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Speech

The Case for Investment in National Rail Corridors
Remarks by
Deputy Secretary of Transportation Mortimer Downey
Before the
National Corridors Movement 10th Anniversary Conference
"The National Corridors Movement: Ready for Prime Time"
Wednesday, July 7, 1999, 10:30 am
Washington Marriott Hotel
1221 22nd St., Washington, DC

Thank you, Jim RePass, for the kind introduction and for inviting me. It is a pleasure to be here with you, John Robert Smith and many other friends and colleagues. Your support and your vision as strong proponents of increasing rail transportation investment in this country is something we all truly appreciate.

This Administration has also been a strong supporter of intercity passenger rail service as an important part of our nation's transportation system. The Clinton/Gore Administration reversed past policy and has annually sought significant funding for investment in intercity passenger rail development, including the soon-to-be-completed Northeast Corridor improvement project.

Our commitment to rail passenger service is not rooted in nostalgia, we really are looking to the future. We understand that mobility is one of the engines that moves our economy. We have to continue to invest in mobility if we want a future with the level of economic growth we've had since the Clinton/Gore team came to office. Passenger rail has many other benefits when we think about the challenges of meeting the mobility needs of a growing population in a cost effective and environmentally sensitive manner.

When you consider the strategic goals of our Department – safety, mobility, economic growth, environmental quality and national security – you see why rail investment is on our agenda. It touches all of the bases.

This conference is timely because we are, I believe, moving into an era of evolutionary change in transportation. People like Jim RePass, Senator Costa and others who have labored for years on behalf of improved, high-speed rail service are about to witness the fruits of their labor.

Last week, here in the nation's Capital, Amtrak offered a sneak preview of its new high-speed train the Acela.

By the end of this year, the new trains will be serving the Northeast Corridor at speeds of up to150 mph. Faster speed on an improved right-of-way is going to reduce trip time between New York and Washington from 3 to 2 ½ hours, and from New York to Boston from 4 ½ to about 3 hours.

The new trains will set a new standard in comfort and amenities, and Amtrak believes that high-speed service will be more than competitive with other forms of transportation in the Northeast Corridor. It will, if it fulfills its promise, be the dominant carrier in the Northeast.

Amtrak expects a substantial operating profit from its new high-speed service to improve its financial bottom line, eliminate its dependence on Federal operating subsidies and begin a plan of national expansion.

All of this is great news, and I believe we will hear more about increased train service in the coming decade. We at DOT strongly believe that our transportation systems must be intermodal, with strategic links among intercity rail, mass transit, bus and air travel service. Improving rail transportation should be part of every well-planned regional strategy.

But, an obstacle to developing and improving our rail system is, as usual, money. Where will the money come from to make these large investments? The Federal government certainly has a role to play, and I will talk about DOT's plans to spur the increased development of and improvements to rail service.

But, we will need more investment dollars than the Federal government alone can provide for all of the good projects that have been proposed.

Our economy is the strongest it has ever been. We have enjoyed 8 years of continuous economic expansion under this Administration. Nearly 19 million jobs have been created since 1993, and nearly 1 million jobs have been created in the first 5 months of 1999 alone. Last year, for the first time in 3 decades, the budget's red ink turned black with a $70 billion surplus.

Even better performance is expected in the future, but there are also significant demands on the federal budget such as saving social security, reforming medicare and funding selective tax cuts. But, there will be room to make other economically sound investments.

Our economic strength should enable both the public and the private sectors to invest in making our transportation systems safer and more efficient for a new century. This strength presents a real opportunity for you – the advocates of inter-city rail – to make the case for increased investments. If you truly believe that rail can offer a return superior to other modes, then you must make that case to the Federal government, state government and to private investors.

Current congestion levels and the ever-increasing demand for travel points to high-speed rail as an essential element of a world-class, 21st century transportation system – one that can provide enormous benefits to the nation – connecting commuters to jobs, easing highway congestion, eliminating at-grade crossings and promoting a clean environment.

While the greatest attention has been focused on the Northeast, high-speed corridors have been quietly developing in other parts of America. Public/private partnerships are the catalysts for high-speed rail. More than $1 billion in state and private funds have been committed to advancing rail in regions throughout the country.

DOT and Amtrak have worked with the National Governors Association to help make these partnerships successful. Local governments are key partners in making these projects successful and making the case for how important they are to economic growth.

The high-speed rail corridor program that came with ISTEA (the Intermodal Surface Transportation Efficiency Act) created five designated intercity high-speed corridors. The Transportation Equity Act for the 21st Century (TEA-21), signed into law one year ago last month, added three designated corridors and authorized the Secretary to select three more.

The states have taken the lead in moving from mere designations into real transportation programs. We are seeing serious commitments from states as diverse as California, Illinois, Michigan, New York, North Carolina, Oregon and Washington. They are incorporating high-speed corridors into their transportation planning and into their investment programs.

The Department has been supporting these efforts with technology development under the Next Generation High-Speed Rail Program with targeted investments under the grade crossing improvement program, with planning funds authorized under the Swift Act and with our support of Amtrak's new corridor focus. And we are seeing results in double-digit ridership gains for the last several years in places like the Pacific Northwest.

Amtrak and High-Speed Rail

Our study of the feasibility of high-speed ground transportation, released in 1997, demonstrated that many intercity corridors could justify a program of high-speed investments. Indeed, one of the most intriguing findings of this report was that in many corridors, relatively modest investments would lead to significant gains in ridership and revenue, turning them from drains on Amtrak's finances to positive contributors to the bottom line.

The new Board and the management of Amtrak have recognized this. Amtrak has made the development of high-speed service, in partnership with the states, a cornerstone of its board-adopted strategic plan.

Sometimes in the past, Amtrak and high-speed rail, at least outside of the Northeast Corridor, have been viewed as two different and unrelated subjects. Now that view has changed. The future of Amtrak is tied to high-speed rail and the future of high-speed rail is tied to Amtrak.

George Warrington will detail for you the many initiatives Amtrak has underway. But, I do want to note the success that is ongoing. It's been a lesson that sustained and targeted investments, whatever their size, can create significant payback. And, we need to draw attention to that.

Advanced Technologies

While we need to test and commercialize the most promising rail technologies today, we are also investing in the advanced technologies that will make rail transportation safer and more efficient in the future.

For example, we are working in a public/private partnership to produce a prototype high-speed locomotive for the future, recognizing that the high cost of electrification can be a major deterrent to reaching truly desirable service levels. A high-speed gas turbine locomotive is a principal element of the FRA's Next Generation High-Speed Rail Technology Development Program.

For more than a decade, DOT and others have researched magnetic levitation technology. Several weeks ago, Secretary Slater announced the award of seven planning grants as part of the Maglev Deployment Demonstration Program.

These grants, which will pay up to two-thirds of the cost of preliminary engineering, market studies, environmental and financial assessments focused on specific corridors.

A recurring theme you will hear in relation to Maglev and other major transportation projects is the need for partnerships. Indeed, each of the candidate Maglev corridors were required to demonstrate public/private partnership potential.

Conclusion: The Federal Government Needs To Hear From You

As Amtrak prepares to introduce modern high-speed service to Northeast Corridor, we need to begin answering the question: Where do we go from here? This is particularly true in light of the need for reauthorization of the Swift Rail Act after fiscal year 2000.

Two other questions I'm sure this conference will explore are:

What are the appropriate roles for the Federal Government, for the States, for Amtrak and for the private sector?

How can we facilitate the successful partnerships needed to make high-speed service a reality and a success?

Remarks by Deputy Secretary of Transportation Mortimer Downey
National Corridors Movement 10th Anniversary Conference

This Administration has been a strong supporter in providing the States and Amtrak the tools to develop high-speed rail. One of the first bills submitted by the Clinton Administration, introduced on its 100th day in office, was a comprehensive high-speed rail program. You might ask what happened to it. Well, you could say high-speed rail met up with the balanced budget.

