Administrator Speeches 2008

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Mapping the Future of Transit in America: Opportunities and Challenges For Federal and Private Stakeholders

02-13-08

Remarks for James S. Simpson, Administrator, Federal Transit Administration

National Transit Forum

Ottawa, Ontario

On behalf of President Bush and U.S. Transportation Secretary Mary Peters, I'm pleased to be here today with Canada's transportation leaders and policymakers to discuss the state of transit in the United States...describe our challenges...and share lessons we've learned about helping transit succeed.

To begin, I want to point out that while our two countries are different in many ways, we also face similar hurdles.

In a nutshell:

How do we finance, design, build, and maintain the best transit systems in the world...take more vehicles off the road...reduce our dependence on oil...and help people enjoy the benefits and convenience of public transportation?...How do we do this, when competition for a slice of the federal pie -- in the U.S. and Canada -- is more intense than ever...Our infrastructure needs are enormous...Construction and labor costs are soaring...And taxpayers may be reluctant to help foot the bill?

Perhaps you've heard the ancient Chinese curse:

"May you live in interesting times."

We certainly do.

I commend the Canadian Government, Transport Minister Cannon, and the Canadian Urban Transit Association for taking a bold and visionary step to begin addressing these challenges. Putting a plan to work requires skillful negotiations between federal and provincial leaders. . . and a commitment to building consensus on priorities.

Bringing transit to this banquet table is obviously a key challenge. According to CUTA's own estimates, the country needs more than 40 billion dollars in transit funding over the next 4 years to keep up with growing ridership, maintenance, and expansion.

I understand you're wrestling right now with the funding question. No matter how you decide to meet this challenge, I expect you'll be exploring some very creative long-term financing, partnership, and incentive options.

So, you'd like to know, 'How do transit deals get done in the United States?'

I'm very proud of the Bush Administration's record on funding major capital transit projects that benefit millions of Americans every day.

And I think that on the whole, we have a successful federal framework in place.

But like Canada, we face enormous funding challenges, structural challenges, and political challenges.

And I won't stand here and pretend that we have all the answers...

But I will share with you some thoughts on where we've been, where we're going -- and how our thinking has begun to change on the best ways to plan, build, and maintain transit systems for the future.

First, a little history is in order.

The Federal Aid Highway Act of 1956, signed into law by President Dwight Eisenhower, had nothing to do with public transit. But it lay the groundwork for hundreds of transit systems built in the United States over the last half-century.

The Highway Act envisioned a 40,000 mile interstate highway system across America. To pay for it, Congress created the Highway Trust Fund. The fund's revenues came from a 3-cent gas tax (it's now 18.4 cents) -- plus tax increases on automobiles, trucks, and tires.

(Incidentally: President Eisenhower wanted to use self-financing toll highways to get the Interstate built -- but he lost that battle. We're having this debate again now.)

A key feature of the Interstate project was that the federal government agreed to pay for 90 percent of the total enterprise. The states financed the other 10 percent through bonds, tolls, and other means. And they oversaw construction and maintenance.

The highway model has been a template for many major transportation and infrastructure projects over the years...

But what about transit?

By 1973, many states and cities wanted to use their share of federal highway funds for other purposes -- such as transit. . .

The highways were largely built by that point, the automobile was king, and not surprisingly, transit investments had languished. So the feds agreed to use the highway program to fund transit projects.

But that was just the beginning. As the years passed, our highways lost some of their luster. Traffic congestion grew worse. Our oldest and biggest urban transit systems, like the New York and Chicago subway systems, were aging fast -- and paying for their upkeep became more difficult. A fairly deep recession in the late 1970s accelerated these problems.

And so, in 1981, Congress agreed to dedicate -- to transit -- nearly 10 percent of the gas tax revenues collected in the Highway Trust Fund.

This marked the beginning of a dedicated source of federal funding for transit projects in the United States.

In effect, we got highway users to begin paying for transit…Ironically, America's love affair with the automobile has paid dividends for bus and rail riders…Over the last 10 years, the Highway Trust Fund has covered roughly 80 percent of federal transit investments.

The FTA, guided by Congress, uses these trust fund revenues -- plus additional general funds -- to award annual formula grants to states, and build new transit capital infrastructure. The states, in turn, decide how to spend the money.

In addition, FTA makes grants from discretionary funds. States and localities must compete for this money.

The split between FTA's formula and discretionary grants is about 75/25. The FTA administers both types of programs.

Now, who pays for what?

By law, FTA's contribution is up to 80 percent. But we encourage our grantees to contribute at least 50 percent on their own. This leaves more money for us to invest elsewhere.

I'm enormously proud of the record the FTA has compiled over the years.Let me share some of our accomplishments:

- Over the last 25 years, the FTA has approved more than 80 billion dollars for transit projects all over the country.
- Over the last 7 years alone, the Bush Administration has approved 62 billion dollars for capital transportation projects, including heavy and light rail, rapid bus transit, and other surface modes.
- Our fiscal 2009 budget included more than 10 billion dollars for public transportation -- an all-time high -- with increases provided for most transit programs.
- The number of grants awarded, and their dollar value, has steadily increased since 2001.

- And transit ridership has risen nearly 25 percent over the last 10 years, with more than 45 billion transit passenger miles traveled…

  A growing portion of the riders we've assisted are low-income individuals who must rely on transit to reach jobs…along with older adults and people with disabilities in rural and urban areas.

  FTA has accomplished all this, and more, without morphing into a bloated bureaucracy.

  It was Laurence Peter -- a Canadian who invented the Peter Principle -- who said, "Bureaucracy defends the status quo long past the time when the 'quo' has lost its 'status.'"

  I'm a big believer in making government as entrepreneurial and un-bureaucratic as possible -- efficient, responsive, and results-driven.

  I'm proud to report that our agency manages more dollars per employee than any other agency in the U.S. Department of Transportation -- even though the number of programs we manage has doubled over the last 15 years or so. Our administrative expenses are less than 1 percent of our total budget. And our flagship capital investment program for discretionary transit projects, called New Starts, manages costs to within 5 percent of baseline grant levels. I think that's quite an achievement.

  To give you an idea of the impact our investments have on the nation's transportation landscape, I'll describe a couple of long-term projects we're involved in -- some of the largest in our history.

  The New York metropolitan area is the most densely populated region in the country -- and depends heavily on transit. The FTA has made a historic, strategic commitment to enhance rail systems in Manhattan and surrounding areas for years to come.

  First, we have committed roughly 1.3 billion dollars to the first phase of a 20-year, 7.5 billion project to extend subway service on the East side of Manhattan by more than 8 miles. Our contribution funds about a third of the first phase. This is the first major new subway construction in New York in many decades.

  Second, we're contributing 2.8 billion dollars toward a 7.3 billion dollar expansion of commuter rail service between Long Island -- just east of Manhattan -- and Grand Central Station, in Manhattan's mid-town business district.

  And third, we're investing in a nearly 8 billion dollar project called Access to the Region's Core. This major project will improve commuter rail service between New York and New Jersey. It involves constructing the first rail tunnel under the Hudson River. It's a massive and historic project.

These projects are partially funded through our competitive New Starts program. They will benefit hundreds of thousands of commuters, relieve traffic congestion, and stimulate economic development in key neighborhoods.

We're also helping to transform the transit landscape in Seattle, Washington—in the Pacific Northwest. We're investing 500 million dollars in the first leg of Seattle's new 2.4 billion dollar, 14-mile light rail system, which will ultimately connect downtown Seattle with SeaTac Airport.

Separately, we're investing in a 1.6 billion dollar project to extend light rail in the Seattle area's most densely developed residential and employment area. This is an all-tunnel extension project, and it's enormously challenging.

Adding transit capacity to the Seattle region is enormously important -- not just for daily commuters, but also for the large number of visitors coming to watch the Olympics in 2010.

Now I've shared some of the good news. So let me be frank about some of our challenges.

In my view, the United States is at a critical crossroads, in planning for the future of transit. On the one hand, there is widespread recognition across the country -- and the political spectrum -- that traffic congestion on many of our federal and state highways has grown intolerable -- or soon will.

On the other hand, there's a healthy debate right now over the best ways to finance new and existing transit systems. One big question:

What is the proper role of the federal government, relative to the states and the private sector?

We've done all right, up to now. But conditions are changing. For one thing, our cash cow -- the Highway Trust Fund -- is drying up. The fund's balance is shrinking. By the end of 2009, the fund's deficit will be more than 3 billion dollars. The mass transit portion of the fund is expected to have a negative balance by 2012.

There are many reasons for this – including legislative intent. But also, gas tax revenues will decline in the coming decades as people drive more fuel efficient cars...and as driving growth levels off.

The truth is, we're victims of our success. We've built so much, over such a long period, that we're hard-pressed to maintain it all -- let alone afford anything new.

In fact, we're not keeping up with what we've got.

For example, the Department of Transportation calculates that we need roughly 22 billion dollars a year, on average, to improve the condition and operation of our nation’s transit systems through 2024. That level is 70 percent higher than all transit capital spending in 2004—the last year we have figures for. So we have quite a shortfall to make up for, somehow.

Now let’s put that in context with other infrastructure needs.

The American Society of Civil Engineers estimates that over the next 5 years, the U.S. will need to spend 1.6 trillion dollars – that’s “trillion” with a “t” -- to restore the nation’s massive infrastructure -- highways, railways, waterways, airports, power plants, etc. -- to a state of good repair...

I’m reminded of something that Joseph Giglio, a transportation guru and my friend, wrote in his book, Driving Questions: “Government transportation agencies tend to regard the nation’s standardized, publicly owned system of roads, bridges, and tunnels as a God-given oil field to be pumped dry with little concern for the future.”

You can add public transit to the list, when you factor in maintenance and modernization.

There are other serious cost pressures as well.

The price of oil is through the roof. And we’re facing critical shortages -- and rising prices -- for commodities like copper, iron, and zinc, as China, India, and other countries drive up global demand.

So...it’s going to take a tremendous amount of capital, over many years, to keep our transit systems and other critical infrastructure safe, effective, and efficient -- while also expanding transit options to keep people mobile wherever they live and work.

It’s also going to take a fair amount of political will for this to happen. In the U.S., opinion polls show that people are generally in favor of building more transit. They’re tired of sitting in traffic and spending a fortune on gas. And they want a cleaner, greener environment.

But who’s going to pay for it?

We simply can’t continue to borrow from the future. The FTA has finite resources to invest in transit – and we must live within our means...

So if we want to help preserve our legacy systems -- and help build new transit -- we’ve got to ensure that we invest in the projects most likely to succeed.

This means we’ve really got to be careful when we weigh the costs and benefits of projects seeking federal investment.

We’re working hard to do just that, and I think we’re making excellent progress.

I’ll talk first about managing risk. If you can’t do this well, everything else flies out the window.

On big public works projects -- we call them “mega-projects” -- planners routinely over-estimate the benefits and under-estimate the costs.

Look at the Chunnel -- the Eurotunnel connecting England and France. It ran into massive cost overruns almost as soon as it began.

And this is a private-sector venture! Revenues have not covered costs...The long-term fiscal viability of the whole project is in question. And investors have no idea if they’ll ever see a Euro.

You have to wonder, what happened to the risk assessment on this mega-project?

Look at Boston, Massachusetts...where the legendary Big Dig depressed and expanded the city’s interstate highway.

The project suffered from very high expectations that were not offset by a realistic or comprehensive risk analysis beforehand. It took more than a decade, cost nearly 15 billion dollars, and was plagued by serious engineering, financial, and political problems.

There’s an old saying: "Good judgment comes from experience...and experience, well, that comes from bad judgment." Brent Flyvbjerg, a brilliant transportation analyst, wrote about this in his book, Megaprojects and Risk. He said:

“We must find ways of institutionally embedding risk and accountability in the decision making process for mega-projects.”

We take this very seriously at FTA.

We scrutinize the risks on every major capital transit project that comes to us for funding.

First, we look to see whether the project sponsors have the right mix of management, technical, and financial capacity to handle a mega-project -- and see it through over the years. Have they done this type of project before? Do they know how to structure the best type of contract for the project? Is their local funding secure and stable?

Now, this may all seem rather subjective. After all, some of these issues relate to behavior; you can’t necessarily monetize them. But our track record on hundreds of complex, major capital transit infrastructure projects gives us a robust business model. We’ve been there...done that...and we know what to look for. Our staff at FTA has gotten really good at detecting the risk factors that could lead to significant cost overruns.

We also have come up with new ways to quantify and mitigate risk. Our goal is to manage risk better -- not eliminate it. We sometimes misfired on projects. We over-estimated benefits, and under-estimated costs. This has real consequences for us. When costs rise unexpectedly, Congress comes to us for an explanation.

We recognized that risks should be assessed earlier in our projects, and re-assessed at key milestones.

The problem was that our cost forecasting models on transit mega-projects looked only at the short-term -- maybe 3 to 6 months ahead. Yet these projects take years to build.

Think of a chessboard: If your view of half the board is blocked, you can't possibly make good decisions about where to go. And if you don't have enough information to make good decisions, then your risk of failing goes up.

So we developed new cost forecasting models that help us make more accurate predictions about a project's actual costs versus the estimates.

Instead of looking at a 6-month horizon, our cost models analyze 10 years of options about building materials, contractors, conditions, and everything else.

Suppose you're digging a 150-foot tunnel for a rail line, and uncover a buried stream that must be drained and filled. Or you discover methane gas or a sinkhole – as happened in Los Angeles. Unanticipated discoveries like these could delay the project and add enormously to the cost.

If your forecasting cost model is robust enough, you can factor in sufficient contingencies to take such things in stride.

This approach is especially important for our New Starts projects, which in some cases receive upwards of a billion dollars or more from FTA .

What's the bottom line here?

We've gotten much better at stripping away the hype and the guesswork, and looking ahead to the real costs of a project -- and comparing that with benefits.

And most important of all, this approach helps us to ensure that the projects we fund are completed on time, and on budget.

All in all, we think this makes us a pretty responsible steward of taxpayer dollars.

Look at it this way: If a transit agency, or other project sponsor, wants a billion dollars or more from the FTA for a lengthy, complex capital transit infrastructure project, we'd better be very sure about our ability to look into the crystal ball and see whether trouble -- like massive cost-overruns -- lies ahead on such a project.

So, we're getting a better handle on how to control costs on transit mega-projects. We very much want to avoid the possibility of a Boston Big Dig transit project.

But that's only the beginning.

Even the best cost-forecasting system in the world won't allow us to invest in every worthy transit project that comes along.

And forecasts don't ensure that projects will be managed efficiently.

So we're looking to states, our grantees, and the private sector to participate financially and creatively.

We're looking at ways to reward high-performing transit agencies that meet ridership and cost-saving goals.

We're encouraging local transit agencies to lease or sell federally financed land to private developers, as a way to spur economic development near transit hubs.

And we're supporting public-private partnerships that can finance transit needs for future generations.

This is all about putting new wine in an old bottle.

A century ago, it was typical for the public sector to finance and own a large public asset...while private industry built it, operated it, and kept any profits.

That's how the New York City subway got built, initially...through the use of so-called dual contracts, involving the public sector and two private contractors.

In recent years, this approach, in one form or another, has been very successful for highways...and we're committed to seeing it succeed for transit as well.

Public-private partnerships have the potential to combine the best of both worlds to effectively and efficiently lower costs...spread risk...and decrease build times for transit systems.

Since 2000, 11 of our New Starts projects have entailed public-private partnerships, worth more than 10 billion dollars altogether.

One success story is the Hudson-Bergen Light Rail Transit Line, in New Jersey. It's over 20 miles long, with 30 stations, and runs through densely populated neighborhoods. FTA invested more than a $1 billion in this project. A private contractor designed it, built it, operates it, and maintains it. It’s been a catalyst to redevelopment along New Jersey’s Hudson River waterfront and economically depressed areas in the region.

Another way we invest in these projects is through our Public-Private Partnership Pilot Program, known as Penta-P. Penta-P allows us to select pilot projects, based on competitive criteria, and study them to learn what works.

In Denver, for example, we’re looking at how private contractors can best participate in designing, building, and/or maintaining two separate rail corridors and related parking facilities — one of which will connect downtown Denver with the airport.

The accounting firm Ernst & Young has concluded that public-private partnerships are here to stay and may well be the only viable way for governments to reach their infrastructure development goals.

State and local leaders have an important role to play here. They understand that Uncle Sam is not going to solve all their problems. So they’re finding creative ways to do their own financing deals – and get the projects they need, built faster.

For example, Governor Arnold Schwarzenegger of California has publicly advocated for more public-private partnerships to build, operate, and maintain public works -- including transit.

More and more states are also privatizing state roads – selling or leasing them to private operators, in exchange for revenues that can be used, in part, to underwrite transit.

