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Putting Our Knowledge to Work in the Marketplace

Remarks prepared for

Deputy Secretary of Transportation Mortimer Downey

for delivery during the

ITS AMERICA ANNUAL MEETING
Intelligent Transportation Society of America
Theme: "Revolutionary Thinking -- Real Results"
Plenary Session
John B. Hynes Convention Center
Boston, MA
May 1, 2000
11am-12:30pm

Thank you John (Collins). Before beginning, I want to wish ITS America a Happy 10th Birthday! DOT has been a proud partner in this organization, and we look forward to enjoying the fruits of our efforts as ITS continues to gain ground in the transportation sector.

John, I especially compliment you and ITS America for the great work that you are doing with the private sector. I also want to compliment the companies that have believed and invested in ITS. You all know that this has been -- and will continue to be -- a very worthwhile investment.

This year's ITS America Annual Meeting focuses, as it should, almost exclusively on industry and the "Revolutionary Thinking" that's showing up in the marketplace. I'm told that this year's exhibit will showcase a broad spectrum of technologies, from vehicle navigation to new emergency ~~support~~ service systems. I'm looking forward to seeing the progress for myself after this session!

The federal government continues to support ITS research and development, and our role fits well with your efforts. We believe that Intelligent transportation systems are essential to achieving the vision of a truly seamless international transportation system in which freight and passengers can move from state-to-state and nation-to-nation safely and efficiently -- a system that will facilitate current and future economic growth and quality of life.

That's why we have asked the Congress to increase the $218 million funding guaranteed under TEA-21 to $328 million for FY 2001. This funding will spur the development of cost-shared research partnerships, harmonized standards, and a national ITS architecture, and accelerate market deployment.

There are numerous reasons why deploying Intelligent Transportation Systems (ITS) is vitally important now and well into 21st century, but I only have time to focus attention on the top 2:

The Number 1 reason -- from the Clinton Administration and the Department of Tranportation perspective -- is safety, our North Star. President Clinton and Vice President Gore believe that using technology in our transportation system is a cost effective way we can improve safety and relieve congestion. ~~And, I wholeheartedly agree with them.~~

And if you listen in at 2PM, they will have an important announcement about how we in the Federal gov't can be an even better partner in the use of fundamental technology.

The second reason is ITS' ability to help companies compete and win in the rapidly growing and changing global marketplace. ITS technologies, particularly those deployed regionally, will help move goods and people faster, cheaper and, most importantly, safer.

Why deployment is important

The new emergency-related services that Joe Giglio mentioned will build new support for ITS deployment.

Increased Trade Means Increased Traffic

Not long after the North American Free Trade Agreement (NAFTA) was approved in 1994, government officials and business owners noticed a phenomenal increase in freight traffic along the new trade corridors.

During the first 5 years of NAFTA, U.S. exports to Mexico almost doubled and our exports to Canada increased by 55%. Canada and Mexico are this nation's #1 and #2 export markets, respectively, and our #1 and #2 source of imports. (Source: U.S. Department of Commerce) Moving goods and travelers back and forth along these North/South trade routes is vital for all three nations and requires a safe and efficient system.

Because of this growth, which is expected to continue, state and local officials and industry along the trade corridor have joined forces to make their transportation systems work better together. And, they are wisely focusing their efforts not just on building new superhighways, but on deploying ITS at border crossings and along the trade route to make it interoperable and integrated. DOT is assisting in this effort through our support of the ITS/Commercial Vehicle Operation (CVO) study and through our Border and Corridors Infrastructure programs under TEA-21.

While new roads and bridges will always be part of the transportation equation, we at DOT -- and I'm certain virtually everyone here -- believe their design and construction should incorporate technology.

I congratulate the state DOTs and the Metropolitan Planning Organizations (MPOs) involved and all who are working to strengthen transportation in the North American trade corridor.

While this is great news for Texas, the U.S. heartland, the Great Lakes region, what about the rest of the country? Well, I have some positive progress to report . . .

More ITS Accomplishments

Four years ago, former Secretary of Transportation Federico Peña set a goal of having an integrated ITS infrastructure deployed across the nation in 75 metropolitan areas by 2006. This continues to be our goal, and we are dedicated to making Intelligent Transportation Systems a reality nationwide. I am happy to report that we are well on our way: Today, 48 metropolitan areas report having a significant level of ITS deployment.

In the next several years, we will concentrate -- in cooperation with ITS America -- on learning lessons from deployment in these cities and bringing the remaining metropolitan areas up to significant levels of integrated Intelligent Transportation Systems. We will extend our efforts to consider tying these metropolitan areas together by applying ITS on a statewide, regional and national basis.

Last week, Secretary Slater and I had a very good meeting with Chairman Bill Kennard of the Federal Communications Commission (FCC) on DOT's application for a three-digit, nationwide traveler information telephone number.

The ball is in the FCC's court, but we are optimistic that they will act expeditiously. If approved, the Department intends to initiate a $5 million pilot program which would provide seed money to jurisdictions for converting the existing 300 numbers around the country to the new nationwide number.

Congestion in metro areas can no longer be addressed through costly build-only solutions. A nationwide number would give citizens an easy-to-recall number that can help them access local services to choose the best mode, route and time of travel to avoid traffic tie-ups.

In addition to making transportation smarter, we are also working in partnership with industry to make vehicles more intelligent. In 1993 -- the first year of the Clinton Administration -- we began investing in what has now become the Intelligent Vehicle Initiative. As a result, we have in-vehicle navigation and safety systems with access to GPS (Global Positioning System) satellite technology.

We expect to see more progress on intelligent vehicle development because of research and 5 field operational tests that began in the past year. The tests will analyze large truck rollovers, collision warning and avoidance, vision enhancement, vehicle control technologies, and hazardous warning systems.

We are now half way through the Standards development process, and the National Architecture is being used in cities and communities around the country.

We're consolidating what we've learned and putting it into the main stream -- and getting results.

In fact, today the Department is unveiling two new ITS software planning tools:

- The ITS Deployment Analysis System (IDAS – pronounced EYE-DASS). This is the first planning tool available to assess costs and benefits of ITS applications at a local level; and

- Turbo Architecture: This is a software program for the development of regional and project architecture. Like "turbo tax," it reduces the complexity of a very large, multi-facited architecture down to what's needed for a particular community by asking a series of questions.

Stop by the U.S. DOT exhibit – booth 2614 in Hall D -- for demonstrations of the software. It will also be on the agenda at Session 64 on Wednesday morning at 8:30 a.m.

Conclusion

While government is an ITS supporter and facilitator, the private sector will continue to ~~lead~~ be the leader in producing ITS products and services. To date, ~~You have~~ You've done ~~some~~ the "Revolutionary Thinking," that has produced ~~some~~ outstanding results. Keep up the great work!

We at the U.S. Department of Transportation look forward to working with all of you to fully deploy Intelligent Transportation Systems. We know that doing so will make our economy stronger, our environment cleaner and our quality of life better.

Thank you.

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Remarks prepared for

Deputy Secretary of Transportation Mortimer Downey

for Delivery during

NASTO 2000
Northeast Association of State Transportation Officials (NASTO)
Annual Meeting Closing Luncheon
Meeting Theme: **Mobility and Quality of Life in the 21st Century**
Foxwoods Resort
Mashantucket Pequot Reservation
Southeastern Connecticut
Tuesday, May 2, 2000

Thank you, Bill (William Ankner, Rhode Island DOT Commissioner) and good afternoon everyone. It's great to be ~~in New England, but I can't say that it's been a while~~. ~~My work with the Department means that I am traveling often to the Northeast region~~. ~~But, I grew up in Massachusetts, and I know the transportation issues up here well. And, of course I enjoy seeing my~~ colleagues! ~~(Could mention names that you know in the audience)~~

Page 1 of 15 (Draft #2, Apr. 28, 18 min.)

The theme of your meeting is "Mobility and Quality of Life in the 21st century." I hope that what I'm about to say will not only be very positive, but will speak to that theme.

First, let's talk about the economy, which ~~is an important factor~~ underlies our ability to support ~~for~~ mobility and quality of life. The outlook for our economy and, consequently for transportation, is bright.

We began this new century with:

- 20 million new jobs;
- The fastest economic growth and lowest unemployment rates in years; and
- Back-to-back budget surpluses.

This month, we will enjoy the 110th consecutive month of economic expansion, the longest expansion in U.S. history. The Northeast region, ~~like the rest of the country~~ once thought to be the relic of the old economy, is also experiencing phenomenal economic growth.

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~~ just raised to $360 billion we total 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.

Part of our economic success can be attributed to transportation. ~~our~~ investment and the efficiency it brings. At the same time, ~~this~~ our prosperity will allow us to invest in our nation's transportation system so that it can keep pace with growth.

Federal Transportation Funding

The Transportation Equity Act for the 21st Century (TEA-21) ~~will~~ is our guide to Federal investment in transportation infrastructure over the next several years and will invest more than $198 billion in surface transportation. With increased gas tax revenues now in hand, that total is now well over $200 billion. But, that funding is being sought for improvements in 50 states. And you are on the right track to begin thinking about TEA-21's successor legislation.

The Clinton Administration has proposed a record $55 billion budget for our national transportation system for FY 2001, the highest level to date in the history of the Department. A record $39 billion is planned for infrastructure investment to improve mobility, $30.4 billion to maintain highways and build new roads and bridges, and a record $6.3 billion is proposed for mass transit.

The Administration believes that we should continue to search for technological solutions to our mobility challenges and has proposed $1.28 billion for that purpose, 37% above our request in 2000.

This Administration has also been a strong supporter of transportation investment throughout the nation, including the Northeast. Since 1993, for example, Connecticut has received nearly $1.5 billion in federal highway aid. ~~This includes $4.5 million for emergency relief in response to natural disasters and $1.6 million for scenic byways~~. These funds have helped generate nearly 62000 61,891 jobs. ~~through FY99~~

During the same time frame, Connecticut received over $33.8 million in Airport Improvement Program funds to help build and renovate airports, and, ~~when necessary,~~ to provide funds for noise abatement to improve the quality of life for residents who live near airports.

· Bill

~~Commissioner~~ Ankner, I'm sure, ~~may be interested~~ to know to the penny that since 1993, Rhode Island has received over $415 million in federal highway aid, including $500,000 for scenic byways. These funds have helped generate 17,190 jobs and will make quality of life better in the "Ocean" state.

Additionally, Rhode Island has received nearly $80 million in Airport Improvement Program funds since 1993 to help ~~build and~~ with ~~renovate~~ airports, ~~if necessary, to provide funds for noise abatement to improve the quality of life for residents who live near airports.~~ and we are working with the state to an exciting project to link their primary airport with AMTRAK's Northeast Corridor service at a new intermodal station.

