11:22

Remarks prepared for

Deputy Secretary of Transportation Mortimer Downey

for Delivery during the

Strategic Plan Roll-Out Rally
Nassif Courtyard
September 7, 2000, 12:30 pm

(Gene Conti will introduce the Deputy)

Thank you, Gene.

I am delighted to be here to celebrate the work of the Strategic Planning Team in completing the Department's Strategic Plan for the first 5 years of the New Millennium. This document, which we are unveiling in its final form today, will be the guiding framework for DOT's work over the next 5 years -- just as its predecessor has done since 1992.

A lot of heart and soul went into brainstorming and drafting and redrafting these pages (hold up a copy of the Plan). And, while it may not grip its readers like an Anne Rice or a Stephen

King novel (it's certainly not as scary!), it's vitally important information for everyone in the DOT family.

The New Plan will help all of us remain focused on what our goals are, on what the future demand for transportation is likely to be, and on ways that we can work with partners and stakeholders to create a transportation system that will serve current and future generations well. We have important goals ~~we want~~ the American public wants us to achieve -- from incorporating time-saving technologies to reducing transportation-related emissions -- but the most important will always be safety -- saving lives and ultimately eliminating crashes.

Thank the Strategic Planning Team

Before I say a few words about how we developed this new Strategic Plan, I'd like to acknowledge our hardworking Strategic

Planning team member by asking them to come forward when I call their names:

- **Ellen Heup (HOYP) from our Maritime Administration**
- **Don Burger and Jim O'Steen from our Research and Special Projects Administration (RSPA)**
- **Ray Rogers and Dian Deal from the Federal Railroad Administration (FRA); and**
- **Jim McEntire and Gerry Williams from Budget**

and, last but absolutely not least . . .

- Dani Brzezinska, Office of Policy

(Note to Mr. Downey: Rest of the names to be added Wednesday.)

Please join me in a round of applause for all of their hard work!

Innovation in Developing the Plan

Three years ago, right here in this courtyard, when we celebrated the last plan, Secretary Slater asked us to continue to raise the bar of performance even higher. And, in developing this New Plan, I'm proud to say that we've made the best strategic plan in government even better!

We made a conscious effort ~~to make~~ for improvement~~s~~ in our Strategic Plan, both in the process of putting it together and in bringing reality to the strategies laid out in it.

In developing the new Plan, we invited DOT's field staff and external customers, partners, and stakeholders to participate actively in planning sessions alongside the DOT Strategic Planning Team. This was a first and something that I believe should continue.

The diversity of experience these new participants brought has strengthened the planning process, adding valuable, new information and customer perspectives to goal and strategy development. The result was a customer-driven, shared vision of the future with consensus recommendations on actions DOT should take.

Scenario planning was an important new ~~and instructive~~ method that I believe will make the Plan more useful. Many of you participated in interviews and other scenario building sessions we held in 1998 and 1999. These inputs were key to the development of the new plan.

The scenario-building process involved our internal staff and outside stakeholders in a useful exercise to understand the dynamic world in which we operate. Scenarios provide a way to really "test" our strategies in what are likely to be real-world situations. We want our strategies to be able to respond successfully to whatever the future holds.

For example, you will see that our new strategic plan contains strategies that relate to adverse weather conditions. These strategies are a direct result of using the scenarios, such as the scenario for climate change and global warming.

The scenarios we used to develop the Plan are on the DOT web site, and I encourage you all to take a look at them. They have been used as planning tools by several other organizations, including several of out state DOT partners.

We also tried to reach beyond the requirements of the Government Performance and Results Act and to directly address other concerns that have been expressed by the Office of Management and Budget (OMB), the General Accounting Office (GAO) and our own Inspector General (IG).

We invited OMB to a session last summer, early in the process, to discuss how we might improve the plan. We also held a session with GAO and the IG. We have adopted their suggestions – most notably expressed in the form of management challenges -- and, as a result of these efforts, our new Strategic Plan builds on and improves upon our first Plan.

As you will see, we are taking these management issues more seriously by moving them ~~to~~ into a place of prominence and by setting goals and specific strategies for how and when we will solve these problems.

Finally, Mr. Secretary, we have raised the bar of performance with respect to organizational excellence. You may recall that our last plan did not have goals for DOT as an organization. Our new Plan has a ONE DOT goal to "**Advance the Department's ability to manage for results and innovation**." This important goal will be met if we successfully achieve three organizational outcomes:

1) Improved customer satisfaction;

2) Improved employee satisfaction and effectiveness; and

3) Improved organizational performance and productivity.

These are courageous goals, but we are determined to measure and report our performance based on them -- just as we measure and report on safety, mobility and all of the important factors in building a safer, more efficient transportation system. We are confident that the new Plan will help to improve the DOT organization and to achieve our strategic -- and vital -- goals.

Now, it is my pleasure to introduce our most energetic, visionary and vigilant leader, our Secretary of Transportation, Rodney Slater.

11.21

Remarks prepared for

Deputy Secretary of Transportation Mortimer Downey

for Delivery during the

NATIONAL ASSOCIATION OF TOWNS & TOWNSHIPS
NATIONAL CENTER FOR SMALL COMMUNITIES

Annual Conference
Hyatt Regency Hotel (Capitol Hill)
Washington, DC
September 9, 2000, 1 pm

Acknowledgments

Tom Halicki, Executive Director, NATaT & NCSC
Duane Larson, President, NATaT Board of Directors
Richard Stadelman, Vice President, NATaT Board of Directors
Barbara Welty, President, NCSC Board of Directors
Michael Cochran, Vice President, NCSC Board of Directors

On behalf of President Clinton, Vice President Gore, our Secretary of Transportation Rodney Slater and the U.S. Department of Transportation, I am delighted to join you for "America's Town Meeting," the largest gathering of small community leaders in the nation. Secretary Slater was sorry he couldn't attend today's conference, but he asked me to send you his best wishes, as he deals with a couple of hot issues like Firestone tires and aviation delays.

For more than two decades ~~the~~ you bipartisan National Association of Towns and Townships (NATaT)–and more recently, the National Center for Small Communities–have worked diligently to ensure that issues of concern to America's rural towns, townships and small communities are heard and understood in Washington.

And Secretary Slater and I know that many of ~~those~~ your concerns deal with transportation and I hope we are dealing with them effectively. ~~Secretary Slater and I are both products of small towns. Although, the town where I grew up – Springfield, Massachusetts – would be considered a small city today! (Could say something personal or about changes in transportation in the Springfield area since you lived there.)~~

I can't make ~~the same claim about~~ as strong a case for my small town roots as ~~he can~~ the Secretary can. As you know, he

~~Secretary Slater~~ grew up in Marianna, Arkansas, one of the smallest and poorest communities in Arkansas. That's ~~where he~~

But wherever you come from,

~~witnessed, first-hand~~, the clear link between transportation and

is something we've all experienced

economic growth. ~~Secretary Slater has often reflected on how a new~~

Just as Interstate 40 changed the life for people in his home

~~highway -- Interstate 40 -- changed life for the people of his home town.~~ stet

town, connecting them to more jobs, more opportunity

~~It connected people~~ in the community to more jobs, more opportunity

and to a better quality of life. I can remember the same

thing happening as ~~Route~~ 128 was built around Boston.

We both know, from personal experience, that transportation is truly the tie that binds. And we are committed to working with you and with our state and local transportation partners to make sure that your communities have access to the efficient and effective transportation services so vital to their economic success.

Your conference theme: "Investment and Innovation: Building Strong Communities in the New Century," resonates with what this Administration has been working toward these past seven and one-half years.

President Clinton and Vice President Gore's bold economic strategy ~~of~~ to combine fiscal discipline ~~combined~~ with invest~~ing~~ment in America's communities has moved the economy from ~~a~~ record deficits of $290 billion in 1992, to the largest surplus on record – $167 billion in 2000.

~~This strategy has produced~~ We, the American people, have enjoyed the longest–*and strongest*–economic expansion in the history of the United States. We not only have 22 million new jobs and the lowest unemployment in 30 years, we also have an unprecedented opportunity to address major, long-term challenges facing the country.

~~We have the opportunity to pay~~ Paying off the National Debt for the first time since 1835 and ~~to secure~~ securing the solvency of Social Security and Medicare are in the forefront, but ~~W~~we also have the unique opportunity to bring the issue of livable communities ~~to the forefront of national awareness~~ into our national awareness. As Vice President Gore has said, making ~~our~~ communities more livable is one of the "central challenges facing America at the dawn of the 21st century."

a real push — to be sure that key policies

To give ~~support~~ this objective ~~and to coordinate livable communities~~

of executive branch
~~policies across~~ 18 agencies ~~of the executive branch of the federal~~ were and
remain "in synch" with each other and with the goals,
~~government~~, the Clinton-Gore Administration created the White House

Task Force on Livable Communities in August 1999.

Our Livability Initiative is designed to provide communities with the tools, information and resources they need to preserve green space, ease traffic congestion and ensure economic competitiveness. The Initiative supports local efforts to build more livable communities by:

- Revitalizing existing communities;
- Improving the environment, public health, and quality of life;
- Providing more transportation choices, including transit and bus service;
- Improving schools and making them community centers;
- Expanding economic opportunity;
- Increasing public safety and crime prevention; and

- Protecting farmland and open space.

We are working hard at the U.S. Department of Transportation ~~to~~ to address the President's and Vice President's goals for America's communities of all sizes with vision and ~~with~~ the same vigilance. we bring to all our transportation responsibilities.

And when the history of this Administration is written, I am convinced that DOT's most important ~~legacy~~ contribution will be that we broadened the definition of transportation beyond the traditional public works focus ~~on public works to~~ encompass the social, economic and quality-of-life implications of transportation -- in other words, more livable communities.

There's seldom a speech that the Secretary or I make, that we don't remind the audience that transportation is about more than concrete, asphalt + steel — but I should quickly point out that we haven't ignored those realities.

The scale of overall investment in our national transportation system these past 7-plus years is unprecedented. Because ~~the Clinton-Gore Administration has been so successful in~~ our its economic policies, have been successful, the

President was able to send the Congress a fiscal year 2001 budget proposing a record-level $55 billion investment in transportation. More than $39 billion will go toward transportation infrastructure to invest in our roads, bridges, airports, and transit to support continued economic growth by upgrading system conditions and performance.

For this record level of investment, we can thank visionary leaders in both political parties -- and so many of you in the audience here today -- everyone, in fact, who supported the Transportation Equity Act for the 21st Century (TEA-21), which was signed into law by President Clinton just over two years ago (June, 1998), and the Air-21 bill signed just last year for major investment in our air traffic + airport systems.

Our success in getting ~~TEA-21~~ these bills enacted into law is eloquent testimony to what can be achieved by working together.

As part of our support for the Administration's Livability Agenda, we have strongly supported the New Markets and the Mississippi Delta

Initiatives to be sure that ~~connect~~ the millions of Americans who live and work in rural communities to economic opportunity. We intend to leave no one behind.

DOT's livability effort involves nearly all of our operating administrations. ~~Our~~ Programs that directly support this include:

- *Job Access* and other ~~major~~ transit programs directed by our Federal Transit Administration;
- *Operation Lifesaver* within the Federal Railroad Administration, which is working to improve safety at rail crossings;
- The *Safe Communities* program at the National Highway Traffic Safety Administration; as well as
- The *Congestion Mitigation and Air Quality Improvement Program, The Transportation Enhancement Program, The Transportation and Community and System Preservation Pilot Program and the Surface Transportation Program*

that provide

Highway improvements -- upgrades, new roads and bridges -- ~~in general,~~ with funding administered through our Federal Highway Administration and port facility programs (*The Port Facility Conveyance Program*) operated by the Maritime Administration also support more livable communities.

Let me also say a few words about the Administration's Rural Transportation Initiative, which addresses an area of particular concern to this audience – the transportation needs of millions of Americans who live in rural areas and small communities. The key components of this initiative within the U.S. DOT include improving safety, involving rural communities in transportation planning, enhancing local public passenger transportation, improving freight transportation, connecting rural communities to intermodal transportation services, and supporting tourism and other economic development efforts.

President Clinton and Vice President Gore are committed to fostering a safe, efficient, accessible and convenient transportation system that will continue to fuel our vibrant economy and enhance the quality of life of the American people well into the 21st century. This new initiative will help to ensure that our rural communities share in these benefits.

Solving our transportation problems will take more than the money ~~we~~ are putting into the effort - it will take vision, reaching far into the future. It will require the development of strategies and innovative solutions that allow us to continue our unprecedented mobility and maintain our high standard of living as we continue to grow. It will require jurisdictions and localities to work better together on behalf of all of their people.

That is why we, at the U.S. DOT, are proposing ~~new regulations~~ process changes to enhance ~~the~~ statewide transportation planning, ~~process.~~ across America. ~~The new~~ A set of proposed regulations, published in the May 25th *Federal Register*, would require that local officials be consulted throughout the planning process. The regulations also, for the first time, would provide a statutory definition of "non-metropolitan local officials", ~~to~~ specifically including town and township officials. Our goal is to emphasize and assure your ~~facilitate the~~ involvement ~~of local officials~~ in the transportation planning process.

The comment period for these proposed regulations closes September 23rd, and I encourage you to give us your comments.

The future of transportation is about choices. To improve the quality of transportation decision making, we need to forge a new transportation policy architecture consistent with the needs of a new century and new millennium. By "policy architecture" I am referring to the interlocking web of policies and practices that shape and inform transportation decisions by stakeholders at all levels -- government, trade associations, organized labor, individual companies -- as well as consumers and interest groups.

This new policy architecture, first and foremost, must enhance safety -- President Clinton's and Vice President Gore's top transportation priority and the "North Star" guiding all that we do at the U.S. Department of Transportation. I am proud to report that traffic fatality rates reached an all-time low in 1999, marking the third consecutive year of improvement.

However, as President Clinton has said, "This is not a time to rest." The President has challenged us to reach 85 percent seat belt use by the end of this year. He has also directed us to reduce traffic fatalities among children by 15 percent -- also by the end of this year. And I urge you to do everything in your power to help the nation reach these life-saving ~~important~~ goals.

The transportation system of the future must also be sustainable -- we must ensure a healthy environment for future generations. ~~And to~~ Building on the foundation of safety and sustainability, I would also add that we need America's 21st century transportation system to be: International in reach, linking markets and destinations around the world; Intermodal in form, achieving a balance among various modes of transportation; Intelligent in character, ~~unleashing the awesome power of~~ using new technology in ways that benefit people; And Inclusive in service -- leaving no one behind. To support all of these goals, we must encourage a climate of innovation and involvement.

At the U.S. Department of Transportation, we believe that everyone should have a say in identifying what they want from this transportation system of the future. And to support this commitment of inclusiveness and participation, this past spring and summer we conducted "2025 Visioning Sessions" with stakeholder groups across America to clarify a vision of transportation for the next 25 years.

Let me emphasize that we were not trying to "predict" the future at these visioning sessions. What we've tried to do is to ~~invent~~ lay out alternative transportation futures that might not otherwise exist, by expanding access to the planning process to the widest possible range of stakeholders. We will publish the results of our efforts as part of a 2025 "Trends and Choices" report ~~next week.~~ this week.

We are using what we've learned in our visioning sessions to help plan ~~the~~ a International Transportation Symposium the U.S. Department of Transportation will host in Washington, D.C., next month, October 9 through 12. I would like to ~~personally invite each one of you,~~ see some of you as the leaders of America~~'s small towns and~~ communities, to join me ~~for this~~ at this ~~important ministerial.~~ session — as we ~~The Symposium will provide a unique opportunity to~~ with counterparts from around the world the explore and consider innovative possibilities for transportation in an integrated global economy.

During the Symposium, we will exchange information about "best practices" with respect to such issues as changing consumer expectations, seamless modal integration, workforce capacity, e-commerce and its impact on transportation, safety and security standards, and innovative financing of multimodal transportation systems.

Transportation is about regional approaches and cooperation, with the federal government working with the states, counties, towns and townships -- and all of us working together to forge a better America.

I believe that, by working together, we can design transportation strategies, in concert with economic development, that result in healthy communities and healthy economies. ~~In this way,~~ We can make sure that the places in which we live today will remain the places in which we want our children and grandchildren to live tomorrow. And, with your help, we can ~~meet that challenge~~ make ~~transportation~~ transportation a contributor to a better life in this great new century and new millennium.