We’re also encouraging local governments to explore congestion pricing on their roadways, as a potential revenue source for transit. This is a controversial idea in the U.S. -- but it’s gaining support in cities like New York.

We simply must ask citizens who use our roadways, bridges, and other transportation assets to begin paying their fair share. Our Urban Partnership pilot program looks for innovative ways to do that. We’ve invested nearly a billion dollars in five pilot projects in cities around the country. These cities are pursuing innovative plans to actually reduce congestion -- not simply to slow its growth -- by charging drivers a variable fee to use certain roadways, depending on the time of day and other factors. A portion of the user fees generated would help to fund transit projects. We hope to add cities to this program in FY09.

Look, if we can’t afford to invest a lot more federal dollars in our transportation infrastructure, then we’ve got to learn to invest smarter.

That’s what all these initiatives are about.

There’s no reason why local governments, transit agencies, and the federal government can’t be innovative and entrepreneurial about this.

We need market-based solutions as well as government leadership.

We need to focus less on how much things cost, and more on our return on investment.

In his book, The Transit Metropolis, Robert Cervero writes that that the strongest transit regions in the world reflect “a calculated process of making change by investing, reinvesting, organizing, reorganizing, inventing, and reinventing.”

That’s what we’ve all got to do -- learn to change, adapt, reinvent, and think outside the box.

I’ve often said that transportation is the circulatory system of our nation’s economy -- and the world’s. We simply cannot function without it.

And so we’ve got to pledge to current and future generations, that we’re going to find ways to make it better…make it sustainable… make it possible for our citizens to have the mobility and freedom they need to be happy and productive…and…to help the United States maintain its position as a fierce competitor in the global economy.

Thank you.

Fifth Annual Governor’s Transportation Conference - Trenton, NJ

02-29-08

Remarks: James S. Simpson, Administrator, Federal Transit Administration

On behalf of President Bush and Secretary Mary Peters, I’m delighted to be here in Trenton, where the old motto is very fitting: Trenton Makes, the World Takes.

For centuries, Trenton has been a center of commerce, trade – and a hub for transportation. In fact, the stage coach between Philadelphia and New York used to run right through Trenton.

So there’s no better place for a conference on transportation’s future.

I also have business ties to this area – in East Orange, Cranbury, and Jersey City. And family ties too: My grandparents had a bungalow in Mystic Islands, and at one point we lived in Hazlet, off Route 3, and as an adult I lived in Jersey City.

So this is a homecoming, of sorts.

Transportation is the circulatory system of any region’s economy – including New Jersey’s.

But congestion has taken an enormous toll here…costing the state roughly $8 billion a year in lost economic opportunity…

Nationally, congestion costs the U.S. economy $78 billion annually in the form of 4.2 billion lost hours and $2.9 billion in wasted fuel.

Building new roads may be part of the solution -- but it definitely is not the whole solution. In the last 25 years, highway funding has increased 100 percent, yet congestion over the same period has increased 300 percent.

A robust transit network must be maintained as part of the mix if we’re going to keep our economy moving forward.

New Jersey gets this: The state is second only to New York in its level of transit usage -- twice the national average -- with 4 consecutive years of ridership growth…

But the real challenge is figuring out how to maintain and upgrade the state’s transportation infrastructure over the long-term.

Where will the money come from to expand the state's transit systems and keep roads, tunnels, and bridges in a state of good repair?

The old answers don't fit anymore.

Our federal cash cow -- the Highway Trust Fund -- is drying up. The fund's balance is shrinking. By the end of 2009, the fund's deficit will be more than 3 billion dollars. The mass transit portion of the fund is expected to have a negative balance by 2012.

And New Jersey's Transportation Trust Fund is generally considered to be on financial life support.

Now I recognize that Governor Corzine's plan to introduce new toll road charges, and create a public company to issue the necessary bonds, is considered controversial.

But we can't expect 20th century solutions to solve 21st century problems...We can't continue to borrow from our future to pay for the present...And we can't ignore the trillions of dollars the U.S. needs to invest in its physical infrastructure to remain competitive in a global economy.

In fact, we've reached a tipping point...and relying on business-as-usual just isn't going to cut it anymore. So new solutions to old problems are in order.

I am hopeful that New Jerseyans can come together and solve this in a fiscally responsible manner.

We at FTA and DOT are committed to helping New Jersey to grow its transportation infrastructure.

In particular, we support an extensive planning effort for one of the largest public works projects in New Jersey's history -- the Trans-Hudson Express Access to the Region's Core, or THE ARC, for short.

As you may know, THE ARC is a more than $7 billion project -- an 8.3-mile commuter rail line linking Secaucus and Penn Station in Manhattan. A key feature of the project is a new tunnel crossing – the first in a century. Once built, THE ARC is expected to double rail capacity between New Jersey and New York.

Obviously, this project is strategically vital to the region. And it is one of the largest in FTA's competitive New Starts portfolio.

It is important to understand that to qualify for New Starts funds, projects like THE ARC must undergo a rigorous and extensive environmental, engineering, and cost-effectiveness analysis, and meet our strict funding criteria.

FTA is being asked to provide up to $3 billion of THE ARC's total project cost. That's a serious potential commitment on our part. . .

Thanks in part to New Jersey Transit's diligent efforts to improve the project's efficiency, THE ARC has made progress by moving from a Medium rating last year to Medium-High in FTA's FY09 New Starts Report.

The project is making good progress...

New Jersey Transit has responded to local environmental concerns by changing the project's alignment...updating travel forecasts to better reflect the project's benefits...and obtaining firm commitments from local funding partners, including the Port Authority of New York and New Jersey.

More good news: The project's tunnel team has completed the preliminary engineering work on time and under budget...and this past Tuesday, FTA completed its review of a supplemental environmental impact statement, which will be published in the Federal Register shortly.

But as a complex mega-project, ARC continues to face challenges...

One key challenge is financing. To receive New Starts funding, NJT must demonstration that it can maintain and operate this project and existing rail systems over the next 20 years. Additional funds are needed for this purpose.

Given the current state of New Jersey's State Transportation Trust Fund, additional resources will be needed – and FTA will be carefully reviewing financial assumptions for the project.

The bottom line is that ARC holds great promise, and significant progress has been made to move this complex project forward.

We at FTA look forward to supporting New Jersey Transit as this important venture moves ahead.

In closing, I believe we have a collective responsibility – at the local, state, and federal level – to pledge to current and future generations that we're going to find ways to make transit and transportation better...make it sustainable...and make it possible for our citizens and businesses to have the mobility and economic opportunity they need to be productive and competitive.

We've all got to learn to take a long-term perspective in dealing with our transportation infrastructure needs...Experience shows that we can't expect quick fixes that bring temporary relief to buy us the resources we'll need years from now.

That’s why Secretary Peters and I are serious about encouraging more public-private partnerships to rebuild costly infrastructure...and encouraging states to add tolling to the revenue mix.

Obviously, tolling is key to the debate you’re having right now in New Jersey.

We’re committed to supporting New Jersey’s efforts to do the right thing...to take a long, hard look at its transportation infrastructure...and to invest creatively in the state’s future.

Thank you.

APTA Legislative Conference - Washington, DC

03-07-08

Remarks for James Simpson, Administrator, Federal Transit Administration

It’s often said there are two kinds of people in the world: those who see the glass as half full, and those who see it as half empty.

I think we’ve spent enough time together by now, so you know that I’m a “glass half-full” kind of guy.

I’ve always believed that adversity presents opportunity.

It’s become clear in recent months that the U.S. economy faces serious challenges that have sparked lively debates in Congress, state capitols, executive suites, and ordinary households around the country.

It all boils down to this:

The cost of practically everything we make and consume in America is going up – and it’s not clear how we’re going to keep paying the bills while continuing to invest in our future.

This challenge is especially clear in terms of our national transportation infrastructure. . .

The DOT calculates that we need roughly 22 billion dollars a year to improve the condition and performance of our nation’s existing transit systems through 2024. That level is 70 percent higher than all transit capital spending in 2004.

As you well know, our traditional funding source – the Highway Trust Fund – is projected to run a deficit of 3 billion dollars by 2009. . . and the mass transit portion of the account will have a negative balance by 2012.

Now, this is a moving target . . .

The Administration has proposed a temporary fix – to transfer a repayable loan from the mass transit account to the highway account. . .

The idea is to keep the highway account whole through 2009 – as our authorizing legislation expires. . .

This proposal has not been well received by everyone in the transit community, but bear in mind that approximately $1 billion a year has been flexed from highway funds to transit since 2001. . .

We’re all in this together. . .

In any case. . . regardless of how this turns out. . . I still think the glass is half full. . . FTA is stronger and better positioned than ever to serve the nation's transit needs.

I'm proud of the hard work our staff has done to get us there – and the confidence that Congress has placed in us, despite enormous fiscal pressures.

Let me share some of our accomplishments – where we've been and where we're headed.

First, our funding picture. . .

FTA's FY08 budget includes $9.5 billion for public transportation. That's an all-time high – with increases provided for nearly every transit programs.

Although this funding level is slightly below the amount designated in SAFETEA-LU –considering that so many federal discretionary programs are undergoing cutbacks, I think we've fared well.

Our major transit capital investment program, New Starts, has also fared well. To provide some perspective: Since January 2001, the Bush Administration has signed 22 Full Funding Grant Agreements. That's nearly $9 billion in federal grants – more than one-third the estimated total cost of these transit projects.

If all goes according to plan, we hope to sign at least two new FFGAs later this year -- and perhaps more -- committing more than $1 billion in federal funds.

On the administrative side, one notable recent accomplishment is that we've issued a final charter bus rule that helps to clarify and define the rules governing charter services.

We believe we reached a workable accommodation with this rule, giving public transit agencies and private charter services a fair shot at competing to serve people who really need their services.

This is a milestone – the first significant revision of this rule in 20 years.

We're also beginning to implement several recommendations that grew out of FTA's year-long oversight review program. Between 2001 and 2007, the number of FTA grantees increased by more than 20 percent. That's good new for the transit industry – but it poses oversight challenges for us internally. So we're taking steps to make oversight activities more streamlined and effective.

For example, we're creating a team of Contracting Officers (COTRs) to act as front-line managers delivering oversight reviews and workshops to our regions and grantees. Expect to see improvements in our oversight process in the near future.

Looking ahead, our FY09 proposed budget seeks $10.1 billion – including a record-setting $1.62 billion for capital investment grants for our New Starts program. Our ’09 request seeks more funding for urban formula and rail modernization grants, and more for rural areas that currently lack transit options.

The budget also proposes $200 million in funding for 9 new Small Starts programs and 4 existing Small Starts projects in cities around the country. The Small Starts Program is so important to helping communities with smaller transit projects obtain the capital investments and attention they deserve. . . .

We pledge to get these communities the funds they need as quickly and efficiently as possible, with a minimum of red tape.

We’re also seeking more than $60 million altogether for our fuel cell and clean fuels bus programs. This investment reflects President Bush’s “Twenty in Ten” plan to increase the fuel economy of transit buses.

Now let me talk a little about reauthorization. As you know, SAFETEA-LU is set to expire in FY09. . .

We’re already thinking hard about the kinds of policy options we’d like to see in a new reauthorization package.

It’s too soon to discuss any specifics, but one thing is clear: The new authorizing legislation needs to take into account our ability invest in a state of good repair for our transportation infrastructure.

That’s absolutely critical.

You know, everyone loves a ribbon-cutting. It’s fun to celebrate the grand opening of a new station or light rail line. . .

But we can’t ignore the ongoing need to invest in the maintenance and repairs of our current systems -- and that takes creative financing and reliable sources of revenue.

I’m optimistic that the DOT and FTA will work with Congress through the reauthorization process to find ways to address this key challenge.

We will of course keep you informed as to our progress on this -- and we look forward to APTA’s input down the road. . .

Besides reauthorization -- which will of course consume more time and attention over the next year -- what else is on the horizon?

We're launching a pilot study of public-private partnerships to learn how effective they are at allocating risk, accelerating project delivery, and improving reliability and performance.

State and local officials around the country are increasingly receptive to using public-private partnerships as a means of financing, designing, building, and operating transit systems over the long-term. We want to be sure we are encouraging best practices as these partnerships multiply.

We're also looking to share best practices on transit-oriented development. We've teamed up with HUD to coordinate activities promoting affordable housing programs near transit. We're encouraging local transit agencies to lease or sell federally financed land to private developers, as a way to spur economic development near transit hubs.

In addition, as you know, last December we awarded a $1.9 million grant to APTA to develop new procurement standards to help communities buy safer, more accessible buses and rail cars at a better price. . .

We're looking forward to seeing the fruits of that investment pay off. This could save the industry hundreds of millions of dollars in the long-run.

In addition, I want to mention our efforts to combat the nation's growing traffic congestion problem. We've got to look at this problem holistically. . .

It's not about funding roads versus transit. . .

It's not about investing in one mode at the expense of the other. . .

The fact is, in order to address congestion and ensure future investments in transit, we've got to be creative. . .

That's why Secretary Peters and I will continue to invest in efforts that provide incentives to urban areas willing to explore congestion pricing or tolling plans on the nation's busiest roadways. A portion of the revenue that's generated will help ensure that transit systems remain healthy and effective over the long-term.

Finally, let me stress that none of our accomplishments would be possible without FTA's truly dedicated workforce and their commitment to finding ways to do things better, faster, and with greater transparency. Last year, I told you about FTA's continuous improvement initiative, and our application to compete for the Malcolm Baldrige National Quality Award. We have benefited so greatly from this process.

If your organization ever has an opportunity to take this on, do it.

Thanks to the Baldrige process, our employees are finding new ways to reduce waste and red tape, discover more effective ways to serve customers, and they report feeling valued and listened to by management.

The Baldrige journey is going to help us continue to make the case to Congress to invest in FTA -- and help us carry out our mission to improve public transportation in the U.S. as efficiently as possible.

And now, speaking of quality achievements, it is my pleasure to introduce Bob Tuccillo, FTA's Associate Administrator for Budget and Policy. Bob will announce the 2008 FTA Ridership Award winners. Ridership is a key indicator of transit industry health -- and increasing ridership remains a key strategic goal for the FTA.

From the applicant pool this year we selected the 10 agencies with the highest ridership gains – meaning they achieved at least a 5 percent increase systemwide over the prior year.

Please join me in congratulating the winning transit agencies for their outstanding achievements and for serving the public so effectively.

Thank you.

1st Transportation Convention - Washington, DC

03-07-08

Remarks for James S. Simpson, Administrator, Federal Transit Administration

1st Transportation Convention
Washington, D.C.

I’m pleased to be here today on behalf of President Bush and DOT Secretary Mary Peters.

Our transit and transportation infrastructure is at a serious crossroads in the United States.

Now more than ever, we need safe, efficient roadways and transit systems that keep people and our economy moving. . . but we’ve fallen seriously behind in our ability to invest in, maintain, and enhance this infrastructure at the federal, state, and local levels.

Where will the money come from to protect these vital assets?

The Department of Transportation calculates that we need roughly $22 billion a year to improve the condition and operation of our nation’s transit systems through 2024. That level is 70 percent higher than all transit capital spending in 2004.

Construction and material costs are going up rapidly – such as oil, copper, iron, and zinc.

Meanwhile, our federal cash cow -- the Highway Trust Fund -- is drying up. By the end of 2009, the fund’s deficit will be more than 3 billion dollars. The mass transit portion of the fund is expected to have a negative balance by 2012.

Many state and local governments are facing serious budget shortfalls, so it’s unrealistic to expect them to foot the bill.

The truth is we’ve reached a tipping point. . . and relying on business-as-usual just isn’t going to cut it anymore. . . . We can’t expect 20th century solutions to solve 21st century problems.

Bottom line: We need to find fiscally responsible solutions that work for all Americans.

FTA has a very important role to play to help address these problems.

The Bush Administration has made serious commitments to funding transit.

Since January 2001, the Bush Administration has signed 22 New Starts Full Funding Grant Agreements, worth nearly $9 billion, with local transportation authorities around the country to help jump-start or enhance vital bus and rail projects.

Looking at the big picture. . . Our fiscal 2008 budget included $9.5 billion for public transportation -- an all-time high -- with increases provided for most transit programs.

For FY09, the President has requested $10.1 billion for FTA. That includes significant increases for our New Starts program, for transit in rural areas, rail modernization, and other efforts.

We owe it to American taxpayers to be excellent stewards of these funds.

We do that, in part, by scrutinizing the risks on every major capital transit project that comes to us for funding. . .

Our new cost forecasting models help us make more accurate predictions about a project's actual costs versus the estimates.

This approach helps us to ensure that the projects we fund are completed on time, and on budget. . . and that we fund the projects most likely to succeed.