Solving our transportation problems, however, takes more than money. It requires developing strategies and innovative solutions that allow us to continue our ~~unprecedented~~ natural legacy of mobility and improve our quality of life as we continue to grow.

Making Our Communities More Livable

Vice President Gore, in January 1999, launched a comprehensive initiative to strengthen the ~~government's~~ federal role as a partner with state and local efforts to build livable communities for the 21st century. Through this initiative, we are providing communities with new tools and new resources to preserve green space, improve safety, ease traffic congestion, and pursue regional "smart growth" strategies.

The Transportation and Community and System Preservation Pilot program (TCSP), is a key component of the Administration's livability initiative. ~~The program~~ It consists of grants and research that will assist communities as they work to solve interrelated problems involving transportation, land development, environmental protection, public safety and economic development. ~~It was established in the Transportation Equity Act for the 21st Century (TEA-21).~~ enacted as part of TEA-21

TCSP funds are ~~used to help~~ helping achieve locally determined goals such as improving transportation efficiency; reducing the negative effects of transportation on the environment; providing better access to jobs, services and trade centers; reducing the need for costly future infrastructure; and revitalizing underdeveloped and brownfield sites. Grants also can be used to examine urban development patterns and create strategies that encourage the private ~~companies~~ sector to work toward these goals in designing new developments.

In March, Secretary Slater announced the projects that will receive FY 2000 TCSP grants totaling $31.1 million. Among them was a grant for trolley cars in New Haven, for a statewide service center in Maine, and a street revitalization project in Burlington, Vermont. There were also several substantial planning and other grants for New York, New Jersey, Massachusetts and several other northeastern states.

We have asked the Congress to increase funding for ~~the TCSP~~ this popular program from $25 million in FY 2000 to $52 million for FY 2001. In 1999, the first year of the program, we received an overwhelming number of applications – 524 – for almost $400 million! So, there is demand out there for this ~~type of federal support~~ effort to balance mobility and quality of life.

ITS and the Potential of Technology

While building or expanding highways will continue to be part of the transportation equation, doing so is NOT the only answer everywhere. In metro areas across the nation, we are finding that if you widen the roads, the drivers will come and ~~cause more~~ join in the gridlock. Motorists switch from other routes expecting to save time or abandon mass transit for their cars.

I believe that we can put our innovative ideas, our research, and our resources together to change and greatly improve the way our transportation systems operate. And, I believe we can do this without sacrificing either mobility or our environment.

Technology can help us manage our transportation systems, improving the reliability of travel times, avoiding or reducing delays from congestion, and enhancing user satisfaction and quality of life. Over the years, technology has demonstrated its usefulness by enhancing the crash-worthiness of vehicles.

Today, technology presents great potential for augmenting human performance to avoid crashes altogether, further improving transportation safety, and indirectly reducing congestion that occurs as a consequence of crashes.

Here in the Northeast, we see how commuters to move more quickly and ~~For example~~, electronic tolls are helping commercial shippers to move goods faster. Some 3.5 million trucks in 7 states are using E-Z Pass tags, and there are now more than 100 electronic toll collection systems in use around the country.

Four years ago, former Secretary of Transportation Federico Peña set a goal of having an integrated ITS infrastructure deployed across the nation in 75 metropolitan areas by 2006. This continues to be ~~our~~ the goal, for Secretary Slater and myself, and we are dedicated to making Intelligent Transportation Systems a reality nationwide. I am happy to report that we are well on our way: Today, 48 metropolitan areas report having a significant level of ITS deployment.

In the next several years, we will concentrate -- in cooperation with and with state DOTs -- ITS America ~~,~~ on learning lessons from deployment in these ~~cities~~ areas and bringing the remaining metropolitan areas up to significant levels of integrated Intelligent Transportation Systems.

Last week, Secretary Slater and I had a very good meeting with ~~the~~ Chairman Bill Kennard ~~Director~~ of the Federal Communications Commission (FCC) on DOT's application for a three-digit, nationwide traveler information telephone number.

The ball is in the FCC's court, but we are optimistic that they will act expeditiously. ~~If approved~~, the Department intends to initiate a $5 million ~~pilot~~ program which would provide ~~seed money~~ to jurisdictions for converting the existing 300 numbers around the country to the new ~~nationwide number~~.

A nationwide number would give citizens an easy-to-recall number that can help them access ~~local~~ services to choose the best mode, route and time of travel to avoid traffic tie-ups. In the Northeast Corridor alone, one traveler information number would replace a couple of dozen different numbers now in use between New York and Washington, DC.

~~(President's announcement that Selective Availability of GPS will be turned off here – we'll fax you the info from Gene Conti)~~

Environmental Streamlining

's environmental provisions ~~of~~ reflect a

TEA-21 ~~reflects the~~ joint commitment of Congress and the Administration that we can invest in America's infrastructure in a fiscally responsible manner, using ~~and use~~ that investment to increase safety, expand opportunity, **and** provide for a cleaner environment.

all recognize the

But, we need to make the environmental review process ~~the process~~ more efficient and sensible.

TEA-21 challenges our agencies -- Federal Highway Administration, Federal Transit Administration and others -- to work with our counterparts in the Federal environmental and natural resource agencies as well as state and local governments to implement "**environmental streamlining**." Recognizing the need for actions that are both timely and effective, TEA-21 calls on government to develop a more coordinated and effective environmental review process for highway and mass transit projects.

After TEA-21 became law, we held 12 listening sessions throughout the country to hear from stakeholders -- the public, state and local transportation officials and industry -- as to how they think we should implement the various provisions.

I participated in several of those sessions and can tell you that people -- including those in this room -- were not shy about telling us where government needs to improve its environmental review process and other activities related to transportation project delivery.

We also reached out to other federal, state and local agencies and project sponsors to identify challenges and the major obstacles to efficient project development. Many of them told us that:

Transportation projects are often delayed because of a lack of early involvement and consensus about the scope of the project, and a lack of communication, understanding and trust with all stakeholders.

The message is clear: We need to work together and we need to communicate better at the beginning and throughout the development phase of our surface transportation projects.

It sounds simple, but it takes effort when you have different levels of government and many stakeholders. Environmental streamlining is needed so that transportation projects do not become "gridlocked" by unnecessary and costly delays. We hope to complete new planning + environmental regulations reflecting this need by year-end.

Conclusion

We are making the strategic investments, in partnership with state and local governments and the private sector, to ensure that our transportation system is safe and efficient now and well into the 21st century. The Administration's and DOT's goals match the theme of this conference, but I've taken the liberty of adding a word:

Improving the Mobility and Quality of Life in the 21st Century

We at the U.S. DOT look forward to working with you to achieve that goal.

There is one more item I'd like to mention:

Like our transportation infrastructure, federal agencies need to revamp and upgrade their goals and programs from time to time. We have spent the past year updating the Department's 1997 Strategic Plan.

Under the Government Performance and Results Act, federal agencies are required to produce strategic plans every 3 years and performance plans and performance reports annually. In DOT, we take this effort seriously and want to improve the process at each step along the way.

I invite anyone interested in DOT programs and activities to comment on the draft plan. The web address is **http://stratplan.dot.gov** or go to the DOT web site and click on draft strategic plan. We've found the comments to be very helpful both in the past and currently. One indicator is that ~~In fact~~, hundreds of bicyclists logged on to tell ~~already told~~ us we did not give enough attention to bike paths in the plan. In fact, in the first draft of the plan the word bicycle did not appear. But, as a result of their comments, we have included the needs of bicyclists and pedestrians in the latest draft.

~~And~~ But, there's still room for other ideas and I hope we will hear from you as well. I know that his room is full of views about transportation future — so share them with us.

FINAL

Remarks prepared for
Deputy Secretary of Transportation Mortimer Downey
for Delivery during the 2000 Spring Symposium of the
American Association for Budget and Program Analysis
May 9, 2000, (3:30 PM)

Thank you, Beverly.

I understand that your symposium today has dealt with many of the key issues that face ~~those of~~ us ~~who work~~ in the public sector – from using technology to increase productivity and improve customer service ~~as well~~ to the issues as ~~as~~ of attracting and developing high-performance teams to ~~and~~ ensuring accountability.

In the final word of today's ~~session~~ event, let me ~~attempt~~ try to bring all of ~~the~~ these issues ~~you've been addressing together~~ by offering an underlying premise: To make real, substantive, and positive change in the lives of the American people – which is, after all, the goal of ~~all~~ government ~~programs are after~~ actions – we, as leaders and managers, must focus on performance. Because ~~results are~~ what matters to the American people is results.

Having held Jack Basso's job as Assistant Secretary for Budget and Programs during the Carter Administration, and now as Deputy Secretary (occasionally also referred to as COO -- Chief Operating Officer) for the Department, I know that one needs to be both strategic and systematic in managing a large public enterprise effectively. There are four elements of this that I'll ~~address~~ cover in the course of my presentation and each ~~is fundamental~~ adds important elements of a successful operation:

- Good "thinking." Thoughtful and careful planning to ~~cast an excellent~~ put together a solid strategy and plans to execute it;

- Good "doing." Implementation -- Putting the plans into action, including necessary changes in programs, budgeting, and financial execution;

- Good follow-up to ensure positive change has occurred and is continuing. ~~working~~. This step requires one to gather and evaluate key information. An example of this, which I will discuss in more detail later, is ensuring that program evaluations are done and used positively; and last - but certainly not least;

- A good workforce. To achieve high level performance, an organization needs to focus on its human capacity, both in terms of current and future needs. We need to continually attract and build a workforce that has 21st century skills and the commitment to public service, and we in ~~gov~~ the federal government have to do this quickly in the face of an impending exodus of skills + talents.

So, like any good process, it's a continuous cycle, first you think, then you do, then you learn and then you let the cycle repeat itself.

A key objective of federal leaders and managers of any large public enterprise should be to create and offer services and programs that have high value to the public. The public value that we are seeking to create and sustain is clearly laid out in our authorizing laws and policies. What public managers sometimes lose sight of in the course of the day-to-day strains of the workplace is the reason why public programs were created in the first place! The Government Performance and Results Act was enacted primarily to take us back to the basics – to remind us at the Federal level that our management must be focused, ultimately, on results for the American people.

Federal public management is different from state and local public management in that we at the Federal level do not get direct feedback on our performance. State and local governments are closer to their customers and if services are not provided well, state and local public managers hear about it quickly and vocally.

So, we at the Federal level have to find other ways to get customer feedback. To use an example, at DOT, we've involved our customers and stakeholders in helping us develop our strategic plan.

- The Secretary and I hold visioning sessions around the country and with international transportation constituencies.
- We have published scenarios of what the transportation world might look like in 30 years, under various sets of assumptions about key factors.
- We have asked our customers to help us create these visions and strategies, not just ~~in the~~ commenting ~~phase~~ but ~~also in the creating phase~~ work as we have put them together.
- In developing our last strategic plan, the Secretary and I held strategy sessions with interest groups to get their feedback on the strategies we were focusing on. This year, as we prepare our new strategic plan, we are involving interest groups in the development of our strategies.
- We also put our strategic plan on line and invite comments for all, because everyone uses the transportation system.