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11.20

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To give this objective a real push – to be sure that the policies of 18 executive branch agencies were and remain "in synch" with each other and with the goal – the Clinton-Gore Administration created the White House Task Force on Livable Communities in August 1999.

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###

11.19

Talking Points for RSPA Administrator Kelley S. Coyner
TRB/Oak Ridge Workshop on
Implications of the New Digital Economy on Transportation: Developing Research and Data Needs

Delivered: **September 14 & ~~15~~, 2000**
Washington, DC

- Thank you, Dr. Gilliland (goes by Gil,first name is Ralph).

- On behalf of Secretary Slater and Deputy Secretary Downey, I am pleased to represent the Department and be a part of this important Workshop to discuss how transportation leaders can identify and develop the research and data needs to better assess impacts of the digital economy on our transportation system.

- I thank Dr. (Mike) Walton, our Chair, for his leadership and vision to plan this very timely workshop. Mike, I know you live and work in my birth state of Texas and we Texans….

- To Gil (Dr. Gilliland) and the Oak Ridge National Laboratory, to Tom Parmelee and the Transportation Research Board, -- I thank you for your partnership to co-sponsor this workshop - the "Impacts of the New Digital Economy on Transportation: Developing Research and Data Needs. I also thank the Academy for hosting us today. I especially want to thank

Suzanne Schneider of the Academy for her work to facilitate Department of Transportation participation; my participation today and that of our Deputy Secretary - Mort Downey- tomorrow afternoon.

- This two-day workshop brings us together-- stakeholders and experts from the public and private sectors of our transportation system. We welcome our Colleagues from the Federal government, our university partners, and our industry friends.

- The Department is represented by several of our organizations:
  - from the Office of Intermodalism - Rich Biter
  - f rom the Research and Special Programs Administration - Edward Brigham of my staff, from the OST/Policy Office –
  - Jeanne O'Leary,
  - from the Federal Highway Administration – Scott Green,
  - from Federal Motor Carrier Safety – Doug McKelvey,
  - from BTS - Susan Lapham and Deborah Jones.

- I have come this morning with a startling revelation, something no one in this room knows. I went to elementary school with Jeff Bezos… founder of Amazon Dot Com. We were in different grades – I sixth and he fourth and we both battled with the same terminal connected by modem to a mainframe in our math class. We learned "basic" and tried to teach it to our teachers. And that is as close as our lives intersected. He, well, founded Amazon.Com and well, I didn't. I did not learn this tion until I read about our common heritage in the Washington Post.
- What distinguished me and Jeff Bezos is the same thing that we determine your success in divining the implications of the new digital economy on transportation? Bezos and others like him are careful students… moment to moment. They have applied technology in ways that can revolutionize far more than the way we shop. They have connected consumers and businesses, they have mined data and exploited it, they have reshaped logistics …. Not just in one way but in many ways. How should you proceed to respond to research and harness digital commerce and communication to operate our transportation system - One that not only facilitates the economic growth fueled by Internet commerce, but one that in the making benefits from the Internet

economy and one that better serves the business and private citizens because of its own use of E-Commerce?

- As you meet today and tomorrow to frame a research plan and to identify data needs, be certain to explore the following:

What impact has E-Commerce had transportation and logistics and what will it?

What changes need to occur in transportation and logistics to facilitate E-Commerce?

What opportunities does E-Commerce/Internet pose for the way we design, build and operate the transportation system?

How are the benefits of E-Commerce distributed and how can we ensure that all benefit?

What impact has E-Commerce had transportation and logistics and what will it?

- Anecdoctal evidence points to stresses on the transportation infrastructure – congestion in Northern California is restricting FedEx air traffic, freight movement through the Chicago rail corridor causes nightmares for some of our industry partners, the New York air traffic corridors and other parts of the country experienced domestic passenger carrier hublocks due to the bad weather and the increased volume of summer travelers, and at our borders we have seen truck gridlock.

- We know that patterns are changing as a result of electronic commerce. We see reductions in product cycle time, increases in business to business transactions, IT-driven improvements in productivity and the need for a more skilled workforce

- Over the past few years we have seen the number of Internet users worldwide grow 50-fold from fewer than 5 million in 1993 to about 250 million today. These 250 million users are expected to grow by another 40 percent to 350 million in the next three or four years.

- It is estimated that by 2003, the volume of web-based purchases will have grown more than ten-fold.

- What do we do with this information? While we know as Secretary Slater says we cannot download an Omaha Steak or a LandsEnd sweater, does this explosion in on line purchase necessarily mean greater demand for transportation or does it mean a change in the nature of the demand? What do collaborative supply chains portend for transportation networks? What is the relationship between increase electronic communication and travel?

- These are hotly contested issues.

They are key to answering my second broad question.

What changes need to occur in transportation and logistics to facilitate E-Commerce?

- And you are not alone in looking at them.

- The Department of Transportation and the Council on Competitiveness have been working to frame some of these issues. This week representatives of UPS, FedEx, U.S. Customs, and major carriers met to tease out some of these questions. We identified as key issues:

- standard setting and interoperability,
- early markers or leading indicators for transportation needs versus lagging indicators such as congestion.
- We discussed how data might be mined to provide such indicators without impinging on proprietary data.

- We expect to share a report on our discussions at Secretary Slater's International Transportation Summit in a few weeks.

What opportunities and challenges does E-Commerce/Internet pose for the way we design, build and operate the transportation system?

- E-commerce is giving consumers greater choice, whether that means finding the product they want -- new or used – from a particular location, on the way to a location, or in production at one of many factories, or the ability to specify exactly what they want and having it built. Both private and public providers of tranpsortation infrastructure and services have the chance to gain greater data about pricing, terms, margins -- it all will be out there on the Web. What should they do with that? Are they, particularly governmental agencies prepared to take advantage?

- Can E-Commerce models solve issues that increasingly challenge us? For example, could an E-Commerce site bring passengers together with transportation for those without vehicles or those who are physically unable to drive? What are the data, technical, and social prerequisites for success?

- How can the Internet change the way we design, build, maintain, and operate our transportation systems? What have Internet reservation systems meant with respect to data that airlines have on load factors? There is some evidence to suggest that disintermediation has actually given airlines less sense of the total system loads and thus less ability to plan their individual air traffic operations. I raise this example because while you may find that E-commerce affords a great deal more data, I encourage you to examine how who has access to that data shapes the operation of the transportation system.

- Does the Internet afford new ways to design and build transportation infrastructure?

- What does E-commerce mean in terms of the security of transportation systems and privacy of individual consumer information? The transparency provided by the Internet compounds issues we are already sensitive to in the Intelligent Transportation Systems.

- As well as the information network capacity. Is the Web eliminating many trips or is it in fact creating new bottlenecks and capacity shortages in the domestic transportation network?

- Do we have measurable data on the impact of e-commerce on our highways, airways, railways and waterways?

How are the benefits of E-Commerce distributed and how can we ensure that all benefit?

- Much has been written on the digital divide particularly as it pertains to technology skills and Internet access. If we value access for all to mobility and economic opportunity, then we need to understand the implications of the digital divide for provision of transportation and employment within the transportation sector. What can we learn about this?

- What are effective ways to bridge the digital divide in access to transportation and transportation employment? Are there best practices? What inhibits success?

- Within TRB, others are charged with looking at transportation education and workforce needs. As you look at E-Commerce, I encourage you to engage other relevant committees particularly in this area. And to look at private and public sector efforts to understand skill gaps and address them.

- Our task in this workshop is to identify and reach consensus on these potential issues in order to develop a five-year roadmap to acquire a comprehensive understanding, and present quantitative estimates of the impacts of e-commerce on transportation. But do not rest there.

- In order for your work to benefit the transportation system, you must structure it so that it is collaborative with other efforts and so that you provide feedback to all levels of government and business as you go along.

- Every time I give a speech I try to think what can I say that the audience will remember. Hopefully it will not just that I went to the same elementary school as Jeff Bezos. I hope that you in research endeavors will take into account that you have the opportunity to combine data and analysis with imagination to do more than respond to E-Commerce but to use E-Commerce to enhance our world through transportation.

- I envy you the opportunity you have in your work. And I caution you as well. If you just research to confirm our current view of transportation you are missing the power of the Internet.... It is like the educator who employs the Internet to provide more drills and does not see the Internet as a way to improve teaching.

- I wish you well and I look forward to keeping up with your progress.

11.5

Remarks prepared for

Deputy Secretary of Transportation Mortimer Downey

for Delivery during the

WMATA Awards Ceremony
Nassif Courtyard
September 14, 2000, 1 pm

- Thank you. I am honored to accept this award for the Department.

- The Department of Transportation is proud to participate in the SmartBenefits program.

- This is an innovative use of technology that has far-reaching benefits for people and for this region.

- If we can make transit easier and more attractive to use -- if we can encourage more people to leave their cars at home and take transit to work -- then we do a number of things for our communities:

  We reduce traffic congestion

  We help clean up the environment

  We send more energetic, more productive people to work and

  We send more refreshed, more attentive people back home to their families

- Last year more than 9 billion people chose transit. That number saved Americans $19.4 billion in what would have been lost time.

- Just three months ago, Metro reached a milestone. On June 8, Metro had its fifth highest "regular" ridership day, a day when almost 626,000 people rode Metro rail and no special event was taking place.

- These are just the kind of benefits that President Clinton envisioned when he signed TEA-21 and expanded the Commuter Choice program so that employees and employers, both, receive federal tax benefits when employers support their workers' choice to use transit.

- When Secretary Slater launched the Commuter Choice initiative at a Town Hall meeting last February, many of the transit commuters talked of being less frustrated and more relaxed when they arrived at work:

    - They preferred transit fares to higher parking fees;

    - They arrived home faster and earlier;

    - They had more energy and were able to spend more quality time with their families; and

    - They saw transit making their communities more livable.

- Transit use is so important that President Clinton and Vice President Gore made it an integral part of their Livable Communities initiative.

- In fact, when he drew a verbal picture of one community, Vice President Gore described the transit system as helping to build a city with "fewer arteries and more heart."

- This is the kind of effort we applaud and support. This is the kind of effort that we see the Washington Metro making with the Smartrip card and the SmartBenefit program.

- We are pleased that DOT employees are participating in the SmartBenefit pilot and we look forward to having the pilot become permanent so that even more people might join the program.

- DOT employees have been enthusiastic about the prospect of trading long lines and limited days to pick up their transit benefits for the opportunity to go to a farecard machine and simply add their transit benefits to their Smartrip cards.

- Almost 57,000 federal employees, including this one, use transit benefits to commute on Washington's Metro trains and Metro buses every day. SmartBenefit is a program that could help to increase this number.

- Clearly, transit does enhance the quality of our lives.

- Again, we thank Metro for making the Washington Metropolitan area a more livable community -- and for recognizing the contribution of the Department of Transportation in moving people efficiently through our Nation's cities and into our Nation's future.

Remarks prepared for

Deputy Secretary of Transportation Mortimer Downey

for Delivery during the

Workshop on
Implications of the New Digital Economy on Transportation:
Developing Research and Data Needs

National Academy of Sciences
Lecture Hall
2101 Constitution Avenue NW
Washington, DC 20418
September 14 and 15, 2000

Thank you, Kelley.

with its characteristics of

Today's "Dotconomy" – ~~featuring~~ real-time transactions and door-to-door overnight delivery – is a major driving force of the American economy and is here to stay, according to a report President Gore released this past June. (Digital Economy 2000, the Commerce Department's third annual report on the information technology revolution and its impact on the economy.) Many of the economic gains of the past decade have been due to increased productivity spurred by the Internet and information technology.

But, with the positives, we also foresee issues that will need to be considered as we move further into the digital age. The rate of on-line purchasers and shipment volumes sent by air or truck are likely to grow. Pressures for infrastructure investment to build more runways or expand the highway network are likely to be substantial, increasing the demands on the resources of state and local governments. How will government pay for such investment and who should contribute? What about the environmental impacts of such growth?

What is government's underlying role with regard to the Internet and the digital economy? These are all good questions that deserve some exploration because the issues are so important to current and future generations. Transportation is ~~the~~ a key link in the E-commerce chain, and I believe that one of government's important roles is to gather data about potential impacts so that we can better prepare for future investment in and planning for public infrastructure.

Businesses are increasingly using the Internet to improve efficiency. Firms are moving their supply networks and sales channels on-line and participating in the on-line marketplaces. And, as more and more countries get connected, we'll see even more growth. Global electronic commerce could be worth $7 trillion to the global economy by 2004. (Source: White House Website document, source quoted: Industry Standard, Feb. 21, 2000)

Information Technology and E-Commerce are not just spurring growth – they are one of the factors making our economy more productive. With 2.8 percent productivity growth from 1995 to 1999, double the 1.4 percent rate from 1973-1995, the U.S. ~~has~~ is enjoying a robust economy with lower inflation and increased real wages.

The economic impact of IT in all facets of U.S. transportation and distribution services has been to boost logistics efficiency. Efficient logistics is key to improving the bottom line for most businesses. ~~A~~bout 60% of logistics costs are spent on transporting goods from the manufacturer to distribution centers, ~~a~~ccording to a U.S. Department of Commerce study.

Logistics efficiency has increased as advanced software and hardward and the Web have facilitated Just-In-Time (JIT) inventory control and build-to-order (BTO) manufacturing. The nation's highly efficient transportation network allows most of our on-line purchases to be delivered to our doorstep in 24 hours.

Logistics expenditures have been cut in half as a result of incorporating information technology into logistics -- declining to 10.5% in 1996 from 20% of GDP in 1960. Information Technologies have enabled companies have reengineered the supply-chain process to achieve just-in-time (JIT) inventory-control that cuts costs and increases speed and asset productivity. (Source: E-Commerce: Implications for Supply Chain Productivity, Carrier Competitiveness, and Efficient Allocation of the External Costs of Transportation, By Bahar Barami, Ph.D., Volpe Center, Cambridge, MA)

with more trends,

Business inventory carrying costs have been reduced 50%, from 8.2% in 1980 to 4.1% in 1997. Inventory cycle times have declined from 28 days to 2 days. Average manufacturing order times have declined 10-fold from 22.5 weeks in 1980 to less than 2 weeks today.

stand-alone

Transportation is no longer the industry we have known in the past.

~~One Intel Executive~~ (Andy Grove) said last year that: *In five years, all companies will be Internet companies or they won't be companies at all*, and this is equally applicable to transport.
We see this in the news as FedEx and UPS team up with software companies like Oracle and Sun Microsystems to create more efficient shipping and logistics networks.

Issues and Potential Negatives of the Digital Age

A ~~significant~~ possible outcome of the increased market penetration of IT and EC ~~is the likely~~ would be a likely shift in domestic freight ~~mode~~ market share away from rail and waterways towards highway and air freight movements. that's happening already ~~There is also a chance that the consolidation trend among the U.S. transportation carriers will have a detrimental effect on the viability of small intermodal carriers, including short line railroads and barge operators.~~

The U.S. modal balance is increasingly shifting to the single-mode highway, as railroads ~~lose market share~~ focus on commodity moves like coal or chemicals, and on the high-volume intermodal container transport. The rail mode share has been declining in the past four decades across the board in all key indicators, while private and for-hire trucking has been gaining market share by most indicators, but particularly in terms of freight revenues.

The ~~rail~~ latter may be a way for rail to gain some of the new freight.

~~Although, now that Amtrak has high-speed rail,~~ it's making an effort
Recognizing the opportunities to be realized by its scheduled service, Amtrak is trying to ~~posit~~ position itself as a express carrier of high value commodities

to position itself as an express carrier. (Mr. Downey, will have info on this for you on Wednesday)

By all indicators, the widening gap between truck and rail modes (and intermodal marine movements) in domestic freight service will continue to increase with the growth in EC.

The survey results also indicated a possible negative impact of EC on demand for rail and intermodal freight. Twenty one percent of the respondents expected to use less rail as EC becomes more prevalent. The Morgan Stanley Dean Witter analysis of the survey results concluded: "*It is hard to envision a scenario under which the railroads will walk away with a bigger slice of the pie.*"

Another indirect outcome of the growth in demand for Web-driven expedited freight delivery is the shifting of the full costs of funding highway transportation investments to non-users and/or state and local agencies.

I don't understand this point - don't trucks pay taxes??

With the rise in Web-based commerce, the full costs of providing freight transportation service are likely to be shifted to non-users or to state, local, and regional governments. Evidence suggests that, increasingly, non-user and non-federal funding sources are bearing a larger share of the transportation funding need.

??

The growing market demand for expedited freight delivery ~~is~~ could also likely to increase congestion and pollution . . .