We're also looking to states, our grantees, and the private sector to participate financially and creatively.

For example, we're considering ways to reward high-performing transit agencies that meet ridership and cost-saving goals.

We're encouraging local transit agencies to lease or sell federally financed land to private developers, as a way to spur economic development near transit hubs.

And we're supporting public-private partnerships that can finance transit needs for future generations.

These partnerships have the potential to combine the best of both worlds to effectively and efficiently lower costs. . . spread risk. . . and decrease build times for transit systems.

We're also encouraging local governments to explore congestion pricing on their roadways.

I know this is controversial in Texas… but it is gaining support in many states, including Arizona, New York, and Virginia.

Traffic congestion is costing the U.S. economy nearly $80 billion a year. . . We can't let it get the better of us. . . Like it or not, tolling is going to be part of the mix.

It’s absolutely essential that we invest our limited transit dollars wisely. . .and look for new and innovative ways to finance transit for future generations.

Federal and local governments, transit agencies, and the private sector can and must work together to achieve this.

We need market-based solutions as well as government leadership.

And so we’ve got to pledge that we’re going to find ways to make transit and transportation better. . . make it sustainable. . . and enable our citizens to have the mobility and freedom they need to help the United States maintain its position as a fierce global competitor.

Thank You.

American Moving & Storage - Orlando, FL

04-04-08

Remarks for James S. Simpson, Administrator, Federal Transit Administration

On behalf of President Bush and Transportation Secretary Mary Peters, I am so delighted to be here with you today, to share some perspective on my experiences in both the private and public sector worlds of transportation.

I particularly want to thank Linda Daar for the outstanding leadership she has provided to the American Moving & Storage Association.

And I want to comment Administrator John Hill, of the Federal Motor Carrier Safety Administration, for the tremendous progress he and his staff have made to make trucking safer for everyone. Under John's able leadership, fatalities involving large commercial trucks are at their lowest level. A record number of roadside safety inspections and compliance reviews have been conducted. Safety belt usage by truckers is up. And more enforcement cases brought against rogue movers.

You know, shortly after joining the FTA about two years ago, I came up with two goals I wanted to accomplish during my tenure:

First, to leave the FTA in better shape than I found it – with forward-looking policies, best practices, and a dedicated, motivated workforce.

Second, I wanted to bring entrepreneurial leadership to the agency – to help make it as efficient and nimble as possible. . . I learned a lot running my own company, and I wanted to bring the best of what I've learned into government.

Without question, working here has been the most challenging experience of my life.

As the writer E.B. White said, "I get up every morning determined to both change the world and have one hell of a good time. . . Sometimes this makes planning my day difficult."

I wouldn't trade my time at FTA for anything. . .

And if I have learned anything thus far, it is that transportation truly matters to Americans -- regardless of where they live or work, or whether they're wealthy or less well off.

Whether we're talking about public rail, highways, aviation, shipping, or even pipelines . . . our transportation infrastructure is arguably the most important set of assets in America today. . .

Just like your own warehouses and truck fleets. . . We've got to be good caretakers of these assets. . . To keep them in a state of good repair. . . invest and re-invest in them wisely. . . and find sustainable sources of revenue. . . .

Because whether you look at this as a professional mover -- trying to get your trucks from point A to point B as efficiently as possible -- or as someone who's just trying to commute to the office or the warehouse every day . . . viable transportation options should be there for you.

But as we all know by now, our transportation infrastructure can't always live up to this promise. . .   And it's up to all of us to work together to change that.

Just last week, Atlanta's major newspaper quoted business relocation consultants, who warned that transportation is quickly turning into a regional weakness.

Ironically, way back in 1955, as the government was preparing to build the Interstate Highway System, someone noted in a report to President Eisenhower that. . .

"We are indeed a nation on wheels and we cannot permit these wheels to slow down..."

Well, the wheels have slowed down, in more ways than one.

Let's begin with infrastructure.

We know the challenge is enormous. Most interstate roadbeds, tunnels, interchanges, and rail stations are 50 to 100 years old. Repairs and upgrades are needed everywhere.

Right now, we're getting the infrastructure we're paying for . . . when we should be investing in the infrastructure our country needs and deserves, not just today, but for generations to come.

But this is far easier said than done.

Our asset base is massive, and aging rapidly, while the cost of materials needed to build and repair it has been soaring. . . .

Consider, for instance, that between 2003 and 2007, the price of steel mill products rose about 160%. . .copper and brass, 270%. . .and aluminum and concrete, 125%. . . .

By the end of 2008, construction input costs -- including labor -- are projected to rise 6-to-8 percent annually.

These price fluctuations tend to make big, complex infrastructure projects especially prone to price and performance risks. . .

But we must face these challenges head-on. . . because the price we pay for falling behind on infrastructure needs is too great. . .

The tragic collapse of the I-35W bridge in Minneapolis last year was a grim reminder of just how important it is to keep these assets in a state of good repair. . . The DOT has in fact called on states to pay closer attention to changes in bridge conditions, to avoid terrible accidents like this in the future.

Another challenge – as you well know – is that traffic congestion is growing worse. . . costing us upwards of $80 billion a year in the form of lost hours and wasted fuel.

I know first-hand how painful this is…..

When I was running Victory Van Lines, at my Staten Island facility – a mere 15 miles from mid-town Manhattan -- my vehicles and employees wasted over 4 hours a day traveling from the depot to their job site during morning and evening rush hour . . . a trip that is normally only 30 minutes each way, off-peak.

Who wants to put up with this?

I sure didn't. . . and I know you don't.

So what are we going to do about it?

One thing is clear: The old ways of thinking about financing, building, and protecting our transportation infrastructure don't really work anymore.

For half a century, we've relied on the Highway Trust Fund to generate cash for highway construction and other needs. . . .

You all contribute to this fund, professionally and personally, in the form of taxes on gasoline and diesel fuel, tires, heavy vehicles, and more . . .

But the Trust Fund isn't the cash cow it used to be. . . The fund's short-term future is unclear and its long-term future is in serious jeopardy. Next year, the fund will run a deficit of more than 3 billion dollars.

Why?   One big reason is that gas tax revenues will decline in the coming decades as people drive more fuel efficient cars . . . and as driving growth levels off.

We in the Administration have proposed a temporary fix for the Trust Fund – to transfer a repayable loan from the mass transit portion of the trust fund to the highway account. . . but Congress is months away from resolving this.

In any case, many people are wondering if we should just go ahead and raise the fuel tax. . . .

As you may have heard, a bipartisan Commission on the future of our national surface transportation recently proposed just that -- a 40-cent per gallon federal gasoline tax over the next five years, with automatic increases tied to inflation.

That would more than triple federal fuel taxes from current levels by 2018.

Before increasing the tax burden, we must be good stewards of the funds taxpayers already entrust to us.

And at any rate, it's not clear a fuel tax hike would fix the problem -- especially as people use less fuel.

What's more, over the past 25 years, highway funding has increased 100 percent -- thanks in large part to fuel taxes -- yet congestion has increased 300 percent.

Clearly, we've reached a tipping point. . .

We can't expect 20th century solutions to solve the enormous capital infrastructure challenges we face in the 21st century.

I was in New York City recently, where we are building three new subway lines. They've got four big boring machines working underground, digging out bedrock to build a tunnel. . .

People look at this and say it's an enormous effort. . . unprecedented for New York. . . and a huge investment. . .

But guess what? China has 90 of these boring machines in operation.

We need to step up our game here in the U.S. . .

To begin with, we've got to stop thinking about transportation as a series of separate, unrelated modes – aviation, trucking, rail, shipping, and so forth. . .

Because when we invest limited federal dollars in transportation, we're not really investing in one mode at the expense of another. . .

This isn't about highway vs. rail…or urban vs. rural…

Rather, we need to realize we're investing in a complex, integrated system that exists to serve its customers in the best way possible.

In other words, think people, not mode.

Awhile ago, Gordon Bethune (former Continental Airlines CEO) and Robert Crandall (former American Airlines CEO) told the Wall Street Journal that the best way to reduce aviation gridlock in the Northeast was to expand passenger rail service.

Can you imagine? Two airline executives proposing the expansion of a competing mode?

What a novel idea – and they were exactly right.

Such mode-neutral thinking is central to a new paradigm in transportation.

Over the years, the transportation industry has paid a price for failing to adopt this paradigm. . .

Consider the lesson of the Pennsylvania and New York Central Railroads. They had marketing myopia. . . They viewed themselves as being in the railroad business, rather than in the passenger transport business. . . And they went out of business because they couldn't adapt to changing modes of travel.

This is all about learning to think outside the box -- something the transportation industry has not always been very good at, quite frankly.

But that's changing.

We recognize that we need an honest assessment of how we plan to pay for transportation, not simply how much we pay.

And we recognize that to strengthen our infrastructure, we must find new and creative ways to pay for it.

DOT is addressing this head-on. . .

Last summer, DOT awarded $850 million in federal grants to five cities -- Miami, Minneapolis, San Francisco, Seattle and New York -- to support their bold and innovative strategies to reduce gridlock and raise new funds for transportation.

These cities are working on congestion pricing models for their busiest roadways. . . to improve traffic flows with tolling, better traffic management, and other strategies. . . If all goes according to plan, these efforts will generate $300-to-$400 million a year to fund dedicated transportation needs.

I know that congestion pricing is controversial . . . but considering the alternatives, it's the right thing to do, to avoid higher taxes. . . more congestion. . . more earmarks that siphon dollars away from discretionary transportation projects. . . and more pollution.

Most economists who study transportation say that direct pricing of road use -- similar to how people pay for other utilities -- holds far more promise in addressing congestion and generating sustainable revenues for re-investment than do traditional gas taxes.

In fact, the Brookings Institution has reported that if we used congestion pricing in ONLY the largest 98 metropolitan areas, we'd generate approximately $120 billion a year in revenues -- while solving the recurring congestion problem in those areas.

We simply must encourage cities and states to partner with the private sector to finance major roadway improvements. . . and to implement open-road tolling systems using technologies that let you pay your toll without losing speed.

Many states, like Virginia, are already taking on this challenge. . . And over 30 major U.S. cities have responded to our call for innovative plans to actually reduce congestion, not simply to slow its growth.

Later this week, the New York State Legislature is going to decide whether to approve an ambitious road-pricing plan for Manhattan. . .

We're really beginning to see a fundamental shift here.

As more of these plans emerge, it's vital that Congress, state and local officials, the private sector, and the DOT work together, as partners, to ensure success. . . .

Now, all this talk about congestion and tolling. . . you may think it's a new problem. . .

But really, once again it's 'the more things change, the more they stay the same'. . .

The president of Trans American Van Service said this about tolling back in 1954 -- at the dawn of the interstate highway era:

"Every road is a toll road. Everyone of us, as motor carriers, wants to pay our just share of maintaining the roads we use. But. . . we do not want to pay more than our share, nor do we want to pay the cost of political organizations that eat up tax money faster than an elephant eats hay."

One other thing I want to mention is safety. . .

John Hill has done a terrific job on this. . . Nevertheless, about a quarter of all fatalities in large truck crashes have occurred on rural interstates over the last 5 years -- even though there's less traffic on these roads generally.

I want you all to be aware that DOT has recently launched a Rural Safety Initiative to help make your cross-country trips as uneventful as possible. . . .

We’re working with all 50 states, law enforcement agencies, and others on a range of efforts to encourage safer driving, stiffer penalties for drunk drivers, and better emergency response services in rural areas.

After all, reducing gridlock is important – but keeping your trucks, your drivers, and your families as safe as possible is absolutely critical.

Where does all this leave the moving industry?

Your industry is as vital today as it was 50 years ago. . .

In the 1950s, James Knudson, the Pentagon’s Defense Transportation Administrator, said:

“Your industry is unique in that it is…organized to render a personal short-haul or long-haul service to the families of America. And in that regard, you supply an indispensable aid in preserving the continuity of the American family.”

He then went on to say:

“Any service that can…reduce the uncomfortable disorganization that attends the chore of moving…earns for itself a permanent place in the sunlight of American civilization.”

That’s powerful stuff. . . and still true.

However. . . the circumstances you depend on to succeed, have changed – posing enormous challenges to your business.

I’ve often said that transportation is the circulatory system of our economy. We cannot afford to let it fail -- and we should not settle for a system that is second-best behind other nations.

Now more than ever, we need leaders willing to make tough and courageous decisions about what it will really take to build and sustain a world-class transportation infrastructure, to keep our economy moving.

We need market-based solutions as well as government leadership.

And we need a mindset in the business community that is receptive to new ways of paying for -- and using -- our transportation networks.

We cannot afford to push this problem off onto future generations. . .

So let us all pledge that we’re going to work together -- government and business -- to find ways to make our transportation systems better. . . make them sustainable. . . and ensure that your industry can effectively compete anywhere in the country – and around the globe.

I’ll end my remarks by quoting a former president of General Motors—from the company’s heyday many years ago:

“Leadership is the courage to admit mistakes, the vision to welcome change, the enthusiasm to motivate others, and the confidence to stay out of step when everyone else is marching to the wrong tune.”

I have certainly tried to take that to heart at FTA, and I hope all of you do, too.

Thank you.

New York Building Congress & Construction Industry Breakfast - New York, NY

04-10-08

Remarks for James S. Simpson, Administrator, Federal Transit Administration

Let’s talk about the elephant in the room.

On Monday, the State Assembly declared the congestion pricing plan supported by Governor Paterson, Majority Leader Bruno, Mayor Bloomberg, the City Council, the NYC Partnership, and many others, to be dead on arrival.

No doubt, state legislators believe they acted in their constituents’ best interests.

But I must be frank:

We at the DOT consider this decision to be very disappointing, as well as short-sighted.

Apparently some lawmakers view congestion pricing as an “elitist” approach to addressing a problem that has reached crisis proportions, and is only expected to get worse as time passes.

Well, there is nothing “elitist” about miles of gridlock at rush hour…

It affects virtually everyone – commuters, truck drivers, taxi drivers, buses, and even straphangers crammed onto the subway…

It affects the air we breathe…

It affects this region’s ability to provide the mobility that’s so vital to keeping New York a workable, livable community…

And it affects our productivity and our quality of life.

There’s no question that endless traffic congestion -- and the pollution, wasted fuel, and wasted hours it causes -- takes a little bite out of the Big Apple every day.

It is difficult to see how a plan that promises to deliver a reliable stream of revenue yielding long-term, dedicated funds to make the capital investments necessary to relieve traffic congestion… improve transit options for future generations…and make transit more efficient through new technologies… could be considered elitist.

The Brookings Institution recently reported that if we use congestion pricing in about 100 metro areas, we’ll raise three times what we raise through the Highway Trust Fund now, for ambitious transportation and transit projects.

Instead, as a result of the Assembly's decision, New Yorkers have now forfeited nearly $500 million annually for mass transit improvements and $354 million in immediate federal funds.

Regrettably, New Yorkers will not have the chance, any time soon, to discover what people in Stockholm, Rome, London, and other European cities, already know: Congestion pricing works!

In all of these cities, congestion pricing models have actually reduced urban traffic by 20 percent or more, and increased transit usage.

Prague is about to join them...

And here in the U.S... Miami, Minneapolis, San Francisco, and Seattle are all using DOT funds to develop congestion pricing plans.

I'm reminded of something that the inventor Buckminster Fuller once said:

"You never change things by fighting the existing reality. To change something, build a new reality that makes the existing reality obsolete."

Unfortunately, I believe New York's elected officials have missed an opportunity here to make a new reality for everyone who lives and works in the region.

So... Where does New York go from here?

The present-day challenges are not going away:

The residential and commercial building boom continues almost unabated in New York ...the city is projected to create hundreds of thousands of permanent new jobs in the next few years... and the city's population continues to grow.

Meanwhile, the New York metro economy is losing $13 billion annually because of congested traffic... And the MTA faces a significant shortfall in funds needed to fully execute its $30 billion capital plan.

Where's the money going to come from to build and maintain a viable transportation infrastructure for New York's future?

Our federal cash cow for transportation funding is the Highway Trust Fund... Its revenues come largely from fuel taxes...

And as people drive more efficient vehicles, the fund is drying up. Next year, the fund's deficit will exceed 3 billion dollars.

Meanwhile, commodity prices for construction materials are escalating...

As you well know, between 2003 and 2007, the price of steel mill products rose about 160% ... copper and brass, 270%...and aluminum and concrete, 125%...

In addition, repairs and upgrades to aging bridges, roads, and tunnels are needed everywhere.

We're not going to solve the traffic problem or the infrastructure problem... unless we fundamentally change the way we finance complex capital transportation projects -- here in New York, and around the country.

An across-the-board fuel tax increase is not going to do the trick.