The Administration supports giving states the flexibility to use highway and transit funds apportioned to them to make high-speed rail capital investments. But these concepts have not been enacted. Despite the general recognition by Congress and the public that intercity transportation is vital to our nation's mobility and economic health, relatively small disagreements have kept us from acting for the greater good.

It appears that some in Congress have not reached the conclusion that high-speed rail is worth the public investment and or that it has the private sector and state government support to warrant federal investment. That is a viewpoint we really need to change – and the people in this room can help us change it.

That is why this conference is so important. Next year will be a strategic year in terms of Swift Act reauthorization and the FY 2001 budget process. High-Speed corridor advocates need to become energized and make their voices heard.

To be successful, you need to have a shared vision about what you want to accomplish and why it is a national priority. Now is the time to be putting that vision together.

Improving our nations intercity rail network can't just be a Federal program. Everyone – state and local governments, industry, Amtrak, private investors, and citizens – need to get involved to make it happen.

President Clinton, in his State of the Union address last year, challenged us to build on our nation's accomplishments. We have the longest peace time expansion in history, the largest budget surplus in a generation, and we are making record investments in surface transportation. But, as the President said, this is not a time to rest, it is a time to build.

Again, I want to thank John Robert Smith, Jim RePass, George Warrington, Governor Dukakis and other movers and shakers here for organizing the conference. With your leadership, intercity rail service can take on the larger role it deserves in America's transportation system.

Thank you.

The Deputy Secretary refers in his remarks to Jim RePass, President & CEO, The National Corridors Initiative (NCI); John Robert Smith, Amtrak Board of Directors and Chair, NCI; and George Warrington, Amtrak President and CEO; and Michael Dukakis, former Government of Massachusetts and Amtrak Board Member.

Wednesday, July 7, 1999
10:30 am

National Corridors Movement 10th Anniversary Conference

"The National Corridors Movement: Ready for Prime Time"
Washington Marriott Hotel
1221 22nd St., Washington, DC

Briefing Paper

Event Contact: Jim RePass, President & CEO, The National Corridors Movement, 617-269-5478 or e-mail at jprepass@aol.com.

MEDIA: Yes, national and trade press expected. *Reuters, The Washington Post*, and the *Portland Oregonian* are confirmed. On July 8 (2nd and last day), a press conference will be held immediately following closing remarks by Amtrak Board member and former Massachusetts Governor Michael Dukakis.

EVENT: 10 to 15 minutes of remarks followed by 5 minutes of Q&A. Jim RePass will introduce you.

The conference seeks to bring together state and regional leaders with national advocates and leading rail officials to develop a coherent strategy to build and sustain, region by region, a viable national rail system for all Americans.

The National Corridors Movement is group that includes ordinary citizens, government officials and transportation professionals from at least 10 different regions throughout the United States that support the revival of passenger and freight rail. This revival, largely unreported by the news media, is both a reaction to sprawl as well as a proactive effort to create balanced transportation that does not rely entirely on the automobile and air travel modes where, according to the group's leaders, "over-investment has contributed to present air quality, congestion, and quality-of-life crises."

AUDIENCE: About 75 - 100, including federal, state and local government officials, transportation industry professionals, environmentalists and print media.

AUDIENCE ISSUES: Passenger and freight rail are both growing in popularity. Conference organizers want to focus on the following:

What can we do in the short term to increase track capacity, increase speeds and improve service?

What can we do in the long term to plan for and finance expanded capacity and new equipment?

SETUP: Meeting room on the ballroom level or the ballroom set up classroom style with a podium and microphone.

Friday, July 9, 1999
10:30 am

Climate Change Center Kickoff
Room 10234-8, Nassif Building

(***Audience: About 30 people, including 20 DOT staff and 9 members of the Center for Climate Change and Environmental Forecasting Steering Committee***)

Thank you, Al (Eisenberg). Today we are kicking off something that should become a vital part of our mission here at the Department of Transportation. For at least a year, members of the DOT Climate Change Task Force have worked on a plan for the Center for Climate Change and Environmental Forecasting that we inaugurate today.

All of us know what the issue is. By 2020, the world's appetite for energy -- for transportation, for electricity, for industry and for other basic needs -- is likely to be twice what it was in 1990. Without changes in policy or technologies -- or better yet both -- global carbon emissions are forecast to increase by more than 80 percent from 1990 levels. Atmospheric concentrations of carbon dioxide, the most heavily-emitted greenhouse gas, are currently about 30 percent above pre-industrial levels and rising.

Three of the major reasons why DOT needs a Climate Change Center are:

1) We know, from scientific evidence, that global climate change is a problem that we should pay attention to.

2) Under the Kyoto Protocol negotiated last year, which the U.S. just signed, we are committed, once Senate ratification is achieved, to a 7 percent reduction in greenhouse gas emissions below 1990 levels by 2008-2012, or about a decade from now.

3) The transportation sector is a vital part of our national strategy for reducing greenhouse gas emissions. Transportation accounts for 26 percent of the nation's emissions, and they are increasing faster than those in any other sector.

There is controversy surrounding climate change and Kyoto, but we have seen some changes in attitude in recent years. The scientific facts are more accepted. The public is showing heightened concern -- the fact that this center drew a major Washington Post story is a good sign. A number of CEOs of major corporations have voluntarily committed to reduce emissions and understand the benefits of doing so earlier rather than later.

The environmental impact that greenhouse gas emissions create will require a global solution. This was the message of the United Nations Framework Convention on Climate Change negotiated in 1992 under President Bush. That goal of that agreement was to return to 1990 emissions by the year 2000. It was the predecessor to the Kyoto Protocol.

Along with our robust economic growth, U.S. emissions have been increasing every year. Thus, the challenge we face today is even greater -- and the new target of 7 percent below 1990 emissions levels really represents about a 25 percent emissions reduction from today's levels.

The nature of the U.S. commitment is still an issue for the Senate, but we believe the conditions they have set for ratification, which include substantial participation by developing countries, can and will be met.

The longer we wait, the harder it will be. That is why President Clinton and Vice President Gore say it is time for us to get started.

So, we are here today to do just that -- to get started. We seek policy directions that aren't draconian or unrealistic, or that conflict with our principle of market-based solutions. Flexible policies can support vigorous economic growth and environmental protection. This Administration will take only those actions that preserve economic growth. In doing so, we reject both the extremes of the debate: drastic actions that would severely disrupt the economy or a policy of ignoring the scientific evidence by doing nothing.

But, funding these policies that ensure prosperity along with a healthy environment is harder now than it was a generation ago: the easy steps have been taken.

Choices will have to be made. But, on a larger scale, we need not choose between prosperity and environmental protection. Environmental problems come not from growth, but from thoughtless growth.

Balanced systems, combining highways and airways with effective mass transit and intercity bus and rail systems, can reduce emissions and fuel consumption without impairing mobility.

Central to the Administration's approach is the development of a market trading program that allows the buying and selling of emissions credits. This approach can ensure that emissions reductions are achieved in the most economically efficient means possible worldwide in all sectors -- transportation, electric power or manufacturing. It can also create financial incentives to take early action.

We know from our experience with the acid rain program that emissions trading can work. More research is needed, though, on how the program will work in relation to this issue -- who buys, who sells, who keeps score, and what is the impact on the various sectors?

The transportation sector will be expected to contribute its share of long-term emission reductions or to purchase the credits of other sectors that exceed their expected reductions. On the one hand, we need to explore the technologies and policies that will allow conservation. On the other, we need to understand the economic impact of purchased credits on transportation system preferences.

Lots of things now underway in the Department will help find solutions -- reducing the carbon intensity of our transportation sector by encouraging more efficient travel practices, making transportation more fuel efficient and encouraging fuels that will emit less carbon.

Improving the fuel efficiency of vehicles and operations is something we at DOT promote at every opportunity. Burning less fuel doesn't just mean environmental benefits -- it means reduced operating costs. Particularly in the commercial sector, every reduction in cost in our transportation system incrementally improves the nation's standard of living and increases our international competitiveness.

Federally-supported research into new and better transportation technologies and clean fuels is ongoing in all transportation sectors.