What about the current move for alliance between USPS + Fed Ex to ~~[illegible]~~ make use of their competitive advantages.

Environmental Impacts of E-Commerce

As efficient as private markets are in meeting the consumers' needs for private goods, they are imperfect when it comes to producing products that have attributes of public goods. Private transportation markets falter when it comes to investing in infrastructure facilities and dealing with externalities.

This + the next several pages seem very confusing.

Where environmental or "free rider" externalities exist, the prevailing pricing mechanisms for allocation of transportation services fail, and demand exceeds supply of highway infrastructure, leading to capacity constraints, congestion, and deteriorated air quality.

Total economic losses from traffic congestion and delays in 70 urban areas were estimated at $74 billion in 1996 --$65 billion due to delay-related productivity losses and $9 billion due to wasted fuel. The costs averaged at $629 per driver for all cities, and $1,200 per driver in Los Angeles, the most congested city in the U.S.

What do auto drivers costs owe to growth e-commerce.

The Internet provides a prime example of an economic externality where positive and negative effects coexist. On the positive side, the Internet exemplifies the tremendous success of a large-scale infrastructure project that because of its size and the public-good nature of its benefits, would not have been feasible to undertake with private funds.

On the negative side, the Internet is likely to shift transportation costs downstream and to non-users, as demand for expedited highway freight traffic grows. Web shoppers, by placing a premium on next-day delivery of the goods, as well as the direct customer control and tracking of the delivery process – as the review of trends in the previous sections indicated – are relying increasingly on the expedited highway and air modes.

What about potential for e-commerce to rationalize trucking by improving back-haul, etc.?

The consequence of this trend is that more efficient intermodal alternatives are not fully utilized. This shift not only adds to congestion and deteriorated air quality, it also puts at risk the viability of the nation's short-line and regional railroads and domestic marine systems.

Technology-driven congestion-mitigation devices such as road sensors, variable signs, and dynamic routing, and intelligent transportation systems (ITS) strategies using computerized dispatching, auction-based fleet management, electronic book keeping, links to emergency road service, and "office on wheels" have been tested as innovative strategies with trip-reduction benefits. The consensus however, is that these strategies will not eliminate congestion. For many researchers as well as practitioners, *congestion pricing* is the only effective mechanism for alleviating high levels of highway truck traffic. ITS devices deployed in conjunction with congestion pricing have proven to be much more effective in reducing congestion than ITS alone.

Conclusion

The forces that elevated the Web to the center stage of the global commercial transactions have been enabled by powerful communication and information networks. We have only begun to understand the transportation and economic impacts of the immense capabilities offered by the new IT systems and the Web.

E-commerce growth and prosperity is closely tied to the viability of the nation's domestic transportation network. We need to develop a better understanding of how e-commerce is impacting transportation demand, highway capacity, urban bottlenecks, intermodal market share, and the environment. As a Federal Express executive has remarked, "*the marketplace has not yet recognized the true cost of home delivery.*" New corporate and governmental strategies are needed as we encounter the reality of congested ports, airports, and highways.

In the financing arena, the shift to the digital age has necessitated a growing reliance on a public infrastructure and networks. We need a sound strategy for assessing the impacts of the changing markets and devising innovating financing solutions.

The “point and click“ world of Web commerce has not eliminated the need for the old economy “bricks and mortar” infrastructure needs. After all, the majority of the goods purchased on the Web still need to be physically delivered door-to-door.

Note to Mr. Downey: On Wednesday, I’m going to incorporate a section on Government’s role, add a line or two about Amtrak and continue refining the flow and will give you an updated draft.

Have you gotten any ideas for nostalgia

Remarks prepared for

Deputy Secretary of Transportation Mortimer Downey

for Delivery during the

Transportation and Community and System Preservation (TCSP) Pilot Program Workshop
Sponsored by FHWA
Marriott Metro Center, 12th and G Streets NW,
Washington, DC
Thursday, September 14, 2000
8:45 am

Thank you, Gloria (Shepherd, Director/FHWA Office of Human Environment), and to all of you here for making the effort to attend our second Transportation and Community and System Preservation Pilot Program (TCSP) workshop.

Based on the level of interest in this program since it began in 1998, we know you're as excited as we are to hear about the innovative transportation and community planning that's going on around the country.

If I had a dollar for every good idea that I've heard about for ~~our~~ this ~~TCSP~~ program, we might be able to finance a few more discretionary grants this year.

Former Secretary of Transportation William T. Coleman, who served in the Ford Administration, said that "our national transportation system is too inextricably linked to external developments and too pervasive in our society to enable us to build for the future without fully evaluating the potential consequences of the decisions we make today." I think he had a valid point and that the TCSP program speaks to it by encouraging not only thoughtful transportation planning but a serious level of community participation in the process.

We all know that traffic congestion and air quality -- two of the driving forces for TCSP-~~like~~ type efforts -- are becoming major challenges that require solutions not only for our largest metropolitan areas, but for mid-size cities as well.

Not a para in first draft; should it be now?

Cities that were once considered the most-desired places for people and business – places like Atlanta, Denver, or Milwaukee – are now seeking ways to unclog their increasingly congested roadways and regain the advantages that were sparking their growth in the early 1990s.

And, while building or expanding highways is called for in some parts of the country, it's definitely NOT the only or the best solution everywhere. In metro areas across the nation, we have found again and again that if you widen the roads, the drivers will come and ~~cause~~ more gridlock comes with them. Motorists switch from other routes expecting to save time or abandon mass transit for their cars. And, citizens here in the Washington and in communities throughout the nation are demanding that we consider the environmental and other impacts of transportation projects. They are, essentially, demanding smarter growth.

While the Federal government is an important player in resolving our congestion and other transportation problems, we cannot do it alone. We need the state, county and local governments, and the private sector to work with us both in sharing project costs and making most of the decisions.

Communities know their own values and needs best and the Federal government should inform, not dictate, patterns of future growth by providing information, tools, and resources as well as incentives for communities to implement their plans. This is the major premise of our TCSP program.

The TCSP program, which was created by the Transportation Equity Act for the 21st Century (TEA-21), which President Clinton signed into law more than two years ago. The program's goal is to help make communities more livable by preserving green space, easing traffic congestion and employ "smart growth" strategies. Further, communities are sharing their best practices with us and, more importantly, with each other so that other communities can benefit from new ideas in transportation planning.

TCSP is a key component of the President's Livability Initiative, which seeks to strengthen current Federal programs and propose new ones to help communities improve their quality of life. This is a multi-agency effort including DOT, the Environmental Protection Agency, the Departments of Housing and Urban Development (HUD), Interior, Justice (DOJ) and other agencies.

The TCSP is also a collaborative effort within DOT -- including our FHWA, FTA, FRA and the Office of the Secretary -- enabling us to reach throughout the Department for if? specialized expertise is needed ? on topics such as airports or waterborne transport.

I think it's safe to say that the TCSP program is popular -- applications have far exceeded the number of projects we could fund in both FY 1999 and 2000. In 1999, we received over 500 proposals for project of over $400 million, but awarded $13 million to 35 projects in 27 States. In 2000, we were able to award funding for 84 projects in 50 States and the District of Columbia for a total of $31.1 million, more than double.

The projects funded to date are already changing the way we do transportation and include activities such as integrating land use and transportation planning; balancing economic growth, integrating semi colon environment and community values; creating a long range vision for community growth; reusing existing infrastructure.

We are awaiting the outcome of the FY2001 DOT Appropriations budget before announcing the FY2001 TCSP program, but I'm sure this program will continue to be in demand. (Checking on funding level for 2001)

In the next two days, you will have the opportunity to hear from grantees how they are tackling growth and transportation issues at all levels of government, as well as in partnership with the private sector and their communities.

We'll hear from ~~is~~ Hartford, CT, one of our 1999 grantees (and also where two very famous and audacious authors -- Mark Twain and Harriet Beecher Stowe -- once lived next door to each other).

The project, **Picture It Better *Together*: Taking Transportation Goals from Policy to Reality**, is considering the links between transportation, land use and economic development at both the neighborhood and regional level as well as sustainable development practices.

This project has an extensive array of partnerships from the public and private sectors -- and I mean EXTENSIVE! Hartford's Capitol Region Council Of Governments, the City of Hartford, Parkville, Connecticut DOT, CT Dept of Agriculture, FHWA, FTA, Department of Energy, thè American Farmland Trust, Crown Theaters, Phoenix Insurance, and the University of Connecticut are all participating to make this project work.

Another project we'll be hearing about today is **Envision Utah**. **Envision Utah** creates a broadly and publicly supported Quality Growth Strategy -- a vision to protect Utah's environment, economic strength, and quality of life. It will also creates a process for planning and managing rapid growth and development that could be used as a model for cities and regions throughout the country.

Envision Utah is using extensive community feedback and participation to assist in the development of a publicly supported Quality Growth Strategy and pursuit of actual implementation of this strategy in the Greater Wasatch Area.

Finally, we have representatives here from the City of Houston to tell us about how they are developing a singular, urban vision for the eight-mile Main Street Corridor. Wisely, Houston wants to encourage transit and pedestrian-oriented development, improve access to the corridor, explore ground-breaking smart growth strategies, and institute innovative evaluation techniques, using capital investment's power to concentrate other actions in the corridor.

We applaud Houston's success in building partnerships among public agencies, private and non-profit interests as a vital component of the planning process. Houston is also encouraging trends toward inner city revitalization that will lead to a reduction of automobile dependency and improved air quality in the region.

Conclusion

I'm confident that we'll all be able to learn from the ideas and the experiences of current TCSP projects as well as others attending this session.

DOT also has other programs that you may be interested in, including our Transportation Enhancements, Congestion Mitigation and Air Quality, and Bike and Pedestrian programs. And, we look forward to sharing information about our Metropolitan and Statewide planning and programming processes.

Our partner agencies at the federal level -- the Department of Energy and the Environmental Protection Agency -- will also discuss their programs to enhance community and transportation infrastructure.

DOT is honored that some of our TCSP grantees could join us to discuss their innovative to transportation and community development. This workshop will further demonstrate the power of having peers come together to exchange information and success stories. I especially encourage you to attend the informal networking session and roundtables tomorrow and to meet other grantees and representatives who are here from federal, state, and local government agencies, associations and non-profits to build resource and partnering networks.

Again, thank you for joining us. Oh, and if you have the opportunity, please give the metro system a try. It's a great way to get around town and even the suburbs!

12.8

Remarks prepared for

Deputy Secretary of Transportation Mortimer Downey

for Delivery during the

Workshop on
Implications of the New Digital Economy on Transportation:
Developing Research and Data Needs

National Academy of Sciences
Lecture Hall
2101 Constitution Avenue NW
Washington, DC 20418
September 14 and 15, 2000

I. The E-Commerce Revolution (Note impacts of E-comm., positive and negative. E-comm. impact on transportation to date: Demand for rapid delivery will add to congestion, impact the environment. Shifting the balance in transportation -- some modes, i.e. rail, maritime, losing business.)

II. Government's Role: To anticipate the potential impacts on transportation and the environment -- we need to do some solid analysis of what's happening in the marketplace so that we can prepare for them. To ensure access and fairness. To ask questions: Where do we need to invest in infrastructure? Who should pay for such investment?"

III. Conclusion: Like most things in life, E-commerce has both positive and negative impacts. As we continue to experience this "revolution" -- or evolution -- business, government and society should consider the issues & probable outcomes and try to have the best information for making decisions.

Reports about electronic commerce and the digital economy used to have the word "emerging" in the title, but no longer because the digital economy is here. The Dotconomy – featuring real-time transactions and door-to-door overnight delivery – that has emerged is a major driving force of the American economy and is here to stay, according to a report President Gore released this past June. (Digital Economy 2000, the Commerce Department's third annual report on the information technology revolution and its impact on the economy.)

The Positives of E-Commerce

Businesses are increasingly using the Internet to improve efficiency. Firms are moving their supply networks and sales channels on-line and participating in the on-line marketplaces. And, as more and more countries get connected, we'll see even more growth. Global electronic commerce could be worth $7 trillion to the global economy by 2004. (Source: White House Website document, source quoted: Industry Standard, Feb. 21, 2000)

Even in its infancy, we have seen many positives due to the growth in the digital economy. Information Technology and E-Commerce are making our economy more productive. With 2.8 percent productivity growth from 1995 to 1999, double the 1.4 percent rate from 1973-1995, the U.S. has a robust economy. Improved productivity has resulted in lower inflation and increased real wages.

The IT sector is rapidly creating jobs at dramatically high wages. IT jobs average $58,000 a year, 85 percent higher than the average for the private sector.

The economic impact of IT in all facets of U.S. transportation and distribution services has been to boost logistics efficiency. Efficient logistics is key to improving the bottom line for most businesses. About 60% of logistics costs are spent on transporting goods from the manufacturer to distribution centers, according to a U.S. Department of Commerce study.

Logistics expenditures have been cut in ~~have~~ half as a result of incorporating information technology into logistics -- declining to 10.5% in 1996 from 20% of GDP in 1960. Through Information Technologies, companies have reengineered the supply-chain process to achieve just-in-time (JIT) inventory-control that cuts costs and increases speed and asset productivity. (Source: E-Commerce: Implications for Supply Chain Productivity, Carrier Competitiveness, and Efficient Allocation of the External Costs of Transportation, By Bahar Barami, Ph.D., Volpe Center, Cambridge, MA)

Business inventory carrying costs have also been reduced by 50%, from 8.2% in 1980 to 4.1% in 1997. Inventory cycle times have declined from 28 days to 2 days. Average manufacturing order times have declined 10-fold from 22.5 weeks in 1980 to less than 2 weeks today.

While we have seen many positive impacts of the E-Commerce revolution, we have also begun to realize that there are potential negatives and concerns about the digital economy.

Issues and Potential Negatives of the Digital Age

A significant and possibly alarming outcome of the increased market penetration of IT and EC is the likely acceleration in the shift in domestic freight mode share away from rail and waterways, towards all-highway movements. There is also a chance that the consolidation trend among the U.S. transportation carriers will have a detrimental effect on the viability of small intermodal carriers, including short line railroads and barge operators.

The U.S. modal balance is increasingly shifting to the single-mode highway, as railroads lose market share. The rail mode share has been declining in the past four decades across the board in all key indicators, while private and for-hire trucking has been gaining market share by most indicators, but particularly in terms of freight revenues.

By all indicators, the widening gap between truck and rail modes (and intermodal marine movements) in domestic freight service will continue to increase with the growth in EC.

The survey results also indicated a possible negative impact of EC on demand for rail and intermodal freight. Twenty one percent of the respondents expected to use less rail as EC becomes more prevalent. The Morgan Stanley Dean Witter analysis of the survey results concluded: "*It is hard to envision a scenario under which the railroads will walk away with a bigger slice of the pie.*" The Web features most valued by the survey respondents were real-time tracking and tracing, on-line service performance reports, electronic bill presentation and payment, and transit time. While all Class I railroads offer these capabilities, the analysis of the survey results placed a greater emphasis on the on-time performance of the railroads, concluding that:

Include something on AMTRAK's efforts to position self as an express carrier.

"Even the best railroads can't deliver with better than 85% accuracy." The report's investment analysis concluded: *"Those carriers that cannot increase the speed, accuracy and frequency of their offerings, adjust to smaller shipment sizes, and provide the information shippers need to better manage their supply chain will be relegated to the lower end of the value chain."*

The growing market demand for expedited freight delivery, and the widening imbalance in the freight mode-shares is likely to exacerbate the existing freight infrastructure congestion and environmental externality problems. The implications of this outcome are addressed in the following section.

Environmental Impacts of E-Commerce

As efficient as private markets are in meeting the consumers' needs for private goods, they are imperfect when it comes to producing products that have attributes of public goods. Private transportation markets falter when it comes to investing in infrastructure facilities and dealing with externalities.

Where environmental or "free rider" externalities exist, the prevailing pricing mechanisms for allocation of transportation services fail, and demand exceeds supply of highway infrastructure, leading to capacity constraints, congestion, and deteriorated air quality. Total economic losses from traffic congestion and delays in 70 urban areas were estimated at $74 billion in 1996 --$65 billion due to delay-related productivity losses and $9 billion due to wasted fuel. The costs averaged at $629 per driver for all cities, and $1,200 per driver in Los Angeles, the most congested city in the U.S.