Positive results depend largely on how sound the underlying strategy is – and how well we all understand exactly what we are trying to accomplish. Outputs, or how much we do of something, will always be easier for us to measure. But, it is outcomes, or how well we do something, that matters to the American public. As an example, I can tell you how many miles were traveled by vehicles in this country. But, what people care about is how safely those miles were traveled and how much time it took them to travel those miles.

We have an obligation to be measuring outcome goals to the extent that we can, and to assessing the strategies we use to meet these goals. Program evaluations serve to assess strategies. In a few minutes I'll talk about a successful program evaluation we recently conducted.

In our new strategic plan, we are also identifying generic strategies, so that we can focus on improving strategies that are applicable to various GPRA goals and can yield many benefits. Examples of such generic strategies are regulations, partnerships, and use of technology.

This is the "thinking" part of performance management. Now, how do we in the Department of Transportation keep our management focused on results? The answer is both to plan the work and work the plan. Our strategic and performance plans, which help us to define our goals and maintain our focus, serve that purpose. Our challenge as managers is to make sure that ~~this~~ our succinct definition of the organization's strategic goals and outcomes become a part of the daily thought, conversation, and activity of ~~each~~ every person in the organization, not just the top layer.

An important aspect of our "getting-the-word-out" is to knowingly beat a dead horse. One thing that I've learned over the years is that repetition crystallizes understanding. So, it's OK to be repetitive if you're strategic about it. Our strategy is to use communication to create leaders, not followers, because that leverages our success.

Strategy must be "used" and "usable" by all of us, and must be continually reinforced by managers from top to bottom. In transportation, our strategic goals are safety, mobility, economic growth, protecting the human and natural environment, and national security. Communication of these goals to our workforce, our stakeholders and the public is one of our key priorities.

The way we keep these high priority goals in the minds of our workforce on a daily basis are many.

- First, our workforce is involved in the development of these key outcomes – so, to start off with, these are the outcomes that they have identified and are identified with.
- We give each employee a small laminated card with the goals on it.
- We also give briefings to our own staff, not just to Hill staff.
- We ensure that all messages we send to our employees continually stress our key goals, ~~that~~ includes our budget message, our congressional testimony, and speeches.

- We cascade our strategic and performance goals into the Secretary's annual performance agreements with the heads of our agencies and then into the performance appraisals of our employees. This helps managers and employees identify the linkages of their daily work with the overall goals of the Department.

. And we celebrate successes in terms of how they have accomplished our weekly key goals.

To sum up the "thinking" phase, it must involve all of those we are counting on to help us reach our performance goals – our workers, our stakeholders, the Hill. The validity of our goals is in many ways measured by the number of those who accept them. In order to achieve our goals, we must make sure that our stakeholders, employees and all agree on what they should be.

The second part of performance management -- implementation (the "doing") -- is where it's easiest for our overall goals to get lost. The key to good performance management by the "doers" is to ask questions that link outcomes to actions.

The key is accountability. It's not sufficient for top level managers to consider performance only once at the end of the year. The essence of performance measurement is reviewing carefully the daily, monthly, or yearly activity and strategic outcomes.

We need to know in the transportation world how well we're doing in achieving our goals – highway fatalities, for example – throughout the year. This knowledge makes us accountable. Warning flags can be raised so that we can examine reasons for performance ups and downs.

The value of this monitoring is to create an orderly and systematic way of shaping our daily activities. However, it's not always easy to get performance information ~~quarterly~~ on a frequent basis, especially information related to outcome goals – the ones the American people focus on. Such information doesn't need to be in a perfect format -- it just needs to tell you where your organization may or may not be succeeding. And you need to be willing to accept and act on that assessment.

At DOT, we've gotten better at gathering information about performance, but there's still room for improvement. To illustrate, in early 1999 we decided to do a "dry run" of creating DOT's overall performance report. At the time, we had timely annual data for only 63% of our performance measures. Over the next several months, we worked hard to improve the level of performance data. As a result, when it was "show time" early this year, we improved so that we had over 90% of the data we needed. Next year, we aim to do even better, even as we seek to make key indicators available more frequently than once a year.

One of our data problems is due to the fact that much of the information the department depends on to manage our overall performance comes from sources outside the department, in many instances from our customers.

We not only depend on our own workforce to achieve and record the results, but also our partners in the states, the private sector and other agencies. We depend on the good work of many others, using the resources we provide, measure progress and achieve our goals. And this makes sense because the American Transportation Enterprise consists of not only the federal government, but state and local governments, non-governmental organizations, private enterprise, and most important of all, the "traveling public."

To ensure that we continue to improve performance and achieve results, I meet monthly with the heads of our operating administrations such as the FAA or the Coast Guard. The agendas for those meetings ALWAYS include a report on how we're doing in relation to our performance goals.

As I hope many at DOT would attest, a monthly meeting with the Deputy Secretary at which performance is reported serves to focus the attention of management ON performance in ways that wouldn't happened with a memo or e-mail! It also serves to extract performance data that otherwise may not be easily accessible and as input for me on problems or issues that we are addressing.

Last, we try to prioritize our goals, because sometimes there just aren't enough resources to achieve them all in a limited time frame. We at the Department are using our internal budget process as an exercise in this priority setting, and we involve all of our top leaders. At the front end of our budget process, the top 100 or so leaders of the Department get together for a little less than a day to discuss overall goals and prioritize them. We actually vote on initiatives or key affect our strategic goals. – number one, two and so on. We do this voting first by strategic goal and then overall. This represents ~~our~~ a further effort to align our goals department-wide.

In summary, the action part of performance management is to be visible, vocal and ask questions. Some have said that employees care about what management cares about – so management needs to care and be persistent. That's what leadership is all about.

Another aspect of performance management is good follow-up through information and evaluation. As many of you know, this was the first year we reported on our overall departmental performance, as required by GPRA. I'm quite proud of our results in Fiscal 1999 -- we met 57% and observed a positive trend in 20% of our Performance Goals.

A critical step in improving performance is to determine how well you've done in accomplishing what you set out to do. Keep in mind that it's OK not to achieve every goal. If we did that, it would probably mean that we haven't set the bar high enough.

I've heard that in New Zealand if an organization achieves more than 80% of its goals, top managers are considered for demotion because they "obviously haven't been aggressive enough" in setting goals.

While I probably don't agree with such a simplistic method of determining success, it's important to understand why we meet or don't meet our goals and that understanding really must come through evaluation.

Right now, we in DOT are not only enjoying our successes, but we are honestly and forthrightly focusing on four crucial areas where our FY 1999 performance fell short:

- Seat belt usage has not risen as we would like.

- Incursions on our airport runways and air traffic operational errors, which is when two aircraft are not appropriately separated in space, have not decreased as we would like.

- And, the Coast Guard was unable to meet national security military readiness requirements in its partnership with the Defense Department.

The Department is currently evaluating why we missed these goals, and to do so we are looking closely at and questioning our strategies. We are asking ourselves: Should some of our actions or strategies be changed? If so, how?

We do not have all of the answers. But, recognizing problems is the first step towards finding solutions.

Organizational learning -- learning by doing and taking some risks -- is crucial to improving the organization's total performance. This past year, in cooperation with the Department's Inspector General, DOT conducted a major cross-organizational program evaluation of our hazardous materials programs. We looked carefully at the processes and strategies we use to ensure that hazardous materials are handled appropriately ~~in~~ throughout our transportation system and at how the various responsibilities to assure safety are spread throughout DOT. Many recommendations came out of this evaluation, which was focused on how we improve our performance in preventing hazardous materials transportation disasters.

Does the public care about this? Yes. Of course! For that reason, it's one of DOT's major goals. And, only by thoroughly analyzing what we're doing and what we are trying to achieve could we reach a conclusion that leads to results.

An evaluation's lifeblood is data. But, remember it need not be perfect data. As long as you know the data limitations and make sure that your evaluation methodology is appropriate, you can use program evaluation to further your overall goals.

And, unless you invest in a workforce that is committed to achieving results in the most effective and efficient way and using all the tools available, your achievements will be less than stellar. That's why we at the Department are focusing on workforce investment, whether it be through increased training, job flexibility or on-the-job educational experiences.

In closing, I'd like to leave you with this final thought: I don't believe there's magic in achieving good results, and thereby creating public value. ~~All~~ most of what it takes, as Vince Lombardi so often stressed to his successful teams, is persistence, and a constant focus on the strategies that you know will bring success.

If we can do that -- with great focus and determination amidst all that serves to distract us every day -- we will be good and wise stewards of the public trust, and good servants of the American public.

Thank you for inviting me to speak. I'd be happy to answer any questions you may have.

WRC 570 AM Radio Interview
The Business of Government Hour
1100 North Glebe Road, Suite 100, Arlington, VA
Host: Paul Lawrence, PricewaterhouseCoopers
May 9, 2000, 10 am

Talking Points

Segment Two: Reinvention at DOT

3. **Can you tell us about some of the other "outcome" measures that you developed within DOT?**

Highway congestion measure: Measuring hours of delay/1000 vehicle miles traveled on Federal-aid highways. Congestion costs Americans time and money, so it's important to find out where the major bottlenecks and invest in relieving such congestion. Data is collected and provided by the State departments of transportation from existing state and local government databases, including those of Metropolitan Planning Organizations. Began collecting in 1993.

Intelligent Transportation Systems Integration: Measuring the number of Metropolitan areas where integrated ITS infrastructure is deployed by using a set of indicators that measure the magnitude of deployment for selected technologies. Because ITS will save American drivers time and money, our goal is to deploy ITS to 75 metropolitan areas by 2006. This continues to be our goal, and we are dedicated to making Intelligent Transportation Systems a reality nationwide. I am happy to report that we are well on our way: Today, 48 metropolitan areas report having a significant level of ITS deployment.

Aviation System Capacity: Measuring the estimated capacity of the runway systems of the 50 busiest airports, expressed as the number of annual aircraft operations that can be accommodated without incurring an excessive delay. A computer model will be used by the FAA William J. Hughes Technical Center to calculate the capacity of the individual airports. 14 airports were simulated during 1999, and the remaining airports will be modeled this year through 2002.

Disadvantaged and women-owned business contracting: Measuring the percent share of total dollar value of DOT direct contracts that are awarded to women-owned and small disadvantaged businesses. Includes contracts awarded by DOT through direct procurement. SBA conducts verification of data through the Federal Procurement Data Center (FPDC).

