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Remarks prepared for Delivery by

Deputy Secretary of Transportation Mortimer Downey

Before the

Natural Gas Vehicle Coalition
17th National Natural Gas Vehicle Conference and Exhibition
Minneapolis Convention Center, Room 101
Minneapolis, Minnesota

Tuesday, October 5, 1999
10 am

Thank you, Richard. And, thank you for inviting me to participate in your 17th National Conference.

One of the better aspects of this job is the chance to get out to conferences like this one and see what's new in our transportation system and where we are going. With our focus on the environment, Alternative Fuel Vehicles (AFVs), alternative fuels and related areas of transportation have become increasingly important for DOT in this half of the 20th century and should become even more important in the 21st.

I'll pass on what the lesser aspects are, but the list might be quite long with congressional hearings.

One of the Department's five strategic goals is protecting the "Human and Natural Environment." With the number of people and vehicles growing rapidly here in the U.S. and exponentially overseas, we need to find ways to move those people and goods while, at the same time, reducing the pollution transportation contributes. That's not a recipe for business as usual – it calls for new responses. And, one of the obvious responses is for government to work with the private sector to develop clean, efficient and safe vehicles.

To perform this pre-competitive research, DOT, DOE and EPA have all learned that public/private partnerships are the way to go. At this point, we have all worked together in such partnerships and have realized their value. Collaboration among federal, state and local agencies, the private sector and academic institutions is almost becoming second nature.

President Clinton and Vice President Gore have strongly encourage R&D partnerships because they know you get a better result when everyone has a stake in the project and its outcomes.

Before I get into specific programs that DOT is funding or involved in, let me provide some context about how we are trying to establish priorities and coordinate activities in transportation research.

Last June, Secretary Slater joined Dr. Neal Lane, Director of the Office of Science and Technology Policy, in releasing three documents that will for the first time provide a framework for transportation research and development activities: the National Transportation Science and Technology Strategy, the Transportation Strategic Research Plan, and the DOT Research and Development Plan. The documents were prepared on behalf of the President's National Science and Technology Council (NSTC), which I chair. As NSTC efforts, they reflect not only DOT views, but the views of multiple agencies involved with transportation.

The reports represent vital road maps in the journey toward the future of America's transportation system and industry.

The Clinton administration has worked hard through this interagency effort – and interagency efforts, by their nature, are always hard – to leverage overall federal research and development by establishing national priorities and by improving research coordination among federal agencies. Now our challenge is to find innovative ways to make the results of this research available to the private sector and to other units of government more quickly and inexpensively.

The DOT Research and Development Plan provides for the first time a framework for making decisions on my department's research priorities. The plan aims to move America toward a high-technology transportation system that saves lives, money and time while providing all Americans access to affordable, environmentally-friendly transportation -- and that future should include alternative fuel and natural gas-powered vehicles.

The new Transportation Strategic Research Plan catalogues broad federal investment in long-term transportation research and recommends high-priority areas for future research spending. In producing it, we found that the Federal investment in transportation research in 1997 alone exceeded $5 billion, with nearly 60 percent conducted by the Department of Defense. While not here on this panel, they are certainly here in spirit. DOD has contributed much to alternative fuel and efficient vehicle research.

Before I talk further about federal efforts and programs, I think it is important that we look at the marketplace for alternative fuel vehicles. While government can be a catalyst for innovation through R&D funding, it is the marketplace that ultimately will determine which technologies and which fuels will survive and thrive.

The Marketplace and Alternative Fuel Vehicles

While we know the United States and the world have ample supplies of natural gas, petroleum geologists estimate that we have enough oil to last the world at least another 80 years. Therefore, we will continue to see competition between these two fuels. Natural gas is leading ~~oil~~ fuel in the electric power sector, but in transportation, oil will continue to dominate for at least the next decade. The two major reasons are infrastructure and price: 1) the broad-based infrastructure for refueling and making natural gas-powered vehicles convenient for the everyday driver has yet to be developed; and 2) the cost of buying and maintaining a natural-gas vehicle are generally higher than conventional vehicles.

In addition to infrastructure and price, gasoline-powered cars are becoming cleaner than many people thought possible even 10 years ago. Diesel trucks and buses are significantly cleaner today than they were at that time. The competition is tough because the technologies are evolving, it is really too soon to tell which single fuel, if any, might emerge as "the winner" in the next century. It makes more sense for us to keep our options open. Perhaps there will be no one "winner," but instead a diverse supply of fuels and technology options for different applications.