The Internet provides a prime example of an economic externality where positive and negative effects coexist. On the positive side, the Internet exemplifies the tremendous success of a large-scale infrastructure project that because of its size and the public-good nature of its benefits, would not have been feasible to undertake with private funds.

On the negative side, the Internet is likely to shift transportation costs downstream and to non-users, as demand for expedited highway freight traffic grows. Web shoppers, by placing a premium on next-day delivery of the goods, as well as the direct customer control and tracking of the delivery process – as the review of trends in the previous sections indicated – are relying increasingly on the expedited highway and air modes.

The consequence of this trend is that more efficient intermodal alternatives are not fully utilized. This shift not only adds to congestion and deteriorated air quality, it also puts at risk the viability of the nation's short-line and regional railroads and domestic marine systems. Another indirect outcome of the growth in demand for Web-driven expedited freight delivery is the shifting of the full costs of funding highway transportation investments to non-users and/or state and local agencies.

With the rise in Web-based commerce, the full costs of providing freight transportation service are likely to be shifted to non-users or to state, local, and regional governments. Evidence suggests that, increasingly, non-user and non-federal funding sources are bearing a larger share of the transportation funding need.

Technology-driven congestion-mitigation devices such as road sensors, variable signs, and dynamic routing, and intelligent transportation systems (ITS) strategies using computerized dispatching, auction-based fleet management, electronic book keeping, links to emergency road service, and "office on wheels" have been tested as innovative strategies with trip-reduction benefits. The consensus however, is that these strategies will not eliminate congestion. For many researchers as well as practitioners, *congestion pricing* is the only effective mechanism for alleviating high levels of highway truck traffic. ITS devices deployed in conjunction with congestion pricing have proven to be much more effective in reducing congestion than ITS alone.

Conclusion

The forces that elevated the Web to the center stage of the global commercial transactions have been enabled by powerful communication and information networks. We have only begun to understand the transportation and economic impacts of the immense capabilities offered by the new IT systems and the Web.

Sustainability of E-commerce is closely tied to the viability of the nation's domestic transportation network. We need to develop a better understanding of how e-commerce is impacting transportation demand, highway capacity, urban bottlenecks, intermodal market share, and the environment. As a Federal Express executive has remarked, "*the marketplace has not yet recognized the true cost of home delivery.*" New corporate and governmental strategies are needed as we encounter the reality of congested ports, airports, and highways.

In the financing arena, the shift to the digital age has necessitated a growing reliance on a public infrastructure and networks. We need a sound strategy for assessing the impacts of the changing markets and devising innovating financing solutions. The “point and click“ world of Web commerce has not eliminated the need for the old economy “bricks and mortar” infrastructure needs. After all, the majority of the goods purchased on the Web still need to be physically delivered door-to-door.

Remarks prepared for

Deputy Secretary of Transportation Mortimer Downey

for Delivery during the

Workshop on
Implications of the New Digital Economy on Transportation:
Developing Research and Data Needs

National Academy of Sciences
Lecture Hall
2101 Constitution Avenue NW
Washington, DC 20418
September 15, 2000

Thank you, Kelley, and good afternoon.

Today's "Dotconomy" – ~~featuring~~ based on real-time transactions and door-to-door overnight delivery – is a major driving force behind America's economic prosperity and ~~is~~ it's here to stay, according to a recent White House report. (Source: Digital Economy 2000, the Commerce Department's third annual report on the information technology revolution and its impact on the economy, June 2000.)

And, Allen Greenspan and others have also informed us that a large share of the economic gains of the past decade have been due to increased productivity spurred by the Internet and information technology. For consumers, electronic commerce can mean greater choice, faster service, and lower prices. For ~~our economy~~ the nation, the digital age means more jobs, higher growth, lower inflation, and tremendous new investment that will strengthen our economy for the long term.

Worldwide, e-commerce is expected to reach $2.6 trillion by 2004. on page 8 it says $7 trillion?

And, if you surf the Net, you can't help but notice the wealth of information that's available on-line -- from medicine to mechanics -- it's all there. One downside is that you can't get away with telling your spouse that you didn't have time to shop for an anniversary card or present!

But, with the positives, there are issues that need to be considered as we move further into the digital age. The shipment volumes sent by air or truck are likely to grow.

Pressures for infrastructure investment to build more runways or expand the highway network could be substantial. How will this new electronic economy change the way we move goods, and what are the potential environmental impacts?

What is government's underlying role with regard to the Internet and the digital economy? These are all good questions that deserve some exploration because the issues are so important to current and future generations. Transportation is a key link in the E-commerce chain, and I believe that one of government's important roles is to gather data about potential impacts so that we can better prepare for future investment in and planning for public infrastructure.

Government's Role in Cyberspace

President Clinton and Vice President Gore believe that government's role is to create an environment in which everyone can benefit~~s~~ from the Internet and E-commerce. One of government's most important roles is to ensure access for all Americans, and Vice President

Gore has been leading that charge ~~to~~ as we wire all of our schools and libraries in every community.

The Administration's budget for FY 2001 reflects a targeted approach to create digital inclusion. Our Technology Opportunities Program and proposed Connecting American Families program for home Internet access reflect our concerns that there is a role for the Federal government, ~~in~~ providing grant funding to local groups, ~~in~~ coming up with local solutions for non-profits, local governments and other organizations. And ~~then~~ we pass on the information ~~on~~ about what those grantees learn to others. We have also asked for money to spur broadband deployment and to fund community technology centers. We are meeting with mixed reviews so far in the appropriations process.

While E-commerce has become an important daily force in our domestic economy, the global landscape is still somewhat fragmented. President Clinton and Vice President Gore are also working to close the global Digital Divide. The Administration views the Digital Divide, and Digital Inclusion, as more than a domestic issue.

According to statistics from May, about 34% of U.S. citizens are Internet users in Europe compared with 65.2% in Sweden to 45.6% in the U.K., 31.6% in France and 11.4% in Portugal. In the developing world, we see even greater disparities. According to the Computer Industry Almanac report, there were 492 Internet users per 1,000 people in North America compared with 7.88 users per 1,000 people in the Middle East and Africa.

These are all part of Europe!

During the G-8 Economic Summit this past July, President Clinton and industrialized world leaders committed to forming a Digital Opportunity Task Force to help coordinate government efforts to increase access to the Internet and electronic commerce. The Overseas Private Investment Corporation will have a new $200 million line of credit ~~for~~ to support e-commerce and Digital Divide projects. The private sector, including America Online and Cisco, are also slated to contribute to projects aimed at closing the digital divide.

The legal~~ity~~ ~~of~~ status and confidence in Internet transactions has also been an issue. Last June, President Clinton signed the "Electronic Signatures in Global and National Commerce Act." The Act provides a domestic and global uniform commercial legal framework that recognizes, facilitates, and enforces electronic transactions worldwide. The new law provides business with a predictable, technology-neutral, legal environment while protecting consumers.

While we hear a lot about B2B (Business to Business) and B2C (Business to Consumer) activity on the Internet, we've also been working to strengthen the G2C (Government to Citizen) connections via the Internet.

This Administration has made E-Government a high priority of every agency in the federal government today. We are continuously looking for ways to use the Internet to provide useful information to citizens; to deliver service more efficiently; and to offer more opportunity for citizens to interact with government.

Last week, for example, we at DOT released our new, 5-year Strategic Plan which includes input received from citizens and DOT stakeholders on-line. ~~Earlier this year (Last year?)~~ A few years ago, DOT began putting proposed regulations on-line ~~for comment~~ for access, then added the opportunity for on-line comment filing. Recently we passed a milestone when the 1 millionth ~~piece~~ page of material was added to our electronic docket file.

We can envision a future in which technology makes it possible for the customer to track products or goods from the point of origin, on the ship, to the dock, to the train or truck, and to the final destination. We see a future, where you can interact at any time, from anywhere, with the government at all levels - - federal, state, local - - to get information about transportation. The research community has played and should continue to play an important role in achieving this vision.

The Department of Transportation is strongly encouraging the transportation industry to find ways to use technology to make our transportation more intermodal and truly seamless as well as safer. We believe that, together and with technological and human innovation, we can create a transportation system that will meet the demands of this new century.

E-Commerce Impact on the Business of Transportation

Businesses are increasingly using the Internet to improve efficiency. Firms are moving their supply networks and sales channels on-line and participating in the on-line marketplaces. And, as more and more countries get connected, we'll see even more growth. Global electronic commerce could be worth $7 trillion to the global economy by 2004. (Source: White House Website document, source quoted: Industry Standard, Feb. 21, 2000)

Logistics expenditures have been cut in half as a result of incorporating information technology into logistics -- declining to 10.5% in 1996 from 20% of GDP in 1960. Information Technologies have enabled companies have reengineered the supply-chain process to achieve just-in-time (JIT) inventory-control that cuts costs and increases speed and asset productivity. (Source: E-Commerce: Implications for Supply Chain Productivity, Carrier Competitiveness, and Efficient Allocation of the External Costs of Transportation, By Bahar Barami, Ph.D., Volpe Center, Cambridge, MA)

Transportation is no longer the industry we have known in the past. One ~~Intel Executive (~~Andy Grove~~)~~ of Intel said last year that: *In five years, all companies will be Internet companies or they won't be companies at all.* We see this in the news as FedEx and UPS team up with software companies like Oracle and Sun Microsystems to create more efficient shipping and logistics networks.

There is debate about whether rail will lose out to trucking and aviation in the digital economy, but I think it's too early to say for sure. The rail industry is beginning to set up new exchanges and to offer new tracking capabilities. Burlington Northern Santa Fe is leading the pack in electronic commerce, having developed an integrated, totally electronic exchange of information that makes shipment management more efficient. And, recently six North American railroads joined forces to create an open electronic exchange -- a one-stop cyber shopping site linking buyers and sellers. Amtrak is also pursuing a strong presence in the mail and small package delivery market, often in partnership with both major truck lines and the Class I freight railroads whose track it uses.

Time will tell whether all of this effort will be enough to improve rail service and win ~~over~~ back shippers. from the highway - Comment on FedEx-USPS alliance

Conclusion

The forces that elevated the Web to the center stage of the global commercial transactions have been enabled by powerful communication and information networks. We have only begun to understand the transportation and economic impacts of the immense capabilities offered by the new IT systems and the Web. E-commerce growth and prosperity is closely tied to the viability of the nation's domestic transportation network. We need to develop a better understanding of how e-commerce is impacting transportation demand, highway capacity, urban bottlenecks, intermodal market share, and the environment.

The "point and click" world of Web commerce has not eliminated the need for the old economy "bricks and mortar" infrastructure needs.

After all, you cannot download golf clubs or most anything you buy on the web – you still need a safe and reliable transportation system deliver the goods!

Note to Mr. Downey: This is a total redraft, which I'm going to take home tonight for value-added refining. I look forward to your feedback.

11.15

Remarks prepared for

Deputy Secretary of Transportation Mortimer Downey

for Delivery during the

72nd Street Station Rehabilitation
Grant Announcement
at the 72nd Street Station
New York, New York
Monday, September 18, 2000
2 pm

Thank you, Larry (Reuter, President of the New York City Transit). And, thank you, Congressman Nadler, for your ~~inspiring~~ words. We at the Department of Transportation appreciate your continuing support and wise counsel.

(Could recognize other VIPs, attendees you know.)

As always, it's great to be ~~back~~ here in New York and to see all of you. There's always something happening here – it's a vibrant and exciting place to live and work and transit is at the center of its success.

Question - What is the total annual $ from ~~DOT to~~ DOT/FTA to the MTA?

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

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.

Like our national economy, the New York-New Jersey regional economy has shown extraordinary strength. In 1999, more than 179,000 jobs were created, and regional employment is expected to grow 2.1 percent this year. The region experienced stronger growth in 1999 than in any of the past 15 years.

Can we add some key about transit ridership growth in NY?

~~The Port Authority of New York and New Jersey, the source of these positive statistics, recognized the link between regional prosperity and transportation in a recent publication: "Business relationships, transportation and communication links play a vital role in helping spread prosperity throughout the metropolitan area." That observation gives us foresight into the future investments we need to sustain our prosperity.~~

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

Today, I'm pleased to announce -- on behalf of the Clinton/Gore Administration -- an award to the Metropolitan Transit Authority (MTA) for nearly $3.5 million in discretionary funds for the 72nd Street Station Rehabilitation project, augmenting the funds MTA has provided from its capital program.

Everyone here knows that mass transit is a key to rebuilding our cities, to ensuring economic prosperity and to making the quality of life better for all Americans. That's why President Clinton and Vice President Gore agree and have made transit an integral part of their livability initiative, which will help communities across America grow and prosper.

In addition to upgrading platforms, stairs and elevators, the funds we're awarding today will be used for construction of a new park, pedestrian mall and sidewalks for greater access to the station and near-by bus stops.

This reconstruction project will help relieve congestion in the station today and as demand increases. I understand the station's daily ridership is currently 73,000 and, based on economic development, demand is expected to increase peak period ridership to 1550 passengers compared with 1,300 currently.

These #s don't make much sense. the peak period seems like only 2% of the daily 1300/73,000 ???

This year, we celebrated the 10th Anniversary of the Americans with Disabilities Act. Secretary Slater and I are glad to see that this grant will contribute to making transit more accessible to people with disabilities.

New York has the 2nd oldest subway system ~~(Boston's is the oldest)~~, as I know well, and some of the oldest infrastructure in the nation. ~~and~~ It's important to the region's and the nation's economy that we keep it in a state of good repair. This funding will help to achieve that goal.

DOT is proud to partner with the MTA and the business community in restoring New York's role as America's transit leader, and we look forward to seeing the results of the efforts here at the72nd Street Station in 2002.

(Present the check to MTA official -- it may be Larry Reuter -- give podium back to Reuter)

Remarks prepared for

Deputy Secretary of Transportation Mortimer Downey

for Delivery during the

2000 WTS Washington, DC Chapter
Scholarship Celebration
September 18, 2000

- Thank you, Elaine. I am so pleased to be here with you tonight to celebrate the accomplishments of the Women's Transportation Seminar (WTS) Washington DC Chapter scholarship winners and mark the continuing success of the WTS scholarship program.

- Last year, former DOT General Counsel Nancy McFadden addressed you at this event. In good WTS fashion, she's now moved up in her world, to become ~~She is now~~ Deputy Chief of Staff for Vice President Gore. The Vice President knew that she would be a creative ~~competent~~ and decisive leader, just as she was at DOT.

DOT Family and WTS

- WTS and the Clinton Administration both share the goal of ensuring a world-class transportation workforce for the future.

- We are proud that WTS has so prominently recognized key members of the DOT family, including:

  FRA Administrator Jolene Molitoris, the 1995 WTS Woman of the Year;

Acting FTA Administrator Nuria Fernandez, the 1998 WTS Member of the Year

- I, too, was the recipient of such an honor as your 1997 WTS Member of the Year!

- I ~~can't help but~~ have to say that ~~I admire your good~~ judgement! is usually good.

- Other Members of the DOT family who have participated in WTS events and taken prominent leadership roles with you include:

  RSPA Administrator Kelley Coyner;

  NHTSA Deputy Administrator Rosalyn Millman;

  Former Deputy FHWA Administrator Gloria Jeff; and

  STB Chairman Linda Morgan.

The WTS Leadership

- Let me also take a moment to recognize the leadership of the Washington, DC Chapter of WTS for all that you do to promote diversity and increase our knowledge base:

  Elaine Dezenski, President, who just joined the DOT family herself this year and is now with FTA; and

  Dr. Melissa Loughlin, Scholarships & Recognitions Chair, from US Airways

Page 2 of 4 (Draft #1, Sept. 14, 5 min.)

- And while I can't name all of the other WTS Board members who make this Chapter the success that it is, I do want to recognize WTS Vice President Jamie Rennert, a partner of Don Itzkoff's at Hopkins and Sutter, another former member of the DOT family who is here with us tonight.

- And, Cindy Burbank of FHWA, a long-time member and former National Secretary, is here tonight.

The WTS Scholarship Program

- As all of us know, the transportation challenges facing our Nation grow more complex every day.

- Transportation provides the critical link to improving mobility, our domestic and global economy, and the environment.

Doing the right thing for transportation in this

- The new millenium requires ~~a cadre of~~ innovative engineers, planners, public officials, manufacturers and transportation service providers who possess the human capital – the right stuff – to meet these challenges.

helps meet this need

- The WTS Scholarship Fund ~~promotes this worthy~~ goal by supporting the best and the brightest who are pursuing their dream of a career in transportation.