Minorities make up 20% of the population, yet minority-owned firms represent only 9% of all construction firms and receive only about 5% of all construction receipts. Women own one third of all firms, yet get only 19% of the business receipts. White-owned construction firms receive 50 times more loan dollars than black-owned firms with identical equity. Before the DBE program was established in 1983, women and minority small business participation in DOT-funded highway projects was below 2%. (In 1998, that participation reached 15.8%, and we hope to continue that upward trend.)

4. **In addition to your effective use of the Government Performance and Results Act (GPRA), what other reinvention initiatives are you most proud?**

Our **ONE DOT management strategy**, including the creation of a "guiding coalition" (the Senior Leadership Team) which meets weekly to focus on management and programmatic issues affecting the progress of ONEDOT. We have held quarterly Executive Leadership Conferences, bringing together an expanded coalition of leaders from across the Department to also focus on advancing ONE DOT and to expand their common understanding of the leadership challenges in the Department, and the systems changes (budget, accountability, employee development and communications) which resulted from the Westfields conference in February 1998. All of these actions to foster a more collaboration across the modes have had the most significant impact on the department.

Team Excel is a ONE DOT team brought together under the sponsorship of the Associate Deputy Secretary and myself to promote the use of organizational assessments throughout DOT in order to improve organizational excellence (thus the name). The primary assessment tool is the Malcolm Baldridge Award criteria, an established tool used by both governments and private industry. In the first year, Team Excel has promoted pilot projects in almost every mode of the DOT.

Dockets Management System (DMS)

DMS is an electronic, image-based database. The database contains over 800,000 pages of regulatory and adjudicatory information. The information is available on-line 24 hours/day for easy research, comment and retrieval via the internet. The DOT Docket Public Access Room, located on the Plaza Level at 400 Seventh Street SW, Washington, DC enables interested parties to hand deliver docket filings. The access room is equipped with state-of-the-art computer workstations, permitting fast retrieval of information and enhanced search capabilities. Workstations and staff members are available 9 a.m. through 5 p.m., Monday through Friday.

Procurement Reform

DOT's Procurement Reinvention Laboratory created tremendous change in our procurement rules and regulations. With over 30 experiments in the lab, we streamlined or eliminated many of DOT's procurement policies and procedures. This resulted in more empowerment to the front-line professional and allowed for new, innovative ideas to be tried that were on the cutting edge and required risk taking.

Electronic TAR and TAM. We reinvented the way our procurement regulations and procedures are written and disseminated. They are now web-based with hyperlinks to internal and external references. We eliminated paper copies of the TAM and publish it only electronically (thus eliminated printing costs and time delays).

DOT's Procurement Performance Management System. We reinvented the way we evaluate our procurement performance using the Balanced Scorecard approach to measurement. We utilize web-based surveys to determine how satisfied our customers and employees are and use hard measures to gauge our performance in critical areas. Our measurement efforts are very much aligned with the performance measurement initiative recently established by the Procurement Executives Council (PEC).

Electronic Commerce. The evolution of technology is changing and will continue to change the very nature of the acquisition process itself. (For example, with 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.)

The PEC is currently reinventing how procurement information is provided to the public. They are working on creating a single point of entry for on-line government business. It is expected to improve government operations and access to government information. With a designated single point of entry, agencies will have more effective means for providing vendors with access to notices, solicitations and related documentation from one source. It will facilitate better communication with vendors, leading to more effective competition and more value for taxpayer dollars.

Government-wide Procurement Performance Measures. The PEC established a set of Federal-wide Procurement Performance Measures to gauge performance in critical areas and to use as a tool for developing and employing effective management improvement strategies. Fiscal Year 2000 is a pilot year with full implementation in FY 2001.

6. **Another one of your initiatives has been to foster economic growth in the Mississippi Delta region. What are DOT and other organizations doing in order to meet this goal?**

Providing $107 Million in Targeted Economic Development Assistance for the Delta Region:

Supporting Rural Housing and Economic Development. The Department of Housing and Urban Development will provide $22 million in Community Development Block Grants to support rural housing and economic development. Funding will be awarded through a competitive process for economic revitalization and community development initiatives in the Delta region.

Improving Public Works and Infrastructure. The Commerce Department will provide $10 million through targeted Economic Development Administration funding for public works and infrastructure grants. These grants require a state or local match, except in extremely distressed communities.

Increasing Funds for Transportation Improvements. The Transportation Department will provide a total of $69 million in funding targeted to the Delta Region, including: $48 million for new bridge and highway infrastructure in the Delta, including $25 million specifically for I-69 and the Great River Bridge; $20 million in transit funds, consisting of $15 million from the Federal Transit Administration's Capital Investment Grants program for public transit buses and bus facilities to provide affordable transportation and $5 million from FTA's Access to Jobs and Reverse Commute Grants to promote vanpools, new bus routes, and other transportation alternatives; and $1 million from Federal Highway Administration administrative funds for technical assistance, including training on Federal programs and developing a tourism marketing plan.

Supporting Rural Business. The Department of Agriculture will provide $6 million in funding to support rural businesses, including:
$4 million for the Intermediary Relending Program, which finances loans to intermediary borrowers who in turn re-lend the funds to rural businesses, community development corporations, and others for the purpose of improving rural economic opportunity -- the $4 million represents loan subsidy costs and would support a loan level of $8 million; and $2 million for Partnership Technical Assistance grants, to help under-served communities create strategic plans, better use USDA's rural development grant and loan programs, create jobs, improve the quality of life, and build strong, sustained economic growth. These grants will be run through the Rural Business Opportunity Grant Program.

Providing Technology Training for Teachers. The Education Department will provide $10 million for a targeted demonstration project to provide technology training to middle school teachers in the seven-state Mississippi Delta region. Research suggests that middle school is an especially critical time for students to learn the technology-related skills they will need to succeed in today's economy.

Segment Three: Managing DOT

1. **Let's talk about your employees at DOT. What are you doing differently today than you have in the past in regard to your own employees? What changes have you wanted to make in the way employees are developed, recruited and retained at DOT?**

Our goal is to foster a diverse, highly skilled workforce capable of meeting or exceeding our strategic goals with efficiency, innovation, and a constant focus on better serving our customers now and into the 21st Century. To achieve that goal, we are focusing on workforce planning, diversity management and employee development. We have pledged to devote 2% of the human resources budget to employee development this year.

Two organizations, RSPA/Volpe and MARAD piloted an 8-step process for workforce planning. By the end of the year, pilots for all organizations were selected and will be implemented.

Secretary Slater and I have worked to ensure that DOT has a diverse, well-trained and accountable workforce in the Year 2000 and beyond. We have promoted a more collaborative, customer-service oriented workforce through our ONE DOT management strategy.

3. **One of your responsibilities is also working with other departments and agencies and serving on numerous interagency committees and councils. What have you learned about how departments can work better together? How far away are we from "transparent government" in which the public does not know (or care) which agency it is dealing with – as long as their problem is resolved?**

We have a long way to go before we reach a transparent government. To a significant degree, this can be attributed to the structure of government programs. Agencies are set up with specific missions and programs designed to be independent and there are many controls to assure that funds are not comingled or subverted to other uses outside the primary agency mission.

Furthermore, with the downsizing of government, it is harder and harder to have the time to get work done, reach out to stakeholders and coordinate with other federal agencies. I would say both in the Executive and the legislative branches no one wants a truly transparent government.

One of the very unusual examples is the interagency collaboration of welfare to work -- DOT's Job Access Program, HHS' TANF program and DOL's Welfare-to-Work program. The federal collaboration in Washington has been extremely effective, and we have reduced barriers that hampered collaboration. It must be noted that the process to figure out and effect changes was long and arduous.

Some people could only see how we had always done things. Getting creative and forward-thinking people into meetings who could articulate and implement new ways of doing business was extremely time consuming and challenging. One meeting was very telling when DOT, HHS and DOL talked about each individually buying buses for welfare to work, but figuring out a way that we could each share in buying one bus was the challenge.

At the field level in federal agencies we have also had effective working relationships and collaboration. The very rare element in our authorizing legislation that allows the 50-50 match in the program to be met with other federal agency funds for transportation has encouraged collaboration in a way that would have been more difficult without that provision.

In environmental streamlining, we are finding one of the greatest challenges is the independence of and tremendous variety in the field structures of many federal agencies. Getting a consistent message out is challenge enough. Then having agencies with very independent field staff such as EPA implement the message or action consistently is extremely difficult.

The hardest of all is getting effective collaboration by the third parties that carry out our programs. The message filters down most slowly to them and overcoming the inertia of "this is the way we have always done things" is tough. Again, Job Access required collaborative planning in its authorizing language, and while its effect is being diluted by earmarks, it has resulted in unique collaborations of grassroots organizations, housing groups, welfare agencies, MPOs and others that would not have happened otherwise.

The brownfields program is another success that, without any new legislation, resulted in agencies fostering brownfields redevelopment within the framework of their existing missions. At DOT it provided the impetus for us to look at policies that had been in existence for quite a while with a fresh perspective.

Segment Four: Looking Ahead to the Future

2. Technology has become increasingly important to the success of all government agencies. Can you tell us what role technology has been playing at DOT and what role you think it will play in the future?

Technology -- primarily information technologies -- is allowing DOT and the transportation community to deliver better transportation systems (e.g., vehicles, infrastructure) and services quicker and cheaper. Government at all levels are delivering better products and services quicker (Web year speed) and cheaper to meet, if not exceed, the public's expectations. We offer services and information to our customers on-line. Work gets done faster within DOT and other agencies because of computers and the ability to communicate by e-mail.

Technology is enabling a revolution in the nation's ability to improve the performance (e.g., safety, security, efficiency) of the transportation system while reducing the impact on energy and land use and the environment. Today, thanks in large part to automotive and transportation technologies, fatalities are down. This has a lot to do with better materials, computer-aided-design techniques for vehicles and infrastructure, etc. and new technologies, such as crash avoidance (Intelligent Vehicle Initiative), advanced instructional technology, human-centered systems , offer opportunity for continued reductions, if not elimination, of crashes.

Technology is enabling the government to change its relationship with the private sector, moving away from regulation to one of innovation. By working together on advanced technologies, the private and public sectors can achieve dramatic improvements in transportation system performance, such as the PNGV, Advanced Vehicle Program, ITS, and deliver these improvements to the public faster and cheaper. The end result is not only better transportation system performance, but expanded global markets for US transportation products and services.

Technology will continue to be a crucial element in our efforts to **modernize our air traffic control system**. Technology can provide more precise, more accurate, more complete weather information to enhance safety. And, we are implementing programs and procedures including the eventual transition to a Global Navigation Satellite System (GNSS) to improve the capacity and flexibility of our ATC system.

Education: Technology is enabling Americans of all ages to get a better education and to learn throughout their lifetimes, improving their earning potential and quality of life. DOT's Garrett A. Morgan Technology and Transportation Futures Program seeks:

> To build a bridge between America's youth and the transportation community;

To support the development of improved educational technology that provides better ways for people to acquire new skills; and

To ensure that America's transportation work force for the 21st century is technologically literate and internationally competitive.

