement backlog by more than 60%, from 1,174 to 235 cases.

With over 7 million large trucks traveling almost 200 billion miles per year on the nation's highways, we understand the importance of providing state and county transportation professionals with additional tools to meet the challenge of truck and bus safety.

The new law dramatically increases the funding for federal and state safety oversight and enforcement efforts - from \$354 million to \$549 million in guaranteed annual funding and an additional \$225 million in funding, subject to congressional approval. Those Federal dollars require a state match, and we hope that you will work with us to ensure that we're doing everything we can to make our highways safe.

Conclusion: Our Transportation Goals

The Department of Transportation and The Traffic Club of New York and share many of the same goals. Overall, our goal is to build a transportation system that can move people and goods safely and efficiently and meet our needs well into the future.

President Clinton and Vice President Gore understand that without a reliable transportation system, we would not continue to have the robust economy and the quality of life that we now enjoy. That's why we have made strategic investments, in partnership with state and local governments and the private sector, in all modes of our transportation system.

We look forward to continued work with all of you to meet our goals for America's transportation system and to continue the prosperity that our investments have achieved.

Thank you.

Remarks prepared for Delivery by
Deputy Secretary of Transportation Mortimer Downey

During the
National Congress of American Indians
2000 Executive Council Winter Meeting
Grand Hyatt Hotel
Washington, DC
 Friday, February 25, 2000

Good afternoon. It is both an honor and a pleasure to have the opportunity to speak to the leaders of the National Congress of American Indians. For more than 50 years, NCAI has been ~~an~~ ^{the} ~~important~~ ^{consistent} voice in preserving the rights, health and well-being of American Indians and Alaska Natives.

Before I get into the ^{specifics} ~~issue~~ of transportation and its impact on our economy and the lives of Native Americans, I would like to emphasize the commitment ^{met} ~~of~~ Secretary Slater and I ^{have forgotten} ~~and~~ the entire Department of Transportation ^{to} ~~to~~ ^{working} in partnership with tribes to provide ^{opportunities} ~~solutions~~ ^{for mobility and growth in our} ~~to the problems many~~ Native communities ~~face~~ in this new millennium.

Earlier in his Admin. Slater's tenure,
Several years ago, the Department formed a Task Force with

representatives from each of our modal administrations. The Task Force

-- the ONE DOT Native American Task Force -- *reached agreement on* ~~was successful~~ in

~~developing~~ *intended* a DOT Order to ensure that our programs, policies and

activities are responsive to the needs and concerns of *Native* American ~~Indians~~,

Alaska Natives and tribes. Secretary Slater signed the Order last

November, and we look forward to carrying out *it* ~~our programs and~~ *in ways that*

~~policies in ways that are sensitive to and~~ benefit Native Americans.

Transportation Investment: The Outlook is Positive

Our strong national economy not only makes for a positive outlook, but demands that transportation keep pace. We know that the economy is strong *and yet we know that we must do more to spread the benefits of a growing economy.*

During their first year in office, President Clinton and Vice President Gore put into place the strategy of cutting the deficit to help reduce interest rates and spur business investment. Under their leadership, we have enjoyed more than 7 years of continuous economic expansion, a growth period of unprecedented length.

Since 1993, the economy has created nearly 21 million jobs, and we have the lowest unemployment in over 30 years. Based on the tough choices we made on deficit reduction, we have turned a deficit of \$290 billion in 1992 into a surplus of \$124 billion in 1999 -- the largest surplus in history. This Administration remains committed to the strategy of fiscal discipline to keep our economy strong and pay down all publicly held debt by 2013 -- leaving far more room in the economy for private and state and local government investment at affordable interest rates.

ⁱⁿ ~~Because of this~~ ^{period of} economic strength, we have the financial ability to ^{in transportation. In the current year we will provide} invest a record 50.5 billion Federal dollars in transportation ~~in the~~ ^{current year} to make travel safer and more convenient for all Americans and to enhance our nation's competitiveness.

And this number will increase to \$55 billion in FY 2001, if the Congress supports our budget proposal for strategic investments.

President Clinton and Vice President Gore have worked hard to address the needs of Native Americans. In addition to concrete examples of progress from the Department of Transportation, which I'm going to tell you about in a moment, ^{we all} I know that President Clinton ^{'s} ~~is the~~ first sitting President to visit a reservation since Franklin Roosevelt. He ^{so} visited the Pine Ridge Reservation in South Dakota last July as part of his New Markets Tour. ^{was the first by a sitting President since Franklin Roosevelt.}

President Clinton's New Markets Initiative, which ^{is an undertaking that} DOT has been involved in from its beginning in 1998, is helping to bring economic development and renewal to Indian Country ^{more parts of America — like} and ~~other communities~~ that ^{in my school have} have not benefited as much from our Nation's prosperity, ~~as other parts~~ of the country. The President's FY2001 budget provides tax credits and loan guarantee incentives to stimulate \$22 billion in new investment in these urban and rural areas.

Helping People Get to Work

A key part of solving the ongoing economy is providing work opportunities -
Circue at DOT continually stress
no point that no one can go to work if they can't get to work.

The Transportation Equity Act for the 21st Century authorizes \$750 million over five years, and in FY 1999, over \$70 million was awarded for the President's Access to Jobs initiative and reverse commute grants to help communities design innovative transportation solutions so that low-income families ^{members} can get to work. The program is funded at \$75 million for FY 2000, and the President's budget proposes to double ^{it} funding to \$150 million in FY 2001.

To increase mobility and access to employment opportunities for Native American families moving from welfare to work and other low-income workers, DOT will set aside \$5 million for Indian tribes under the FY2001 DOT Job Access grant program and will propose allowing tribes to apply directly to the Federal Transit Administration for these grants.

Another step in his positive speech was the President's announcement on Wednesday - which I was privileged to take part in - that provided for new rules for the food stamp program. These new rules ~~to~~ take away the dilemma posed by the current requirements that some people to choose between using a car + gas

getting individual assistance. This is it a choice are shared by people who have no way people to make. with access to a car.

Building Roads and Bridges in Indian Country

And if we are successful, we also need to pay attention to the quality of our transportation system to serve the needs of our citizens.
DOT plans to expand its program to improve roads and bridges on

is still Congressional approval
Indian reservations. The Indian Reservation Road system consists of

25,000 miles of public roads, owned by the Bureau of Indian Affairs

and tribal governments, *as well as* and 25,000-plus miles of state and local public

roads within or providing access to Indian lands. The President's FY

2001 budget proposes to give the Indian Reservations Roads program

the full authorization amount of \$275 million *plus* with an additional \$74

million from *increased* highway *tax* receipts for a total of \$349 million, an increase of

nearly \$110 million over FY 2000. This will allow Tribes to address the

estimated backlog of \$4 billion needed to upgrade or build roads and

bridges. So far, some 14 bridge projects have been funded at about \$9.9

million total, and about \$30 million remains available for eligible

projects.

Highway Safety Grants

Because highway safety is a major problem on Indian reservations, ^{also proposes to} the budget will double funding for highway safety grants in Native American lands, bringing the total to \$2 million. These grants are used ^{well} to address highway safety problems related to human factors and roadway environment in order to reduce crashes, deaths, and injuries.

Conclusion

Officials from our Federal Highway Administration, Federal Aviation Administration and throughout the Department have and will continue to meet with your members on issues of concern. And, we will continue to work with Native American tribes and with the National Congress to create a safe and efficient transportation system for all tribal communities.

Thank you.