- These undergraduate and graduate scholarships help to bring these talented people into our field, introduce them to WTS, and provide a network of established professionals in the industry who can help them grow.

Page 3 of 4 (Draft #1, Sept. 14, 5 min.)

- WTS supports scholarship candidates locally and nationally. Winners at the local level go on to compete for awards nationally.

- Last year, WTS-DC raised over $3800 for its local scholarship fund—a new record for the Chapter.

Scholarship Winners

- I am very pleased to announce this year's winners of the WTS DC Chapter Scholarships:

  Motoko Shimizu (pronounced mo-TOE-ko sheh-MEE-tsu), Institute of Public Policy, George Mason University, who was awarded the Graduate Scholarship;

  Nicole Boone, Smith School of Business, University of Maryland, who was awarded the Undergraduate Scholarship.

- We congratulate them for their accomplishments and wish them much success with their endeavors in our industry.

- Together, we will assure that we have the world-class workforce America needs to meet the challenges of the 21st century.

Page 4 of 4 (Draft #1, Sept. 14, 5 min.)

11.13

Introduction of

Patrick J. Michaels
Senior Fellow in Environmental Studies, Cato Institute and
Professor of environmental sciences at the University of Virginia

Eno Transportation Foundation
Global Climate Change Luncheon
Tuesday, September 19, 2000

Good afternoon. Today's speaker is sure to wake us up after the rich cuisine we've just enjoyed because he is Dr. Patrick J. Michaels, Senior fellow in environmental studies at the Cato Institute and research professor of environmental sciences at the University of Virginia. Dr. Michaels is well known in the environmental policy arena for being an energetic -- and a lively (some would say audacious) speaker.

Many of you may already know that Dr. Michaels doesn't believe that the earth is warming and our climate is changing because of carbon and other greenhouse gas emissions. Instead, he contends that carbon dioxide is increasing in the atmosphere at a rate below that of most climate-change scenarios. Dr. Michaels has also stated that the direct warming effect of carbon dioxide was overestimated and the warming that has resulted from natural climatic processes is actually good for us.

The issue of global climate change is a complex issue and, while we may not agree, we should listen to what people of a diversity of opinions have to say. Gregg Easterbrook, the environmentalist and writer, has said of Dr. Michaels that "Environmental debate should be as open and free-wheeling as political debate -- and will be if Pat Michaels has his way!"

In addition to his work with Cato and the University of Virginia, Dr. Michaels is the state climatologist for the Commonwealth of Virginia and a visiting scientist with the Marshall Institute in Washington, D.C. He is a past president of the American Association of State Climatologists and was program chair for the Committee on Applied Climatology of the American Meteorological Society. He holds A.B. and S.M. degrees in biological sciences and plant ecology from the University of Chicago, and he received a Ph.D. in ecological climatology from the University of Wisconsin at Madison in 1979. Dr. Michaels is a contributing author and reviewer of the United Nations Intergovernmental Panel on Climate Change.

Dr. Michaels has published more than 200 scientific, technical, and policy-oriented articles on climate and its impact on man and earth.

And now we'll hear from Dr. Patrick J. Michaels.

11.9

MEMORANDUM FOR DEPUTY SECRETARY OF TRANSPORTATION
MORT DOWNEY

FROM: PEGGY ABRAHAMSON

DATE: September 20, 2000

SUBJECT: Council on Excellence in Government Draft, APTA Outline attached. (Kate has)

Attached is a first draft for the Council on Excellence in Government panel on risk-control in the regulatory environment. I will be adding some new information to it tomorrow, but would be glad to have any guidance on other examples you would like included. Neil Eisner, General Counsel, recommended we say something directly about the Firestone situation, and I agree.

I look forward to receiving your comments.

Note: The APTA draft will be ready for your review tomorrow.

Also, some discussion of FAA's Safer Skies initiative to focus their regulatory efforts

Mary specifically wanted me to talk about what the Coast Guard has done with respect to marine safety, as described in Prof. Sparrow's book! (see attached 215-216, 258-9, 262, 296-97)

— we need to get that in w/ greater detail — our work with AWO, etc., plus fishing vessels + oil spills

Remarks prepared for

Deputy Secretary of Transportation Mortimer Downey

for Delivery during the

Council for Excellence in Government
in cooperation with Professor Malcolm Sparrow
Panel: Pioneers in Risk-Control Implementation
St. Regis Hotel
923 16th Street, NW
Washington, DC
Friday, September 22, 2000
8:45 am - 12 noon

Thank you, Dr. Sparrow (Malcolm, Professor at the John F. Kennedy School of Government at Harvard), for the introduction. I'd also like to thank the Council for Excellence in Government for inviting me to participate in this morning's panel discussion about risk control in the regulatory environment.

Assessing risk and determining what is reasonably safe in this modern and complex world is, in itself, a risk and an inexact science. Estimating and appropriately managing every risk, cost, and benefit would not be possible, but it's in fact what we do every day – whether it's stepping off a curb or climbing into a 747.

What we need to do better as transportation professionals is to assess risk when we know or think it's necessary for us to provide some steps to protect the public at a reasonable cost.

Safety devices in transportation are everywhere. Most have been very successful – seat belts and highway guardrails come to mind – but others have unanticipated results, causing unexpected injury or higher costs without yielding some of the expected benefits.

Four years ago, for example, the National Highway Traffic Safety Administration (NHTSA) found that while anti-lock brakes, which add about $500 to the sticker price of a typical car, brought about a decline in some types of crashes (i.e. those on wet pavement), they increased others. Drivers of cars equipped with anti-lock brake systems were found more likely to run off the road or sideswipe a tree or post probably because drivers did not handle the brakes as manufacturers thought they should or would. This was not necessarily a failure of technology, but at least a failure to support technology with adequate education about how it should be used.

DOT is a complex organization with responsibility for ensuring public safety on our highways, our waterways and in our air space. In working toward eliminating transportation-related deaths, injury and property damage, we must ask ourselves every day: What is "reasonable" risk, and what is the best way to analyze the costs and risks, as well as the benefits, of improving safety in transportation using new or conventional technologies?

How Much Risk is Reasonable?

While I believe DOT's efforts have made our transportation system safer, there are those who complain that government has gone overboard on safety and has, perhaps taken away some of our freedom. New Jersey, for example, once banned eggs sunny-side up to guard against food poisoning and still won't allow consumers to pump their own gas for fear of an explosion. In parts of Ohio, you can't go trick or treating without a permit. One might indeed ask: What is this world coming to!?

Such rules illustrate the principle that government, including the Federal government, should always thoroughly assess whether a regulation is reasonable for the real world, whether it will substantially improve public safety, and whether it's likely that the benefit is worth the cost.

In addition to good data and sound methods of analysis, we need to do something obvious -- talk to the public, industry and everyone who would be affected by safety rules before they are implemented. We need to consider their opinions and reactions fully. After all, they are the ones who will have to live with the rules or standards. And, we sometimes ignore them at our peril.

DOT has a practice of consulting with our customers and stakeholders as a routine part of our business. We take the extra effort to include stakeholders, including the public, safety advocates, environmental groups, labor and industry in our risk analysis and rulemaking processes.

Just as there are those who say regulation goes too far, incidents or disasters occur which prompt other people to say that government needs to do more to improve public safety -- our recent experience with Firestone comes to mind. Sometimes it seems that we are damned if we regulate and damned if we don't, depending upon the situation. But, a majority of the public seems to be saying it's better if we err to do it on the side of safety.

(Will check to see if there was a similar poll in 2000. Also may include commentary from articles on the Firestone issue) A Harris poll done in the Fall of 1999 found that 69% of the public believe it is time to upgrade motor vehicle safety standards and to improve safety performance of cars and trucks. The survey also found that 93% (9 out of 10 people) believe the federal government <u>should</u> set strong motor vehicle safety standards.

The Advocates for Highway and Auto Safety, which commissioned the independent Harris poll, noted that highway crashes are the number one cause of death of Americans under age 30 -- with the implication that those of us over 30 have an obligation to better protect our children.

The whole question of whether it may be too costly to reduce fatalities and injuries seems immoral to some people. (Some of you may recall former Inspector General Mary Schiavo's unveiling of our "Secret Memorandum on Cost/Benefit analysis). Nevertheless, I think it is worthwhile to have discussions like this where we can ask the questions: How do we do a better job of measuring the costs and benefits to make our regulations effective yet reasonable? How much risk is reasonable and what should government's role be in reducing risk? Has deregulation worked or has the pendulum swung too far?

Perception versus Reality

Sometimes perception rather than reality drives public policy, and we should use our best judgment to recognize when this happens. The ABC news magazine, 20/20, ran a story last year asking how safe do Americans need to be, pointing out that people no longer have a choice about seat belts and can be fined for not wearing one. The fact that thousands of people die each year simply because they don't buckle up was not part of ABC's report. The seat belt law, we at DOT believe, results in the greatest good for the greatest number of people, both in terms of lives save and societal costs averted.

On the other hand, perception can also drive public demand for speculative actions to guard against relatively low-risk hazards, such as nuclear power plants, while commonplace events like alcohol and drug-related deaths don't seem to get as strong of a reaction.

Of course, the issue of air bags and the problems they have caused for children and small-structured adults were also featured in the ABC report. ABC's reporter asked: "Now that we know about the danger, can people buy a car without an air bag or can a mechanic disconnect an air bag at a motorist's request? Or can people order an on/off switch?"

These are legitimate questions that warrant consideration, but after an in-depth analysis, NHTSA determined that installing an on/off switch for air bags or allowing people to disconnect them at will would inevitably lead to an increase in fatalities and injuries. For now, only people who can demonstrate that they are at risk can disconnect their airbags, because air bags have been so successful in reducing fatalities and injuries. So far, NHTSA reports that air bags have saved nearly 4800 lives (number to be updated), enough to make a significant contribution to our goal of absolute reduction in roadway deaths.

Unfortunately, ABC News did not cite these lifesaving statistics in its report. They show that, for the general population, air bags have saved many more lives and prevented far more injuries than they have caused. This doesn't mean that we should become complacent, any more than we should panic.

We have been working with manufacturers to lessen the risks to children and small-structured adults. Parents have been advised to have children ride in the back seat, away from the air bag. Important lessons have been learned from our airbag experience, especially over the past five years and, beginning in 1998, redesigned airbags on new cars are less forceful than older airbags. NHTSA worked with the auto industry to test the new airbags, which have retained their general effectiveness while posing much less risk of death or serious injury.

There is a general question that needs to be asked . . .

When a new technology to enhance safety is voluntarily introduced by industry as a marketplace strategy, whose responsibility is it to assess the benefits versus the risks? The answer is both government and industry. Safety should definitely be considered in the design phase, and we must work together to test the effectiveness of products in real-world conditions.

Given the number of new technologies and the speed with which they are introduced into the marketplace, however, government is not going to be able to check all of them for safety and risk. We must, with a limited budget, prioritize our testing programs. Therefore, it should be the responsibility of industry to do most of the testing and to make sure its products are both effective and safe before they are offered to the public.

As for side air bags, DOT is working with vehicle manufacturers to ensure that they are fully tested and do not pose a safety risk to the motoring public. NHTSA began a Special Crash Investigation effort several years ago when side air bags were first introduced in the U.S. market, and so far the results have been good. Side air bags are reducing injury, particularly head injury, but we will continue our testing and our work with industry to assure that they have no unanticipated consequences.

Dr. Ricardo Martinez, who was Administrator of NHTSA since 1993 and left DOT just last year once said, and I agree:

We believe researchers, engineers and designers must have one foot in the laboratory and one foot firmly planted in the real world crash environment.

The How of DOT Risk Assessments

Last year, I was invited to participate in an international conference on *Understanding, Managing and Presenting Risk in Public Policy*. Aside from the fact that it gave me a pleasant weekend in the British countryside, it was an opportunity to step back and contemplate the issues and policies surrounding risk in various environments, cultures and points in time.

In preparation for the conference, staff from our modal administrations wrote up case studies of recent DOT risk assessments and outcomes. All of our modes are involved in risk assessment, and we had some interesting examples.

The Coast Guard, which is responsible for protecting and safeguarding America's ports and waterways, conducted a risk assessment to investigate oil spills from maritime sources in Puget Sound, the Strait of Juan de Fuca, and adjacent offshore waters. The assessment used both statistical estimates and expert information to identify and rank the risks in the area. An expert panel was formed, including marine pilots, shipping operators, navigation/traffic managers, risk experts, marine environmentalists, fishermen, and others.

The results indicated that the three highest risks were associated with ship collisions, vessels losing power and drifting aground, and vessels running aground while under power. These results were used to formulate a multi-faceted approach to reduce risks, to include conducting a cost/benefit analysis and forming a public working group to develop a long-term risk management plan for the area. Part of that process is intended to localize the discussions of how much cost is warranted to protect a particularly sensitive area and how best to achieve that result, especially when equally involved stakeholders have differing perceptions of the risk.

Conclusion

Assessing risk is both a complex and a never-ending job. In this technological age, it is becoming especially challenging as new products and new technologies change the transportation environment. At the same time, perceptions about risk also change, as the media and the public witness crashes or safety failures and begin to ask questions.

There is no way we can think of everything that could happen in every situation and no way that we can test the probability of every outcome. Under normal circumstances, we, perhaps, tend toward complacency, thinking we are doing all that can be reasonably expected. Then a major accident, a growing number of lesser accidents or even a deliberate event, such as a terrorist attack, makes us aware of a new risk or suggests the possibility that harmful outcomes are more probable than we had thought. Public concern and political pressure are aroused.

Over the longer term, new technology is developed to offer improved protection against such risks at lower cost. Sometimes that technology can drive us in the other direction, demanding action to allay our own and the public's newly-awakened anxiety to take advantage of the fruits of invention even before all consequences are assessed.

We need to perform risk assessment when we intuitively believe safety is at risk and use it to demonstrate quantitatively that the expected benefit to public safety outweighs the costs, including costs that might be imposed by undesirable consequences of the new technology.

Risk assessment can be useful in convincing those who must bear the costs of new protective measures or, alternatively, of reconciling those who would press for unjustifiably costly action. At the same time, we must guard against complacently accepting as adequate all of those regulations and procedures that are now in effect, recognizing that they are not regularly subjected to the same scrutiny as new proposals.

The FAA assumption, for example, that steps to eliminate ignition risks was an adequate defense against fuel tank explosion is proving in practice to be an unbalanced strategy when measured against the facts.

Realistically, neither the decisions we make in risk management nor the underlying science are without subjectivity -- or risk! Sometimes our decisions involve ethical principles. Sometimes they rely on assumptions about the nature and validity of the information analyzed.

In approaching safety issues and risk assessment, DOT has had excellent results when it has included all stakeholders in the process. Doing so is the key -- it is vital to developing the assessment methods and building understanding and support for the ultimate decisions.

Thank you, and I look forward to the discussion to follow.

11.12

Remarks prepared for

Deputy Secretary of Transportation Mortimer Downey

for Delivery during an
Environmental Meeting with Congressman Rush Holt
Members Room, Thomas Jefferson Building, Library of Congress
Washington, DC
Wednesday, September 20, 2000
2:40 pm

Thank you, Congressman Holt, for that kind introduction.

It's a pleasure to be here today to talk about environmental issues affecting our country and New Jersey from a transportation perspective.

It's certainly not news to New Jerseyites that congestion in New Jersey – just as in many other areas of the country -- will continue to be a challenge for government leaders, transportation planners and citizens in the 21st century. But, I believe that if we all work together, using our intelligence, some common sense and new technologies, we can meet that challenge.

Last time I did a Holt event the big issue was our position on NJ efforts to ban trucks from country roads – this was the case where the FHWA guy in NJ overruled the Secretary. Can we update the issue please.

Needs more of our smart growth message + livable communities

President Clinton and Vice President Gore have worked hard these past 7 ½ years to ensure that we have the resources and the policies to effect real change in the way we invest in and plan transportation.

Two years ago (in June 1998), President Clinton signed the Transportation Equity Act for the 21st Century (TEA-21). TEA-21 reflects the joint commitment of Congress and the Administration to invest in America's infrastructure in a fiscally responsible manner and to use that investment to increase safety, expand opportunity, **and** improve our environment.

TEA-21 requires DOT agencies -- Federal Highway Administration, Federal Transit Administration and others -- to work more closely with our counterparts in the Federal environmental and natural resource agencies as well as state and local governments to implement "environmental streamlining."