No one really knows what the transportation market will look like in 20 years, but the environmental benefits of natural gas should keep more vehicles in the competition.

In the meantime, we need to be thinking about resources like natural gas not only as solo fuels but also as feedstocks for other fuels. It is possible to use natural gas as the feedstock for a diesel fuel with almost no sulfur, which could be blended with petroleum-based diesel fuel. Many believe this process is too expensive given today's petroleum prices, but if process technology advances enough or if petroleum prices increase significantly, we could see more interest in such a fuel.

The Department of Transportation is working with other agencies and the private sector to develop a variety of technologies and transportation alternatives. Let me fill you in on DOT programs that encourage the development and use of alternative fuel vehicles

As with everything else we do, it starts with safety

DOT Regulations Re: Natural Gas powered vehicles

* DOT has only one rule, promulgated by NHTSA, governing natural gas powered vehicles. There are other rules, promulgated by RSPA, governing the transportation of natural gas.

* NHTSA promulgated a rule in 1994 that "specifies requirements for the integrity of motor vehicle fuel systems using compressed natural gas (CNG), including the CNG fuel systems of bi-fuel, dedicated, and dual fuel CNG vehicles." The rule, and a subsequent revision, prominently address the integrity of on-board fuel containers.

* The primary focus of the rule is to ensure that CNG-powered vehicles are reasonably capable of surviving crashes without having their fuel ignite. The stated purpose is to "reduce deaths and injuries occurring from fires that result from leakage during and after motor vehicle crashes."

* The rule applies to all factory equipped CNG-powered vehicles under 10,000 GVWR. However, most CNG-powered vehicles are after market conversions and are thus exempt from the rule's requirements.

* The rule was subsequently revised to make its requirements more performance based. There are also a number of petitions for reconsideration pending.

Prepared by: Howard Serig, OST Policy

Briefing Paper

Federal Motor Vehicle Safety Standards (FMVSS) specific to compressed natural gas (CNG) powered motor vehicles

FMVSS No. 303, Fuel System Integrity of Compressed Natural Gas Vehicles.

- Final rule published in the Federal Register April 24, 1994.
- Effective September 1, 1995
- The purpose of this standard is to reduce deaths and injuries occurring from fires that result from fuel leakage during and after a crash.
- Established fuel system integrity requirements for motor vehicles powered by CNG for motor vehicles with a gross vehicle weight rating of 10,000 pounds or less, i.e., passenger cars, light trucks and vans.
- Subjected newly manufactured motor vehicles to similar crash tests of motor vehicles powered by liquid fuels, i.e., gasoline, diesel.
- Specified frontal, rear and lateral crash testing.
- Placed a limit on the amount of pressure drop in the fuel system.

FMVSS No. 304, Compressed Natural Gas Fuel Container Integrity.

- Final rule published in the Federal Register September 26, 1994.
- Effective March 27, 1995
- The purpose of this standard is to reduce deaths and injuries occurring from fires that result from fuel leakage during and after a crash.
- Established fuel container integrity requirements for all newly manufactured CNG fuel containers.
- Subjected newly manufactured CNG fuel container to pressure cycling, burst and bonfire tests.
- The standard was based on American National Standards Institute standard for CNG fuel containers.
- **December 3, 1998, the standard was modified to remove design restrictions relating to material and manufacturing processes to facilitate technological innovation without adversely affecting safety.**

Prepared by: Stephen Kratzke, NHTSA, 366-4931.

Advanced Vehicle Program

In February of 1998, Secretary Slater, together with former Secretary of Energy Secretary Federico Pena and EPA Administrator Carol Browner and Under Secretary of Defense Jacques Gansler, announced the transfer of DOD's Advanced Vehicle Program to the civilian agencies. In doing so, they ensured that program successes, such as the electric humvee and the hybrid bus, can be applied more broadly to applications such as school buses, municipal fleets and other medium- to large-size vehicles.

This new partnership will help commercialize more efficient vehicle systems that reduce pollution. American consumers and businesses can look forward to a cleaner environment because of the transfer of these energy efficient military technologies.

The program, funded at $20 million in its initial year, transfers important technology research from the Defense Department to a joint, public-private partnership led by the Department of Transportation. The effort's goal is to, by 2004, demonstrate commercially viable buses, delivery trucks, municipal fleets and other medium-size vehicles that achieve at least a 50 percent improvement in fuel efficiency and a reduction of emissions to at least 30 percent below current standards. That's our goal, and I know these are markets that you have also focused on.