Over the past 25 years, highway funding has increased 100 percent -- thanks in large part to fuel taxes -- yet congestion has increased 300 percent.

I can't make it any plainer:

We've reached a tipping point... and relying on business-as-usual just isn't going to cut it anymore... We can't expect 20th century solutions to solve 21st century problems.

It's hard to imagine we're going to be able to make any real progress without trying new things -- like congestion pricing... high-speed electronic tolling... and public-private partnerships that shift some of the costs and risks involved in designing, building, and operating transit systems to the private sector.

We've also got to think about transportation in completely new ways... This isn't about highways versus subways... It isn't about city versus suburbs.

In fact, it isn't about one mode versus another... It's about people!

Now let's switch gears and talk about what's going right for New York...

The FTA is absolutely committed to helping the metro region transform its transportation infrastructure, by investing in some of the largest, most complex, and most important public works projects in the United States today.

Three projects, in particular, are going to deliver enormous benefits to the people of Greater New York and New Jersey.

Together, these three projects – East Side Access, Second Avenue Subway, and Access to the Region's Core – represent more than a $19 billion investment in the region's future.

And together, they will bring tens of thousands of new riders into the region's transit network. That alone should help relieve congestion, to some extent.

The FTA is a major ground-floor investor in these projects -- providing roughly one third -- $7 billion -- for the initial phases of work.

Briefly…

?

East Side Access

- FFGA completed: $2.6B Federal New Starts share
- Total project cost: $7.4B.
- To be completed by 2014.
- 10% complete now.

?

Second Avenue Subway

- FFGA Phase 1: Federal New Starts share: $1.3B
- Total project cost $4.9B.
- 125th St. to Financial District.
- Phase 1 by 2014
- 10% complete now

? THE ARC

- Est. total project cost: $7B+
- Trans-Hudson Express / Access to the Region's Core

In addition to these mega-projects, we're also investing more than $4.5 billion in Lower Manhattan's post-9/11 future -- including:

- A new South Ferry Terminal Station,
- A new Fulton Street Transit Center,
- WTC PATH terminal reconstruction, and
- Direct connections between PATH and some NY subway lines.

On top of all this, FTA invests over $2 billion a year in New York City -- and another $1 billion a year in New Jersey -- to help maintain existing transit systems.

All of these projects are tremendously important… but they pose significant challenges going forward…

First…only a limited number of firms have the capacity required to bid and construct these projects. That raises concerns for us about limited competition… which has implications for how jobs are priced.

Second… we're concerned about how difficult it is to create accurate cost and performance estimates for these complicated, multi-year transit projects, given the continued escalation of commodity prices… The risk of under-estimating costs -- and incurring additional debt obligations -- is very real.

And third... We're concerned -- and the region's business and political leadership should also be concerned -- about the massive new transportation projects on the horizon -- including the Tappan Zee bridge… a new Lower Manhattan rail link... and the second phase of the Second Avenue Subway.

Are there sufficient resources and capacity available to see these projects through?

With all that said, these things must get done.

The region needs them -- your children and grandchildren need them.

I've often said that transportation is the circulatory system of our economy...

We cannot afford to let it fail -- and we should not settle for a system that is second-best behind other nations.

Now more than ever, we need leaders willing to make tough and courageous decisions about what it will really take to build and sustain a world-class transportation infrastructure, to keep our economy moving.

We need a mindset in the community at large that is receptive to new ways of paying for -- and using -- our transportation networks.

We cannot afford to push this problem off onto future generations...

So let us all pledge that we're going to work together -- government, business, and communities -- to find ways to make our transportation systems better... make them sustainable... and ensure that the region can effectively compete anywhere in the country – and around the globe.

Finally, if all this seems overwhelming, then remember that New York has been down this road before...

In the early 1900s, the city's top railroad men, civil engineers, and politicians agonized over the best way for people to enter New York.

In 1900, 90 million people took ferries from New Jersey into New York City! They had traffic congestion even back then!

The brightest minds of the day got together and concluded that "easy access to Gotham" was vitally important... and about as challenging as building the Suez Canal.

But they were not daunted !

Thanks to their vision, planning, and hard work, we've got rail tunnels running deep under the Hudson and East Rivers that we still use to this day... with trains delivering countless travelers into Penn Station... which we now take for granted as a transportation hub for the entire East Coast.

That was a game-changing decision for New York -- and it's precisely the kind of bold, creative, forward-looking thinking we need today.

Thank you.

Maryland Transportation Operations Summit - Linthicum, MD

05-01-08

Remarks for James S. Simpson, Administrator, Federal Transit Administration

On behalf of President Bush and Secretary Mary Peters, I'm pleased to be here with you.

I'm here today to share some good news about the state of transit in America...to share some not-so-good news...and to speak frankly about some of the tough decisions that lie ahead for all of us – in Washington, D.C., Maryland, and throughout the National Capital Region.

First, the good news: It may surprise you to learn that FTA is in a reasonably strong position right now to invest in urban and rural capital transit projects across the country -- the kinds of projects that truly enhance mobility for millions of Americans who want to get out of their cars and take public transit.

With gas prices heading past $4 a gallon, that's got to be good news, right?

FTA's fiscal 2008 budget includes $9.5 billion for public transportation. That's an all-time high level of funding – with increases provided for nearly every transit program we fund.

Our proposed 2009 budget seeks $10.1 billion – including a record-setting $1.62 billion in capital investment funds for our New Starts program, and more funding for urban formula and rail modernization grants, as well rural areas that currently lack transit options.

Over the last few years, the FTA has made major funding commitments to four of the largest capital transit projects in the nation's history -- including three historic rail projects in the New York region and a new light rail system in Seattle.

These are all ambitious projects that are going to help reduce gridlock and vehicle emissions, and spur new economic development.

Now, it's true that Maryland does not have a major transit project in our New Starts pipeline at the moment -- but that's subject to change. . . I'm guessing sooner, rather than later, if the leadership in the room today has anything to say about it.

The point is, the FTA remains firmly committed to investing billions of dollars in viable transit projects that meet our strict evaluation criteria--

projects that we’re confident can be delivered on time and on budget…and with the promised benefits.

Being a good steward of the taxpayers’ dollars is something I take very seriously.

We simply cannot afford to fund transit projects that aren’t likely to succeed. And while it’s not possible to control everything that goes on with these big, complex, multi-year projects -- like the plan to dig a new rail tunnel under the Hudson River between New York and New Jersey -- we’ve gotten much better at accurately predicting the cost and the ridership levels for the projects we do decide to fund.

Now let’s talk about the not-so-good news.

No matter how carefully we invest the funds we have, we simply don’t have sufficient resources to help America develop the transit and transportation infrastructure that’s needed for the future, to keep our economy moving.

Nor does the federal government have enough to re-invest in the legacy transit systems we’ve already got -- to keep them in a state of good repair.

Have you ever taken Amtrak into Manhattan? As you approach the city from New Jersey, you see acres of dense urban transit infrastructure that’s a century old or more – a vast network of rail lines, catenary wires, trestles, retaining walls, tunnels -- you name it.

How much longer do you think all that is going to last without a serious infusion of capital?

I can promise you that this issue about state-of-good-repair will be front and center when Congress takes up new authorizing legislation for transportation programs after 2009.

In any case…the funding gap between the infrastructure we have, and the infrastructure we need, is large, and growing larger.

The DOT calculates that we need roughly 22 billion dollars a year to improve the condition and performance of our nation’s existing transit systems through 2024. That level is 70 percent higher than all transit capital spending in 2004.

As you may know, our traditional funding source – the Highway Trust Fund – is projected to run a deficit of 3 billion dollars by 2009.

These revenues are declining at a time when commodity prices for the materials needed to build infrastructure -- like concrete, steel, aluminum, copper, and brass – are escalating.

Meanwhile, the transportation problems you face right here in Maryland – like in the rest of nation -- are not going away.

Take congestion.

- It affects nearly every resident, commuter, and tourist.
- It affects the air we breathe.
- It affects the Baltimore-Washington region's ability to provide the mobility that's so vital to keeping this a workable, livable corridor for millions of people and their employers.

The Brookings Institution recently reported that if we implement congestion pricing in about 100 metro areas, we'll raise three times what we raise through the Highway Trust Fund now, for ambitious transportation and transit projects.

The point is this: Whether we're talking about congestion pricing -- where drivers pay a fee for using certain roads at certain times of day -- or putting new tolls on existing roads...we're talking about raising hundreds of millions of dollars annually to address local transportation needs.

This is money we don't have at all right now -- money that can be used for building new transit options, keeping existing transit and transportation systems in a state of good repair, and mitigating traffic congestion.

I don't think that's a bad bargain.

And don't forget: The taxes and fees we pay now to use these assets do not reflect their true long-term economic costs – and never really have.

A proposal by the Metropolitan Washington Council of Governments to introduce new tolls on the B-W Parkway, and other roads and bridges in the region, could generate an estimated $2.75 billion a year.

A slice of that pie might help to offset the hundreds of millions of dollars that the Maryland General Assembly has recently "borrowed" from the state's transportation fund to help balance the budget.

What else can you do?

I know that tolling and congestion plans are controversial in the U.S. -- but they are not unproven. Cities like Stockholm, Rome, London, Singapore and other cities, already know first-hand that congestion pricing works!

In some of these places, congestion pricing models have actually reduced urban traffic by 20 percent or more, and increased transit usage. Prague is about to join them.

And here in the U.S....Miami, Minneapolis, San Francisco, and Seattle are all using DOT funds to develop congestion pricing plans.

We're hopeful that these cities are going to lead the way on this -- and generate sustainable sources of new revenue to use for transit and transportation projects.

The truth is, our transportation infrastructure has reached a tipping point. We cannot continue to do business as usual -- and we can't expect 20th century solutions to solve 21st century problems.

So where do we go from here?

I know this much: An across-the-board fuel tax increase is not going to do the trick.

Over the past 25 years, highway funding has increased 100 percent -- thanks in large part to fuel taxes -- yet congestion has increased 300 percent.

It's hard to imagine we're going to be able to make any real progress without trying new things -- like congestion pricing. . . high-speed electronic tolling. . . and public-private partnerships.

In fact, we're conducting a demonstration project with selected New Starts grantees to encourage public-private partnerships on capital transit projects where there's a real need for additional funding sources.

This approach has worked well for highway capital construction -- so we're trying it on the transit side.

The idea is that the grantees contract with private partners to design, build, finance, operate, and maintain transit facilities -- from rail and bus stations to parking garages.

These arrangements offer many potential advantages, by supplementing public funding with private equity and debt…transferring long-term financial risks to the private sector…and speeding up project construction and delivery, which in turn may reduce costs on some transit projects.

We have selected three locations for public-private partnership demonstrations -- Houston, Denver, and Oakland, California.

We're monitoring these projects closely, and we think they'll provide new models for other states to follow.

We're also supporting more transit-oriented development, by encouraging local transit agencies to lease or sell federally financed land to private developers.

FTA is also working with the U.S. Department of Housing and Urban Development to identify ways to improve linkages between transit and transit-oriented development and affordable housing.

These efforts are key to spurring economic development near transit hubs.

I applaud Governor O'Malley and Secretary Porcari for supporting more transit-oriented development in places like Prince George's County, where thousands of acres near Metro stations are ripe for development.

We've got to send a signal to developers that this is a good opportunity – and we in the federal government will do all we can to help streamline the process.

I've often said that transportation is the circulatory system of our economy. We cannot afford to let it fail -- and we should not settle for a system that is second-best behind other nations.

Now more than ever, we need leaders willing to make tough and courageous decisions about what it will really take to build and sustain a world-class transportation infrastructure, to keep our economy moving.

We need market-based solutions as well as government leadership.

And we need a mindset in our communities that is receptive to new ways of paying for -- and using -- our transportation networks.

We cannot afford to push this problem off onto future generations.

And especially here in the Baltimore-Washington corridor, we cannot allow geopolitical boundaries to stop us from doing the right thing for everybody who lives, works, and travels across Maryland, D.C., and Virginia.

After all, gridlock does not start and stop at the state line.

And this isn't about highways versus subways...or cities versus suburbs.

In fact, it isn't about one mode of travel versus another...It's about people!

So let us pledge that we're all going to work together to find ways to make our transportation systems better...make them sustainable...and ensure that the state of Maryland – like the nation as a whole -- can effectively compete in a global economy.

I'll leave you with a remark made by a former president of General Motors, back in the 1970s:

"Leadership is the courage to admit mistakes, the vision to welcome change, the enthusiasm to motivate others, and the confidence to stay out of step when everyone else is marching to the wrong tune."

I hope that all of you find the courage and the vision to solve our transportation problems today, for the sake of our children and grandchildren tomorrow.

Thank you.

Application of Advanced Technology to Transportation - Athens, Greece

05-28-08

REMARKS FOR
JAMES S. SIMPSON
ADMINISTRATOR
FEDERAL TRANSIT ADMINISTRATION

APPLICATION OF ADVANCED TECHNOLOGY TO TRANSPORTATION
ATHENS, GREECE
MAY 28, 2008

On behalf of President Bush and the United States Department of Transportation, I am delighted to join you in the beautiful city of Athens.

Thank you for inviting me to participate in the 10th International Conference on Application of Advanced Technologies in Transportation.

I recognize all the hard work that has gone in to putting this year's conference together -- and I'm grateful to the American Society of Civil Engineers, the Transportation Research Board, and the National Technical University of Athens for making this such a success.

You know, I was struck as I left the airport to come into the city by the extent to which Athens appears to be undergoing a new Renaissance. Your metro system is truly a work of art – and a real testament to the forward-looking leaders here who understand the value of investing in 21st century public transportation infrastructure
. . . with a bit of archeological history thrown in for good measure.

That know-how -- and can-do attitude -- is something we have always valued in America. In fact, we have an old saying – who knows, it might even be from Greece: "Necessity is the mother of invention."

I'm sure you understand its meaning. We're always looking for innovative ways to solve our biggest challenges, and make life even better for our citizens. . . . just as you are doing here.

Technology plays a vital role in achieving these goals – by helping to make us safer, more productive and efficient, and by enhancing the customer experience.

We need an enterprising spirit in the United States, now more than ever, because there's no question. . . our transportation landscape poses a number of big challenges. . . .

We're seeing more and more traffic on our roadways and at our airports . . .

We're confronting record-high fuel prices (yes, we're only just beginning to feel this pain). . . .

Rising prices for commodities like steel, aluminum, and concrete are driving up the costs and risks associated with planning, contracting, and building new transportation infrastructure. . . .

Meanwhile, we've got an enormous number of aging transportation assets -- bridges, tunnels, highways, rail systems -- that must be kept in a state of good repair. . . And this, too, is increasingly costly.

Our nation's ability to invest -- and re-invest -- in its transportation infrastructure has received a great deal of media attention lately. . .

Many newspaper columnists and various advocacy groups have publicly called for greater federal, state, and local investments in infrastructure.

But the federal government's share of funds for big, capital surface transportation projects is beginning to shrink, not grow. . .

Our nation depends, in large measure, on fuel tax revenues to fund a significant share of highway and transit projects. . . But as fuel consumption declines and fuel efficiency improves, these revenues are going down. . .

Within a year, we expect to have a $3 billion negative balance in the Highway Trust Fund account that pays for such projects.

The U.S. Department of Transportation is committed to facing these challenges head-on, in order to keep our economy moving,   and our population mobile. . . .

And clearly, we need to leverage any and all technologies that promise to help us succeed.

One of the most important areas where we're counting on technology to make a real difference, is in managing congestion.

In the U.S. today, traffic congestion costs us about $80 billion a year in wasted fuel and lost productivity. . . In our most densely populated urban areas, such as New York, Washington, D.C., and Los Angeles, traffic congestion has reduced mobility for millions of commuters, businesses, and tourists.

By the way. . . . This is a problem where I have personally felt the impact. . .

As the former owner of an international trucking and transportation company, my drivers were forced to waste many unproductive and unprofitable hours stuck in traffic, while trying to drive loads into and out of New York City.

There are many root causes for the current situation.

One root cause of our congestion problem is that, for more than half a century -- ever since our interstate highway system was built -- the users of this system have essentially gotten it for “free.” Our taxes do not come close to paying for the actual costs of our roadways.

In the U.S. we pay 18.5 cents in taxes on fuel. That’s far different than the $4 or so in equivalent taxes that Europeans pay.

Nor have we added much capacity to our highway systems—at least, not relative to the dramatic growth in usage.

Clearly, we need to find a new economic equation that’s fair to all Americans -- while allowing us to meet our infrastructure obligations.

One way to do that is through congestion pricing on our busiest roadways. Congestion pricing could go a long way to help reduce traffic in a densely populated city like New York -- just as it has done in London. In fact, we know it could generate more than $350 million a year for transportation projects for the New York region. Unfortunately, the local political climate is not quite ready to take this step. . . but I think they’ll get there, eventually.