Based on 12 listening sessions we held throughout the country just after TEA-21 became law as well as discussions with other federal, state and local agencies, we developed proposed rules that will help ensure that transportation investment decisions are environmentally sound and reflect the needs of the entire community, including low-income and minority persons and the transportation disadvantaged. We've had a public comment period since August, and if you haven't yet, you are welcome to comment on the proposed rules by this Friday. They are available on our website and in the *Federal Register*.

TEA-21 also ~~established~~ continued our successful Congestion Mitigation and Air Quality Improvement Program, begun by the predecessor ISTEA bill. In FY99, states and localities benefitted from more than $1.1 billion for projects that reduce congestion and improve air quality by enhancing the efficiency of the transportation network.

And we've collaborated with other federal agencies on other initiatives. For example, five years ago DOT and EPA began a public education campaign to raise awareness about the connection between transportation and air quality. In FY 1999, this effort reached millions with public service announcements (TV, radio and print) promoting vehicle maintenance, trip chaining, and the use of alternatives to driving alone in 14 demonstration communities across the country.

In 1999, we established our Global Climate Change Center to study and work with other agencies to reduce greenhouse gas emissions in transportation. Through strategic research, policy analysis, partnerships and outreach, the Center will create comprehensive and multi-modal approaches to reducing transportation-related greenhouse gas emissions. Four to six research projects are planned for FY 2000.

TEA-21 will further our goal of improving the nation's surface transportation -- our roads, transit systems, highways and terminals -- in partnership with state and local governments and the private sector until 2003. We hope to see the same kind of environmental and other innovations in the next surface transportation law ~~-- and we will should the best man win in November!~~

I don't want to bore you with budget talk, but money is an important part of the equation. The Administration's budget for fiscal year 2001 proposes a record $55 billion in transportation investments to make travel safer, improve the quality of life for all Americans, expand opportunity, promote innovation and continue economic growth.

The budget funds key programs that help achieve the Department's strategic goals: safety, mobility, economic growth and trade, environmental protection, and national security.

President Clinton and Vice President Gore's top transportation priority continues to be ensuring safety, and the budget includes a

record $4 billion for direct safety programs, 13 percent more than the current year.

A record $39 billion is planned for infrastructure investment to improve mobility, 86 percent higher than the 1990-93 annual average. Some of the highlights include:

- A record $6.3 billion for mass transit, including 12 new or expanded rail systems in Portland, Oregon; Chicago; Seattle; Pittsburgh; Memphis; Minneapolis; Denver; Baltimore; Washington, D.C.; northeastern New Jersey; and Salt Lake City, home of the 2002 Winter Olympics;

- $1.9 billion in grants to expand runway capacity, reduce noise and improve safety at the nation's airports;

- $521 million to continue rebuilding Amtrak's trains and stations, helping America's railroad move towards operating self-sufficiency by 2002;

- $468 million to expand intercity passenger rail service and lay the foundation for high-speed rail; And

- a record $1.28 billion, 37 percent more than this year, for transportation research and for the development and deployment of new technologies. This includes $338 million, 83 percent more than this year, for smart traffic signals, regional travel information networks and other intelligent transportation systems.

A record $3.8 billion, 5 percent more than this year, is proposed for programs to protect the environment and to support community-based initiatives to combat congestion and pollution.

Improving the Aviation Environment

I've talked a lot about surface transportation, but DOT is also working to reduce the environmental impact of staggering growth in air travel.

Today, 600 million passengers will fly this year in the United State alone, with that number expected to reach almost 1 billion by 2010. We estimate that there are almost 500,000 Americans living near airports who are exposed to significant levels of aircraft noise. That exposure is down from the six to seven million people affected in 1976. That success has been a result of action taken by Congress, the airlines, airport proprietors, and the FAA.

Federal investment to improve the quality of life for those living near airports began in the late 70's with funding for up to 25 airport noise compatibility plans per year. That modest beginning grew in the 1980's and 90's through legislation and administrative action so that, by last year, the FAA had issued Airport Improvement Program (AIP) grants for noise related projects and plans totaling over $2.7 billion.

Since 1990, when Passenger Facility Charges (PFC) were authorized, the FAA has approved PFC collection by airport operators exceeding $1.6 billion for noise mitigation projects.

In addition to Federal investment, airports finance substantial noise mitigation with locally generated funds, including revenue from airport rates and charges.

The dramatic technological advances we've seen in the past decade have been the result of both the airlines' search for fuel efficiency and valuable basic research performed by NASA. As a result, our jet fleet is far quieter today than it has ever been. Commercial jets produced today are 20 to 30 dB quieter than the original 707's--or to the human ear, one-fourth as loud. And as the technology has become available, we have established more stringent noise certification standards.

Last December, the U.S. industry successfully completed the phase out of Stage 2 aircraft and transitioned to compliance with Stage 3 aircraft noise standards. The airlines deserve a tremendous amount of credit for completing this phaseout by the deadline established by the Airport Noise and Capacity Act of 1990 (ANCA), which mandated the phase-out of Stage 2 aircraft above 75,000 pounds.

All things considered, we have seen great progress in recent years. The environment is quieter, airlines obtained the necessary certainty to conduct their fleet management and operations, and our airports received increased funding specifically targeted for noise planning and abatement projects. But studies tell us that if we do nothing more, this downward trend will level off and eventually rise as air traffic continues to grow.

Conclusion

My message to you today, however, is that we should -- as our Secretary of Transportation, Rodney Slater, has said -- be visionary and vigilant in finding ways to build a transportation system that is both efficient and environmentally friendly. If we continue the strategies of fiscal discipline and strategic investment that have led us to the longest peacetime economic expansion in history, I believe we can achieve that goal.

Thank you, and I'd be happy to take any questions you may have.

11.10

9/19
6:30pm

Statement of Rodney E. Slater
Secretary, United States Department of Transportation
before the
Subcommittee on
Telecommunications, Trade and Consumer Protection
of the
Committee on Commerce
U. S. House of Representatives
September 21, 2000

Lindy Knapp
Comment.

Mr. Chairman and Members of the Committee:

Thank you for holding this hearing on legislation to improve the federal law on motor vehicle safety. To begin, I want to emphasize the importance of safety to the Department of Transportation. It is our top transportation priority. It is the North Star by which we are guided and willing to be judged. I want to commend you for your leadership on this issue, Mr. Chairman, and that of other Committee members.

Mr. Chairman, almost four years ago when I began my service as Secretary of Transportation, I pledged that I would continue to make safety and security the highest priority of the Department. I promised to strive to raise our current levels of safety to even greater heights. I believe that we are accomplishing this goal on many fronts. In the Clinton-Gore Administration, we have worked in partnership across the transportation spectrum to achieve ~~our~~ specific and measurable safety goals – with the States, industry, labor and management, local communities, safety advocates, and individual citizens – and the results speak for themselves.

- Highway death and injury rates have fallen to all-time lows
- Seat belt and child safety seat use rates are at all-time highs
- Alcohol-related highway fatalities are lower than ever before

On the whole, we have the safest transportation system in the history of the United States. But any careful evaluation shows us that ~~it is not safe enough~~ its safety can still be improved. We have a challenge before us. We must work together to meet it.

In addressing you today, I want to acknowledge the outstanding effort that NHTSA, under the leadership of its Administrator, Dr. Sue Bailey, is making to address the investigation and recall of Firestone ATX, ATX II and Wilderness AT tires. The investigation is continuing on an urgent basis. I have directed the agency to use every means available to conclude the investigation as soon as possible. The challenge before us is to investigate vigorously, find the facts, and use the lessons we learn to minimize such incidents in the future.

Mr. Chairman, the Department has taken the initiative this year to strengthen the legislative framework for our vehicle safety programs. In March we submitted a bill to increase civil penalties for defective and noncomplying products, extend the period within which the manufacturers must provide a remedy at no cost to consumers, and require manufacturers to test their products as a basis for their certification of compliance.

As the Firestone investigation unfolded, we again took the initiative, by submitting further comprehensive legislation on September 11 that would fix the gaps in our authority that hindered our ability to detect the problems that led to the Firestone recall. This bill represents our best thinking on what needs to be done and I encourage you to consider incorporating its provisions into H.R. 5164. We ask you and the Congress to join with us, in a bipartisan effort, to enact effective legislation on an expedited basis. We expect that a safety-conscious industry will join us in supporting this effort.

Our bill addresses a number of the concerns raised by the globalization of the motor vehicle industry. We believe that the provision on international cooperation included in our bill would provide the kind of early warning network that members of the committee have stated they favor. The provision would cover not only information about safety defects, but would include a great deal of other vehicle safety information as well.

Our bill would strengthen NHTSA's information-gathering powers in vital respects. It ~~would place~~ clarify the agency's authority to obtain information about foreign information relevant to vehicles and equipment in the United States ~~on~~ and put it on the same footing as its authority to obtain information concerning vehicles in this country. It would affirm NHTSA's information-gathering authority in other respects, and would require manufacturers to review information about crashes that may indicate a defect and advise DOT if there is a reason to believe a defect or noncompliance may exist.

The bill introduced by Chairman Upton, H.R. 5164, which you have co-sponsored, Mr. Chairman, addresses the need for NHTSA to get timely information about safety recalls and safety campaigns that occur in foreign countries. We strongly recommend that it should not be limited to information about vehicles and equipment that are "also offered for sale in the United States," a limitation that might excuse a manufacturer if the foreign vehicle or equipment is not identical to that sold in this country, but may still share common design or construction elements. This provision would be useful, Mr. Chairman, but we believe it should must go further, as our bill does.

H.R. 5164 includes some of the provisions from legislation that the Department submitted earlier, including an increase in civil penalties for a violation, from $1,000 to $5,000 for each vehicle or item or equipment, and an increase in the ceiling for a related series of violations, from $800,000 to $4,000,000. It would also extend the period -- from the current three years to five-- within which the purchaser of a tire can obtain a no-cost remedy for any defect or noncompliance. These are important provisions and I welcome their inclusion in the bill. I would encourage you to take the further step of removing the ceiling on penalties altogether, as our new bill proposes.

Our bill includes other provisions that we believe should be incorporated into H.R. 5164 as the committee deliberates on it. In addition to extending the period for a no-cost remedy for defective and noncomplying tires, we encourage you to consider a similar extension for motor vehicles, from the current 8-year period to 10 years. Today's motor vehicles remain in service much longer than the vehicles of 25 years ago, when the no-cost remedy was first adopted The period for a no-cost remedy should be extended accordingly.

H.R. 5164 would require tire manufacturers to report information about claims submitted for personal injury and property damage. We believe this would help to avoid the situation that occurred in the Firestone case, but we would encourage you to expand the requirement to apply to manufacturers of motor vehicles and motor vehicle equipment. The bill we submitted in September has this breadth, and I encourage you to consider it.

H.R. 5164 would be enhanced by the inclusion of another provision that we believe is important, particularly in the context of the Firestone investigation. Our March bill included a requirement that manufacturers test their products before certifying them as complying with motor vehicle safety standards. We believe this is a reasonable requirement that would facilitate NHTSA's enforcement program and that would not be burdensome to responsible manufacturers.

H.R. 5164 addresses the issue of NHTSA's tire safety standards. NHTSA is already in the process of considering changes to these standards. As Dr. Bailey has testified, we believe that updating the tire standards is vitally important to assure the American public that they are riding on safe tires, and we are committed to moving forward to update the standards.

Mr. Chairman, I believe the circumstances call not only for a bill that targets the tire industry, as H.R. 5164 does, but one that provides a comprehensive renovation of NHTSA's safety authority to secure the remedy of defective motor vehicles and motor vehicle equipment.

Finally, Mr. Chairman, we seek additional funding for NHTSA's safety enforcement program. The Office of Defects Investigation (ODI) needs to have additional resources, both in funding and in people, and we ask the Congress to provide it. Of the amounts we previously requested, we will immediately reallocate $1.8 million to the Firestone investigation from other NHTSA activities. Beyond that amount, we seek an increased authorization of $9 million to expand ODI's activities, increase public access to ODI's public files, and provide resources for updating our tire safety standards. We submitted a bill in February of this year to increase the authorized levels for NHTSA's motor vehicle safety programs, including ODI, in fiscal year 2001 by $17,640,000. We urge you to consider including a $9 million authorization for NHTSA in the bill now before the committee.

Mr. Chairman, I pledge that as long as I am Secretary, we will do everything in our power to use this authority, and our existing authority, vigorously. My constant message to Departmental staff is that we must be vigilant and visionary. I can think of no clearer case in which this message must be heard: we must look to the future and guard against any repetition of tragedies caused by defective vehicles or equipment.

Mr. Chairman, this concludes my testimony. Dr. Bailey and I will be glad to answer your questions.

11.11

Remarks prepared for

Deputy Secretary of Transportation Mortimer Downey

for Delivery during the

Council for Excellence in Government
in cooperation with Professor Malcolm Sparrow
Panel: Pioneers in Risk-Control Implementation
St. Regis Hotel
923 16th Street, NW
Washington, DC
Friday, September 22, 2000
8:45 am - 12 noon

Thank you, Dr. Sparrow (Malcolm, Professor at the John F. Kennedy School of Government at Harvard), for the introduction. I'd also like to thank the Council for Excellence in Government for inviting me to participate in this morning's panel discussion about risk control in the regulatory environment.

Assessing risk and determining what is reasonably safe in this modern and complex world is, in itself, a risk and an inexact science. Estimating and appropriately managing every risk, cost, and benefit would not be possible, but it's in fact what we do every day – whether it's stepping off a curb or climbing into a 747.

What we need to do better as transportation professionals is to assess risk when we know or think it's necessary for us to provide some steps to protect the public at a reasonable cost.

DOT is a complex organization with responsibility for ensuring public safety on our highways, our waterways and in our air space. In working toward eliminating transportation-related deaths, injury and property damage, we must ask ourselves every day: What is "reasonable" risk, and what is the best way to analyze the costs and risks, as well as the benefits, of improving safety in transportation using new or conventional technologies?

How Much Risk is Reasonable?

In addition to good data and sound methods of analysis, we need to do something obvious -- listen to the public, industry and everyone who would be affected by safety rules before they are implemented. After all, they are the ones who will have to live with the rules or standards.

DOT has a practice of consulting with our customers and stakeholders as a routine part of our business. We take the extra effort to include stakeholders, including the public, safety advocates, environmental groups, labor and industry in our risk analysis and rulemaking processes.

While there are those who say regulation goes too far, incidents or disasters occur which prompt other people to say that government needs to do more to improve public safety -- our recent experience with Firestone and Ford comes to mind. Sometimes it seems that we are damned if we regulate and damned if we don't, depending upon the situation. But, a majority of the public seems to be saying that if we err, do it on the side of safety, particularly when human life is at stake.

There's now debate about whether NHTSA should have more resources to collect safety data on automakers and more enforcement authority. More regulation would be a mistake, said a Washington think tank analyst, who believes that "free markets tend to minimize mistakes because of the possibility of financial punishment." (Source: Investor's

Business Daily, Sept. 19, 2000) The problem with the Firestone/Ford case is that you've got over 100 people killed before anything is done to "minimize" or fix the problem. Beyond controlling risk and regulation, there are ethical/moral issues involved for all of us in deciding how much risk is reasonable.

A Harris poll done in the Fall of 1999 found that 69% of the public believe it is time to upgrade motor vehicle safety standards and to improve safety performance of cars and trucks. The survey also found that 93% (9 out of 10 people) believe the federal government <u>should</u> set strong motor vehicle safety standards.

The whole question of whether it may be too costly to reduce fatalities and injuries seems immoral to some people. (Some of you may recall former Inspector General Mary Schiavo's unveiling of our "Secret Memorandum on Cost/Benefit analysis). Nevertheless, I think it is worthwhile to have discussions like this where we can ask the questions: How do we do a better job of measuring the costs and benefits to make our regulations effective yet reasonable? How much risk is reasonable and what should government's role be in reducing risk? Has deregulation worked or has the pendulum swung too far?

Reducing the Risk of New Technologies

Air bags have saved more than 5,000 lives, enough to make a significant contribution to our goal of absolute reduction in roadway deaths. But they have caused some injuries and a small number of deaths, and DOT has been working with manufacturers to lessen the risks of air bags to children and small-structured adults. Parents have been advised to have children ride in the back seat, away from the air bag.

Important lessons have been learned from our airbag experience, especially over the past five years and, beginning in 1998, redesigned airbags on new cars are less forceful than older airbags. NHTSA worked with the auto industry to test the new airbags, which have retained their general effectiveness while posing much less risk of death or serious injury.