In fiscal year 1999, the DOD research agency -- the Defense Advanced Research Projects Agency (DARPA) – contributed about $ 8 Million to the AVP.

The partnership will continue to work with the Advanced Transportation Technologies Consortia to develop more efficient vehicle systems -- such as electric propulsion drives, and infrastructure -- such as fueling and charging stations.

This past June in Boston, Massachusetts, for example, U.S. Transportation Secretary Rodney E. Slater announced that contracts valued at more than $12.1 million will be awarded this year under the revised Advanced Vehicle Technologies Program (AVP).

During the first year of the AVP, the $12.1 million in federal funds will be matched by $15.7 million in private sector investment for new technologies for advanced buses, trucks, and airport support vehicles, with application to other vehicle types in rail, maritime and surface modes. Projects selected for fiscal 1999 focus on electric and hybrid-electric vehicles, including infrastructure.

The four projects announced this past summer will be coordinated through the Northeast Advanced Vehicle Consortium (NAVC).

Based in Boston, NAVC represents the eight northeast states and is one of seven quasi-regional consortia that successfully competed for funding under the AVP. One project will seek to develop a dependable, durable and fully integrated hybrid-electric school bus that is energy efficient and environmentally friendly. Another project focuses on reducing the high cost of fuel cells for transportation.

The private sector, whether it be companies or universities, share in the cost of all projects under the Advanced Vehicle Program.

Alternative Fuels and Transit

Alternative fuels have played an increasing role in transit in the 1990s and will continue to share a significant portion of this market with other fuels. Because transit agencies and services are usually publicly-operated, a lot of testing and development of alternative fuels begins with transit.

Today, thanks to capital grants provided by the FTA, more than 2,000 alternative fuel buses are operating on methanol and compressed natural gas. Nearly 25% of new bus orders today are natural gas. The Los Angeles County MTA has declared that all new buses purchased will be powered by natural gas. Other transit authorities are following suit.

The FTA has worked with the U.S. Department of Energy, specifically with Assistant Secretary Reicher's Office, and with the Environmental Protection Agency to implement our AFV bus program and in the development of standards and safety practices for natural gas and AFVs.

Innovations in transit technologies continue to play a critical role in enabling the industry to provide safe and efficient transit. When we ask people to use transit as an environmental strategy, we want to make sure it is environmentally friendly transit.

FTA's Office of Technology, working with private industry and transit agencies, is pursuing various research and development activities on advanced technologies to enable an accessible, safe, efficient, environmentally benign and cost effective transit system.

One of FTA's more successful programs is the Demonstration of Universal Electric Transportation Subsystems (DUETS) Program. This program is aimed at developing and demonstrating advanced hybrid electric technologies and vehicle subsystems for transit bus applications.

Testing has been a success. New York City's Metropolitan Transit Authority, for example, plans to purchase 5 hybrid buses based on the DUETS design, which involves on-board combustion engines that generate electricity to power electric motors.

The Transportation Equity Act for the 21st Century (TEA-21) has also provided us with unprecedented funding levels and opportunities for transit, including the new Clean Fuels Formula Grant Program. This formula grant program will assist non-attainment and maintenance areas under the Clean Air Act in achieving or maintaining attainment status. The program also seeks to support emerging technologies and create markets for new clean fuel technologies. Under the program, maintenance and non-attainment areas can apply for funds to acquire clean fuel vehicles, to repower or retrofit engines for clean fuels operation, and to construct or improve facilities to support these vehicles.

Funds available under the Clean Fuels Formula Grant Program are distributed to eligible projects based on size of the bus fleet, bus passenger miles, and the severity of non-attainment for ozone and carbon monoxide – or they would be if Congress didn't earmark them to go elsewhere.

FTA is currently developing a Notice of Proposed Rulemaking describing eligibility requirements and application procedures that will be published in the Federal Register later this year.

The FTA also coordinates with our National Highway Traffic Safety Administration to ensure the safety of alternative fuel buses. FTA has participated with the Natural Gas Vehicle Coalition and the Gas Research Institute in setting industry guidelines for AFVs and facilities.

Congestion Mitigation & Air Quality Improvement Program

Since 1970, our nation has been able to markedly reduce air pollution thanks in large part to the Clean Air Act. The Department of Transportation is also involved in improving air quality, particularly through the Congestion Mitigation & Air Quality Improvement Program. The primary purpose of the CMAQ program is to fund transportation projects in the most polluted areas in the country. Our Federal Highway and Federal Transit Administrations manage the program, which is focused on reducing transportation-related emissions through partnerships with other agencies and the private sector.