Much of the seasoned transportation work force is retiring. The demand for both traditional and new skills is expanding. The nation's need for technologically literate transportation workers continues to grow. So far, we have reached well over 2 million students and plan to reach another million by 2001.

4. **In addition to FAA, what are some of the other key issues that DOT will be facing in the decade ahead?**

Deepwater Modernization: The Coast Guard's Deepwater ships, aircraft, and Deepwater and Coastal C4ISR assets are all nearing the end of their economic service lives. Of the 41 comparably sized navy and coast guard fleets in the world, only two are older than our Coast Guard deepwater fleet. But more significant than their age is the consideration that our current assets simply do not provide the range of well-integrated capabilities we need to perform our missions. And they get more expensive to maintain and operate every year. Therefore, planning for and modernizing these capabilities must begin now.

The Deepwater acquisition project is a sound approach to that end and the Interagency Task Force strongly endorsed its process and timeline. We support the Coast Guard's performance-oriented "requirements" approach to recapitalizing and modernizing its "Deepwater" assets.

TEA-21 Reauthorization: Those who succeed Secretary Slater and I in leading the Department will almost immediately need to focus on reauthorizing TEA-21 (The Transportation Equity Act for the 21st Century). The current surface transportation law, which funds highways, bridges, transit, safety improvements and many other activities, will expire in 2003. The current law will support more than $200 billion of investment in surface transportation projects and programs over 6 years.

Executive Development & succession planning: This is vitally important because, as you may have seen in Sunday's ***Washington Post***, we may have a wave of retirements by 2004. We need to find – from both inside and outside the government – the most competent employees and develop the next generation of leaders NOW. We need to ensure that our leaders and employees have the skills they need to not only survive, but thrive in this information age.

In the decade ahead DOT will address Executive Development and succession planning much differently than how it is currently being addressed. Currently the focus on executive development varies greatly across the Department. With the exception of the quarterly ONE DOT Leadership Conferences, each agency conducts their own executive development activities. In the near future we plan to offer a cohesive executive development strategy that supports the ONE DOT momentum and maintains the organizational excellence that is imperative for transportation excellence in the 21st century. We will offer learning activities that clarify the business purposes and desired outcomes of DOT. These activities will provide the corporate leadership with a common experience base for addressing the future direction of the Department.

In terms of succession/workforce planning, DOT was recently recognized as a leader in the federal government for our efforts. Although executive succession/workforce planning is a critical issue (see 5/7/00 Washington Post article) the government is facing a critical need at all levels...from entry level on up. The competition with private industry for the best and the brightest will be a crucial issue over the next 10 to 15 years as baby boomers retire. We have to find ways to attract, develop and retain our future employees. For this purpose, DOT has designed and is currently implementing a workforce planning process that all DOT agencies are piloting. We expect our managers will have the tools necessary to identify the work the organization does and the work it will be doing in the future, the competencies the workforce needs to do the work and choosing the right strategies for filling gaps. We need to get smarter and learn from private industry about how to recruit for the future. In some cases, that means changing how and whom we hire.

In DOT we have recognized that we must invest in learning and development of our workforce. To that end, we have established a 2% of payroll investment in our employee development efforts.

Technology Adoption: Government and industry need to continue working together to see that technologies that will improve safety, relieve congestion and make driving and travel safer are deployed in the marketplace.

The **Partnership for a New Generation of Vehicles** (PNGV), a public/private partnership between the U.S. federal government (including 7 agencies, one of which is the U.S. Department of Transportation, and 19 federal laboratories) and General Motors, Ford and DaimlerChrysler, aims to strengthen America's competitiveness and improve safety and the environment by developing technologies for a new generation of vehicles.

Intelligent Transportation Systems represent the next step in the evolution of the nation's entire transportation system. Information technologies and advanced electronics are being applied to our transportation network to make it safer and more efficient.

TEA-21, our surface transportation law, targets $1.3 billion for ITS, the technologies that will be the foundation for a nationwide intelligent transportation infrastructure.

ITS will reduce transportation system operating costs by an estimated $3.5 billion to $7.4 billion over the next decade based on the recent success of innovations such as electronic tollbooths.

Welcoming Remarks prepared for

Deputy Secretary of Transportation Mortimer Downey

for Delivery during the

National Transportation Week Rally
and the annual Volunteer Committee Fundraiser
Nassif Building Courtyard
400 7th Street, SW
Washington, DC
12:15 - 12:35 pm

Thank you, Stephen (Van Beek), and good afternoon everyone.

We are here for two main reasons. One is to come together to recognize the importance of transportation to the nation during this National Transportation Week. In case you didn't already know, transportation accounts for about 11 percent of our Gross Domestic Product -- in other words, it's a major contributor to our economy.

Here at the Department of ~~Energy~~, we are working every day to ensure that our transportation system -- our planes, trains, ships and automobiles -- are safe and efficient. For example, our National

Highway Traffic Safety Administration tests vehicles coming on the market each year to make sure they're safe for the road.

Another example is our current efforts to modernize our air traffic control system -- the radar and computers that guide the airplanes from takeoff to landing and airport to airport. Every citizen depends on the work that we do here in the Department of Transportation, and we need to continue to ensure excellence in transportation for the 21st century.

And, of course, most people have heard of the Coast Guard, which serves many missions as part of the Department of Transportation during peacetime and wartime. From interdicting illegal drugs and performing search and rescue operations in America's waterways to helping the U.S. Navy with military missions, the Coast Guard is Always Ready and Always There when we need it.

The second reason we are here is to enjoy the Department of Transportation's (DOT) Volunteer Committee's Annual Fundraiser,

which will raise money to help purchase schools supplies and support programs at our partner schools, Lemon G. Hine Junior High School and TransTech Academy, part of Cardoza High School. So, please take a look at the items and food for sale and help support our students.

The Volunteer Committee was established almost 20 years ago in an effort by the Executive Branch to partner with local schools. We welcome the Committee's members, who are here with us in the front row. (Acknowledge Volunteer Committee Members)

By the way, if you are visiting DC from out of town, I hope you enjoy our wonderful Smithsonian museums and have time to visit the Capitol, the White House and the many historic sites. And, of course, the best way to get around is our excellent metrorail system right over there (point in direction of escalators). That's how I get to work every day!

Now, I'd like to introduce to you someone who has led the Department of Transportation proudly into the 21st century, our Secretary of Transportation, Rodney Slater. Secretary Slater is going to say a few words about what his goals have been for the Department and for America's transportation future. Secretary Slater . . .

Filed

Remarks prepared for

Deputy Secretary of Transportation ~~Morton~~ Mortimer Downey

for Delivery during the

U.S. Maritime Administration's 50th Anniversary Banquet
McLean Hilton Hotel, McLean, Virginia
Wednesday, 10 May 2000

Thank you, Clyde (Hart, Maritime Administrator), and good evening ladies and gentlemen. I want to thank you for inviting me to say a few words at this Golden Anniversary of the U.S. Maritime Administration.

Here tonight to help us celebrate 50 years of superb service to America are several special guests including: Congressman Robert Underwood, and ~~VADM and~~ former Military Sealift Command chief VADM James Perkins and ~~VADM and~~ VADM current MSC commander Gordon Holder.

These leaders have played important roles in the history of MARAD, and we are glad they could ~~join~~ be with us tonight.

Also among the heroes tonight are MARAD employees. Their dedication and professionalism are to be commended. I am told that there are several MARAD retirees here tonight. You have all helped MARAD accomplish its unique mission: strengthening our merchant marine and maritime industry to ensure America's economic and national security. And, this evening is yours to cherish with friends and old acquaintances.

The camaraderie that even non-MARAD employees feel in this room tonight is what the ONE DOT philosophy is all about. America needs an integrated, efficient and effective intermodal transportation system. That means everyone within DOT should be planning, coordinating and working together. One DOT means a system that delivers on five points -- it's got to be safe, fast, efficient, accessible and convenient.

This Administration understands how a safe and efficient MTS contributes to America's economic health and well-being.

The MTS was actually our nation's first "national highway system" long before we developed roads, bridges and other surface transportation. Today, the MTS plays a major role in our nation's economic competitiveness and national security.

2nd why it is right that MARAD is now located in DOT
Those of us with experience in a DOT that lacked a maritime arm know the difference.

we've taken

Because our maritime system is so important, ~~we took~~ a comprehensive approach, with strong participation from our private sector partners, in conducting an assessment of current and future demands. The result is the vision we share for the future of our ports and waterways, *An Assessment of the U.S. Marine Transportation System.*

what to the economy

We now know ~~that~~ waterborne cargo ~~alone~~ contributes more than $742 billion to U.S. GDP (Gross Domestic Product), ~~and~~ creates employment for more than 13 million workers. We also know that cargo moving through the system could double, and some say even triple, by 2020.

I could go on and on, but you already know how much maritime contributes to the nation and what the outlook is for growth. That's why this Administration has made preparing and upgrading our Marine Transportation System a national priority.

real

We have ~~some serious~~ challenges facing the MTS in the 21st Century, but Secretary Slater and I are confident that ~~having MARAD and the Coast Guard overseeing this issue for~~ DOT will ensure a safe and efficient maritime system for future generations.

your role in managing this effort within

Thank you.

Thanks for all you have done over the past 50 years, and best wishes for 50 more.

Remarks prepared for

Deputy Secretary of Transportation Mortimer Downey

for Delivery during the

Women's Transportation Seminar
National Conference 2000
Leadership for the 21st Century
Panel: ***TEA-21: Accessing Federal Funds and financing infrastructure***
Crowne Plaza Hotel
Broadway and 48th Street
New York, NY
3:45 - 5 pm

Thank you, Janette (Sadikhan). ~~(May want to mention that you know Janette from when you worked at MTA)~~

Before I get into the main topic of today's panel -- accessing federal funds and financing transportation infrastructure -- I want to pay tribute to the thousands of women who help to improve our country's transportation system every day. And, I commend the WTS for your efforts in bringing together professionals from the public and private sectors to focus on the important transportation issues of the day.

We are all fortunate to be living in this era of growth and prosperity. And, it's important to remember that the investments we made in our transportation system in the 20th century have played a major role in the development of the strong economy we're enjoying now in the 21st century. But, we will not continue to thrive unless we have the vision to plan and invest in our transportation infrastructure and in new, innovative technologies that will make the system safer and more efficient.

The Clinton Administration has proposed a record $54.9 billion budget for our national transportation system for FY 2001, the highest level to date in the history of the Department. A major theme in implementing that budget is ***partnerships***, including federal/state and local partnerships or public/private partnerships. No single entity, not even the federal government, can afford to finance major infrastructure projects, so partnerships are not only the wave of the future, but the reality of TODAY.