Our air bag experience prompts an important question . . .

When a new technology to enhance safety is voluntarily introduced by industry as a marketplace strategy, whose responsibility is it to assess the benefits versus the risks? The answer is both government and industry. Safety should definitely be considered in the design phase, and we must work together to test the effectiveness of products in real-world conditions.

The How of DOT Risk Assessments

Last year, I was invited to participate in an international conference on *Understanding, Managing and Presenting Risk in Public Policy*. Aside from the fact that it gave me a pleasant weekend in the British countryside, it was an opportunity to step back and contemplate the issues and policies surrounding risk in various environments, cultures and points in time.

In preparation for the conference, staff from our modal administrations wrote up case studies of recent DOT risk assessments and outcomes. All of our modes are involved in risk assessment, and we had some interesting examples.

The Coast Guard, which is responsible for protecting and safeguarding America's ports and waterways, worked with its stakeholders to permanently change its Marine Safety, Security and Environmental Protection program. The Guard did so by moving program managers from managing activities to influencing outcomes by managing risk.

They began in 1992 with a complete organizational assessment, including surveys of stakeholders, field offices and program personnel at districts and headquarters. They agreed on a new and simple mission statement: Protect the public, the environment, and U.S. economic interests by preventing and mitigating marine accidents. Another key change was the way they collected and analyzed data, including identifying high risk areas for targeting and making real changes to improve safety and environmental protection.

One of the first notable outcomes of the GPRA pilot program was a turn-around in the negative trend in fishing vessel safety in the last several years of 1990s. We also met our goal for reducing the maritime worker fatality rate to 34 deaths per 100,000 workers in 1999. Commercial fishing remains one of the most dangerous occupations. (Did anyone see *The Perfect Storm*?)

As part of the pilot, the Coast Guard did an assessment of how it investigated oil spills from maritime sources in Puget Sound, the Strait of Juan de Fuca, and adjacent offshore waters. The assessment used both statistical estimates and expert information to identify and rank the risks in the area. An expert panel was formed, including marine pilots, shipping operators, navigation/traffic managers, risk experts, marine environmentalists, fishermen, and others.

The results indicated that the three highest risks were associated with ship collisions, vessels losing power and drifting aground, and vessels running aground while under power. These results were used to formulate a multi-faceted approach to reduce risks, to include conducting a cost/benefit analysis and forming a public working group to develop a long-term risk management plan for the area. Part of that process is intended to elicit analysis of how much cost is warranted to protect a particularly sensitive area and how best to achieve that result, especially when equally involved stakeholders have differing perceptions of the risk.

Oil spills can have a devastating effect on coastal environments, and the Coast Guard has used the GPRA pilot approaches to risk control to prevent and reduce spills significantly. Our partnerships with American Waterways Operators, International Association of Independent Tanker Owners and the Baltic and International Maritime Council seek to reduce tank and barge spills. As a result of reducing tank and barge spills, the overall average number of oil spills that are more than 10,000 gallons has dropped by about 50 percent from pre-1991 levels. The total volume of oil spilled has also dropped by about 50 percent.

Controlling Risk in Aviation

Two years ago, our FAA Administrator Jane Garvey signed the FAA's Safety Risk Management Order to ensure that in all high-consequence decisions, agency personnel take a formal, disciplined approach to managing safety risks.

And, two years ago, we announced *Safer Skies*, our focused safety agenda. *Safer Skies* is a data-driven approach to focusing our resources on the areas that can make the biggest difference in lowering the accident rate. With *Safer Skies* we are getting in front of accidents by using newly available analytical tools to analyze accident *and* incident data. We take this knowledge about causes and contributing factors and use it to identify, evaluate, and implement safety interventions.

This disciplined focus on the *prevention* of accidents signals a fundamental shift in the way the FAA *thinks* about safety. We are taking a longer view of the evolving character of risk. We know we must focus on the areas most likely to yield the greatest safety benefits.

At the same time we are working to improve the quality of our data, we are increasing our sources of information. We have several initiatives underway. For example, our Flight Operations Quality Assurance Program analyzes information automatically recorded by on-board Digital Flight Data Recorders to look for safety trends. I'm pleased to say that most of the major airlines are in the process of implementing FOQA programs or are in the planning process.

Conclusion

Assessing and controlling risk is both a complex and a never-ending job. In this technological age, it's becoming especially challenging as new products and new technologies change the transportation environment. At the same time, perceptions about risk also change as the media and the public witness crashes or safety failures and begin to ask questions.

There is no way we can think of everything that could happen in every situation and no way that we can test the probability of every outcome. Under normal circumstances, we, perhaps, tend toward complacency, thinking we are doing all that can be reasonably expected. Then a major accident, a growing number of lesser accidents or even a deliberate event, such as a terrorist attack, makes us aware of a new risk or suggests the possibility that harmful outcomes are more probable than we had thought. Public concern and political pressure are aroused.

Over the longer term, new technology is developed to offer improved protection against such risks at lower cost. Sometimes that technology can drive us in the other direction, demanding action to allay our own and the public's newly-awakened anxiety to take advantage of the fruits of invention even before all consequences are assessed.

We need to perform risk assessment when we intuitively believe safety is at risk and use it to demonstrate quantitatively that the expected benefit to public safety outweighs the costs, including costs that might be imposed by undesirable consequences of the new technology.

Risk assessment can be useful in convincing those who must bear the costs of new protective measures or, alternatively, of reconciling those who would press for unjustifiably costly action. At the same time, we must guard against complacently accepting as adequate regulations and procedures that have been in effect, recognizing that they are not regularly subjected to the same scrutiny as new proposals.

Realistically, neither the decisions we make in risk management nor the underlying science are without subjectivity -- or risk!

In approaching safety issues and risk assessment, DOT has had excellent results when it has included all stakeholders in the process. Doing so is the key -- it is vital to developing the assessment methods and building understanding and support for the ultimate decisions.

Thank you, and I look forward to the discussion to follow.

Remarks prepared for

Deputy Secretary of Transportation Mortimer L. Downey

for Delivery during the

6th DOT Executive Leadership Conference
Lansdowne Resort
Leesburg, Virginia

Acknowledge Bee Slater
Carmen
Bo + Bob

Thank you Melissa, and good afternoon everyone. I think there have only been two or three days in this 8-year Administration that I've been under the weather. I hope you don't take it as personal criticism that I wasn't able to join you yesterday. But, I woke up at about 8:30 pm last evening from a dream in which you were all applauding yourselves for the many things we've accomplished together. So, I think I was here in spirit!

Anyway, I do want to assure you that it wasn't old cheese that caused my illness! At first I was trying to pin it on my grandchildren, but in fact, now I think it must have been Jack Basso, Judi Gold or one of those other people like me who don't sound quite normal when they talk!

Back to business – I understand that yesterday you covered a lot of ground. Libby Sartaine, Vice President of People at Southwest Airlines talked about how the company develops and motivates its workforce and how it develops leaders primarily from within its workforce. Southwest has exceeded even its own expectations for success by staying focused on what they do well: Short-haul flights to non-congested but convenient airports and on-time, quality performance.

At the same time, Southwest encourages its employees to be creative and take risks. You can laugh in the halls at DOT, but I would discourage you from mooning other employees! (Pause for laughter) Seriously, though, some amount of fun and camaraderie is healthy and productive in supporting a good culture in any workplace.

Dean Wilkerson, National Executive Director of Mothers Against Drunk Driving, talked about how MADD has improved as an organization and why it's been successful.

Much like Southwest, MADD has remained focused on its main mission, including preventing drunk driving, enforcing the laws and preventing underage drinking. And we have seen them develop and execute the strategies that achieve that goal well.

Dean told you how, when he came to MADD, they were struggling financially and in terms of morale. The field didn't trust headquarters and vice versa, and the headquarters staff was seen as bloated and wasteful. After listening to those concerns, he began a change process, including tough choices regarding staffing and finances. People resisted at first, but today the organization is stronger and its employees and volunteers are happier and more productive.

Like Southwest Airlines and MADD, I think that DOT has also been focused on specific goals, but that doesn't mean there isn't room for improvement and that we can't learn from these outstanding organizations. So, I hope that you will apply the "best practices" that you learned yesterday to your own work wherever it may be in 2001.

Speaking of where you'll be in 2001, a number of us in the room don't know yet – regardless of who succeeds President Clinton, political appointees will be seeking out new adventures, career executives will be moving on in response to career or retirement opportunities ~~or retirement~~. As Bo and Bob told you, transitions present challenges, but they also present opportunity. For some of us, the transition is a time to hone our job-hunting skills and to seek out those big bucks ~~of~~ that this strong economy we've contributed to is producing. (Pause for laughter)

Seriously, though, such change can be a positive! You have an opportunity to try something new and to increase your skills. But, it's important that we leave DOT in good shape for future Administrations -- and I think we have. Some of you may even be gluttons for punishment and return to DOT in a future Administration – and you particularly will want DOT to be a successful organization!

Secretary Slater is right when he says that we can point to the ONE DOT management strategy as a major accomplishment. We believe that this will remain an important strategy for how the Department achieves the many cross-modal goals that we have now and well into the 21st century. In many ways, I think it's something that speaks for itself – we should pass it on to new leaders – political and career – by our actions as much as by our words.

While much of the public attention focuses on the Department's tangible achievements – the new trains, the big infrastructure projects or even some of the tough problems we are grappling with, there's always a lot going on behind the scenes that doesn't get the attention it might deserve.

I know that because, as Chief Operating Officer (COO), I've worked with many of the talented people in this room and throughout the DOT family on hundreds of day-to-day management issues that, in sum, define our achievements as a Department.

For example, we have spent considerable time and effort on our Performance Plan – more than many people who haven't been through the process would understand -- and ~~have~~ we have been recognized for our effort.

The Senate Governmental Affairs Committee gave DOT, along with Veterans Affairs -- two out of 24 of the largest departments -- an "A" on our 2001 Performance Report sent to Congress last Spring, complementing the similar responses to our earlier Strategic and Performance Plans. A major focus of the Government Performance and Results Act (GPRA) is to measure results, but results only come when we apply the right resources to the right issues.

Our report shows that in 1999, 77 percent of DOT's performance measures were either met or the numbers were going in the right direction. As a Department, I think we have shown that we're committed to managing for results, and to developing the tools that make it possible.

We've done procurement reform, streamlining and making it easier for people to purchase the tools they need to do their jobs.

Under the leadership of the CIO, we're working to strengthen DOT's G2C (Government to Citizen) Internet connections and services

communication systems.

– and making them truly two-way ~~devices~~. As part of a pilot we're doing, the FMCSA currently does 60% of its business with customers on-line and expects that number will grow to 70% in 2001. E-services like this save time and money for both business and government and provide the best and latest information to industry and the public. In fact, the process for registering motor carriers has been reduced from

all of our agencies, especially, are jointly

four weeks to 20 minutes. ~~Our~~ FAA and ~~U.S.~~ Coast Guard ~~will soon join~~ FMCSA with their own e-government pilots.

The Clinton/Gore Administration began work in 1993 to streamline and improve federal regulations, including the process for developing and adopting them. The goal was to make regulations more flexible and effective and to consider feedback from

the stylized and dry notice process.

customers/stakeholders beyond ***Federal Register*** ~~notices~~.

DOT was the first -- ~~and perhaps the only~~ -- agency to put all of our rulemaking dockets and other supporting information on-line. People can log onto the Net and see their own and other people's comments. They can file comments electronically anywhere in the world, 24 hours a day.

DOT has established a collaborative rulemaking process. Our modal administrations have established stakeholder advisory committees to take a consensual approach to safety enhancement. This type of partnership highlights the Administration's approach to ensure that the regulatory environment makes sense for people outside the beltway.

Earlier this month, we announced DOT's policy to increase DOT's commitment to using alternative dispute resolution (ADR) to prevent the escalation of disputes among employees and with stakeholders and the public. ADR can help us resolve disputes at an early stage, avoiding expensive and lengthy -- and often unnecessary -- court cases.

All of our focus since 1993 has been on making DOT a more effective and responsive agency. We have put together Strategic and Performance Plans that have been named the "best in government" by the Congress. But, more importantly, we have achieved results.

A major theme of this 6th Leadership Conference is Transition. Bo Thomas said that transitions can be like swinging from a trapeze – they're both scary and exciting! But I can tell you from my own experience that it's beneficial in many ways to undergo a transition from time to time. They really are opportunities to meet new people, ~~and~~ to develop new skills and take on new challenges. ~~(Could mention your own personal thoughts about or experiences with transition.)~~

This is a time of some nervousness and apprehension, so it's more than ever important for you to communicate with staff and colleagues and to support each other.

Conclusion

There are at least two ~~kinds~~ sets of people in this room, but we need to recognize that both will undergo transition:

- Political appointees, most of whom will be transitioning out of the Department and seeking out new opportunities;

- Career leaders and managers who will remain at DOT, at least for some time, and will ~~have to~~ weather the storm of transition as senior leaders they have done many times before.

I want to say again to our political appointees that, while transitions are not a piece of cake, they are an opportunity to "explore the maze" and to develop new skills and to experience a new adventure. ~~It is scary, but~~ There are resources and people at the Department and elsewhere to help you through, so take advantage of them.

For ~~you~~, our career leaders, you are faced with educating and integrating a whole new crop of ~~leaders and~~ political appointees. This is both difficult and challenging, but I'm proud to see that we've already begun to prepare the background information and the teams to help make that transition smoother for you and for the new leadership.

I'm confident that you will continue the good work we have been doing better together. Today's session gave us all good insight ~~I obtained some intelligence~~ about some of the things that we've done to improve performance that you'd like to see continue on into the next Administration, and I was impressed with the specificity of the recommendations you had to make. ~~Some of those include~~:

The general themes, too, were sound

- Continue ~~ing~~ to focus on safety, DOT's North Star; — a self-evident proposition, ~~but~~ and with the continuing drivers of the GPRA to highlight it, one which any new leaders should embrace)

- Continue ~~ing~~ the ONE DOT management strategy in which we collaborate and share information and work together as collective leadership on cross-modal projects and issues. I would hope that this, too, has become self-evident, and not presented to new leadership as an option but rather as a given, whatever they might choose to call it. As the Secretary said a few minutes ago, our ability to communicate our successes is key to the credibility of the strategy.

- Continuing to focus on intermodal projects and transportation solutions that will help to relieve our nation's growing travel congestion;

- Investing in R&D and partnering with industry and other agencies ~~to commercialize~~ bring promising transportation technologies to the market to help secure safety + mobility.

The bottom line that one ~~group~~ table came up with, summing it up, and I think it's right on target, is that maintaining the world's safest, most efficient and accessible transportation system will mean continued economic prosperity and better quality of life for all Americans. This is the bottom line that DOT must continue to work toward for the new century.

Thank you and good luck with all your future challenges.

INSERT ↓

The discussion here reminded me of recent conversations among the membership of NAPA, the National Academy of Public Administration, which, like all good Washington institutions, is preparing its advice for an incoming Administration. ~~Not surpri~~ Not surprisingly, [illegible] — as did we conclude —

- Contin~~uing~~ue to focus on intermodal projects and transportation solutions that will help to relieve our nation's growing travel congestion;

- Invest~~ing~~ in R&D and partnering with industry and other agencies to ~~commercialize~~ bring promising transportation technologies to the market to help support safety + mobility

INSERT

The bottom line that one group came up with, and I think it's right on target, is that maintaining the world's safest, most efficient and accessible transportation system will mean continued economic prosperity and better quality of life for all Americans. This is the bottom line that DOT must continue to work toward for the new century.

Thank you!

LANSDOWNE
BENCHMARK HOSPITALITY

confidently say all present here –

- we have a positive culture – the culture of ONE DOT, and we need to let it continue to work in the background – as cultures do
- we have a structure of accountability with measurable results
- we have created a climate of innovation and an openness to participation that can make us one with the transportation enterprise
- and we have a clarity of mission that can generate the broader support our efforts need.
- all of these, take with the ~~obvious~~ basic human desire to do well, & should continue to move DOT on the path to organizational excellence.

13B of 13

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- ~~Continuing to focus on intermodal projects and transportation solutions that will help to relieve our nation's growing travel congestion;~~

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Thank you for being here and good luck with all of your future challenges!