Tolling is another option, that holds great promise. Today, we have the ability to quickly and easily install high-speed open road tolling equipment on our busiest highways -- without requiring a single driver to slow down, thanks to technology.

The toll revenues we’re able to capture this way, will generate billions of dollars needed to maintain and upgrade our national transportation and transit infrastructure.

High-speed tolling is just beginning to catch on in the U.S. Florida, Texas, and Virginia are already attracting billions in new transportation investment, using this approach.

Virginia, for example -- the state closest to our nation's capital -- will be able to widen one of the most congested highways in America, using a combination of variable electronic tolls and private financing.

We're confident that high-speed electronic tolling will be widely adopted in the months and years to come.

Technology has many other applications in our transportation landscape.

Our Corridors of the Future initiative provides funding for the six major highways that carry nearly a quarter of the nation's interstate traffic, to undertake numerous approaches to streamlining travel and reducing congestion. . .

One approach involves integrating real-time traffic technology, like lane management, that can match available capacity on roads to changing traffic demands.

Cities like San Francisco are also beginning to implement an array of traffic management plans. . . such as variable pricing for major roadways and off-street parking garages. . . and widespread traffic and transit signaling systems designed to keep cars, buses, and light rail trains running smoothly. . .

San Francisco is one of six major U.S. cities to receive federal funding for initiatives like these. In fact, we're investing close to $1 billion this year, in this effort.

We also believe in technology's contribution to a cleaner environment.

President Bush has directed $1.2 billion toward the successful development of commercially viable hydrogen fuel cell vehicles, and an infrastructure that can support them. In addition, the FTA has spent $125 million on hydrogen fuel cell buses. We're very proud to be actively contributing to environmentally responsible transit through this program.

The FTA, also provides more than $70 million annually in transportation-related research grants to public universities and other organizations. . .

Our portfolio of research and demonstration projects includes bus rapid transit, hybrid electric and fuel cell research, real-time train location, and more. . . .

While I believe in the value of pure research, we also need a robust cost/benefit analysis and results-oriented research, to ensure we realize the full value of our investments.

Looking ahead, I'm sure we can all imagine a future where, in big cities around the world, traffic flows seamlessly. . . all vehicles run on clean fuels. . . highway crashes are extremely rare. . . and travelers have many efficient, reliable modes to choose from – whether bus, heavy or light rail, or automobile.

I don't think anyone could argue with the premise that technology opens doors for transportation systems and solutions that previous generations never imagined possible.

But we must keep all of this in perspective.

Ultimately, technology is a valuable and strategic tool -- but it is not a panacea.

First and foremost, we all need to ensure that our transportation systems are on a sound financial footing, in order to realize the benefits that technology offers. . .

After all, technology alone does not enable you to address a five-year maintenance backlog on an aging rail system.

Second, technology changes at a such a great rate, we must ensure that government or transportation agencies avoid investing in applications that are obsolete by the time they are implemented.

That's why I believe we must never view technology as an end in itself. . . . Rather, we must manage for results – and consider which technology applications best help us achieve results, especially as conditions change over time.

Third, we must not become so enamored of leading-edge technologies that we lose sight of the need to keep our commonplace machinery in good working order.

This is a lesson we are learning the hard way in the U.S. . . .

For example, New York City Transit -- the largest transit operator in the country -- spent close to $1 billion to install more than 200 new elevators and escalators in the subway system over the last decade. . . .

But these systems break down on a regular basis because the technology does not operate in the real-world environment and technicians lacked proper training, among other factors.

As the Greeks say, “All things good to know, are difficult to learn.”

Ultimately, the future of any successful transportation infrastructure rests not only with technology, but with the ability of ordinary citizens. . . business leaders. . . and elected officials. . . to work together toward a vision of what a national transportation infrastructure should look like. . . . . . A vision that allows us all to keep people and goods flowing as efficiently as possible, within and across our borders. . . .

This is a vision, ultimately, about strategic mobility management -- not about one mode versus another, not rail versus bus versus highway versus aviation.

I’ve often said that transportation is the circulatory system of our nation’s economy -- and the world’s. Mobility fosters economic growth, freedom, and so much more.

We simply cannot function without it.

In closing, I want to leave you with a wonderful and profound Greek proverb:

A society grows great, when old men plant trees, whose shade they know they shall never sit in.

There is much for us to learn from one another, as we seek to adapt our transportation infrastructure to the demands of the 21st century -- and beyond.

I hope that all of us may rise to the challenge.

Thank you.

APTA Rail Conference - San Francisco, CA

06-02-08

Remarks for James S. Simpson, Administrator, Federal Transit Administration

On behalf of President Bush and Transportation Secretary Peters, I want to congratulate APTA and its members for all the fine work they do to provide transit options for Americans, to keep our citizens mobile and our economy moving forward.

It's great to be back in one of America's greatest cities.

The San Francisco Bay Area is an amazing laboratory for transit—a vibrant metropolis where virtually every option is available found. . . rail, bus, ferry, trolley, and the historic streetcar.

Transit is woven into the fabric of life here. It's impossible to imagine the city growing and thriving without these assets. . .

I particularly want to thank James McCray, Nathaniel Ford, and all the folks at the San Francisco Municipal Transportation Agency for their success in running the nation's seventh largest public transit system.

And I applaud Muni officials for collaborating with the City of San Francisco on the Transit Effectiveness Project—the first comprehensive review of the Bay Area's transit systems in 25 years.

We're also pleased to have San Francisco partner with the Department of Transportation on innovative approaches to congestion management. . . Not only will this plan mean cleaner air and less crowded streets, it will also generate hundreds of millions of dollars for much-needed transit and transportation projects.

This is exactly the right moment for everyone who has the power to affect the transit industry -- local operators, state and local governments, Congress, and we at FTA — to take stock of where we are, and where we need to go — financially, operationally, environmentally, and politically.

We've reached a critical juncture. . . Surging gas prices, traffic gridlock, and environmental concerns are encouraging more and more people to look to transit as an affordable, reliable means of travel.

I'm sure those of you seeing more passengers crowd your rail cars are doing everything you can to meet rising demand.

But if we're truly committed to building and maintaining a first-class transit infrastructure in this country. . . and if we really intend to boost service capacity. . . then we’ve got to get a handle on the deep, structural funding challenges we’re facing right now.

We can’t postpone dealing with this. . . . We can’t ignore it or push it onto the next management team or the next generation. . . .

I know you’re all aware of the projected $3 billion shortfall in the Highway Trust Fund account -- our long-time source for transportation and transit projects -- and the implications for the future funding of our transportation infrastructure . . .

We at FTA are committed to working with Congress, with state and local governments, transit operators, and the private sector to tackle these challenges.

But even as we look for ways to add to our current capacity, we must remember to include sufficient resources to ensure that our public transit systems are brought to, and kept in, a state-of-good repair. . .

I cannot stress enough, how important it is for us to get a handle on the state-of-good-repair issue. It’s one of my top priorities while I’m at FTA. . . .

We must ensure that both our aging legacy rail and bus systems. . . and all the new light rail, rapid bus, and other assets going into operation. . . can be well cared for. . . and that we can afford to retool, repair, and upgrade them on a regular basis.

It is simply not good policy for the federal government, or anyone else, to make significant investments in new transit capacity if there is no assurance that these assets can be well-maintained over the long haul.

Let me give you a prime example.

As many of you know, under our New Starts program, FTA recently approved entry into Final Design for the first phase of a proposed 23-mile extension of the D.C. Metro out to Dulles Airport in Northern Virginia. This would enlarge the whole system by more than 20 percent. But Metro’s operator, WMATA, faces a $500 million shortfall in the funds needed to make immediate, system-wide repairs on the current legacy system . . . .

The governments of D.C., Maryland, and Virginia are moving toward a plan to ensure WMATA has the necessary resources. . . but this will not be easy to accomplish, and we will be watching closely.

The necessity of recapitalizing aging assets isn’t only about money . . . it is also very much about rail safety.

In recent hearings and reports, the National Transportation Safety Board has stated, very publicly, its concern that, at all levels, the rail transit industry is not providing adequate safety to protect its workers, passengers, and infrastructure.

Clearly, aging infrastructure is taking its toll.

Later this summer, I will convene a Safety Summit with the CEOs of the rail transit agencies. We will have the opportunity to hear from the NTSB, to learn how several CEOs have developed new programs to address safety concerns, and to discuss the challenges and opportunities available to improve our industry's safety culture.

We must work together to help the transit industry find the resources to strike the right balance -- to ensure the safety and soundness of legacy systems. . . while also enabling these systems to grow as demand requires.

I urge you to partner with us -- and to participate actively as we ask for your attendance at workshops, for your training materials and rulebooks, and for your insights, your challenges, and your lessons learned.

I also encourage you to meet regularly with both your Safety and Maintenance Directors to get an honest assessment of where things stand at your agencies. Perhaps there are ways, small and large, that improvements can be made, lives can be saved, and critical infrastructure can be kept in better repair.

Now let me "zoom out" and put this challenge into a broader perspective.

The consulting firm Booz Allen analyzed for us the condition and reinvestment needs of the largest 15 heavy rail agencies in the U.S.

I want to share some highlights:

- Roughly one-third of the agencies' heavy rail and bus assets are rated in substandard or poor condition.
- Heavy rail assets worth about $30 billion should be replaced immediately.
- Roughly $39 billion is required to bring all of these agencies' assets to a state of good repair. This includes $8.8 billion in deferred rehabilitations for older subway stations and tunnels.
- Over a 20-year period, roughly $7 billion needs to be invested annually to both eliminate the backlog and achieve a state of good repair.
- In 2006, there was nearly a $2 billion gap between this annual investment level and the amount actually spent by federal, state, and local governments and the transit agencies in recent years. The federal government funds about half the annual investments in rehab and replacement needed to attain a state of good repair – but that excludes the existing backlog. State and local government and transit system generated funds cover the other half.
- And finally – not surprisingly -- the heavy rail investment backlog will increase over time at current funding levels .

I think the data speaks for itself. . . . We have to get a handle on this problem. . .

It appears that relatively few transit agencies conduct detailed studies on state-of-good repair, on a regular basis – like every one or two years. . .

We also think that transit agencies are behind highway system managers in doing comprehensive asset management planning.

That’s why we’re enhancing data collection on capital assets through the National Transit Database. . . looking for best practices on asset management. . .   and commissioning a rail system capacity improvement study.

We’re also hoping, later this year, to bring some transit operators and industry experts together, to meet with us and share perspectives and solutions on the recapitalization and asset management issue.

We’re not prejudging the outcome here -- we genuinely want to build a braintrust on this. . . . FTA certainly doesn’t have all the answers. . .

In addition, we're taking a hard look at recapitalization under New Starts. . . .

All current and prospective grantees should be aware that we recently issued proposed guidance, letting them know that we intend to pay extra attention to how they demonstrate that sufficient local resources are available to preserve the quantity and quality of existing transit service.

We’re looking for assurances that our grantees’ existing transit systems are in a state of good repair -- and are likely to remain so, whether or not new investments are made.

What’s more, if a grantee’s capital plan seeks to use formula or mod funds for a New Starts project, then rest assured we’re going to scrutinize the estimated costs of recapitalization to ensure that the plan provides sufficient funds to meet those costs from sources other than FTA formula funds.

We expect to have more information to share with you on recapitalization in the fall. . . and hope to see this issue addressed in our upcoming reauthorization.

Speaking of New Starts. . . In addition to moving the Dulles project forward, I want to share some other good news. . . Utah Transit Authority’s 10-mile extension on the Mid-Jordan Light Rail Transit system has been approved for entry into Final Design.

This is a great project connecting Salt Lake City’s central business district with the state university. Congratulations to UTA.

In April, we awarded nearly $19 million to keep The Tide -- Norfolk, Virginia's light rail line -- moving forward. This award restored funds that had been cut in the federal budget. Norfolk's FFGA was signed last year.

And we're optimistic about signing two more Full Funding Grant Agreements later this year on projects in two fast-growing parts of the country -- Seattle's University Link Light Rail extension, and Denver's West Corridor Light Rail.

When you consider the projects we have recommended for funding on a cost-per-mile basis this year, we think we're putting tax dollars where they will move the greatest number of people -- in other words, provide the best return on investment.

Now let me remind you that we have about $1 billion in available commitment authority remaining before SAFETEA-LU expires. . . A number of projects are competing for those remaining funds, and we're going to have to make some hard calls.

Obviously, recapitalization is a key factor in our evaluation. . .

So too is the ability of transit agencies and their partners to manage and deliver complex transit projects on time and on budget.

That's why managing risk better is also a priority for us.

In the current environment, this is a big challenge for transit agencies. . .

Not only is competition for funding pretty tough. . . but escalating costs -- for commodities like steel, aluminum, and concrete -- compound the risk on complex capital transit projects. . .

Our experience across hundreds of major transit projects shows that planners routinely over-estimate the benefits of mega-projects, and under-estimate the costs.

We've got to get a handle on this if we expect these mega-projects -- like the Second Avenue Subway extension in New York, or the new Seattle Light Rail Line -- to deliver the promised benefits.

So we have developed new cost forecasting models that help us make more accurate predictions about a project's actual costs versus the estimates.

In his book on megaprojects and risk, Brent Flyvbjerg wrote that:

"We must find ways of institutionally embedding risk and accountability in the decision making process for mega-projects."

That's exactly where we're headed.

We've gotten much better at stripping away the hype and the guesswork, and looking ahead to the real costs of a project -- relative to the benefits.

We can make a better business case to our grantees about what reasonable contingency planning looks like. . . And we're able to balance risks across our entire portfolio of transit projects.

We're also getting a better handle on cost and ridership projections.

Here, too, agencies systematically over-estimate ridership forecasts, and under-estimate project costs.

Until recently, we simply hadn't done enough detailed analysis to determine the reasons for this gap. And if FTA is not sure whether grantees are making accurate forecasts, then it's difficult to know whether the right investment decisions are being made.

Now we've finally got some good predicted-vs-actual data from 2003 and 2007. . .

The industry's ability to accurately predict ridership is almost twice as good now as it was in 1990. . . and cost estimates are getting better, too. . .

Still, forecast accuracy didn't improve much between the 2003 and 2007 studies. . . . and estimates aren't always on-target. . . .

Clearly, we must keep working at this . . . We can't afford to fly blind — and neither can you. . .FTA has become much more sophisticated about risk. . . but the federal role has limits. . . .

That's why transit agencies must look to public-private partnerships as a means of shifting project risk away from the public sector -- while tapping into alternative financing.

We need to do a better job of leveraging our public funds and taking advantage of the upwards of $400 billion in capital the private sector has available to invest in infrastructure.

Pilot public-private partnerships have been established to fund transit projects in a couple of cities, including Oakland -- and we hope to see this idea catch fire.

There's much we can learn about this from Europe. . .

For example, London refinanced the northern extension of the Underground -- a $1.2 billion project -- through a public-private partnership . . . Italy and Belgium have also funded major rail projects this way. . .

This is the wave of the future. We simply cannot continue to do business as usual in the U.S. . .

We cannot expect fuel taxes and earmarks to keep up with the mounting costs of new rail construction and the recapitalization of aging assets. . .

I’ve often said that transportation is the circulatory system of our economy. We cannot afford to let it fail -- and we should not settle for a public rail system that is second-best behind other nations.

Now more than ever, we need leaders willing to make tough and courageous decisions about what it will really take to build and sustain a world-class transportation infrastructure, to keep our economy moving.

We need market-based solutions as well as government leadership.

And we need a mindset that is receptive to new ways of paying for -- and using -- our transportation networks.

So let us all pledge that we’re going to work together -- government, transit agencies, private partners -- to find ways to make our rail systems better. . . make them sustainable. . . and ensure that we can deliver to Americans the affordable mobility they need and deserve.

I want to leave you a wonderful and inspiring Greek proverb:

A society grows great when old men plant trees whose shade they know they shall never sit in.

I truly believe that all the hard work we’re doing today to make America’s transportation infrastructure great, will pay off for our children, our grandchildren, and future generations.

Thank you.

Sacramento Metro Chamber of Commerce - Sacramento, CA

06-03-08

Remarks for James S. Simpson, Administrator, Federal Transit Administration

On behalf of President Bush and Transportation Secretary Mary Peters, I'm delighted to be here with you to discuss the business case for investing in public transportation – and to lay out some of the challenges we must address to move our country forward.

I'm impressed by the fact that the Sacramento Regional Transit District is home to one of the older light rail systems – from 1987.

It's clearly helped to transform downtown Sacramento into a vibrant, walkable city.