The government-industry Partnership for a New Generation of Vehicles is on schedule to have concept cars ready in 2000 and pre-production prototypes in 2004. These cars will triple fuel efficiency while meeting existing and anticipated safety standards. Parallel efforts are underway to develop more efficient heavy duty engines, with partnerships that include DOT participation.

The FTA and the FRA have programs to research and develop more efficient engines and fuels for buses and trains.

The FAA and NASA are working with industry in identifying steps to produce more fuel efficient, quieter and cleaner aircraft. FAA, EPA, industry and environmental groups are engaged in a major effort to develop an advanced air traffic management system that will improve efficiency, benefit the aviation industry economically, reduce fuel usage and cut greenhouse gas emissions by as much as 6 per cent.

MARAD is working with the Coast Guard and the U.S. Navy to develop fuel cells that would achieve significant efficiency gains over current medium size ship engines.

Under ISTEA and TEA-21, we have begun creating a more efficient transportation system with a wide range of programs.

Challenges to our nation -- whether to reduce air and water pollution, send astronauts into space or even defeat an enemy in combat -- have always been met. And, the results of those national commitments have been breakthroughs that produce new technologies and new ways of doing things.

That is why the work of this Center is so important.

The Center will guide the work of the Department in Climate Change, set priorities, and coordinate DOT research efforts. In a real One DOT fashion, it can assure the operating administrations are doing the research and policy development we need to be doing and that the transportation industry knows what we are doing.

The Center will be our principal source of leadership for our efforts in developing strategies to reduce greenhouse gases in the fast-growing transportation sector. It will offer current information and advice to our constituencies.

And, we will make sure that it has the resources needed to do the job right.

Finally, and most importantly, the Center will position the Department to participate authoritatively in the intergovernmental deliberations and the national debate on climate change.

I hope you will fully support this effort. And, I hope you will continue to offer the Center's Steering Committee and me your ideas and opinions about the issue of global climate change and DOT's role in finding solutions.

Thank you.

Third Quarterly Summary of Y2K Assessment Information, July 9, 1999
Transportation Sector Working Group
Chair: Mortimer L. Downey, Deputy Secretary, U.S. Department of Transportation

Executive Summary

There is still a lack of information on the preparedness of small and medium-sized businesses across the transportation industry. Concerns about the preparedness of the major railroads have prompted an assessment to be conducted by the Federal Railroad Administration this August. Concerns also remain about some flag-of-convenience vessels in the shipping industry, and the about the ability and availability of critical support infrastructure equipment.

Nevertheless, surveys indicate progress in the trucking, transit, and maritime industries, and ~~due~~ to aggressive efforts ~~by the aviation industry~~ in Y2K preparation, cooperation, and information sharing, the majority of the aviation industry is expected to reach compliance well before January 1, 2000. Within the maritime transportation system, there has been a significant increase in information-sharing and in the development of contingency preparation worldwide, and inter-industry cooperation has improved dramatically in the past quarter. There are proactive efforts to close outstanding gaps in information in some key areas over the coming weeks. And in more good news, motor vehicles are expected to operate normally into the next millennium.

Sector Analysis

Highway/Automotive

Results from the spring survey of major auto manufacturers by the National Highway Traffic Safety Administration (NHTSA) did not identify any potential Y2K impacts for motor vehicles. Auto manufacturers surveyed were DaimlerChrysler, Ford, General Motors, Hyundai, Mazda, Mercedes-Benz, Mitsubishi, Nissan, Toyota, and Volkswagen-Audi – companies representing approximately 90 percent of cars and light trucks sold in the United States. All those surveyed responded that Y2K will not affect the safety or performance of their motor vehicles.

NHTSA has also requested Y2K Readiness Disclosures from auto manufacturers regarding their products. NHTSA has received disclosures from 10 manufacturers, including Ford, GM and DaimlerChrysler. These are posted at http://www.nhtsa.dot.gov under "Y2K Information." Most disclosures indicate that all aspects of the automotive industry are being addressed, including coordination with business partners such as vendors, suppliers and dealers.

Within the trucking industry, large and small businesses are expected to be the most prepared, while mid-sized companies are thought to be vulnerable due to their use of automation but a lack of funding and experts to make Y2K repairs to business systems. There are no known Y2K problems for truck engines and members of the major trucking association have been alerted to the GPS end-of-week rollover issue that could affect some GPS receivers in late August, 1999.

The American Trucking Associations, Inc. (ATA), served its 3,600 member companies across the country in February, 1999. The 190 respondents represented a cross-section of the industry,

from small regional companies to large, national and international companies. A summary of responses showed that 95 percent had Y2K plans in place. System assessments, on average, were 89 percent complete with over half reporting 100 percent completion. Renovation was reported as 74 percent complete; 61 percent validated; and 61 percent implemented. Eighty-one (81) percent reported having designed contingency plans; 56 percent tested; and 54 percent had put plans in place. ATA will conduct another survey this summer.

The International Bridge, Tunnel & Turnpike Association is conducting a survey of ~~their~~ its members (which include properties along the Canadian border) for release later this summer.

Aviation

A Y2K Steering Committee composed of the Federal Aviation Administration (FAA) and leaders of six industry trade associations has taken the lead in addressing aviation Y2K issues. The Committee members are the Air Transport Association (ATA), Airports Council International – North America (ACI-NA), American Association of Airport Executives (AAAE), Aerospace Industries Association (AIA), General Aviation Manufacturers Association (GAMA), and Regional Airline Association (RAA).

The aviation industry continues to ~~facilitate the coordination of~~ coordinate its contingency plans through the Steering Committee. All industry segments are reporting ~~various stages of~~ progress in designing, testing, and implementing contingency plans. The Steering Committee conducted an industry-wide workshop in March 1999 focusing on the FAA's Business Continuity and Contingency Plan. Another workshop will be conducted in July 1999 focusing on airport Y2K contingency plans. Additional workshops may be scheduled as needed.

The International Civil Aviation Organization (ICAO) required its 185 Member States to report their Y2K status regarding airports, air carriers, and air traffic services by July 1, 1999. The FAA coordinated with industry to obtain the information for the U.S. response to ICAO. [As of June 30, 1999, the FAA's Air Traffic Services systems are fully Y2K compliant.] Based on data gathered by the FAA's Airports ~~(ARP)~~ and Regulation and Certification ~~(AVR)~~ organizations as of June 30, 1999, 50 percent of U.S. airports providing international service and 38 percent of the U.S. air carriers which fly internationally report Y2K compliance. By September 30, 79 percent of these airports and 80 percent of these air carriers expect to be compliant, with the remainder expecting to be compliant by December 31.

Be sure this statement is verified before report is released.

On July 1, 1999, the Aviation Millennium Project issued a news release on the Y2K status of the airline industry, reporting that the major U.S. airlines have completed 95 percent of Y2K remediation work, with full completion expected by the end of the summer. These airlines have spent more than $750 million on solving the Y2K problem. The Aviation Millennium Project is sponsored by ATA, the Air Transport Association of Canada (ATAC) and RAA. ATA's members provide 95 percent of U.S. domestic passenger and cargo service. The Aviation Millennium Project is also coordinating efforts with AAAE and ACI-NA, the primary airport trade associations. AAAE and ACI-NA have conducted another joint survey of their membership (the last survey results were reported in the April readiness report); however, new information from these associations was not available at the time of this report.

The National Air Carriers Association (NACA) initiated a second survey of its members in June, 1999. Although NACA is still collecting and summarizing the results of that survey, six of its seven member carriers responded, with all six anticipating Y2K compliance by October 1, 1999.

By July 31, 1999, the FAA will conclude visits to the top 150 certificated (Part 139) airports, which enplane 94% of passengers in the U.S. and will contact the remaining 416 airports to assess their Y2K compliance. The FAA is providing each airport with a list of that airport's systems which support Part 139 ~~requirements and that could have an immediate impact on safety if they are not operating properly on January 1, 2000~~. soon will require compliance on or before January 1, 2000.

RAA completed a survey of its membership at the end of April 1999. Survey respondents provide 75 percent of regional passenger service. All respondents have completed their assessment of Y2K systems with most reporting more than 75 percent completed implementation.