This program, begun under the Intermodal Surface Transportation Efficiency Act of 1991, allows states and localities more flexibility in how they spend federal transportation dollars.

The CMAQ program has virtually redefined what a transportation project is. In addition to more traditional efforts in traffic flow and transit improvements, CMAQ supports new and effective projects focusing on vehicles and fuels.

The establishment of inspection and maintenance (I/M) programs -- estimated to reduce emissions by as much as 30 percent -- and the conversion of public fleets to cleaner fuels are eligible program activities. I am pleased that Congress in TEA-21 recognized the contributions that alternative fuels can make to air quality and made these projects eligible for funding, something we in the Department began doing in 1993.

As you know, metropolitan areas are particularly in need of help to reduce congestion and improve air quality. Phoenix, Arizona has recently allocated $8.6 million to purchase 27 Liquid Natural Gas (LNG) buses for Phoenix Transit to replace older diesel fueled buses. Phoenix is one of the first transit agencies to use LNG as a fuel.

The CMAQ program was reauthorized under TEA-21 with over $9 billion dollars provided for over 6 years (1998-2003), or a 50 percent increase over ISTEA levels.

Between 1993 and 1999, about $400 million in CMAQ funds have been used for alternative fuel projects. The large majority of these have been for natural gas vehicles. But CMAQ funds have also been used for electric vehicles and even for the conversion of a portable highway message sign from diesel power to solar.

TEA-21 also included new Public-Private provisions, for the first time allowing the routine use of public funds for private and non-profit enterprise. These provisions explicitly reference alternative fuel projects, providing an opportunity for us to leverage private sector investment in clean air initiatives.

At least 17 States have used CMAQ funds for alternative fuel projects. The predominant States forwarding alternative fuel projects have been California, New York, Texas, Florida and New Mexico.

The predominant use has been for the incremental costs of environmentally friendly transit buses and many refueling stations. But CMAQ funds have also gone for alternative fuel street cars and trolleys, city owned trucks, street sweepers, and even to train repair technicians.

Conclusion

DOT's work in developing the technologies and the infrastructure for alternative fuel vehicles – in partnership with DOE, EPA and other agencies and the private sector -- will help to fulfill President Clinton's and Vice President Gore's commitment to reduce greenhouse gas emissions and protect the environment for future generations.

Alternative fuels have made considerable inroads on the automotive scene in recent years. Whether electric, methanol, ethanol, natural gas, propane, or biodiesel, we are sharing the road with vehicles built to run on these fuels. As usual, California is leading the way, but other states are also passing regulations and adding alternative fuel vehicles to their transit fleets.

In the private sector, most major automakers are involved in developing AFVs and have been for some time. There's no doubt that clean-fuel vehicles are coming to the mass market. The billion dollar question is: Which one or ones will get their first and when?

Thank you very much.

AIRSAFETY DATA WORKSHOP

Wednesday, October 6, 1999
International Trade Center (Ronald Reagan Building), Hemisphere A
Washington, DC
9:05 - 9:15 am

Talking Points

I Want to share some quick observations on the management context for this effort

- Of DOT's 5 Strategic goals, safety is preeminent ....

  "Promote the public health and safety by working toward the elimination of transportation-related deaths, injuries, and property change."

- This seems fairly straightforward to measure directly, and we do

We also have 4 DOT performance goals for air safety, which we measure annually:

- 1. Air carrier fatal accident rate
  2. General aviation fatal accident rate
  3. Runway incursions
  4. Operational errors and deviations

- Each is measuring a different aspect of the problem

- 3 of these trends are going in the right direction, 1 is not

- But all are aimed at outcomes, or impacts

- And all are aimed at conveying program value, used in justifying the budget.

In formulating performance measures, we have aimed high

- We try to develop aggregate measures that cut across multiple programs
- This provides maximum flexibility for addressing problems
- It allows program and resource tradeoffs
- And it keeps our focus on the bottom line
- Note, for example – fatalities vs. accidents
- Fatalities is a broader measure – it captures prevention, mitigation (like firefighting and lifesaving equipment), and response programs

Then we disaggregate our performance measures

- ...to discover the most significant contributing factors
- For example, growth in aviation operations has averaged over 1 percent per year. With the increased tempo of operations, the risk of incursions increases. Runway incursions are most likely to occur at complex, high volume airports. These airports are characterized by multiple parallel or intersecting runways; multiple taxiway/runway intersections; complex traffic patterns; and the need for traffic to cross active runways.
- Note that sometimes clues are in the *circumstances*, without information on the *cause*