And progress on the transit front continues. We at FTA are pleased to see the progress made on the highest priority transit project in the region -- the South Corridor Light Rail on its proposed South Line extension. This project is now in Preliminary Engineering under our New Starts program.

Here in Sacramento, and around the country, times are really changing...

For decades, transit took a back seat to driving and the "open road"...

Today transit is central to relieving traffic congestion...spurring economic development...enabling "smart growth"...and offering alternatives to gas-guzzling automobiles.

The "value proposition" for transit has never been greater...

Ridership is at its highest level since late 1950s – with over 10 billion trips taken in the U.S. last year.

Every $1 invested in public transportation projects generates $6 in local economic activity.

And transit saves the nation almost 4 million gallons of gasoline a day and drastically reduces carbon dioxide emissions.

Increasingly, transit is seen as a bona fide amenity in fast-growing regions. New or extended light rail systems recently opened in Charlotte, Salt Lake, Denver, San Diego. Phoenix light rail line opens later this year. Norfolk light rail under construction.

The bottom line is that transit improves mobility for our nation and serves the needs of Americans from many walks of life – from those living in densely populated urban areas, to the elderly, rural, and low-income families living in small towns everywhere.

Transit also helps to drive our economy. In fact, momentum is building for transit-oriented real estate development around the nation -- there's a "ripple effect" at work. . .By 2030, demand for housing near transit is expected to increase to 16 million households. Affordable housing near transit increases access to jobs, education.

In California alone, there are more than 20 successful transit-oriented development projects under way. We need look no farther than the Downtown Plaza here in Sacramento's central business district – a successful retail and business sector built around light rail has replaced a once-crime-ridden area.

We're making progress on several fronts...but it's not nearly enough to get us where we need to go -- and keep our economy moving forward...

Let me tell you about the wake-up call I've gotten over the last month...

I recently returned from extended travel in Europe, including London and Athens...

You can really see how our infrastructure, here in the U.S., is falling behind, by comparison...There's an express train that takes you from the Athens airport into the central business district. It's smooth, fast, and efficient.

Unfortunately, that experience does not compare favorably to a long, bumpy, traffic-filled ride out to Kennedy Airport in New York -- or to the experience of navigating Penn Station.

While I was in Europe, I couldn't shake the feeling that I was gazing in a crystal ball while I was there...looking into America's future...

Gas prices top $8.20 a gallon throughout Europe...people are cutting expenses to the bone...driving small cars...and using public transit as much as possible...

In Germany—Europe's largest economy—the Federation of German Consumer Organizations is lobbying government to invest 5 billion euros ($10 billion) in public transportation.

Countries are arguing over whether to cap the fuel sales tax. France says yes; Britain says no.

"Dealing with the issue through taxes is not the solution," says the German Federation energy director.

Here in the United States, we've got to recognize that we're headed down the same path as Europe. . . and the day of reckoning is upon us. .

We’ve reached a critical juncture -- a tipping point, if you will. Surging gas prices, traffic gridlock, and environmental concerns are encouraging more and more people to look to transit as an affordable, reliable means of travel – right here at home.

In fact, driving in the U.S. actually declined by 4 percent in March 2008 over the same month last year. . .

But we’re not fully prepared to handle a new paradigm -- one where far more people use public transportation to get around, and people drive around much less. . .

We’ve got deep structural challenges that we must confront on every level – federal, state, and local -- if we’re going to build a 21st century transportation infrastructure in this country.

We face a projected $3 billion shortfall in the Highway Trust Fund account -- our principle mechanism for generating funding for transportation and transit projects. . .

Many people advocate for a big gas-tax hike. . . but this is not a panacea. . .

As gas prices go up, people drive less -- and they drive more fuel-efficient cars. . .

So there are incentives working against generating more revenue through fuel taxes. . . .

In any case, even if we were to boost the fuel tax in the U.S., we’d be raising it on the current 18.5-cent level. Even a sizable increase would not approach the roughly $4 tax equivalent that’s levied on fuel in most of Europe – much of which is re-invested in transportation and infrastructure growth.

We also have to manage our transportation assets better. . . Many bridges, tunnels, roads, not in a state of good repair. . . The U.S. faces at least a $170 billion annual funding gap on infrastructure needs.

We absolutely must recognize that attaining – and maintaining – a state of good repair is critical for transit industry, especially as ridership grows.

We’ve commissioned research recently that indicates that roughly one-third of the 15 top transit agencies’ heavy rail and bus assets are rated in substandard or poor condition.

Heavy rail assets (this includes subways) worth about $30 billion should be replaced immediately.

Roughly $39 billion is required to bring the top agencies’ assets to a state of good repair. This includes $8.8 billion in deferred rehabilitations for older subway stations and tunnels.

And over a 20-year period, rough $7 billion needs to be invested annually to both eliminate the backlog and achieve a state of good repair.

We must ensure that both our aging legacy rail and bus systems. . . and all the new light rail, rapid bus, and other assets going into operation. . . can be well cared for. . . and that we can afford to retool, repair, and upgrade them on a regular basis.

It is simply not good policy for the federal government, or anyone else, to make significant investments in new transit capacity if there is no assurance that these assets can be well-maintained over the long haul.

Let me give you a prime example.

FTA recently approved entry into the Final Design phase of a proposed 23-mile extension of the D.C. Metro out to Dulles Airport in Northern Virginia. This would enlarge the whole system by more than 20 percent.

But Metro’s operator, WMATA, faces a $500 million shortfall in the funds needed to make immediate, system-wide repairs on the current legacy system . . . .

Where will the money come from to pay for infrastructure maintenance. . . and for new capacity in all our transportation and transit systems?

We need all of you -- the business community -- to become part of the solution.

We need to do a better job of leveraging our public funds and taking advantage of the upwards of $400 billion in capital the private sector has available to invest in infrastructure.

One of the most promising tools is public-private partnerships. . . They’ve worked well in the highway sector. . . Now we’re advocating this model for building and operating transit systems around the country.

Pilot public-private partnerships have been established to fund transit projects in a couple of cities, including Oakland -- and we hope to see this idea catch fire.

Transit agencies, in particular, must look to public-private partnerships as a means of shifting project risk away from the public sector -- while tapping into alternative financing.

There’s much we can learn about this from Europe. . .

For example, London refinanced the northern extension of the Underground -- a $1.2 billion project -- through a public-private partnership . . . Italy and Belgium have also funded major rail projects this way. . .

While not perfect, public-private partnerships reflect the fact that we simply cannot continue to do business as usual in the U.S. . .

This is the wave of the future. . .and we need businesses to take a hard look at the PPP models that are out there. . .

We also must find creative ways to finance new infrastructure. That’s why we need to bring congestion road pricing into the mix. . .

While this remains a controversial idea, there’s no getting around the fact that American motorists have never been asked to contribute to the true costs of maintaining our roadways and other transportation infrastructure.

Implementing new high-speed toll lanes and road pricing plans that ask drivers to pay more during the busiest times of day should be part of a sensible strategy for financing the future of public transportation.

This is exactly the right moment for everyone who has the power to affect the transit industry -- local operators, state and local governments, Congress, and us FTA -- to take stock of where we are, and where we need to go -- financially, operationally, environmentally, politically, and economically.

I’ve often said that transportation is the circulatory system of our economy. We cannot afford to let it fail -- and we should not settle for a public rail system that is second-best behind other nations.

Now more than ever, we need leaders willing to make tough and courageous decisions about what it will really take to build and sustain a world-class transportation infrastructure, to keep our economy moving.

We need market-based solutions as well as government leadership.

And we need a mindset that is receptive to new ways of paying for -- and using -- our transportation networks.

So let us all pledge that we’re going to work together to find ways to make our rail and bus systems better, make them sustainable, and ensure that we can deliver to Americans the affordable mobility they need and deserve.

In closing, I want to congratulate the business leadership here in Sacramento for supporting the region’s vision on transit. . . and I want to leave you with a wonderful and inspiring Greek proverb:

A society grows great when old men plant trees whose shade they know they shall never sit in.

I truly believe that all the hard work we’re doing today to make America’s transportation infrastructure great, will pay off for our children, our grandchildren, and future generations.

Thank you.

Federal Interagency Transportation Council on Access and Mobility

06-19-08

Remarks for James S. Simpson, Administrator, Federal Transit Administration, Washington, DC

On behalf of President Bush and Transportation Secretary Mary Peters, I am delighted to be here with all the members and representatives of the Federal Interagency Council on Access and Mobility.

I know Secretary Peters is very proud to serve as the chair of this Council, and I am honored to take her place today. Back in February 2004, President Bush signed the Executive Order that set the Council and its mission in motion. Since then, Council members and representatives from many different federal agencies have worked together to become true champions of America’s most vulnerable citizens.

As the British philosopher John Stuart Mill once said, “Cooperation, like other difficult things, can be learned only by practice.”

I want to thank all the co-chairs and participants who serve on the Council’s working groups for their dedication to enhancing mobility options for America’s seniors, people with disabilities, and low-income families.

Thanks to our collective efforts, these populations have greater access to public transportation services that take them where they need to go -- to the doctor’s or the dentist’s office, the senior center, the supermarket, or school.

By helping these citizens to remain mobile, we have also helped them to remain independent, to maintain dignity in the face of hardship, and to participate in the daily activities and routines that make life meaningful.

Our work has helped to transform transportation from an obstacle, into an opportunity.

Today, the “United We Ride” logo is a widely recognized and respected symbol of mobility throughout the nation.

Let us take a few moments to celebrate the Council’s accomplishments over the last four years.

I am proud of how far we have come in fostering cooperation and leadership at both the state and local levels.

Forty-two states now have coordinated leadership plans for integrating transportation and social service needs in major urban areas.

What’s more, many states have shown their commitment to this concept, by codifying transportation coordination in state laws.

Meanwhile, at the local level, the local organizations our agencies fund, whose missions range from Medicaid, to aging, to workforce training, are also working on ways to improve citizens’ access to critical transportation and social services, in new public transit human service transportation plans called for by this Council.

I’m also struck by the wisdom of adopting a vehicle sharing policy that puts people first -- a policy that goes a long way to avoid the “stovepipe” mentality that sometimes limits government’s effectiveness.

I’m referring to the agreements now in place that allow different federally funded providers to offer transport services to customers of other programs.

This way, if there’s room on an Administration on Aging van for a Medicaid client, he or she can simply hop aboard.

Makes sense, doesn’t it?

That’s what this is all about -- working together to find the best solutions for our citizens, who are far more interested in know that help is available, than in who provides it.

I think we can also be proud of the good progress that the Council has made on other fronts. We’re working with OMB on principles for cost-sharing among agencies that want to work together on coordinated services, developing performance measures to help communities measure progress, and providing technical assistance to local communities.

We’ve reached out around the nation to human service, workforce, health care, and educational professionals, to help them help their customers develop individual transportation plans.

And we’ve launched a national demonstration project using the Department of Transportation Intelligent Transportation Systems technology, or ITS, to create a one-stop source for customer information on transportation. One call does it all, as the saying goes.

And finally, one other significant accomplishment that bears mentioning is the creation of “mobility managers” -- community-based travel coordinators who know how to get things done at the local level. It’s so important that we build leadership for coordinating services from the ground-up -- within each community we serve.

As we look back over the last four years, I think we ought to be proud of the difference we have made in the lives of so many people who are working hard every day to overcome a daunting array of medical, financial, and social challenges.

I know it has not always been easy for our various agencies to reach consensus on the issues and challenges before us. But I think we have succeeded in recognizing that the Americans who depend on us the most, have much to gain from our ability to find common ground -- and to act for the common good.

There is ample evidence to show that we have done that, and Secretary Peters and I are confident that all of us on the Council will continue to find ways to enhance mobility options for the populations we serve.

And now, on behalf of Secretary Peters and the Council, I'd like to present several United We Ride recognition awards, in honor of outstanding contributions to the Council's mission.

I'd first like to recognize the U.S. Department of Labor's Office of Disability Employment Policy, or ODEP. Under Secretary Chao's leadership, ODEP co-sponsored a National Summit on Employment and Transportation back in 2002, where it was decided that the White House and other federal agencies ought to work together to promote locally coordinated transportation solutions.

This visionary recommendation ultimately lead to the creation of United We Ride -- and to the inter-agency cooperative efforts that have brought us here today.

ODEP has since followed through on its commitment to the program, contributing not only staff, but also funding. We are very grateful for the Department's $1.3 million contribution over the last three years.

Unfortunately, Secretary Chao could not join us today. Here to accept the United We Ride Recognition Award on behalf of the Department of Labor is Neil Romano, the Department's new Assistant Secretary in charge of ODEP.

Neil, on behalf of the Department of Transportation, Council members, and the American people who rely on the services we help to provide, we thank you for your Department's leadership and dedication in the field of transportation coordination.

Next I'd like to recognize Josefina Carbonell, Assistant Secretary with the Department of Aging. Secretary Carbonell has been an early and enthusiastic advocate for transportation coordination, and a tireless supporter of a cause she holds dear -- increasing the mobility of seniors across America.

Secretary Carbonell worked hard to ensure that the 2006 reauthorization of the Older Americans Act included a provision directing local service providers for the elderly to coordinate their transportation services.

Under her leadership, senior service networks around the country have had the communications tools and information they require to develop and deliver successfully coordinated transportation services for older adults.

The creation of the Eldercare Locator Program has been particularly useful in helping local communities to identify transportation needs for the elderly -- and enhance the options available to them.

Secretary Carbonell has also been a valuable member of the Council’s HHS transportation working group, and has served as a federal liaison to the United We Ride Mobility Services for All American initiative.

Secretary Carbonell: For your dedication, enthusiasm, and problem-solving abilities, and for all that you have achieved on behalf of seniors everywhere, we are pleased to present you with this United We Ride Recognition Award.

You know, every organization is only as strong and successful as its core staff.

The Council on Access and Mobility is no exception.

I’m so pleased to recognize today two outstanding individuals who have helped to make the Council a success.

While both individuals have since left the Council to take on exciting new challenges, we cannot let them slip away without acknowledging their contributions.

Bryna Helfer earned a reputation as one of the best networkers ever. She served as a de facto staff director for the United We Ride initiative, and was responsible for directing many of the Council’s outreach efforts. Her energy and commitment are legendary. Bryna, on behalf of Secretary Peters and the Council, we are so grateful for acting as the “glue” that held things together, and for all that you have done over the years.

Mary Leary came to us from the private sector and academia. We’ve benefited tremendously from her expertise and experience, which lead to the creation of many of the tools developed to help local service agencies coordinate transportation services.

Mary brought an invaluable perspective focused on results -- and on ensuring that the Council earned a return on its investments. Bryna and Mary: Please accept these United We Ride Recognition Awards on our behalf.

Thank you so much for all you have done.

We all wish you much luck in your future endeavors.

Transit Safety & Security Chiefs Roundtable - New York

07-29-08

Remarks: James S. Simpson, Federal Transit Administration

On behalf of President Bush and Transportation Secretary Mary Peters, I am pleased to join you today to discuss matters that require us to make the most important decisions in the world -- decisions that empower us to preserve and protect lives that may be endangered. . . whether by a terrorist attack, an accidental train derailment, or a natural disaster, such as a hurricane.

FTA is proud to be a co-sponsor of this timely event, along with the Transportation Security Administration and the Federal Emergency Management Agency.

A collaborative mindset is essential, in this business. That's why I'm pleased to welcome our international participants here today. . .

Many of you are here to share the lessons you've learned the hard way about best practices in transportation security.

Thank you for joining us, and I hope you enjoy the value of the U.S. dollar while you're here.

Seriously, we have much to learn from each other -- and we all need to be open to new ideas, and new ways of tackling these challenges.

One of the key themes of this roundtable -- encouraging a coordinated regional response to security – reflects the importance of collaboration and cooperation at all levels of government, law enforcement, and the private sector.

I would like to begin this morning with some thoughts about the nation's current state of affairs.

I think it's fair to say that many of us here in the U.S. are quite concerned about recent economic trends.

Some of us may even be operating in a crisis mode -- or something close to it.

We see our economy weakening, in certain sectors. We see record-breaking fuel prices affecting nearly all segments of society, and driving up consumer prices.

And in the transportation industry, it's not just fuel prices, but also the escalating price of commodities, like aluminum and concrete, combined with limited contractor availability,   that are making it difficult to keep large-scale projects on time and on budget.

Nowhere are these trends felt more keenly than in public transit.

I know your agencies are working very hard right now to balance surging levels of ridership against rising fuel costs. . . squeeze as much as you can from very tight operating budgets. . . and still maintain your capital programs.

As the ancient Chinese used to say, “May you live in interesting times.”

They meant it as a curse.

Now, where do safety and security fit into this rather bleak scenario I’ve described?