GAMA has not conducted a survey of their membership; however, they will consider conducting a survey for the next quarterly assessment. The two major manufacturers of commercial airplanes, Boeing and Airbus Industrie, have both issued statements declaring that neither company has identified any Year 2000-related issues affecting the safety or normal operation of any aircraft. According to these manufacturers, engines, landing gear and flight control systems are not date-sensitive and will function regardless of date or time.

Emergency Medical Services (EMS)

As of June 18, 1999, 72 percent of State EMS Offices nationwide report Y2K compliance for their office functions and data systems. Most of the remaining states are very close to full compliance. Most of the State EMS Offices are either working on or have completed Business Continuity and Contingency Plans. The states generally report that local EMS organizations (that respond to calls) in the more urbanized or metropolitan areas are compliant and have tested their systems extensively; however, the more rural systems have not made as much progress. There are no firm figures for local EMS readiness, but rough estimates are that approximately 65-70 percent are operationally ready. A number of states rely on one or two national vendors for their statewide trauma registries and to date have not received compliant systems for that registry. While this will not impact patient care, it could impact data collection and evaluation of certain systems.

Maritime

Oral reports from previous survey providers indicate that progress among industry participants is continuing as anticipated. Most remediation efforts are at or near completion. The principal focus for the remaining six months is the completion and validation of business continuity and contingency plans, striving for plans are both comprehensive and achievable.

There is also a need for more authorities internationally to make public their policy for dealing with non-compliant vessels, shore-side systems and related support system issues. A growing

number of nations – including the U.S., Canada, Mexico, Singapore, Indonesia, Australia, Germany, and the U.K. -- have publicly stated that they will make the Year 2000 Code of Good Practice, Circular 2121 from the International Maritime Organization (IMO), the basis for Year 2000 enforcement policy in their ports.

Aggressive outreach and educational efforts by DOT Maritime components, other Government agencies, trade associations and industry members, have resulted in a significant increase in the amount of information being shared and in the development of contingency preparation worldwide. There are still significant gaps in information in some key areas which will be aggressively pursued in coming weeks. Concerns remain about some flag of convenience vessels and the ability and availability of critical support infrastructure equipment but inter-industry cooperation has seen significant improvements during the quarter.

The American Association of Port Authorities (AAPA) surveyed over 145 ports in North and South America. Of the 30 percent responding, all expect to be Y2K compliant before the end of 1999 with no major disruptions anticipated. Virtually all responded that organizations doing business in and around the port are making adequate progress. Many expressed concern about external systems over which they have no control but believe local support systems are expected to be compliant on time. On implementation, 61 percent of U.S. ports report being largely or close to being completed, compared to 38 percent for Canadian ports and 66 percent for ports in the Caribbean and South America.

Also reporting were: INTERTANKO, the International Association of Independent Tanker Owners, which has not yet updated a survey conducted during the first quarter of this year. That survey reflected responses from 119 companies, covering 869 vessels. Responses indicated that 97 percent of the companies had a contingency plan in place and 67 percent expected to be Y2K compliant by October 1999. The Intertanko IT Committee noted with concern that some manufacturers have been reluctant to provide Y2K compliance information to owners.

The Lake Carriers Association, which includes 11 U.S. flag companies operating 58 vessels on the Great Lakes, updated earlier survey results and all members now expect to be 100% compliant by September 1999. Although all members have general contingency plans in place, about 50 percent have specific Y2K contingency plans under development.

The Propeller Club, with over 9,700 members domestically and abroad, does not intend to survey its members since the diversity of the type of its members would make it difficult to characterize and summarize the Y2K readiness. It does, however, ensure its members are aware of ongoing developments. Similarly, the Transportation Institute continues to pass materials to all its members, urging their participation in surveys and contingency plan tests. BOATUS, which represents recreational boat owners and maintains a web site that includes equipment sales and exchanges, has surveyed its vendors and generally received assurances that the products available on its site are Y2K compliant. BOATUS members have access to vendor Y2K compliance information, including for GPS equipment.

All respondents, whether through surveys or the other mechanisms, are actively working on contingency and business continuity plans, particularly due to uncertainty of accomplishing end-

to-end testing with a significant portion of their business relationships. The industry is working toward more realistic scenario planning with related industries and businesses. The US Coast Guard (USCG) recently field-tested the IMO questionnaires in a contingency plan exercise conducted in Los Angeles/Long Beach, California with two ports, two major shipping companies, a towing company, and the vessel traffic information service. Similar future exercises are planned for New York, New Orleans, San Francisco, and Seattle. USCG also published a Year 2000 Contingency Plan Exercise Guide for use by other Coast Guard Captains of the Port, and encourages other port authorities around the world to conduct similar exercises.

The Commerce Department has sponsored several Y2K international summits to provide assistance to countries needing help in various sectors. Four of these summits have requested private sector speakers on Ports and Shipping (China, Russia, Nigeria, South Africa). The Maritime Administration (MARAD) has coordinated with Commerce and the Chamber of Shipping of America to identify speakers to participate in these summits. Contingency planning has been a major element of these maritime presentations.

There is a systemic difficulty in developing accurate or reliable information about the Maritime Sector due to the size and diversity of the infrastructure and the lack of consistent reporting for the status of individual ports, countries or regions. Fortunately, however, great progress has been made in recent weeks to improve this situation and to effect more reliable reporting from each industry participant. This is being accomplished by a combination of the following:

- The acceptance worldwide of IMO Circular 2121 and implementation of the Maritime Code of Good Practice by the major maritime nations.
- The continued aggressive lead of the U.S. Coast Guard with the IMO, United Nations and other major international trade associations and through issuance of policy statements, the publication and dissemination of the Maritime Y2K Contingency Plan Exercise Guide (a template for conducting realistic contingency plan tests), the forthcoming issuance of a port safety Y2K Guidance (to be used by USCG port captains during Y2K events), and the lead in conducting exercises, hosting seminars and "spreading the word" at international forums.
- Lloyds Register publication and distribution through its members of "Practical Guidelines for Y2K Contingency Planning" on both hard copy and CD-ROM.
- Publication of "Critical Infrastructure Inter-Dependency Contingency Planning" on June 21, 1999, by the Inter-Industry Technical Group. This paper, already widely coveted, describes in practical terms a summary of ideas related to critical infrastructure Y2K Contingency Planning for the electricity, telecommunications, natural gas, oil, and transportation sectors.
- Increases in Y2K information being posted on web sites throughout the industry.
- Pressures from charterers, the insurance industry and shippers to know what their service providers' plans are to keep logistics networks functional. Shrinking inventory storage capabilities and just-in-time practices by logistics chains increase the need for exercised contingency plans for these networks.
- Inter-Agency and Inter-Governmental sponsored seminars, discussions and working groups to discuss progress and problems, share information and agree to cooperate in coming months. For example:
    1. State Department-led seminars for embassy personnel here and abroad to share information about contingency planning, distribute materials, educate appropriate staffs

and to establish a reliable fact gathering network from the on-site staffs. This includes identifying who needs to be involved and getting them engaged.

2. Joint information exchanges among State, Agriculture, Defense and Transportation communities, joined recently by the Intelligence community. The expansion of the networks and comparison of sources should prove very helpful as plans are tested.
3. MARAD's forum at the U.S. Merchant Marine Academy in June, 1999, which included representatives of USCG, Defense, the insurance industry, the operating industry (liner and tanker) and trade associations to discuss industry status, issues and opportunities.

Though there has been a great deal of progress made, significant work remains and there are still gaps, particularly in parts of the world where it is generally difficult to obtain reliable information and for regional or cross-border issues. Where questions will remain, contingency planning and exercise scenarios are critical to preparing for the potential impacts of Y2K. A recent UNCTAD report again raised the prospect of interdependent systems failures (Customs systems) in many countries that could jeopardize developed contingency plans, as no workarounds have been identified. We expect significant efforts to address these issues worldwide in the next quarter.