Accessing Federal Funds under TEA-21

The Transportation Equity Act for the 21st Century (TEA-21), our current federal surface transportation law, guarantees $198 billion in funding and authorizes $216 billion for highway and transit programs during its 6-year life (1998-2003). And, with increasing gas tax revenues, we are moving closer to the ~~high~~ higher level. More than 90% of those funds go to states and Metropolitan Planning Organizations as federal aid, disbursed according to various formulas, taking into account population, vehicle miles traveled and similar need-based criteria. TEA-21 gives states and localities flexibility in using funds for transit, highways and for deploying Intelligent Transportation Systems.

The rest of TEA-21's funding supports various DOT programs focused on improving safety, mobility and quality of life for all Americans.

In January 1999, for example, Vice President Gore launched an initiative to strengthen the federal role as a partner with state and local efforts to build livable communities. Through this initiative, we are providing communities with new tools and new resources to preserve green space, ease traffic congestion and pursue regional "smart growth" strategies.

The Transportation and Community and System Preservation Pilot program (TCSP), enacted as an important part of TEA-21, is a key component of the Administration's livability initiative. The TCSP program provides grants and research funding to assist communities in finding solutions to interrelated problems involving transportation, land development, environmental protection, public safety and economic development.

In March, Secretary Slater announced the projects that will receive FY 2000 TCSP grants totaling $31.1 million. New York, New Jersey, California, Michigan and numerous other states will benefit from these grants.

In 1999, the program's first year, we received 524 applications for almost $400 million! This has led us to ask the Congress to increase funding for this popular program from $25 million in FY 2000 to $52 million for FY 2001.

Financing Surface Transportation Infrastructure

Despite the strong economy and record budgets for transportation at the federal and state levels, there's still a shortfall in conventional public funding. Here in the New York Metro area, like many other places, there are just too many projects for too few dollars. Consequently, the Department of Transportation is working with state governments and the private sector to foster even more public-private partnerships and innovative financial strategies to get transportation projects done faster and at less cost than would otherwise be possible.

~~(The fact that Secretary Slater and other DOT leaders are here in New York at a U.S. Chamber of Commerce event today discussing the future of infrastructure finance is evidence of just how important it is.)~~

Innovative or enhanced funding options will become increasingly important as we work to upgrade or replace aging or obsolete infrastructure in some metro areas while we fund new ones elsewhere.

Last September, Secretary Slater and I unveiled the first five major transportation projects to receive credit or support under DOT's Transportation Infrastructure Finance and Innovation Act (TIFIA). Creating such financing mechanisms may be among the most interesting roles that government will play in this century, rivaling the contribution of our great programs in the 20th Century.

Over the next five years, TIFIA will be a major factor in infrastructure financing, contributing to the development of up to $10.6 billion in new intermodal facilities, border crossing infrastructure, expansion of multi-state highway trade corridors and other transportation improvements. TIFIA offers a way to leverage other capital resources to make the transportation investments we need today.

On May 10, 2000, the Department published a notice in the ***Federal Register*** inviting applications for credit assistance under TIFIA. A total of $1.7 billion in credit assistance will be available in FY 2000, and applications are due by July 5.

The Learning Phase of Infrastructure Finance

Metro areas -- from Los Angeles to Atlanta -- certainly have many unmet needs for intermodal transportation. Working in partnership with state MPOs and other public and private sector partners, we are looking at innovation in procurement and financing.

We are still learning about how to make innovative financing work for transportation. I'm sure that in the next several years we'll see many projects that work well, but I can't promise we won't see some that don't measure up. At this early stage, we don't have "successes" or "failures," but only examples of "so far, so good" or "Let's forget about that idea -- it's never going to fly."

For example, this Fall we signed documents awarding a TIFIA loan guarantee to the Washington Metro Area Transit Authority (WMATA). WMATA needed to issue contracts to upgrade its entire system - railcars, signals, stations, tunnels. But a particular clause in WMATA's interstate compact prevents it from obligating more funds to support (contracts) than it has on hand or immediately available. In principle, that's not a bad idea, but it also inhibits development of some good concepts, like multi-year construction or rehabilitation contracts. The TIFIA loan guarantee of $600 million allows WMATA to do both.

On the "not-going-to-fly" side, an Orlando public transit project – the system known as LYNX – failed to gain enough public or private financing to qualify for TIFIA support. So, TIFIA can't substitute for broad-based public support and availability of other financing.

One of the best examples of multiple-source financing is the Farley-Pennsylvania Station Redevelopment Project here in New York. The $780 million project will convert the historic Farley post office building adjacent to the existing Penn Station into an intermodal facility and commercial center serving Amtrak, commuter rail and subway passengers.

Participants in the project include the Pennsylvania Station Redevelopment Corporation, Amtrak, the U.S. Postal Service, and federal, state and city governments. TIFIA is the glue that holds this diverse partnership together. The project will receive both a TIFIA loan of $140 million and a TIFIA line of credit of $20 million.

We have fewer recent examples of innovative financing for highways, but we expect to do more in the coming years because federal dollars will not cover all of the costs of the projects people want to see built.

FHWA's direct participation in toll road financing is likely to increase with the continued implementation of the TIFIA program. Toll roads, of course, have been a feature of the U.S. transportation system since the early days of Colonial America, and many large public turnpike authorities oversee extensive networks of local and regional toll roads. The innovation of the 1990s has been the efforts of several states to attract private partners to design, build and operate these roads and the federal government's willingness (via TIFIA) to provide some capital to enhance the credit quality of the project's senior debt.

The State of California selected California Transportation Ventures, Inc. (CTV), a partnership that includes the engineering firm Parsons Brinckerhoff and Paris-based toll road operator Egis Projects, to build an 11-mile toll expressway from the Mexican border to the San Diego freeway system (SR 125 South). TIFIA financing is a key element in its financial plan.

Providing contingent loans during the project's first ten years of operation to improve the security of the project's debt, allowing the sponsors to obtain easier access to the capital markets and lowering their borrowing costs.

Looking Ahead, New Ideas

For several years, DOT has been focusing on improving and streamlining its grant programs, enhancing funds eligibility, and developing new financing techniques to enable project sponsors to use federal assistance.

Collectively, these "innovative finance" efforts helped advance some 200 projects worth roughly $15 billion. ***Is this a success***? Yes – the states, localities, and private partners who have offered up new ideas to be tested should be congratulated. ***Is it sufficient***? No – it is a good beginning, but just a beginning. My challenge to the Department 7 years ago was to learn by doing -- and that's what we've been up to -- both learning and doing.

The TIFIA program is only the latest, and the most visible, of the innovative financing techniques. It presents unique challenges and offers unique assistance. It targets those most difficult "mega-projects." It has the widest, multi-modal eligibility of any DOT program.

TIFIA limits the federal role to no more than 33% of project costs, meaning that its projects must involve many partners and funding sources. Assistance is in the form of credit -- loans, loan guarantees, and lines of credit -- not grants, and that means budgeting, accounting, and reporting policies and procedures are different from – and often more complex – than those for grants.

Despite the challenges of implementing this new program, we believe it amply demonstrates how the Federal government can tailor its assistance to fit the complex needs of major projects. For those large projects that do need a source of patient and flexible secondary and subordinate capital to obtain market financing, TIFIA demonstrates the power of leveraging federal resources with private capital.

The overall message I would like to leave you with is that government at all levels and the private sector, which depends on transportation to move goods, must explore these funding mechanisms to leverage existing resources and make more effective use of existing funds.

I look forward to the panel discussion to follow as well as your questions and comments. Thank you.

Closing Remarks prepared for

Deputy Secretary of Transportation Mortimer Downey

for Delivery during the

Design for Transportation National Awards 2000 Ceremony
National Academy of Sciences
2101 Constitution Ave., NW
Washington, DC
Tuesday, May 16, 2000, 11 am

Thank you, Al (Eisenberg). It is an honor to be here with our Design Award winners and with all of our guests and ~~my~~ DOT colleagues who have come to celebrate your wonderful ~~success~~ achievement.

The work you have done, and the transportation facilities that you have created, preserved and enhanced ~~or, in some cases, created,~~ will leave a lasting legacy. They will serve the American people and visitors to this great nation for ~~at least a half century or more~~ decades, and even for centuries.

We live in an era of astounding growth and prosperity, but also one that will challenge us in meeting our nation's transportation needs. Projects like the ones we recognize today will help us to meet those challenges, and gain the public's support as we do it.

From light rail and transit facilities to airport terminals and waterways, ~~you have used~~ your talents and innovative ideas to ~~make~~ our country's transportation system -- and peoples' lives -- better.

You have made all of us, and your families and friends, very proud.

We've inherited much from those who built before us, but you are paying them back by building for those who's lives will be touched over many years to come.

Before I close, I'd like to take this opportunity to thank the National Academy of Sciences for lending us their ~~beautiful auditorium~~ facilities for this celebration. Secretary Slater and I also want to thank the American Association of State Highway and Transportation Officials (AASHTO) for hosting the Transportation Design Forum and luncheon that are part of today's events.

Thank you.

(Ceremony Ends)

Remarks prepared for

Deputy Secretary of Transportation Mortimer Downey

for Delivery during the

Coast Guard Seminar
Future of the Coast Guard
Rayburn House Office Building, Room 2168
Washington, DC
May 16, 2000
8 am - 9:30 am

Thank you (checking on who will introduce you) and good afternoon.

First I want to say how proud I am of the men and women who serve in the Coast Guard -- they are hardworking people with a variety of skills. One reporter last year referred to the Coast Guard as "Congress's favorite servant for any problem that's wet." It's a pretty fair characterization. It seems they are everywhere -- at sea and in our waterways, from saving lives and intercepting illegal drugs, to breaking ice in Antarctica to support U.S. scientific research.

needs to be shortened up

Assessing the Future

As we transition into the 21st Century, the United States faces challenges very different from those that defined our national security during the Cold War. However we describe the current global order, the U.S. military, including the Coast Guard, needs to be flexible and to adapt to change.

Because the Coast Guard plays such a vital role both in peacetime and in our national defense system, we saw a need to do an in-depth and rigorous review of the organization, beginning our work in April of 1999. Less than 10 months later, we submitted our report to the President outlining the current duties and resources that the Coast Guard possesses and what it needs to continue to fulfill its missions. A good one-line summary of what we found is that:

The nature of the Coast Guard as a military, maritime operating agency that relies on well-trained personnel employing multi-mission capital assets will endure for the foreseeable future.

The Task Force was convened by executive order to provide a cross-government assessment of the future environment in which Coast Guard services will be required to operate over the next 20 years. In addition to Admiral Loy and myself from DOT and the Coast Guard, there were seven departments and agencies (State, Justice, Commerce, Defense, Labor, Treasury & EPA) and seven White House entities (OMB, NSC, Cabinet Affairs, NEC, DPC, ONDCP and CEQ) represented on the Task Force, all of whom have a stake in our maritime affairs.