When we’re in crisis mode, we tend to get very short-sighted. . . . We fight fires. . . We look for the quick fixes. . . And we sometimes postpone dealing with the big challenges looming on the horizon, because we’ve still got to get through tomorrow!

It’s only human nature. . . . We’ve all been there. . . . I’m certainly not blaming anyone.

But safety and security never take a holiday.

And we can never allow them to become back-burner issues.

We cannot lose sight of what it means -- and what it really takes -- to keep our transit systems operating safely. . .

We must develop a secure environment that’s focused on preventing disasters. . . while also preparing to respond to any type of emergency.

I think it’s fair to say that we, and others, were galvanized by the terrorist attacks in 2001, and by the devastating impact the Gulf Coast hurricanes had on parts of our transportation infrastructure in 2004 -- and the more recent floods in the Midwest as well.

It may be harder, however, to sustain a sense of urgency when immediate threats have been removed.

And yet we need to retain that sense of urgency, going forward.

Safety and security require committed strategic and tactical leadership over time. . . dedicated resources. . . and a commitment to implementing best practices.

FTA has pledged to stay on top of these issues -- and to support the public transit industry’s ability to do so as well.

Let me share with you how we plan to do that.

As everyone here knows, the months following the terrorist attacks on 9/11 triggered a sea change for emergency preparedness, response, and security.

I won't re-visit all of the efforts that FTA participated in at that time. . . working closely with the newly established TSA, FEMA, the American Public Transportation Association, local transit agencies, and other stakeholders.

Suffice it to say, FTA became deeply involved in developing new security standards for transit agencies, conducting risk and readiness assessments and on-site technical assistance, reviewing infrastructure protection, fostering new emergency preparedness procedures, and providing grant money for emergency drills.

We have also provided training to our grantees and the transit community at large.

Now it is time to find a new way forward, building on this baseline. FTA's new five-year strategic plan will ensure that safety, security, and emergency management at FTA are guided by a clear vision, goals, and a strategy that reflects a comprehensive, all-hazards approach to crisis management -- encompassing prevention, protection, response, and recovery.

In keeping with the all-hazards approach, we will integrate safety, security, and emergency management functions where it makes sense to do so.

This integration will involve our core programs and activities, ranging from data-driven analysis to the design of transit facilities and vehicles.

We will not, however, sacrifice our attention to specific issues that deserve attention. . . . including safety issues such as drug and alcohol awareness, and security issues like crime prevention.

I am confident that this plan will provide us with the guidance and focus we need to strengthen security among public transit agencies. . .

And this plan will help to protect our nation's public transportation infrastructure -- even in the absence of an imminent threat.

Now, speaking of threats. . . any time a transit worker's or a passenger's safety is threatened or compromised, we must look closely at the underlying causes – and then act swiftly to fix it.

When it comes to safety, there are no band-aids, only cures.

FTA is fully committed to enhancing safety throughout the transit industry.

We're taking the lead on several initiatives that will promote a safety-first culture and help raise awareness.

For example, in response to concerns raised by the National Transportation Safety Board about the state of rail transit safety, we recently convened a summit of transit general managers and safety officers. This put this issue on the front burner. . . and allowed us to take a hard look at the problem. . . and come up with some guiding principles.

For example. . . We must not forget that

- safety begins at the top of the organization. . . .
- open communications are essential to building a good safety climate. . . and
- safety outcomes must be measured and monitored. . .

In addition, we're developing pilot training courses to address key safety trends, such as track inspection. . . We plan to run these session at four heavy rail agencies in the near future.

We're also developing a range of educational, training, and technical assistance materials that will be widely disseminated throughout the industry. . .

Also in the works is a track worker protection training video, and further research on public transportation safety, security, and emergency management.

I think it's important for us to take to heart something the well-respected veteran and firearms expert, Jeff Cooper, once said:

"Safety is something that happens between your ears, not something you hold in your hands."

Now, what does the future hold?

As some of you know, Congress will pass a new authorization legislation for the Department of Transportation's surface transportation programs within the next few years.

As we prepare for the authorization process, we must present a coherent vision for ensuring that our federally funded transportation systems are both safe and secure – for employees and passengers alike -- and that we are ready to deal with virtually any emergency that may come our way.

I am confident that by working closely with other federal agencies. . . state and local governments. . . advocacy groups. . . and our international counterparts. . . FTA will be able to make a compelling case to Congress for the resources and regulatory framework to help us continue this journey.

I urge each of you here today never to lose sight of that fact that no transportation system can ultimately be considered a success, if the best safety and security measures are not "baked in."

So let us all pledge that we're going to work together to find ways to make our transit systems the safest they can be. . . to find ways to keep our infrastructure in a state of good repair. . .and to give the American people the world-class transportation networks they deserve.

In closing, I believe we need a world-class transportation infrastructure in this country. . . We cannot afford to let it fail. . . and we should not be second-best behind other nations.

Let's have the political courage and leadership to make the investments we need now, for the future we want tomorrow:

"A society grows great when old men plant trees whose shade they know they shall never sit in."

Thank you.

11th Annual Transportation Summit - Irving, TX

08-13-08

Remarks for James S. Simpson, Federal Transit Administration

On behalf of President Bush and Transportation Secretary Mary Peters, I want to thank the City of Irving for hosting this conference.

As always, this is an impressive audience – and an impressive and substantive program. Very timely, too...

This is our moment to decide how we want to address the consequences of the sweeping challenges confronting the United States...

Challenges that are forcing us to think differently about how the United States can ensure a bright future, and ample opportunities, for its citizens today and in the future, while maintaining its position as both a world leader and a market leader...

Challenges that strike at the very core of who we are, as a nation, and what we’re all about.

Most of us did not predict, five years ago, that our domestic airline and auto industries would face extremely serious challenges to their core business models in 2008 -- triggering massive layoffs and cutbacks.

We did not expect that a nation of drivers would suddenly flock to public transit in record numbers, crowding bus and rail stations as never before...

And we were not prepared for the revenues we derive from the Highway Trust Fund -- a 50-year old tax on fuel that keeps money flowing for essential highway, bridge, tunnel, and transit projects -- to decline more steeply than expected, as Americans began driving less and conserving fuel.

Secretary Peters and the DOT leadership have come forward with a set of bold proposals to address these challenges -- and ensure that we begin doing things differently when it comes to funding and building the critical transportation systems we need.

If we have learned anything from the current fuel crisis, it is that transportation is indeed the circulatory system of our economy.

More than that, transportation means mobility -- and mobility keeps America’s workers and goods flowing swiftly and efficiently.

Mobility, in turn, means freedom -- and perhaps we have taken it too much for granted recently.

A few months ago, I met a golf caddy in a rural New Jersey suburb that routinely walks two miles to get to the nearest commuter rail station, where he is joined by a couple dozen other service workers, who commute more than 100 miles.

Access to transit is vital to the economic welfare of millions of Americans like this hard-working caddy...

Mobility offers them the freedom to go out and earn a decent living for their families...and freedom to make choices about where to live and work.

Mobility also means freedom from chronic congestion when we drive or fly -- freedom from hours wasted sitting in traffic, in airports, or on runways...taking us away from our families, and costing companies billions in lost time and fuel.

Mobility is the currency of transportation -- and we are in danger of devaluing this currency.

Consider this:

A few months ago, a 90-year old drawbridge over a river in eastern Connecticut was slated for replacement by Amtrak. The work on this old bridge, which was carrying 36 trains a day, had been put off for years and years because Amtrak didn't have the $83 million needed to replace it. . . I'm not criticizing Amtrak...The bridge has been safely rebuilt...But keeping up with needed repairs remains chronically difficult, and that's simply a fact.

In New York City, a $500 million plan to remake the aging Penn Station is in disarray because public and private interests cannot resolve their differences over money and control. This is one of the busiest surface transportation hubs in the United States – and we can't figure out how to modernize it, on a par with St. Pancras Station in London, for example.

In Boston, Charlotte, Denver, Washington, D.C., and elsewhere, public transit agencies are scrambling to meet rising demand for bus and rail service – but many agencies lack the capital, the equipment and the staff to boost service at a time when it is critically needed.

In New York City -- the busiest transit market in the country – the MTA faces a $900 million shortfall due to the cost of fuel, falling tax revenues, and debt...And nobody knows how they'll close the gap.

Is this the way we want to do business in this country?

I don't think so.

These trends are unacceptable in the wealthiest nation on earth...A nation that built the world's first and most extensive interstate highway system, and powerful commercial seaports…A nation that sent a man to the moon…and harnessed atomic energy.

We have always been a can-do nation, and we must remain so.

As Ralph Waldo Emerson said back in 1844:
“America is the country of the future. It is a country of beginnings, of projects, of vast designs and expectations.”

Our multi-modal transportation infrastructure is one of our most critical assets – today and for the future.

We have every reason in the world to want to protect it, invest in it, upgrade it, and pass it on to our children and grandchildren – and leave it in better shape than we found it.

This means we must be willing to do things differently – in some cases, much differently.

You know the definition of insanity, right?

It’s doing the same thing over and over again, but expecting a different result.

Secretary Peters has put forward a new, a different, and a better approach.

Much of what seemed to work for us in the 20th century, is not going to work in the 21st.

For example, in our most congested urban corridors, driving now makes the least sense in terms of cost, efficiency, and energy conservation – yet driving in these areas is still our default mode of travel.

What’s more, from a wear-and-tear perspective, the cost of driving is higher than ever -- not just because of fuel prices, but because the price tag to maintain and repair our roadways, bridges, and tunnels has been rising as the cost of commodities like cement and aluminum soar.

Yet consumers, who generally perceive our highways as “free,” have traditionally not been asked to share in their true costs -- to pay for usage.

If Disneyworld were suddenly to offer free admission to everyone, it would become impossible to get in. The whole park would break down…

We may indeed equate mobility with freedom -- but we should stop equating access to the assets that keep us mobile, with a free ride.

In rural areas, where people tend to drive less fuel-efficient vehicles, and where transit alternatives are sometimes scarce or non-existent, people are at risk of losing access altogether to the jobs and services they need.

Where is Plan B for these folks?

My agency, the Federal Transit Administration, has worked hard to increase transit options in rural communities – and we've done a great job. But let's be honest: In light of what's going on today, new ideas and additional resources will be needed to ensure that folks who live in these areas can connect to the transportation services they need.

The point I'm making here is that, without a doubt, our federal approach to transportation is broken. And no amount of tweaking, adjusting or adding new layers on top will make things better.

We cannot stay the course.

We need to realize that the way to solve our transportation challenges is not to favor one mode over another...

Instead, we should think in terms of the most effective way to move people and goods -- and then allocate resources accordingly.

Let's build the infrastructure we need – and stop settling for the infrastructure we have.

Suppose Amtrak were to operate a few extra cars on its trains in the busy Northeast Corridor...

That extra capacity could potentially replace dozens of airline flights a day between Washington and Boston, which would go a long way to relieve the air traffic plaguing that corridor.

Robert Crandall, the former chairman of American Airlines, once suggested something along these lines...Here you had an airline executive, telling people that we could relieve airport congestion by adding more rail capacity...

That's putting “people” ahead of “mode,” and it's the way we've all got to begin thinking – in government and the private sector.

We also need to think differently about how we finance our transportation infrastructure.

I believe if we can show commuters there's a better way to fund transportation projects ... then they'll believe again.

The Highway Trust Fund will run more than a $3 billion deficit by next year, and the mass transit portion of that account will also run out of money in the near future. Congress is working on a short-term fix -- but that's no substitute for a well reasoned policy.

Now, many people have made a case for raising fuel taxes to sweeten the pot for transportation projects. But raising the fuel tax is not an automatic fix...

Regardless of the level of the fuel tax, just because we have long relied on it as our primary federal funding mechanism for transportation, does not necessarily mean we ought to continue to do so.

First, it's not a guaranteed solution to our problems. Over the past 25 years, we’ve increased highway funding 100 percent -- thanks in large part to fuel tax increases -- yet congestion has increased 300 percent.

Second, the way this antiquated tax is structured no longer makes much sense...

These days, it's probably not a good idea to predicate a tax on people’s behavior – because behavior changes.

The less people smoke, the less excise revenue we collect on every pack of cigarettes.

Similarly, the less gasoline people consume, the less goes into the Highway Trust Fund...In May alone, Americans drove 3.7 percent fewer miles than a year earlier: We cannot count on this methodology to fund future transportation growth.

Clearly, we need a better way...

The federal government ought to be in the business of encouraging new investments in transportation – not replacing them.

Congressional earmarks undermine the effective and efficient use of federal funds…

And we cannot expect federal fuel taxes to keep up with the mounting costs of new transportation construction and the recapitalization of aging assets.

Nor is it realistic to ask the states to shoulder the burden, or the risk. As the Wall Street Journal reported a few weeks ago, the states are collectively facing a $40 billion shortfall in the coming fiscal year.

As the Brookings Institution recently noted – and we at DOT heartily agree – our federal surface transportation program, with roots in the 1950s, is woefully out of date.

That's why we need to embrace a new paradigm in transportation financing and construction, so that we can better manage our freeways, freight corridors, and transit systems – and build new, ambitious projects that will enhance our connectivity and our mobility.

We should empower states to partner productively with the private sector -- to leverage the resources, expertise, and efficiency of private contractors and operators, which in turn can benefit by working toward the public good.

Done right, we believe that public-private partnerships in transportation will help reduce project costs, improve efficiency and delivery, bring new technology to the table, and supplement our very limited public sources of funding with private equity and debt.

We know this works, because we've seen the results.

In Denver, for example, a $1.7 billion multi-modal project added miles of new light rail service and improved highways, and was completed under budget and two years ahead of schedule.

How did that happen?

Colorado's state and regional transportation authorities engaged a private consortium to design and build almost every element in the project...

We have high hopes for dozens of such projects across the country – including one in Houston, where the public transit authority is negotiating with a large private firm to design, build, operate, maintain, and finance four light rail lines.

The Houston project is one of several pilot public-private partnerships involving federally funded transit projects, where FTA is backing this approach.

Public-private partnerships are a win-win for taxpayers, the private sector, and government -- and we believe they are the wave of the future.

If you're skeptical, hop over to Europe, where England, France, Italy, Belgium, Greece, and other countries have been doing procurements this way for years.

In fact, France is planning to build three new high-speed rail lines concurrently – linking Paris to two major cities plus the Charles de Gaulle Airport – using PPP models...I don't believe there's any other way to realize such a complex, ambitious set of projects.

We also need to find the political courage to introduce direct pricing options -- like high-speed electronic tolling on our busiest roadways, and congestion pricing in dense urban corridors.

This idea remains controversial -- and yet the public increasingly agrees that they should pay to use local roads during peak periods. In fact, San Francisco recently approved a plan to toll commuters on the area's busiest highways, during the busiest hours of the day.

This is in fact a far more rational approach to building and maintaining a viable transportation infrastructure than the system we've got now...

It acknowledges the real costs of roadway usage...offers incentives to drivers to modify their behavior to reduce the burden on the system...and raises new revenues for transportation and transit projects.

A growing number of state leaders have already embraced innovative approaches to help them secure financing for transportation.

Pennsylvania and Florida, for example, are actively pursuing long-term private-sector leases on state highways and toll roads -- a move that could throw off hundreds of millions of dollars annually, for much-needed transportation projects.

These ideas, and more, are needed to help us move our national conversation about transportation forward. In the coming months, Congress will consider new legislation authorizing our federally funded surface transportation programs.

Under Secretary Peters' leadership, the Department of Transportation is committed to giving Congress a plan that promises to refocus, reform, and renew our approach to the nation's highway and transit systems.

In this plan, we should begin to wean ourselves off of the gas tax -- and our nation's dependence on 700 billion dollars worth of imported oil each year...

We should make it easier for state and local officials to make investments based on what works – and what gets people where they need to be...

We also should hold transit and highway investments to rigorous cost-benefit analysis...make it easier and quicker to get transit projects off the drawing board. . . and encourage more options for financing transit projects.

Now after all I've said, I don't want to leave you with the impression that the federal government is abdicating its responsibility or its interest in our national transportation infrastructure.

Far from it.

Now more than ever, we need strong, innovative federal leadership.

We need leaders willing to make tough and courageous decisions about what it will really take to build and sustain a world-class transportation infrastructure, to keep our economy moving.

We need to restore faith in our government's ability to foster a vision for our future -- and to recognize that we are all going to sink or swim together.

Above all, our federal government ought to be an effective champion for a revitalized transportation infrastructure in this country.

You know, the European Economic Community does this very well...The 11 member countries recognize that they have a shared interest – a super-national interest, if you will -- in transportation systems that cross boundaries and borders...They fund transportation projects competitively.

Athens has a spectacular subway system that was built in this way -- it provides a rail link to the airport, and the stations are filled with stunning antiquities...