As previously reported, the Saint Lawrence Seaway Development Corporation is unlikely to be open on the critical dates of December 31 and beyond as this system regularly closes for the season before those dates and does not reopen until the end of March or beginning of April. On or about December 10, 1999, the Corporation will begin scrutinizing vessels entering or currently in the system to determine if any will possibly be in transit during the critical time period. ~~Sufficient~~ Written assurance will be required from such a vessel owner or operator that the vessel is Y2K compliant before it will be allowed to enter U.S. locks, otherwise the vessel will be considered in an unsafe condition and will not be allowed to continue transit until it is evident that there is no Y2K problem.

The Seaway Corporation continues its Y2K outreach efforts addressing issues at meetings and events. The Corporation contacted over 3,000 customers by mail, including shippers, builders, agents, and individuals representing the entire international customer base, and has also distributed Y2K statements and IMO Circulars in the Seaway Vessel Exit Survey packages.

Transit

The Federal Transit Administration (FTA) has accelerated its industry outreach, management oversight and survey of the Y2K compliance of the nation transit systems. Any grantee ~~which~~ ~~was~~ unable to meet a June 30, 1999, Y2K compliance deadline is required to submit a contingency letter outlining their plans for continuation of system operations while repairing or replacing ~~the~~ non-compliant elements. Y2K compliance certification letters or contingency letters are required to carry the signature of the highest level of management.

Identification and testing of embedded systems can be an arduous and costly process fraught with complex coordination with vendors and suppliers and extensive analyses of required testing levels (i.e. individual component or systemwide tests). Key components likely to contain embedded systems include: Intelligent Transportation Systems (ITS) SMART CARDS, buses,

train control, engineering, revenue collection, fueling stations, traffic control gates, auxiliary power supplies, emergency and other communications systems.

FTA grantees are continuing to make progress in their Y2K compliance efforts. On March 31, 1999, only 5 percent of grantees reported Y2K compliance. FTA is currently in the process of analyzing the information that was due June 30, 1999. Based on preliminary reports from FTA Regional offices, at least 49 percent of grantees have submitted Y2K compliance letters and 18 percent have submitted contingency plan letters. At the conclusion of the analysis, all FTA grantees will have a compliance letter or a contingency plan in place.

Updated survey results were expected from the American Public Transit Association (APTA), which last reported results from a Spring, 1998 survey. Unfortunately, preliminary examination of the data from a March, 1999 survey by APTA showed that transit systems did not provide useful information. Some of the responses were generic statements with non-specific information on status. APTA believes that the responses to the March survey did not constitute a representative sample depicting of the status of the transit industry's compliance to Y2K. APTA believes the results are incomplete and misleading, and have decided not to perform further analysis on this survey.

Rail

Because serious safety issues have arisen as a result of computer problems that occurred in connection with railroad mergers ~~in recent years~~, the Department has decided to ~~take a more proactive role~~ with regard to potential Y2K-related computer issues on the major railroads.

In order to provide a greater degree of understanding of railroad Y2K preparedness, ~~the~~ Federal Railroad Administration will conduct an assessment of Y2K compliance of the four ~~major~~ freight railroads in August, with results expected in September, 1999. FRA Administrator Jolene Molitoris will send a letter to individual railroad executives the week of July 12 notifying them of the assessment.

Contact Information:

The Transportation Sector Working Group includes the Departments of Transportation, Defense, Agriculture, Treasury/Customs, Interior, State, the U.S. Postal Service and NASA. For more information, see www.y2ktransport.dot.gov

Associations Participating in this Assessment:

[to be attached]

Talking Points, Deputy Secretary Downey
Transit Roundtable
July 14, 1999

- I am pleased so many of you could join us for this important session with John Koskinen, who is leading the nation's effort to get ready for the Year 2000, and our FTA Administrator Gordon Linton.

- I spoke to many of you on January 22 at the Y2K Survival Workshop in Houston that FTA, APTA and the Federal Railroad Administration organized. We had 344 days to get ready then, now we're down to 170 days -- less than six months. The clock is ticking and there is still a lot of work to do.

- Let me congratulate APTA, Chairwoman Shirley DeLibero and President Bill Millar for the cooperation and leadership they have shown on this issue. Also, Dale Marsico of the Community Transportation Association and Ray Starsman of ITS America.

- There are several hundred transit agencies in this country, ranging from the biggest to the very small, all with different problems, with different resources and with different technologies. Ensuring that all of these agencies are aware of the Year 2000 problem, doing what is necessary to make their systems compliant, and preparing adequate contingency plans is a major task.

- For some systems, using ITS technology, there is a concern about timed or coordinated traffic signals; 'smart tags' or 'smart cards' that use dates, such as an expiration date; information kiosks and automated vehicle message signs.

- Schedules may be confused, route maps may disappear, and staffing plans could be snarled. Dispatchers may be scrambling to make error-free manual schedules. Fare collection could be a problem.

- Other systems that are less technologically advanced, may have different problems. And we all have to make sure our suppliers and other business partners are ready for the Year 2000.

- I am proud to say we have done the job at DOT – not only have we achieved compliance in every mode but one, we are also continuing our cooperative outreach efforts and conducting thorough reviews of transit industry readiness.

- We are conducting a series of internal tabletop exercises on consequence management. We've held these for all levels of the Department – from our modal administrators all the way out to our staff in the field. Transit agencies should also plan to hold these very valuable sessions and I'm sure the FTA staff would be happy to help with them.

- FTA has done a great job working to ensure Y2K compliance throughout the transit industry. Before the end of this year, FTA representatives will have attended more than a dozen major transit industry conferences as well as many other smaller meetings to discuss the Year 2000 problem.

- We are serous about the importance of transit systems being ready for the Year 2000. FTA is requiring certification from transit agencies that they are Year 2000 compliant and, if we don't get a certification, FTA will not release Federal grant funds.

- At DOT, we have plans to be fully staffed and responsive during the critical time period – ready to provide updates to the White House Information Coordination Center on any important issues that arise domestically or even internationally, and ready to provide critical information to our regional and district offices when necessary.

- This will require careful coordination with state and local government, and with industry. We will hold a consequence management exercise in November together with our industry partners.

- We encourage continued vigilance in maintaining Y2K readiness. We encourage continued tests of your contingency plans. And we encourage everyone to keep the lines of communication open – to customers and the public, to partners and stakeholders, and to government entities.

- Continued focus on preparing for the New Year will help make transit a reliable form of transportation for the many people who depend on it. We will be able to greet the New Year from a position of safety, strength and vigor because we were ready for the new century.

U.S. Department of Transportation
Office of Public Affairs
Washington, D.C.
www.dot.gov/briefing.htm

Speech

Opening the Door to Opportunity in Transportation
Remarks by
Deputy Secretary of Transportation Mortimer Downey
Given before the
Oregon Transportation Marketplace
DoubleTree Hotel Columbia River
1401 North Hayden Island Drive
Portland, Oregon
Thursday, July 15, 1999
8:40 am

Thank you, Luz Hopewell, for inviting me to the Marketplace. As a long-time player in the field of transportation, Portland is one of my favorite places because Portland knows how to do things well. But, with the help of all those who are here today, I think Portland can and will do even better.

Your access to the Pacific and the Columbia River, your Interstate 5 corridor, and your excellent transit and rail linkages are a model for the rest of the nation. This high grade transportation system, a growing and diversified economy, an affordable cost of living, and a skilled workforce make Portland a great place to do business. And, that's why you are all here today – to discuss how you can do more business in Oregon's transportation marketplace.

Events like this are very important for providing entrepreneurs and business owners the chance to learn about the opportunities to bid on government-funded transportation projects. I am confident that you will find some opportunities for doing business here today.

We are adding to those opportunities with the Federal dollars and approvals we have granted so far under the Transportation Equity Act for the 21st Century (TEA-21). DOT has contributed to the development of Portland's award-winning MAX light rail system, which will be expanding to the Portland International Airport by the Fall of 2001. Continued passenger growth and limited road capacity set at the airport set the stage for the project.