Getting such a diverse collection of agencies to agree to anything is usually a difficult process, but they found no difficulty in agreeing on the Coast Guard's future. In the assessment, Task Force members considered whether missions or functions should be added, enhanced, reduced or eliminated as well as what tasks might be performed better in the private sector, by the states or perhaps another federal agency.

The task force analyzed the nation's maritime threats and challenges; heard thought-provoking testimony from non-governmental and governmental witnesses, including a stimulating session on national defense from Andrew Hoehn, Admiral Tom Fargo, and General Charles Wilhelm. They visited many Coast Guard units, including a drop-in on the Cutter BEAR during her Mediterranean deployment with the Sixth Fleet. Their assessment came to six over-arching conclusions, which are:

1. Coast Guard roles and missions support national policies and objectives that will endure into the 21st century.
2. The United States will continue to need a flexible, adaptable Coast Guard to meet national maritime interests and requirements well into the next century.
3. The re-capitalization of the Coast Guard's Deepwater capability is a near-term national priority. (A subject I'm going to talk more about in a few minutes.

4. The Integrated Deepwater System project is a sound approach to that end, and the Interagency Task Force strongly endorses its process and time line.

5. In order to hedge against tomorrow's uncertainties, the Coast Guard should be rebuilt so as to make it adaptable to future realities.

6. In keeping with its well-deserved reputation as one of the federal government's most effective and efficient organizations, the Coast Guard should continue to pursue new methods and technologies to enhance it ability to perform its vital missions.

The Coast Guard – Meeting National Priorities

In the maritime environment, a complex mosaic of maritime users, interests, and trans-national dangers—including pollution, over-fishing, illegal migration, drug smuggling, international terrorism, and weapons of mass destruction, to name a few -- are challenging America as never before.

5-6 and 7-8 have a lot of repetition

But, the Coast Guard's unique characteristics as a maritime agency -- with regulatory authority, law enforcement authority and military capability -- offer this and future Administrations a highly motivated, well-trained, cost-effective service with a demonstrated competence to meet changing national priorities.

This multi-mission capability makes the Coast Guard one of the most efficient agencies in government – multiple outcomes from a single capital base give the American taxpayer maximum "bang for the buck" from the Coast Guard. As one of the nation's five armed services, the Coast Guard is a specialized, capitalized, complementary, non-redundant force-in-being which is available to the Commanders in Chief as a specialized instrument of the nation's security.

I emphasize non-redundant because in ***no way*** does the Coast Guard intend to compete with the Navy. America already has the world's best Navy and doesn't need another.

What we do need is to ensure that our nation has a modern and efficient Coast Guard, one that is ready to perform its multi-mission functions and to assist Navy forces in the national defense when the CNO calls.

Deepwater Modernization – 21st Century Priority

The U.S. clearly faces a variety of maritime challenges in the future. These challenges include: maritime security threats such as illegal migration and contraband smuggling; resource protection threats involving both living and non-living marine resources; asymmetric and non-military threats to include weapons of mass destruction and terrorist activities; continued U.S. support of UN sponsored sanctions and security operations; and the security, defense, and resource protection implications of the UN Convention on the Law of the Sea. Therefore, national policy for the Coast Guard, and today's capitalization decisions that are derived from that policy must enable tomorrow's Coast Guard to adapt to future realities.

A key means of essential and sustained Coast Guard performance -- one of the IATF Report's major conclusions -- is modernization of the Coast Guard's Deepwater assets.

The Coast Guard's Deepwater ships, aircraft, and Deepwater and Coastal C4ISR assets are all nearing the end of their economic service lives. Of the 41 comparably sized navy and coast guard fleets in the world, only two are older than our Coast Guard deepwater fleet. But more significant than their age is the consideration that our current assets simply do not provide the range of well-integrated capabilities we need to perform our missions. And they get more expensive to maintain and operate every year. Therefore, planning for and modernizing these capabilities must begin now.

The Deepwater acquisition project is a sound approach to that end and the Interagency Task Force strongly endorsed its process and time line. We support the Coast Guard's performance-oriented approach to recapitalizing and modernizing its Deepwater assets.

The President's FY01 budget calls for an increase in the Coast Guard's operating budget to $3.2 billion, or 9% $260 million more than FY 2000. And, we have asked Congress to approve an increase in our Capital budget of 34%, to $520 million, so that we can wrap up other investments – like buoy tenders, and a replacement for our Great Lakes icebreaker – and clear the decks for the work of rejuvenating our Deepwater fleet. I am confident that Congress will support this increase as a step toward restoring our readiness to a level appropriate to our mission requirements across the board.

Conclusion

As the Coast Guard enters the 21st century in service to our nation, an increasingly complex system of maritime interests and users will challenge the Service as never before.

America will need safe, efficient, and reliable waterways. It will need a guardian of safety and the Law of the Sea. It will need protection of marine resources on the high seas, at the maritime borders, along the coasts, and in the inland waterways.

America will need a Coast Guard capable of operating alongside the other U. S. Armed Services to support the Nation's security strategies and policies. The Conclusions and Recommendations contained in this report, if followed, will mean the Coast Guard can chart its course for the 21st Century and remain Semper Paratus (Always Ready).

Remarks prepared for

Deputy Secretary of Transportation Mortimer Downey

for Delivery during the

Transportation Finance Summit
Co-hosted by the U.S. Chamber of Commerce and
the U.S. Department of Transportation
Hilton Times Square
234 West 42nd Street
New York, NY

Should it be into DOT participants or is someone else doing that?

Welcome and thank you for attending today's Transportation Finance Summit. (Could recognize people you know)

The purpose of this ~~Summit~~ session is to ~~discuss the~~ engage in a dialogue about evolving public and private sector roles in financing U.S. transportation infrastructure. As we look to the future, we've hosted a number of what we call ~~This is actually one in a series of~~ visioning sessions ~~that we have hosted~~ or ~~co-hosted in which we seek~~ to anticipate and prepare DOT to meet future transportation needs in partnership with others ~~in the public and private sectors~~ – recognizing that those needs will be met and that we need to understand their motivations, concerns + insights.

Here today we have a ~~variety~~ good mix of transportation experts ~~on hand~~ today who will share their views about the future and the critical issue of transportation infrastructure finance.

In addition to hearing from these participants, we are seeking your feedback and ideas about ~~how to develop and implement innovative~~ the best can best finance strategies and solutions to support economic development and mobility needs over the next 25 years. ~~We have several other objectives~~ in ~~bringing you together today, and they are:~~

- ~~To~~ Energize the private sector about the current opportunity for public-private sector partnerships in transportation;
- ~~to~~ increase awareness of the DOT's depth of interest in exploring and further refining its role in transportation financing; and
- ~~to~~ and learn to expand new financing strategies for the next 25 years.

A important part of our discussion today is the Transportation Infrastructure Finance and Innovation Act of 1998 (TIFIA).

financial wizards, and keen observers

★ and I hope we'll have a ~~good~~

How will these develop? What will be the federal role? What are the opportunities for state + local agencies and for the public + private workforces

Data

In the course of these discussions, we have some other elements of the agenda, including

★ This sounds like there are some people with prepared presentations. Is that true? Who are they? Shouldn't I introduce them? Memos don't suggest this?

Part of our current surface transportation law -- TEA-21 (The Transportation Equity Act for the 21st Century) -- TIFIA was created because of the need many saw to provide Federal credit assistance to major transportation investments of critical national importance, including intermodal facilities; border crossing infrastructure; highway trade corridors; and transit and passenger rail facilities with regional and national benefits.

The TIFIA credit program is designed to fill market gaps and leverage substantial private co-investment by providing supplemental and subordinate capital. TIFIA offers three distinct types of financial assistance designed to address projects' varying requirements throughout their life cycles, including:

- Direct Federal loans to project sponsors ~~offer~~ offering flexible repayment terms and provide combined construction and permanent financing of capital costs.
- Loan guarantees ~~provide~~ provide full-faith-and-credit guarantees by the Federal government to institutional investors such as pension funds which make loans for projects.

; and

- Standby lines of credit represent secondary sources of funding in the form of contingent Federal loans that may be drawn upon to supplement project revenues, if needed, during the first 10 years of project operations.

Over the next five years, TIFIA will be a major factor in infrastructure financing, contributing to the development of up to $10.6 billion in new intermodal facilities, border crossing infrastructure, expansion of multi-state highway trade corridors and other transportation improvements. TIFIA offers a way to leverage other capital resources to make the transportation investments we need today.

Creating such financing mechanisms may be among the most interesting roles that government will play in this century, rivaling the contribution of innovative programs of the 20th Century.

On May 10, 2000, the Department published a notice in the ***Federal Register*** inviting applications for credit assistance under TIFIA. A total of $1.7 billion in credit assistance will be available in FY 2000, and we look forward to receiving this year's round of applications due by July 5. These projects are being solicited under the same procedure we used for FY99 projects, while at the same time we propose revised rules for FY 2001 and forward.

Because the transportation needs of our country are so vast -- and expensive, no single entity, not even the federal government, can afford to finance major infrastructure projects. That's why in addition to **innovative financing** for transportation infrastructure, the other theme of our Summit today is **partnerships**. Partnerships among federal and state governments and MPOs and between the public and private sectors are not only the wave of the future, but the reality of TODAY.

Is this really a new section, or just a left over from another speech?

Last September, Secretary Slater and I unveiled the first five major transportation projects to receive credit or support under DOT's Transportation Infrastructure Finance and Innovation Act (TIFIA). All of these projects are supported by financing from both the public and private sectors.

You'll hear more about those projects ~~from our Secretary of Transportation Rodney~~ Slater and others during this session.

I'll be here for a while, because to go to ATS + other late.

Now, it's my pleasure to introduce Greg Lebedev, who is Executive Vice President and COO of our partner in hosting this Summit, the U.S. Chamber of Commerce. The Chamber is the world's largest business federation, representing more than 3 million businesses and organizations.

Among his many activities, Mr. Lebedev chairs the Chamber's Officers' Committee and serves as Managing Director of the National Chamber Foundation, the public policy think tank affiliated with the U.S. Chamber of Commerce.

Before joining the Chamber, Mr. Lebedev was Senior Vice President for Management and Finance of the American Trucking Association (ATA), which represents the interests of the U.S. trucking industry. From 1978 until 1990, Mr. Lebedev worked for the Hay Group, one of the largest management consulting firms in the world, reaching the Senior Partner level.

In addition to his private sector experience, Mr. Lebedev worked at high levels in the Executive Branch of government. From 1973 to 1975, he was a member of the White House staff, where he served as Deputy Special Assistant to President Gerald Ford. He also served as Assistant Inspector General of Foreign Assistance and Deputy Assistant Secretary of State, where he directed policy and management evaluations of U.S. economic and military assistance programs overseas.