12:39

Remarks prepared for

Deputy Secretary of Transportation Mortimer Downey

for Delivery during the

American Public Transportation Association
Annual Meeting
Opening Session
Monday, September 25, 2000, 8:30 am
San Francisco, California

~~Conclusion: Will continue working with APTA to promote sound transportation planning and transit investment.~~

Thank you, Nuria, and good morning everyone! What a pleasure it is to be here with all of my good friends from APTA and to be on this stage with Bill (Millar) and John (Bartos~~t~~owicz). Check spelling. And wasn't that a rousing welcome from Mayor Brown? (Could note something the Mayor says)

FTA's video on the accomplishments we've worked for all these years certainly helps this meeting begin on an upbeat note, doesn't it? Who would have imagined a decade ago that transit ridership would exceed 9 billion passengers in 1999? But we've done it -- and together, we're going to see even greater achievements ~~if~~ so long as we remain focused on our goals of making transportation safe, efficient and accessible for people. and our ~~commitment~~ understanding that transit investment is a way to meet these goals.

When President Clinton and Vice President Gore came into office, there were those who regularly proposed getting the federal government out of the business of funding transit. transit funding was flat. ~~We~~ our message was that said we'd be a transit-friendly Administration, a message you heard from Secretary Peña in his very first APTA appearance early in 1993. I think its been our continuing message, and the numbers bear that out. Since 1993, our annual investment in transit has increased from $3.8 billion in 1992 to almost $6 billion for FY 2000. Over the 8 budgets we've put together, the increase totals more than $16 billion – that solid evidence that we have delivered!

And, the President's FY 2001 budget, with a proposed $6.3 billion, will continue the innovations and investments in transit infrastructure envisioned under the Transportation Equity Act for the 21st Century (TEA-21).

Americans waste half a billion hours a year stuck in traffic at a cost of $40 billion. That figure would be about $60 billion if it weren't for transit. Commuting via transit costs between $200 to $2000 a year, depending upon where you live. Compared with commuting in a small car at $4600 per year, transit is a bargain! It's also more relaxing -- I know because I take transit to Washington, DC from my home in Virginia almost every day.

It's an even better bargain when your employer picks up a lot of the cost -- as my employer does -- with the Federal worker's Commuter choice program.

Transit is the centerpiece of the Administration's Livable Communities Initiative. As communities spread outward and commuting distances grow, roadways become increasingly congested.

Our Livable Communities Initiative encourages land-use planning combined with transportation planning to ensure that new transportation investment will not only build a rail line or upgrade a bus system, but will create high quality communities with safe and efficient transportation with ample access to jobs and services.

The concept of livable communities is at the heart of DOT's transit assistance programs, promoting enhancements to make transit more "user friendly." ~~In Metropolitan cities~~ Here in California and throughout

Steps that make transit a real service to people —

the country, we're seeing the ~~use of~~ "smart card" technology to make purchasing fares faster and more convenient - child care centers and retail shops incorporated into transit facilities so that people can run

• provisions for access to make sure transit is there for every user.

errands as part of the commute. Transit saves people time, money and energy for other things they want or need to do.

The outlook for transit is bright, and a major reason for that is our strong economy. Our economic strength has been based on the strategies of fiscal discipline and strategic investment. As a result, we are enjoying the longest peacetime economic expansion in history, turning record deficits into record surpluses, creating more than 22 million jobs with the lowest unemployment in 30 years. Average family income has jumped by more than $5000.

Today I'm asking you to work with DOT to get the word out to lawmakers and citizens that transportation has been an important factor in our country's economic success. And, the new "Dotconomy" cannot survive and thrive without efficient and reliable transportation!

This strong economy and the disappearing Federal deficit will allow continued investment to rejuvenate and improve our transportation system and to prepare for the challenges of increased population and demand for transportation in this new century.

We hope that Congress will approve the Administration's $6.3 billion budget for transit, a 9% increase over 2000, to continue the innovations and investments in infrastructure called for under the Transportation Equity Act for the 21st Century (TEA-21). Ultimately, this investment will improve mobility and access for all transit users.

For more than a decade, DOT has been working to make transportation more intermodal -- to create systems that allow goods and people to arrive at their destinations without delays or inconvenience. Such a seamless system is being built right here in San Francisco with the San Francisco Bay Area Rapid Transit District (BART), that will link communities on the San Francisco Peninsula with those in the East Bay and the city and with the San Francisco International Airport. DOT has contributed $(– FTA getting # now, 9/22, 1 pm) in funding for BART, and we are proud to have been part of such a magnificent project.

Note If we are going to talk about the SF Region, we need to be multi agency — BART, MUNI, Santa Clara, Peninsula Commuter Rail, Services, AC Transit etc, etc

The Benefits of International Cooperation

Transit has become a vital solution to congestion both here in the United States and overseas. We in the Department of Transportation are proud to partner with the Department of Commerce and other agencies to encourage the development of efficient and safe transit systems for cities and communities worldwide. but especially to wider transit investment and international business opportunity for our smart + resourceful the transit supply industry.

For that reason, FTA officially launched the International Mass Transportation Program (IMTP) in September 1999. APTA is an important player in this interagency, intermodal and public/private collaboration that we expect to develop.

Currently, our International Mass Transportation Program is initiating efforts and accessing the global marketplace with its counterparts in France; Brazil; Germany; Thailand; Malaysia; and Singapore. And many of the APTA business members have participated in these missions.

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

In addition to the economic gains from increased trade, all nations can benefit from the information sharing that's beginning to happen. ~~In my experience with transportation, I know that~~ we all know how other countries can show us how to do some things better!

On October 9-12, in Washington, DC, the Department of Transportation, with the City of Washington, DC and the Greater Washington DC Board of Trade will host the International Transportation Symposium. We are encouraging APTA's ~~business~~ members to join us in this unique opportunity to explore and consider the cross-cutting transportation issues with Ministers, Ambassadors and delegates representing over (70) countries from around the world.

Conclusion

With more Americans riding transit, we can reduce traffic congestion on our roadways and improve air quality in our communities. Transit is helping to build sustainable communities across the nation.

Today there are more people on buses, subways, commuter trains and trolleys than at any time in the history of transit. For this we can thank President John F. Kennedy who in 1962 called on Congress to

This is patently untrue, unless history began very recently!!

establish a program of federal capital assistance for mass transit and transportation planning.

Forty years ago President Kennedy began the livability conversation when he said, "To conserve and enhance values in existing urban areas is essential. But at least as important are steps to promote economic efficiency and livability in areas of future development. Our national welfare therefore requires the provision of good urban transportation, with the properly balanced use of private vehicles and modern mass transport to help shape as well as serve urban growth."

I applaud the work of APTA and the hundreds of transit authorities across the nation and across the ocean for the excellent work they do every day to ensure that Americans have safe and efficient transit choices to connect them to work, to school, to health care, to an improved quality of life.

Transit is a critical factor in restoring a sense of community, in bringing people together, and in enhancing the human and natural environment.

if we continue to
I believe that ~~by~~ work~~ing~~ together we can ensure that the places in

— as they should —
which we live in today will remain the places in which we want our

children and our grandchildren to live tomorrow.

12.38

Remarks prepared for

Deputy Secretary of Transportation Mortimer Downey

for Delivery during the

New England Association of Regional Councils (NEARC)
Annual Conference 2000
Radisson Hotel
Burlington, Vermont
Friday, September 29, 2000
12 noon

Thank you, Dr. Ching, (Franklin Ching, Transportation Planner for the City of Waltham, Mass and engineering/planning company owner). It's a pleasure to be here in the great state of Vermont.

(Could recognize people you know in audience and/or recall the last time you visited)

Traffic congestion -- and the effects on productivity, safety and environmental impact it brings – is not only an issue in places like New York and Los Angeles, but in ~~parts of~~ New England as well. It will be, in my opinion, one of the major transportation challenges of the 21st century for government leaders, transportation planners and citizens. But, I believe that if we all work together, we can meet that challenge.

Economic Strength = Transportation Investment

President Clinton and Vice President Gore have worked hard these past 7 ½ years to ensure that we have the resources and the policies to effect real change in the way we invest in and plan transportation. Under their leadership, we've ended 30 years of deficit spending and produced the strongest economy in a generation. And, we have an opportunity to ensure that strength well into the future if we make the right decisions today. But that economic growth we all want for our future doesn't have to mean more traffic and more congestion.

Two years ago -- in June 1998 -- President Clinton signed the Transportation Equity Act for the 21st Century (TEA-21). TEA-21 reflects the joint commitment of Congress and the Administration to invest in America's infrastructure in a fiscally responsible manner and to use that investment to increase safety, expand opportunity, **and** improve our environment.

TEA-21 requires DOT agencies -- Federal Highway Administration, Federal Transit Administration and others -- to work more closely with our counterparts in the Federal environmental and natural resource agencies as well as state and local governments.

We've made good on President Clinton's 1992 pledge to rebuild America; our Administration's transportation investments -- more than 74% percent higher than the previous Administration's average -- are improving our roads and transit systems and airports.

The record-level investment already guaranteed by the bill authorizes higher funding for every one of our core highway programs. This investment also is balanced, and that's something we insisted upon: $42 billion is authorized, and $36 billion is guaranteed, for transit, and there's record funding for technology, for safety, and for the environment.

Can we take out this blank?

As you probably know, DOT's highest transportation priority is safety, and I want to take a moment here to commend the New England states for their efforts in support of improving safety. The states of Maine, New Hampshire, and Vermont have all lowered the legal threshold for driving while impaired to .08 percent blood alcohol concentration (BAC). There is a bill before Congress as I speak to adopt the .08 BAC nationwide. Lowering the level from .10 has proven effective in preventing crashes and fatalities.

Seat belt use has been proven to save lives and would save thousands more each year if everyone buckled up. Four New England states (Connecticut, Maine, New Hampshire, and Vermont) have applied to receive grants based on their commitment to increase seat belt use and prevent drunk driving. TEA-21 provides for more than $1.2 billion in grants -- $500 million in incentive grants over 5 years to states increase seat belt use and $700 million in incentive grants over 6 years for states to enact and enforce tougher drunk driving laws.

Failed the question -
have the NE States
reduced fatalities?

Livable Communities Initiative

Many of the programs under TEA-21 have helped states to employ "Smart Growth" strategies in transportation planning. Smart growth means doing development and transportation in ways that reduces congestion and sprawl, improves safety, incorporates parks and preserves "green space" and, thus, a high quality of life.

Transit is the centerpiece of the Administration's Livable Communities Initiative. As communities spread outward and commuting distances grow, roadways become increasingly congested.

Our Livable Communities Initiative encourages land-use planning combined with transportation planning to ensure that new transportation investment will not only build a rail line or upgrade a bus system, but will create high quality communities with safe and efficient transportation with ample access to jobs and services.

Rail Development in the U.S.

More than 200 communities in regions throughout the country are planning, engineering or building new rail projects, the highest level of interest in rail projects at any point in the nation's history.

Many of these projects need ample support and strategic planning to ensure they get built. To do that, decisionmakers ~~state DOTs~~ will need to take more advantage of TEA-21's flexible funding features, using core program funds in support of these investments. Without such flexibility and local [illegible], it may take a long time to work through a 200-city ~~upgrade~~. agenda on transit new start funds alone.

In large and small markets, rail investment is being sought by local elected leaders as one of the preferred ways to manage development patterns, combat highway congestion and improve mobility. Even airline executives have to admit that the train is "the only way to fly," which is exactly what United Airlines CEO Jim Goodwin said recently when his flight was canceled due to bad weather.

DOT is committed to supporting Amtrak as it progresses toward operating self-sufficiency. High-speed rail service -- beginning in the Northeast Corridor – will improve intercity passenger rail service nationwide and is great use of Amtrak's capability to carry mail and express packages and will help Amtrak to meet this goal.

We expect Amtrak's financial performance to continue to improve as a result of the introduction of the Acela Regional service in January of this year and Acela Express service expected to begin in the Northeast Corridor later this year.

The Administration has proposed $468 million for FY01 to help states improve passenger rail service and to ensure that it continues to play a significant role in relieving traffic congestion and improving mobility. Congress is looking at other ways this can be accomplished such as through bond-financed (Amtrak?) capital investment.

I know that New England states are very interested in being designated a high-speed corridor. The FRA is reviewing requests for designations fromBoston to Montreal via, Nashua, Manchester and Concord, NH and Montpielier and Burlington, VT and the Boston/

Portland, Maine/Auburn, Maine request by the State of Maine as part of a New England Corridor linked to the Northeast corridor. The recommendation package for ~~this~~ corridor designations should be complete ~~next week.~~ shortly.

Borders and Corridors

The New England region is an important trade route between the U.S. and our largest trading partner, Canada. Our National Corridor Planning and Development and Coordinated Border Infrastructure programs focus on improving border crossings and trade corridors.

Your regional councils have been working with us and the states on the development of these corridors and, last year, Maine's Department of Transportation received $1 million to develop a new, more efficient Calais/St. Stephen border crossing. The Calais/St. Stephen crossing is the busiest crossing between Maine and New Brunswick and the eighth busiest along the U.S.-Canadian border.

New Hampshire will receive $150,000 for planning and associated work along Route 2, and Vermont will receive $350,000 for a preliminary study on improvements to Route 2 between Saint Johnsbury and the New Hampshire state line. Improving the east-west highway will promote economic development and make it easier for Canadian tourists to visit northern New England.

Intelligent Transportation Systems

We asked the Congress to increase the $218 million funding for Intelligent Transportation Systems (ITS) 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. A great example is our national parks. As you may know, Acadia National Park in Bar Harbor attracts nearly 2 million visitors during the summer months alone, and most come by private vehicle. This causes traffic congestion and frustration for visitors and is the same story for many of our national parks today. For that reason, the Departments of Transportation and Interior have been working to develop and deploy an ITS system that could eventually be used in all of our national parks.

The Advanced Traveler Information System (ATIS) will give travelers real-time information on parking availability, bus arrival and departure times, weather and other information. The system will strongly encourage visitors to use the Island Explorer shuttle system and leave their cars outside of the park, relieving congestion and making it a better visit for all, not to mention less pollution in the park.

An early deployment of communications technologies has helped dispatchers to coordinate so that shuttle schedules remained on time. The system design for the Acadia ITS is near completion. All the project's partners are working hard to implement and test the full system before the next summer tourist season. If everything continues to go smoothly, the full system will be turned on by mid-June, 2001.

This project has drawn the full support not only from park staff, but also from Maine DOT, the local community residents, and the Eastern Federal Lands division of FHWA.

Local Decision making and Teamwork

TEA-21 preserves ISTEA's emphasis on local decision-making, continuing the strong voice regional officials have had in the transportation planning process and continuing the core planning requirements.

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 4 of those sessions and can tell you that people -- including those in this room -- were <u>not</u> <u>shy</u> 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. But, that's the effort that's needed in a worthwhile course -- so that transportation projects do not become gridlocked by unnecessary and costly delays.

With TEA-21, we aimed at continuing a strong regional role in transportation planning. We recognize the importance of what you do: many of the most challenging issues we deal with , ranging from air quality to land use to ITS implementation, transcend local, and even state, jurisdictions. They require a regional focus, and we need to do everything we can to strengthen such as approach. We think TEA-21 does that.

We believe we have responded to your calls for simplifying these processes, although we've retained their core components. Even with higher funding levels, we still need to invest wisely, and the sound planning you make possible helps to ensure that we do so.

We are now working to review and incorporate the more than 100 public comments we received on our proposed planning and environmental rules. We believe these rule will help to streamline transportation decision making, enabling states and planning organizations to advance environmentally sound projects more expeditiously. We are confident that we will produce a final rule that is balanced and effective.

We're proud of TEA-21: there has never before been a transportation bill which has gone so far in meeting a wide range of national priorities as identified by the President. That's a tribute to the responsible, bipartisan approach Congress took in considering this legislation.

Conclusion

Let me close my comments by saying that we at DOT are proud of the productive working relationships we forged during the ISTEA era. And, we want to continue this cooperation as we implement TEA-21.

We want to continue hearing your views -- the local and state officials, planners and citizens -- as to how best we can make TEA-21 as successful as ISTEA.

Wherever I might be after January 2001, I'm looking forward to seeing the results of TEA-21 and all the efforts to build the transportation system America needs for the 21st century -- a transportation system that not only improves safety and mobility, but which also honors and advances our other national priorities.

We've made a great start for the beginning of this new century. Regional councils and MPOs have been a major factor in the creation of transportation plans and programs that address the most pressing regional problems. I hope to see the councils and the MPOs work together for the duration of TEA-21 to improve the safety and efficiency of New England's and our nation's transportation system.

Thank you, and I'd be happy to take any questions you may have.