DOT's Federal Transit Administration provided technical support and leadership on the Environmental Impact Statements for the airport access project. Our Federal Aviation Administration also granted the airport approval for a Passenger Facility Charge that is the basis for innovative financing of the terminal portion of access project, along with some equally innovative public/private partnerships for the rail line.

Oregon's small and disadvantaged businesses should take a good look at these and other opportunities that are possible for them under the current surface transportation law, TEA-21. TEA-21 increases funding for Oregon transit by 61% – for a total average of $32 million per year over 6 years compared to ISTEA (the Intermodal Surface Transportation Efficiency Act), its

predecessor. Federal highway funding for Oregon will increase 52% under TEA-21 to an average of $324 million in funding per year.

And Oregon has the transportation leaders who know how to spend this money wisely and well, including my former colleagues in the Clinton Administration, Grace Curnica and Fred Hansen, who you will hear from shortly. Grace is tied up in Salem, but is represented by Tom Lulay.

All of the States are moving quickly to take advantage of the increased Federal-aid highway funding available through TEA-21. Through 6 months of FY 1999, the States have obligated just over 52 percent of this year's obligation limitation that is subject to lapse. So far, based on an informal survey by our FHWA Division Offices, no states are having difficulty in meeting the matching requirements under TEA-21.

This great state of Oregon represents the promise of opportunity. Whether it's the first pioneers moving westward settlers here or the immigrants who have come -- and continue to come -- from many nations or the high tech companies that have moved here in the past decade – these are all an example of the strength of the state's diversity and the promise of a prosperous future. But we need to recognize that while such prosperity has been realized by many, it has not been realized by all.

The Need to Mend, Not End, Affirmative Action

President Clinton has said of Affirmative Action that "the progress we have made didn't happen as a random evolutionary drift. It took hard work and sacrifice and countless acts of conscience by millions of Americans. It took the pressure of courts, the political courage of Democrats and Republicans alike and the vigilance of advocates in and out of government."

Today what we have is a promise realized by many, but not by all. And that is the reason we need continued affirmative action. This Administration conducted a thorough review of its programs and concluded that we need to "mend, not end affirmative action," in the words that President Clinton used.

This responded to the review's finding that, properly instituted, affirmative action was still a necessary remedy to discrimination.

Affirmative Action continues to offer our nation a way to address the systemic exclusion of talented individuals and companies on the basis of gender or race from the opportunity to develop, perform, achieve and contribute.

DOT's Disadvantaged Business Enterprise Program came into being for exactly those reasons – to reduce and, eventually, to eliminate discrimination confronting small businesses owned by women and disadvantaged individuals in the construction industry. To offer these entrepreneurs, who may not otherwise have it, a fair chance to compete.

Before I talk more about what DOT is doing to ensure opportunity for all of you, I want to thank Luz Hopewell, Director of the Department of Transportation's (DOT) Office of Small and Disadvantaged Business Utilization, Art Jackson, Joe Capuano and the many OSBDU and DOT staff who have made this event possible.

This is one of four conferences this year to offer you, and businesspeople like you, the opportunity to learn about contracting opportunities and to network with companies and entrepreneurs like yourselves.

Fair Competition for Disadvantaged Businesses

President Clinton and Vice President Gore strongly support continuing the Department's Disadvantaged Business Enterprise program, and they fought, along with Secretary, our Administrators and me, to continue the program despite serious efforts to dismantle it. We are proud of this achievement because we know that such continued efforts are needed.

We are aware that while white males constitute far less than half the population, their companies currently receive more than 85% of federal aid highway construction dollars. While minorities represent more than 20% of the population, they own only 9% of all construction firms and receive only about 5% of construction receipts.

Again, while the promise of opportunity and prosperity has been reached by many, not everyone has been able to realize the dream – yet . . . But, we're here today and in the years to come to ensure that all small businesses will have the same chance in transportation contracting.

Based on the statistics, we know that our Disadvantaged Business Enterprise Program is making a difference. Before the DBE program was established first by executive action under Secretaries Adams and Goldschmidt and used in 1983, women and minority small business participation in DOT-funded highway projects was below 2%. In 1998, that participation reached 15.8%, and we hope to continue that upward trend.

The Department has had a unique relationship with affirmative action over the years. During former Secretary of Transportation Federico Peña's tenure, DOT was sued in the case of Adarand v. Peña, in which the Supreme Court issued its landmark decision changing the way federal affirmative action programs should be reviewed. It made the standard of review stricter,

raising the bar in terms of the reasons for affirmative action but not outlawing it. Many affirmative action opponents like to give that impression, but the fact is that the Court explicitly recognized affirmative action as necessary.

Despite the success of DOT's program, its bipartisan support and the continued need for its existence, when DOT's highway and transit programs were up for new funding in 1997, opponents of affirmative action set about to kill the DBE program by removing its legislative underpinnings. Once again, DOT was front and center in an affirmative action skirmish.

At one point, the Secretary informed the Congress that he would find it difficult to recommend that the President sign a reauthorization bill that did not include the Disadvantaged Business Enterprise program. This was a courageous thing to say with billions of dollars on the line. The Secretary and our General Counsel Nancy McFadden – who you will also hear from today – were joined in the fight by other senior Administration officials and by many in this room. And, of course, the President and Vice President fought vigorously to keep the DBE program.

All of our efforts prevailed. In the Senate, an amendment by Senator Mitch McConnell to end the program was defeated by 58 to 37. In the House, a similar amendment sponsored by Representative Marge Roukema was also defeated 225 to 194. Contrary to popular belief at the time, solid bipartisan majorities in both chambers considered the issues and decided that affirmative action and our DBE program should survive.

Last January, we announced a new set of rules for the DOT disadvantaged business enterprise (DBE) program, a significant step in this Administration's pledge to "mend not end" affirmative action. Based on the hard-fought provision in TEA-21, the rule will help to ensure a level playing field in which minority, women and other disadvantaged small businesses can compete for federally assisted highway, transit and airport contracts.

Under the new rule, the statutory 10% national goal -- while still the law -- is neither a floor nor a ceiling. Instead, local communities must set their goals based on local evidence of the availability of qualified DBEs. Once those goals are established, state and county transportation officials must use outreach and technical assistance for all interested businesses to meet the overall minority participation goals.

The end result of this goal-setting process is to facilitate participation by small and minority businesses at levels that would be possible if there were no discrimination.

The new rule ensures that businesses that really need the program have the opportunity. Companies exceeding small business size standards or individuals exceeding a high personal income level will not be eligible.

State and local level experience has shown that when affirmative action programs like our DBE program are eliminated or curtailed, participation by women- and minority-owned firms plummets. Take Michigan for example. DBE participation in the state-funded portion of the highway program fell to zero in a nine-month period after the state terminated its DBE program, while the Federal DBE program in Michigan was able to maintain 12.7 percent participation. That's pretty solid evidence of need for our program.

The new rule will take work and vigilance on our part and on yours, but it will give us the fairest, most effective and most efficient affirmative action program in the history of DOT equal opportunity efforts.

At the same time, we recognize that the DBE program alone is not sufficient to level the playing field. Other tools and programs, such as OSDBU's Short-Term Lending and Bonding Assistance Programs are also needed to provide opportunities for your companies.

The Short-Term Lending Program helps minority- and women-owned companies to obtain accounts receivable financing for transportation-related projects at prime interest rates. The Bonding Program provides small and disadvantaged businesses the opportunity to obtain bid, performance, and payment bonds for transportation-related contracts.

The U.S. Small Business Administration (SBA) also has a number of programs for helping minority and disadvantaged businesses compete for Federal contracts. I encourage you to contact your local SBA office to find out what they have to offer.

Our programs offer outreach services under cooperative agreements with chambers of commerce, trade associations and the Entrepreneurial Training and Technical Assistance Program (ETTAP) in partnership with Historically Black Colleges and Universities (HBCUs) and other minority educational institutions.

Like all of you, DOT is moving into the information age, and we have a lot of excellent procurement and contracting information on our website. For example, "The Transportation Link" under the OSDBU site contains a wide range of information that is important to small, women-owned and disadvantaged businesses.