Mr. Lebedev holds a law degree from University of South Dakota and, I am ~~proud~~ happy to say, is a board member of ITS America. / Is he still on the board.

I present to you Mr. Greg Lebedev.

Transportation – Key to a Healthy Economy and Quality of Life

Remarks prepared for

Deputy Secretary of Transportation Mortimer Downey

for Delivery during the

Tennessee Valley 2000 Regional Economic Summit
Von Braun Center, East Hall
Huntsville, Alabama
Wednesday, May 31, 2000
12 noon

Thank you for that gracious introduction, Bud (Congressman Bud Cramer, D-AL). I think I should come to the Tennessee Valley more often just for the southern hospitality I've experienced here at this Summit!

The people of Alabama, and indeed the entire Tennessee Valley region, are fortunate to have Bud Cramer as their representative in Washington.

Bud has worked tirelessly to ensure that the region's economy remains strong and its quality of life stays among the best in the nation. He's even appreciated by the media, and we know how hard that is to achieve! Your own Huntsville Times has called his record "nothing short of remarkable."

It's been a real pleasure for Secretary Slater and I to work with him on transportation issues, which he believes – and we agree – are a priority for economic growth. The very theme of this Summit, ***Connecting the Corridor for the Future,*** speaks to the fact that transportation is the key to achieving a strong economy and a healthy quality of life. It also reminds us of the need to be "intermodal" in our thinking about transportation – to consider how goods move from the waterway to the ports and then on land either by truck, train or plane. How well are we planning the links that will make our transportation system as efficient and cost effective as possible?

At Congressman Cramer's invitation, I had the opportunity to visit with the officials at the Huntsville International Airport this morning. I was able to see the progress that's been made there as well as learn more about the plans to keep Huntsville on the cutting edge. I was impressed with how well your Port Authority understands the importance of creating a seamless transportation network. By taking the vision of a world class system and making sound investments in facilities like the Intermodal Center, tomorrow's vision is becoming today's reality.

And to help continue that progress, I'm pleased to announce that we will be making $2.5 million available today to the Airport Authority for additional infrastructure improvements at Huntsville International. These funds will help to improve facilities, including expanding an air cargo apron, building access roads, and extending runways.

Improvements to transportation almost always lead to a better economy, which in turn gives us the means to re-invest in transportation. This is especially true today . . .

For more than 7 years, President Clinton and Vice President Gore have focused their attention on creating a government that encourages innovation and supports a strong economy. And, I think that goal has been more than met. Since 1993, 21.2 million new jobs have been created nationwide, and unemployment is at about 4% nationwide, the lowest rate in 30 years.

Here in the Tennessee Valley region, the economy is strong and growing as well. A quarter-million new jobs have been created in Alabama since 1993. And, speaking of new jobs, congratulations to Congressman Cramer and other state and local officials who were successful in convincing Boeing to build a $450 million rocket plant in Decatur, a facility which will bring 1,000 or more high tech jobs to the state.

In June, we will enjoy the 110th consecutive month of economic expansion, the longest expansion ever in U.S. history. That economic growth has allowed us, over the last two years, to pay down more than $140 billion of the national debt and we are continuing to pay down even more -- a projection just raised to $360 billion total by the end of FY 2000.

This Administration remains committed to a strategy of fiscal discipline keeping our economy strong and paying 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.

Our strong economy gives us an opportunity as well to invest in our transportation system to meet the demands of this new century, and much of this investment will be done through the Transportation Equity Act for the 21st Century (TEA-21).

Federal Transportation Funding

TEA-21 will continue to be our guide to Federal investment in transportation infrastructure over the next several years and it will invest well over $200 billion from 1998 - 2003. This sounds like a fortune, but remember that funding is being sought for projects in 50 states.

The Clinton Administration has proposed a record $55 billion budget for our national transportation system for FY 2001, the highest level to date in the history of the Department. A record $39 billion is proposed for infrastructure investment to improve mobility, including $30.4 billion to maintain highways and build new roads and bridges and $6.3 billion for mass transit.

The states of the Tennessee Valley region have received millions of dollars in TEA-21 funding over the past several years. This funding is helping to build needed roads, replace bridges, build or improve airports and to develop transit systems that will help to relieve congestion.

In recent years, federal funding has helped to make improvements in regional airports, including Nashville International and Huntsville Intermodal facility. TEA-21 funding is helping to build innovative transit projects in cities like Chattenooga, Knoxville and Birmingham.

The Challenges of Growth

Like other parts of the country, the Tennessee Valley is meeting the challenges that can come with economic growth: traffic congestion and threats to environmental quality. Secretary Slater and I and other DOT leaders believe that -- in partnership with state and local governments and the private sector -- we can overcome these challenges. But it will take a lot of effort and innovative thinking and, certainly, debate and compromise.

For an example, should we widen highways to handle massive increases in traffic, nearly half of it commercial trucks, or should we opt instead to invest in improving rail from Harrisburg, Pennsylvania to Knoxville and take some pressure off of the roads? It's an issue that deserves attention and a lot of thought. And, we need to consider what the transportation demand will be not today, but in 20 years or more. Taking the long view can help us to be more innovative.

Building a Marine Transportation System for the 21st Century

With the Tennessee River and other waterways in your backyards, I'm sure this audience will appreciate – and probably knows well – that the Marine Transportation System (MTS) was our nation's first "national highway system." It's important that we continue to recognize inland waterways as a key component of our transportation system.

Today, waterborne cargo contributes strongly to the economy -- more than $742 billion to U.S. GDP (Gross Domestic Product), creating employment for more than 13 million workers. Cargo moving through the system is expected to double by 2020.

Because our maritime system is so important, we've taken a comprehensive approach, with strong participation from our private sector partners, in conducting an assessment of current and future demands. The result is the vision we share for the future of our ports and waterways, *An Assessment of the U.S. Marine Transportation System*.

The Maritime Administration, US Army Corps of Engineers, US Coast Guard, and the National Oceanic and Atmospheric Administration (NOAA), together with other federal agencies, will hold Regional Dialog Sessions in seven port cities, including one in Memphis on June 6.[1] These sessions are intended to provide the maritime community with an opportunity to receive a status report on federal MTS activities and engage with federal MTS officials and the maritime community on ways to face future challenges.

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[1] Address: Cargill Inc Soybean Process Facility, 1877 Channel Ave., President's Island, Memphis, TN

FAA's Role in Commercial Space Activities

Just as our inland waterways represent the oldest mode of transportation, commercial space is the newest, and we are equally engaged in planning for its success. Commercial space activity *worldwide* is now a *$60* billion a year industry, and a lot of research and development in support of that industry happens right here in Huntsville at the Marshall Space Flight Center.

This Administration is committed to America's commercial space industry because it understands the linkage between advanced technology and America's prosperity and national security. That's why we've placed such an emphasis on research and development, and on generating dual uses for military technologies.

With our newly legislated authority to license not only launch*es, but also* reentry *of RLVs* into the atmosphere, but we have developed guidelines for the safe operation of commercial RLVs *while developing final regulations to govern those operations*. Safety at these sites is also our responsibility.

With our newly legislated authority to license not only launchers reentry into the atmosphere, but we have developed guidelines for the safe operation of commercial RLVs.

At this early stage, reliability is closely linked to safety. Safe operations will bring greater confidence and reliability. We are very excited about our work on developing a plan to integrate the evolving growth of commercial space uses into the existing air traffic management system for an integrated Space and Air Traffic Management System (SATMs). We envision a fully integrated system that complements the work being done on air traffic control system modernization.

As we move forward in developing a strong domestic space launch and satellite industry, we see this industry as serving our country's goals of continued growth and prosperity as it employs growing numbers of Americans in high-wage jobs, both directly and, through allied service industries, indirectly.

We also see commercial space benefitting the American people through services that can only be provided by the satellites it launches. Over the past few years, commercial sector launch activities for communications, navigation and other services have begun to outpace government activities at the U.S. space launch bases and their supporting ranges. Today, *A*pproximately 60 percent of the U.S. launches of expendable vehicles in 1998 were FAA-licensed commercial launches. While the industry experienced some setbacks in 1999, Based on industry projections indicate this growth trend for commercial launches will continue.

The Administration believes that we should seek innovative and technological solutions to our mobility challenges and has proposed $1.28 billion for technology, research and development, 37% above our request in 2000. Part of that funding – $338 million – will be devoted to developing Intelligent Transportation Systems (ITS).

ITS and the Potential of Technology

While building or expanding highways will continue to be part of the transportation equation, new capacity is NOT the only answer everywhere. In metro areas across the nation, we are finding that if you widen the roads, the drivers will come and join in the gridlock. Motorists switch from other routes expecting to save time or abandon mass transit for their cars.

I believe that we can put our innovative ideas, our research, and our resources together to change and greatly improve the way our transportation systems operate. And, I believe we can do this without sacrificing either mobility or our environment.

Technology can help us manage our transportation systems, improving the reliability of travel times, avoiding or reducing delays from congestion, and enhancing user satisfaction and quality of life. Over the years, technology has demonstrated its usefulness by enhancing the crash-worthiness of vehicles.

Today, technology presents great potential for augmenting human performance to avoid crashes altogether, further improving transportation safety, and indirectly reducing congestion that occurs as a consequence of crashes.

For example, Birmingham and other Tennessee Valley cities have worked with the state DOTs and with our Joint Intelligent Transportation Systems program to deploy Intelligent Transportation Systems. Birmingham has invested millions installing fiber optic cable, cameras and electronic message signs to better manage its traffic flow.

In Tennessee, ITS technologies are providing motorists with up-to-date traffic information for the corridor and helping to quicken the response time for traffic accidents.

The Department's goal is to have integrated ITS infrastructure deployed across the nation in 75 metropolitan areas by 2006, and we are well on our way. Today, 48 metropolitan areas report having a significant level of ITS deployment.

In the next several years, we will concentrate -- in cooperation with ITS America -- on learning lessons from deployment in these cities. Further, we will extend our efforts to consider tying these metropolitan areas together by applying ITS on a statewide, regional and national basis.

Conclusion

In the 1950s, Dr. Wernher Von Braun and his team of rocket scientists came to Huntsville to conduct military and space research, development and production. Today, the region is not only home to the world class Marshall Space Flight Center, but numerous other centers of high technology research and development populate the region. I understand that the National Transportation Research Center in Knoxville is 3/4 completed and will soon be ready for business.

The Tennessee Valley region is becoming a center for high tech industry -- a kind of Silicon Valley with a southern drawl, according to a recent news article. DOT will be working with Congressman Cramer, your state DOTs and the private sector to ensure that, as this evolution continues, you have a transportation system that both supports economic growth and improves your quality of life.

Thank you.