Neither the city, nor Greece, could have afforded this system alone, without access to the EEC's resources.

This is a case where the whole is greater than the sum of the parts.

And it's a symbol of what we must achieve here in the U.S.

We cannot compete globally without a world-class infrastructure...and we should never settle for transportation networks that are second-best behind other nations.

The Secretary's proposal for re-inventing our federal surface transportation programs sets out to ensure that we develop and maintain world-class transportation networks.

So let us all pledge that we're going to work together -- government, private partners, and public transportation providers -- to find ways to make our national transportation infrastructure better....make it sustainable...and keep America moving.

I want to leave you a wonderful and inspiring Greek proverb:
A society grows great when old men plant trees, whose shade they know they shall never sit in. Let us work together to leave a legacy for our children and grandchildren that will remind them of the founding principles of our nation -- life, liberty, the pursuit of happiness – and, I would add, access to the best transportation systems in the world.

Thank you.

APTA Annual Remarks - San Diego, CA

10-06-08

Remarks for James S. Simpson, Administrator, Federal Transit Administration

On behalf of President Bush and Transportation Secretary Mary Peters, I'm delighted to come before the APTA membership once more, to discuss the opportunities and challenges that lie ahead for transit – and to offer a vision of the federal role going forward.

It has been a privilege and an honor to work with this organization, and I greatly appreciate your dedication to serving the American public.

I especially wish to thank Bill Millar for his leadership, the APTA Executive Committee, the APTA Board of Governors, and all APTA members for your great work, and for keeping FTA on its toes.

I also want to thank Harry Mathis and Paul Jablonsky of the San Diego Metro Transit System for their outstanding work to make this beautiful city a truly mobile one, through transit.

As Charles Dickens famously wrote: "It was the best of times, it was the worst of times":

Our industry is now front-page news on a regular basis. Ridership is at its highest level in 50 years – up 11% in July 2008 over the prior year.

And transit is on the Congressional radar.

And yet, the richest nation on Earth can't find the capital to fix a transportation infrastructure that's increasingly outmoded and in disrepair!

APTA's own headline tells the story:

"With Rail Leading, America's Transit Ridership Soars – But After Years of Underfunding, Agencies Plunge Into Crisis"

Years of disinvestment in transportation infrastructure are evident. Roughly $65 billion is needed to bring all of the nation's bridges into a state of good repair. And we've identified a $30 billion reinvestment backlog among transit agencies.

I recently toured a substation that's part of Philadelphia's SEPTA transit system. . . This substation is actually eligible for the National Register of Historic Places – and its original components are still in operation. Many of the substation's control boards and breaker systems date from 1930 – and there are no spare parts to be had.

Philadelphia offers a fantastic and convenient commuter hub network -- but the opportunity to capitalize on this configuration and bring these assets into the modern age is unrealized.

Now, public transportation in Europe and Asia is by no means perfect – but there is much we can learn from what's taking place.

Massive EU, European Economic Community (EEC) investments in transportation are being made – resulting in efficient high-speed rail connecting major cities and airports.

In England, for example, the 16 billion pound Crossrail project, to which the government is contributing roughly a third of the cost, links major urban transit hubs. . . . This project is considered the key to the next 20 years of economic development of London.

In Poland – a country still emerging from the grip of Communism -- there is a plan for about a $14 billion, 500 kilometer high speed rail line from Warsaw, to be funded by domestic, European, and private sources.

And China, as you may know, is investing almost $200 billion in rail infrastructure between now and 2010. This marks the beginning of the largest expansion of railway capacity undertaken anywhere since the 19th century.

It is important to note that emerging economies' share of global output (including China, Brazil, India, etc.) are likely to catch up to the G-7 for the first time in history within 20 years. The U.S. must invest in its infrastructure to remain competitive in this environment.

Indeed, we cannot afford to fail.

Now, the good news is, we are a wealthy nation -- despite the current financial crisis -- and we have the resources we need to do a better job. . .

It's all about our priorities and how we choose to allocate resources.

As journalist Tom Friedman says,

"We are the flood, we are the asteroid. We had better learn how to be the ark."

To address these issues, we need, above all, vision, leadership, and successes we can build on.

Let's talk about what we all need to do to make this happen -- from the federal government to state and local governments, the private sector, and citizens around the country.

The first thing we must do is change the financing paradigm for major transportation projects.

There's an old Pentagon saying:

“A vision without resources is a hallucination.”

Congress recently approved an $8 billion infusion for the federal Highway Trust Fund, which is running a serious deficit. This is only a stop-gap measure, not a solution.

The truth is that the gas-tax revenues that have traditionally funded the Trust Fund will not sustain federal commitments to transportation in the future. The 18.4 cents per gallon that is collected is simply not going to generate sufficient revenue for our purposes.

Even if we indexed gas tax to inflation, we’d be unlikely over the next 15 to 20 years to capture enough revenue as consumption declines and expenses – such as capital construction costs – rise in response to global demand for concrete, aluminum, and other commodities.

And so we must move away from our dependence on gas taxes and develop alternative and sustainable funding sources . . .

How?

By leveraging more private sector resources. . . managing demand for transportation. . . and asking consumers to begin paying for “free” roads.

The U.S. Department of Transportation has laid a number of options on the table, to help us change the financing paradigm. . .

One very promising tool is the public-private partnership, or PPP.

Enrolling private developers and contractors in the design, construction, operation, and maintenance of publicly sponsored transportation projects is a good way to attract private capital and innovation -- and share some of the costs and risks.

PPPs are not a substitute for public investments in infrastructure – but rather an approach to realizing complex projects that federal, state, and local governments may not be equipped to develop on their own.

If PPPs could take up even just 10% of capital costs for transportation, that would make a huge difference -- and allow the federal government, in particular, to focus investments on transportation projects with the greatest regional and national significance.

PPPs work in Europe and they can work here!

For example, the Hudson-Bergen Light Rail system in New Jersey – which may have been the first design/build/operate/maintain PPP contract in the U.S. – is a terrific success. This $570 million project went from construction to revenue operations in 40 months, thanks to a streamlined schedule. . . And the private sector takes on performance and cost risks. Performance incentives were built into the operations and maintenance contract – spurring efficiency and innovation. Altogether, this was a win-win for the citizens of New Jersey and the private operators.

Denver is another example of a successful PPP.

Colorado state and regional transportation authorities engaged a private consortium to design and build almost every highway and transit element in the Denver region's $1.7 billion multi-modal project. It was completed under budget, ahead of schedule.

The value of transit-oriented PPPs is recognized as never before. In fact, Gov. David Paterson of New York recently stated that a major makeover of Penn Station into Moynihan Station would not go forward unless this public-private project coordinated with other major capital transit projects under way in the New York region.

The bottom line is that PPPs are the wave of the future -- and transit agencies need to take advantage of these arrangements.

You know, in times of economic uncertainty and turmoil, it is tempting to circle the wagons and pull up the reins. But when it comes to investing – and reinvesting -- in our transportation infrastructure, I believe we should take a contrarian view.

Now more than ever, we need to explore bold and innovative approaches to financing, constructing, and operating new and expanded transportation systems.

The turmoil in our capital markets presents both a challenge and an opportunity. . .

The challenge, in the short run, is to regain confidence in our finance sector and credit markets. . .

The opportunity is that investments in physical infrastructure offer a very appealing alternative to things like "derivatives," which I don't think many of us understand too well. . .

Infrastructure investments come with a reasonably known set of risks and when structured properly, can offer predictable, long-term returns on investment.

Another tool we should turn to, to change the financing paradigm, is toll-road concessions. These are controversial -- but signs point to success in raising money for state transportation needs.

For example, Indiana's decision to lease its toll road to a private consortium was criticized a few years ago as "giving away the store."

But the state has gotten a $3.8 billion infusion for transportation projects as a result of this deal. . . And Standard and Poor's recently upgraded the state's bond rating to triple-A, saving taxpayers money in the long run.

More of these deals are on the horizon, as states recognize this approach as a legitimate financing tool.

As public transportation professionals, we know the value of achieving a more balanced mix of driving and transit. We need to be proponents of this approach -- and articulate the benefits of road pricing and its demonstrated role in a rational transit strategy.

In addition, we must fight congestion by looking at the demand side of the equation. Congestion pricing and high-speed tolling are reasonable approaches to raising capital to supplement tax revenues – while changing driving behaviors to reduce gridlock.
New York's decision to turn down a congestion pricing plan for Manhattan forfeited upwards of $500 million a year in potential transportation revenues, and more than $400 million from the FTA. And the state is now left with a $1 billion capital shortfall for transportation projects – with no clear source of sustainable funding in sight.

One avenue to consider is to charge for vehicle miles traveled. Oregon has been piloting such a program. Drivers pay a per-mile fee based on-peak/off-peak travel. The result is that 22% of drivers drove less during the most costly peak periods, and 90% said they preferred this approach to an increase in the gas tax. This approach has long-term potential.

I believe this goes to show that citizens do respond to incentives that lead them to act in their own interests – if given a chance to do so.

Including vehicle miles traveled in our mix of transportation policies deserves exploration, though we may not realize the benefits for at least a decade.

Now the second thing we must do to strengthen transportation is to eliminate congressional earmarks for pet projects that may not benefit all that many taxpayers. Transportation earmarks siphon federal funds away from the most meritorious projects.

This is an old battle: Thomas Jefferson warned James Madison in 1796:

Allowing Congress to spend federal money for local projects would set off "a scene of scramble among the members for who can get the most money wasted in their state."

The third thing we must do is subject federally funded transportation projects – regardless of mode -- to a stringent cost-benefit analysis. We must invest in projects with most promising outcomes, and ensure we can get the best bang for the buck to improve mobility.

Now the fourth thing we must do is streamline the federal investment process to give locals more control so they may pursue the right mix of transportation projects.

We recognize that federal programs have become too ‘stovepiped,’ and may, to some degree, be undermining opportunities for strategic innovation. Believe me, we want to encourage our grantees and other stakeholders to think strategically, regionally, and intermodally.

And we want to make it easier for state and local officials to make investments based on what works – and what gets people where they need to be -- regardless of mode.

FTA today has 32 separate programs with annual appropriations. This is overly complex, stretches your resources, and constrains your flexibility.

The fifth thing we must do is call on Congress to include all of these ideas, and much more, in comprehensive new authorizing legislation for federal surface transportation programs, when SAFETEA-LU expires in 2009.

This is all part of a recognition, by us and others, that our current federal surface transportation program, with roots in the 1950s, is woefully out of date.

Reauthorization is clearly an opportunity to start fresh -- and we must seize that opportunity as best we can.

Now I want to talk more specifically about FTA, and some of the successes we have achieved, which makes us a stronger and more responsive agency -- and better prepared than ever to face up to all of today’s challenges.

First and foremost, we see ourselves as part of the solution -- forward-looking, innovative, willing to experiment, and take the right kinds of risks.

I want to leave the agency in better shape than I found it -- and that’s what our leadership team has tried to do.

I believe that FTA is a good steward of taxpayer dollars.

We’re responsive to the nation’s demands for transit projects that improve mobility. For example, our commitment authority for New

Starts discretionary investments is fully leveraged. . . We are overseeing 14 Full Funding Grant Agreements, with 2 additional agreements pending for fiscal 2009.

With these commitments, FTA has approximately $1.1 billion remaining until SAFETEA-LU expires.

We will spend it all -- funding those projects ready to advance first.

I also want to emphasize that FTA supports bus and BRT projects. We’ve provided funding over the last three years to APTA to develop industry-wide standards — including performance, service, safety, and security standards for bus and rail equipment. And we've brought back funding for much-needed bus projects.

We have also committed to new procurement standards to encourage bus manufacturers and ensure quality and consistency.

Another achievement I'm proud of at FTA is our commitment to advanced risk modeling tools to ensure accountability on megaprojects.

Our robust risk management analysis is helping the industry to improve cost and ridership forecasts, and develop better contingencies.

This is an area where we have come a long, long way in the last few years – and our risk analysis methodology has been recognized as one of the best in government.

You simply cannot manage projects well – or assure their completion -- if you cannot manage their costs

We're also improving project forecasting methods. With our assistance, the transit industry's ability to accurately predict ridership is almost twice as good now as in 1990. Our before-and-after data on New Starts projects helps project sponsors make realistic projections about long-term cost and ridership factors.

As a result of these efforts, FTA is better than ever at investing the right amount in the most promising projects – and there are fewer unanticipated surprises.

I also want to mention an area we have worked hard to energize – research. FTA is investing in a research agenda that will lower operating costs for transit and improve functionality for the industry.

I want to highlight one research effort in particular -- our new strategic plan for electric drive technology. This plan will lead to commercially viable transit vehicles with significantly higher efficiencies, lower emissions, and superior performance by 2030.

The effort reflects FTA's commitment to a strategic research agenda that enhances energy storage. . . helps establish all-electric buses. . . and introduces innovative bus design for advanced propulsion.

Now, I mentioned earlier the importance of encouraging public-private partnerships. We believe in encouraging the transit industry to incorporate PPP arrangements whenever and wherever it makes sense to do so.

We're considering various ways to offer incentives to the industry to encourage PPPs. For example, we may decide to exclude the private-sector share from New Starts cost-effectiveness ratings -- a move that may make PPPs highly attractive in some cases.

We have also cosponsored 4 day-long workshops on PPPs – bringing public and private sector leaders together to take a close look at what works, best practices, and considerations for getting started. Additional workshops are planned.

FTA and the DOT also have sponsored PPP demonstration projects in several cities -- and we're watching closely to see how these projects fare, so that we may measure outcomes and help to duplicate successes around the country.

Everything I've mentioned up to now has concerned our efforts to support the transit industry domestically. But we are also very proud of our efforts to reach out globally to other countries where transit networks are emerging as vital to economic and social development.

We don't have all the answers here in the U.S. – and we should reach out to other nations, to analyze how transit works in different environments.

Last year, we signed a Memorandum of Cooperation with India, fostering the exchange of transportation-related information and technology between our nations. This has proven a fertile source of ideas and inspiration on both sides – and I know I benefited enormously from my visit to India in September, where signs of tremendous vitality in the transportation sector are evident in major cities like Delhi and Hyderabad.

This agreement also opens doors to new business opportunities, as Indian and U.S. companies seek to market and license transportation industry supplies, services, and technologies.

And finally, I must mention the amazing efforts by FTA's own workforce to adopt a culture of continuous improvement. This is something

I championed at FTA – and I am gratified to see the extent to which the staff has taken concrete actions to enhance accountability, performance measurement, customer responsiveness, and management of FTA's core programs. Today we are better at managing for results than ever before -- and I know we're a better agency because of it.

Now more than ever, we need a committed workforce to help us tackle the many challenges facing the transit industry.

Chief among these challenges is the need to secure sustainable funding for public transportation. This is particularly important for attaining and maintaining a state of good repair throughout the industry.

This will require changing the prevailing culture from one that favors 'ribbon-cutting' to one that says, 'fix it first.'

Achieving a state of good repair is in fact a statutory requirement under SAFETEA-LU and prior authorizing legislation.

The problem is huge: $30 billion of heavy rail assets among the nation's 15 largest rail agencies are in such poor condition they should be replaced immediately. An additional $7 billion is needed annually over the next 20 years to achieve a state of good repair for all our systems.

Congress has asked FTA to issue a report on transit operators' recapitalization plans – and we are releasing that report later this year.

FTA has been very proactive on this matter. We've convened a roundtable with the leadership of 15 transit agencies to review methods for dealing with the issue, and we're collecting capital asset data in the National Transit Database to help quantify the extent of the need.

We have also issued guidance to our grantees, indicating they must demonstrate that a sufficient local funding match is available to preserve existing transit service before we invest any federal money in new service.

We encourage all transit agencies to develop state-of-good-repair asset management program.

In broader terms, we must encourage the transit industry to take a strategic, multimodal perspective – to "think people, not mode." The transit industry is about mobility management – not just bus or rail, but movement throughout the region.

We must also "think land use, not mode," as this is about marrying mobility to land use.

We should develop high-performing corridors with highway and transit working together, wherever possible.

Ultimately, transit needs to be a team player in the infrastructure picture – not an isolated actor.

And finally, transit needs HEROES -- people willing to try new things, create new alliances, cut innovative deals.

FTA grants are only a piece of the puzzle -- a starting point, not an ending point.

In closing, I want to stress the need for bold, creative leadership at all levels -- in Washington, our state capitols, local government agencies, and within the private sector.

We must never forget the wise words of Ralph Waldo Emerson, who said back in 1844:

"America is the country of the future. It is a country of beginnings, of projects, of vast designs and expectations."

We must remember this sentiment. . . honor it. . . and deliver the transportation infrastructure that our children and grandchildren deserve.

Thank you.