I encourage you all to take advantage of these resources as well as conferences like this one. They can only help you meet your business goals today and in the future.

We at DOT have worked to strengthen our programs for small, minority and disadvantaged businesses, and we will continue our efforts in the courts and with the Congress to make the case for our programs to continue.

We were given a setback when the Northern District Court of Texas held that Houston METRO's DBE program was unconstitutional. Essentially, this stopped Houston's METRO from

conducting local and federal DBE programs and rejecting our plea to be heard on the issue. It was a victory on June 28, 1999 when the U.S. Court of Appeals overruled the District Court, allowing the DBE programs to continue.

We believe it is important to take such steps to ensure that minority and disadvantaged companies have the same opportunities as all other when it comes to DOT-funded projects.

Secretary Slater and I believe that everyone should have equal opportunity in transportation contracting and procurement. That is why the Department of Transportation will continue working to open the doors of economic opportunity for those who have been shut out in the past.

I hope the conference is helpful and productive for you and your colleagues. I encourage you to take advantage of the contacts you make and the information you obtain here today and use it to get your share of the massive amount of transportation work underway here in Portland and across the state of Oregon.

Thank you.

# # # #

Remarks Prepared for Delivery by
Deputy Secretary of Transportation Mortimer Downey

Airport Max Light Rail System Groundbreaking
Portland International Airport
Portland, Oregon
July 15, 1999
12:17 pm

You will be introduced by Portland Mayor Vera Katz

Thank you, Mayor Katz, for that kind introduction and for all of your work on behalf of the people of Portland. (~~Personal remarks about Mayor Katz, other VIPs~~) ~~You have a~~ All of us in Washington think of you as one of the great innovators, and the project we are starting today adds to that reputation

As a long-time ~~professional~~ player in the field of transportation, Portland is one of my favorite places because ***Portland knows how to do things well.*** But, with the help of all those who are here today, I think Portland will be ~~can do~~ doing even better.

Even since Neil & catapulted into DOT in my 1st term I've known Portland

all of your transport assets are enviable.

Your access to the Pacific and the Columbia River, your Interstate 5 corridor, and your excellent transit and rail linkages are a model for the rest of the nation. This increasingly excellent transportation system, a growing and diversified economy, an affordable cost of living, and a skilled workforce make Portland a great place to do business.

I'd also like to thank the Mayor, Charlie Hales (City of Portland Commissioner), Mike Thorne (Port of Portland Executive Director), my former PMC colleague Fred Hansen (General Manager of Tri-Met), Ed Richardson (VP, + Ralph Stanley Bechtel) and many others responsible for the success of Airport Max. You have shown superb leadership in making this project happen.

We at the Department of Transportation have been proud to have been your partners in this particular project -- through the Federal Transit Administration's technical support on the Environmental Impact Statements. And through the Federal Aviation Administration's approval of the airport Passenger Facility Charge (PFC) authority which will allow for innovative financing of the airport terminal portion of the Airport MAX project.

Time and time again, we are proving in the transportation sector that public/private partnerships are the best way to accomplish major projects. Bechtel's proposal two years ago to build the light rail extension was truly visionary, and the results will be a more livable communities.

The partnership formed among the public and private sectors to get this project off the ground is unique and the first of its kind in the nation to use both public and private funds to build light rail transit on airport property, and to make the airport a destination with the density that supports good transit service for all its users.

I congratulate Portland – Mayor Katz and its citizens, Bechtel, Tri-Met and all who contributed to making this project happen -- and for, again, being a national model of how to creatively build light rail in a highly competitive arena. ~~(Quote from press release)~~

The U.S. Department of Transportation has been working with communities like Portland to implement President Clinton and Vice President Gore's Livability Initiative for the 21st Century.

We are encouraging communities across the nation to plan transportation growth carefully, with more thought given to the needs of people that will live and work in the community today and tomorrow.

This kind of planning is a model and could benefit communities throughout the country. The only criticism I've heard of it was a comment last week from the noted author, Tony Hiss, who said "livable" communities is a little too weak a goal — we should strive for loveable communities" — and I know that what you in Portland are doing

Congratulations to all of you for your efforts on this project and for everything you do to keep Airport Max one of the best transit systems in the country -- one that works for the people of Oregon. You all deserve a hand! (Lead applause)

Grant Announcement

I grew up in a ~~[illegible]~~ Two-child family with 2 sons, and that's ~~been~~ the pattern in my family for 3 generations. So I know you can't overlook the elder child when you do something for the younger especially if the elder child ... Max

While DOT has been more of a technical partner on the Airport MAX project, we have been known to be a financial partner on other aspects of the Tri-Met system.

Today, I am proud to present this check, on behalf of the U.S. Secretary of Transportation Rodney Slater and the Department, in the amount of $22.5 million in New Start funds for the Westside-Hillsboro Light Rail project. (Refer to check on easel) Your congressional delegation worked hard to make these funds available - esp. Earl Blumenauer + Ron Wyden

The funds we are offering today will primarily be applied to construction and systems work already completed and to the purchase of four (4) additional light rail cars. With this addition today, the Federal New Starts contribution to the project totals over $~~600~~ 667 million.

Now, I'd like to ask Mayor Katz, Fred Hansen, Charlie Hale, Mike Thorne, Ed Richardson, to join me as I present this check for $22.5 million ~~to Mayor Katz and Commissioner Hale~~ ...

[I'll sign this check to make it official.... This is one check you can spend in all one place...]

Note: After thanking all speakers and guests, Mayor Katz will ask

everyone to move to the signpost unveiling outside the tent.

U.S. Department of Transportation
Office of Public Affairs
Washington, D.C.
www.dot.gov/briefing.htm

Speech

Strategic Education for the New Millennium
Remarks by
Deputy Secretary of Transportation Mortimer Downey
Before the
TransNow Workshop and Conference
Educating the 21st Century Transportation Professional
sponsored by Transportation Northwest
A U.S. Department of Transportation University Transportation Center
at the University of Washington
South Campus Center, Room 31
Seattle, Washington
Friday, July 16

Thank you, Nancy Professor Nancy Nihan, University of Washington, and good morning everyone.

It is an honor to attend the Transportation Northwest Regional Center's first transportation education conference and workshop.

Events like this, and the exchange of information and ideas that they inspire, are valuable in bringing academia, industry and government together to educate and train future and current transportation workers. It is important that transportation professionals possess the most up-to-date knowledge and the best skills so they can fulfill the needs of transportation employers and the marketplace.

And what will those needs be? I'm sure Dr. Oliver McGee, Michael Kyte and others who spoke yesterday reviewed them with you. I know that Dr. McGee was going to talk about what our transportation system could look like 10 - 25 years from now and what technologies are likely to be used in making them safer and more efficient. Technologies, for example, that allow emergency vehicles to temporarily control traffic lights in order to save lives -- or automatic tolls that debit motorists' accounts as they drive by -- or high-speed trains that can travel 300 mph.

Technology and Intelligent Transportation Systems (ITS) already play a critical role in our transportation system. And, Secretary of Transportation Slater and I believe new technologies will become increasingly important role as we try to solve current and future transportation problems.

Without safe and efficient highway, aviation and waterway systems, our nation could not be as prosperous and vibrant as it is today. But, we cannot rest on our laurels. We must continue to invest in, and improve, our transportation infrastructure in cost effective and intelligent ways.

Remarks by Deputy Secretary of Transportation Mortimer Downey
Oregon Transportation Marketplace

The future, from my point of view, looks very challenging. In the next 10 years, the number of cars on our roads and highways may increase by 50 percent. With Americans spending 2 billion hours stuck in traffic every year, and with the annual cost of congestion skyrocketing to over $48 billion in lost productivity, the public is saying "***We need to do something about it***!" – and we had better listen to them.

Given these trends, we know we all have to commit ourselves to "New Thinking."

It will take new thinking because new infrastructure alone is no longer *thee* answer for reducing congestion or crashes. While new roads and bridges will still be part of the transportation equation, we at DOT believe their design and construction should incorporate technology and in many cases, the new capacity needs will be met by technology.

University Transportation Centers Program

This is where the University Transportation Centers (UTC) are vital. You are the teachers and the trainers of future transportation professionals.

You will use the best teaching methods and the newest technologies to produce skilled transportation professionals and to conduct vital research. Some of that research will include advanced materials, robotics, and information technologies. These and other technologies will be the building blocks of the transportation systems of the 21st century.

The UTC program, begun in 1987 and continued under the Intermodal Surface Transportation and Efficiency Act of 1991 (ISTEA), established 10 regions with universities from throughout each region interested in transportation education and training eligible for funding.

The Transportation Equity Act for the 21st Century (TEA-21), signed into law by President Clinton just over one year ago, authorized up to $195 million for grants to establish and operate up to 33 UTCs throughout the United States from 1998 - 2003. These institutions can and will be a powerful force for innovation.

Ten of these Centers, which are designated Regional Centers, were selected by competition for 1999. Dr. Nihan and the faculty and students here should be proud that the University of Washington was one of the ten -- congratulations!

The mission of the UTC program is to advance U.S. technology and expertise in the many disciplines comprising transportation through the mechanisms of education, research and technology transfer at university-based centers of excellence.

Applicants for the UTC program are limited to colleges and universities that have an established level of financial resources already supporting transportation research and education programs. Federal funds must be matched dollar for dollar on the part of universities that become part of the program. Availability of research and extension resources, capability to provide leadership in solving transportation problems, and a multi-modal perspective are also factors in selecting UTC participants.

The programs and coursework sponsored by UTCs are multi-disciplinary – so that mechanical engineers can understand the chemistry behind the advanced materials that build stronger bridges or civil engineers can understand the latest technologies. In the late 20th century, we finally realized that multi-disciplinary science and engineering education is more effective than teaching narrow disciplines. Today's students will be better equipped with broader knowledge for our more complex, technology-driven world.

If I were to summarize in one word what we want from the University Centers -- that word is "innovation."

In today's fast-paced, global economy, the race doesn't go to someone who makes things 5 or even 10 percent better -- but to the one who literally makes things at least 10 to 100 times better, the one who produces a product or service which revolutionizes the world of work.

That's the new economy, and we want our transport sector to be part of that new economy.

Just a few days ago, Vice President Gore released a new report that illustrates the kind of role that technological innovation can play. The study confirms the widely held view that the introduction of information technology has contributed significantly to U.S. productivity and prosperity. Not only have the manufacturers of those technologies benefitted -- as you in Seattle know -- but also the organizations that invested in and used information technologies innovatively to enhance efficiency and for other benefits.

We need to move the transportation enterprise into that part of the economic spectrum -- the part which generates growth and revolutionary change that we all can share.

This was the theme of a conference we held last month at our prime research center -- the John A. Volpe Transportation Systems Center -- in Cambridge, Massachusetts. At that conference, we heard a lot of interesting and promising ideas for revolutionary change from the transportation and academic communities. Some examples include:

- Computerized microchips that can make every part of a vehicle intelligent in its performance.

- Large systems functioning on an intelligent basis, like freight or logistics.

- New fuels that allow greater efficiency and fewer emissions without sacrificing vehicle safety or performance.

- Nanotechnologies that don't limit you to the properties of materials that exist -- also known as "designer materials" -- that are stronger, better and potentially cheaper than what they replace.

Currently, one of the largest transportation research collaboration underway is the Partnership for a New Generation of Vehicles (PNGV). Federal agencies, including DOT, the Departments of Commerce and Energy and others, are working with U.S. auto manufacturers to develop a prototype vehicle that gets about 3 times the fuel economy of today's average car and virtually zero carbon and other greenhouse gas emissions.

I am sure that a number of the University Transportation Centers, which will specialize in various areas of transportation, will be -- or already are -- involved in such public/private partnerships.

All of these are exciting concepts, but our conference showed us that it will take more than concepts to be successful innovations. It will take partnerships -- among universities, private companies and government -- to fully develop them for the marketplace, and it will take a well-trained workforce and, therefore, a world class educational system. But, it will be worth the investment in people and ideas -- just look back over the last 100 years at the innovation we have witnessed in this 20 Century.

These two strategies -- partnerships and an educated workforce -- are the hallmark of our UTC program and the reason we feel so strongly about its success.

The Transportation Equity Act for the 21st Century

Before I close, I would like to talk about another vehicle, in addition to education, that is going to help our nation invest in and build a safer, more efficient transportation system: The Department of Transportation's implementation of the Transportation Equity Act for the 21st Century (TEA-21).

TEA-21 reflects the commitment of the Congress and the Administration to rebuild America's infrastructure in a fiscally responsible manner, while increasing safety, providing for a cleaner environment, and expanding
opportunity.

TEA-21 guaranteed a record $198 billion of surface transportation investment while protecting our commitment to a balanced budget. TEA-21 expands core highway programs. The budget negotiations with Congress left the door open for up to $20 billion in additional investment as part of the annual budget process over its six-year life. We think that's a fair deal: it fulfills our commitment to the balanced budget and to other national priorities, even as we achieve record-level transportation investments.

This record investment is balanced: there's $42 billion authorized for transit, including $18 billion for transit formula funding. That is a 50 percent increase over the Intermodal Surface Transportation Efficiency Act of 1991 (ISTEA) for the core program, the backbone of our commitment to urban and rural transit systems.

We also have $19 billion for major capital grants, new starts, fixed guideway modernization, and improved bus service. The opportunities for transit aren't limited to the traditional, dedicated funding programs. We want transit to participate fully in other initiatives, such as Intelligent Transportation Systems, and innovative finance, which has a new credit assistance program for major construction projects.

TEA-21 established a $500 million program to help invest in clean-fuel buses as an important clean air strategy. For the first time, we have a transit counterpart to the highways enhancements program, dedicated funding for the low-cost, high-benefit projects to help communities improve their quality of life and to build stronger, broad-based support for investment.

The Federal Highway Administration (FHWA), the Federal Transit Administration (FTA), the National Highway Traffic Safety Administration (NHTSA), and the Federal Railroad Administration (FRA) will work together with others, including State, local, and tribal governments; industry, labor, safety and environmental protection groups; other elements of the Department of Transportation; and the public to implement TEA-21 consistent with the intent of Congress.

Among the most significant features of TEA-21 is its record level of balanced investment in our highways, transit systems, and intermodal facilities. It does so in a fiscally responsible manner, which protects the landmark 1997 balanced budget agreement and other vital national priorities, including education, child care,
and Social Security.

TEA-21 gives us both surface transportation investments as well as funding to improve education and training, both of which will set our nation on the right track. Smart regions, like Seattle, are figuring out how to use these investments well. Seattle recently won the DOT "trifecta," scoring grants in all three of our hotly contested categories for community

preservation, for job access and for development of the FAST corridor. I congratulate Seattle for your comprehensive approach and on your success.

Conclusion

In addition to working with colleges and universities to help train future transportation workers, the leaders at DOT also know it is important to begin early, at the grade school, junior high and high school levels. That's why, In 1997, we started the Garrett A. Morgan Technology and Transportation Futures Program.

Garrett A. Morgan (1877-1963), an African-American entrepreneur who invented, among other devices, the automated traffic signal. Morgan is one of the Department's favorite heroes -- a man from a poor background, with little formal education, whose lifetime achievement is a model of dedication to public service, safety and technological innovation.

President Clinton and Vice President Gore have challenged Americans to keep pace with technological innovations and to ensure that all of our workers have the skills they need for 2lst century jobs. We also want to inspire students to choose careers in transportation so that this nation will have the skilled workforce needed to operate and maintain the world's best transportation system.

And, again, we think the UTC program holds great promise for ensuring that we have the best, most well-trained transportation workforce – one that is ready to tackle the challenging transportation issues ahead.

Both Secretary Slater and I believe that education is the key. It can unlock a brighter future for people of all ages in the new millennium. We look forward to working with the University of Washington and with all of the other UTCs to make both systems -- transportation and education -- the best in the world.

Thank you.

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