An engineering approach to solving the problem may require a different view than a management approach to focusing on safety program priorities

As you think about safety data –

- *Data comparability* is a significant issue – want to be able to measure across programs and modes, and have aggregate measures showing the same things

- *Timeliness* is a significant issue – some of our data is "like light from a distant star – it may have been extinguished long ago" (- Mr. Downey's quote)

- It's important to find *good denominators* – to help give a sense of cost-benefit for our measures, which may be different from exposure measures

- And we need more *precursor data* – leading indicators that tell us in advance when things are changing direction.

Different people have different opinions – how safe it is, how safe it isn't

- We need both

- It's not an easy process developing the data

- I think you'll find this a real challenge, but to achieve our Safety goal, we need to direct our energy to ensuring that DOT's organizational structure and operating practices are supported by high quality data.

TALKING POINTS
STEVE VAN BEEK
SMC Briefing October 7, 1999

I wanted to update you on the Department's progress in the area of COOP and COG over the past year. I'm pleased to say that through your support and involvement we have developed a viable program in this national security area.

We were able to execute the lease on the FEMA facility at Mt Weather through the intense efforts of TASC. We even acquired some quality used furniture for the above and below ground offices courtesy of FAA.

After meetings with Secretary Rominger, the White House point person on COG we revised and upgraded the Department's representatives on the National Emergency Team - the individuals who will manage DOT's role in a truly catastrophic event.

A few weeks ago we participated in the 2 day National security exercise held at Mt. Weather - where our alternate facility is located. As many of you are aware we had ample representation (*Speak to the Secretary's involvement*)

This was the first time that the NSC, White House, and FEMA were able to exercise all the elements of the COG program and also test how the COOP program dovetails into it. Sometimes the distinction between the two programs blur. COOP deals with the ability of the Department to continue essential operations during emergencies that may disrupt normal operations, or temporary loss of the headquarters facility.

COG is the highly classified program for enduring constitutional government and involves Presidential lines of succession and our Department's support to the White House. Until the publication of last year's Presidential Decision Directive 67, these two programs were essentially separate. The new PDD brings them togther so that the COOP program provides the foundation for the COG program.

PDD 67 calls for all Department's to have a comprehensive and effective program in place. We are specifically required to have a Continuity of Operations Plan, alternate facility and the ability to respond within a 12 hour period by October 21, 1999.

I am pleased to tell you that our draft Plan was completed and is being circulated for your review and input. (*Display copy).*

While we have made great strides in placing the very basic of essentials at the facility, there is much work remaining for us to accomplish over the next two years. We will be working with you to identify any specific needs your operating administration may require to ensure operational connectivity to your individual COOP sites and regional offices. We also will direct some energy to holding some exercises at the alternate facility.

The Flagship initiative - National Emergency response - has also been helpful in looking at the Department's larger needs in the COOP area and a way to identify and coordinate the Department's efforts in ensuring adequate command, control and communications. This includes secure communication.

Lastly, I think that we can be proud of our Department's efforts in supporting the President's Executive Orders and Directives in this important national security area. I look forward to supporting the program in my new position as well.

Deputy Secretary Mortimer L. Downey
Statement to the Federal Railroad Administration Third Y2K Workshop
Washington, DC
October 8, 1999

Good morning. It's a pleasure to be here with the leadership of the railroad industry in our nation to discuss our progress in preparing for the Year 2000.

Let me congratulate Federal Railroad Administrator Jolene Molitoris for having the vision to arrange these industry-wide meetings throughout the year as we move towards the rollover.

Her vigilance on rail safety issues — and this is a rail safety issue — is a model for all of us in the department.

President Clinton has established addressing and solving the Year 2000 problem as a top priority of the Administration. Y2K is not just a time-consuming task for computer needs, programmers. It is really a global management challenge that must be addressed as we move to the new century.

There has been a comprehensive and concerted effort across the federal government, led by John Koskinen, the Chair of the President's Council on Year 2000 Conversion to prepare See that we are ready for the end of the year.

The Conversion Council has played a pivotal role in moving the United States and other nations of the world towards year 2000 readiness.

The Council has brought together government, industry, trade associations and international partners to share information about the problem and to assess overall readiness. Additionally they have been relentless in getting information about readiness to the American public through ~~avenues such~~ as Community Conversations, websites and media articles.

As John Koskinen has said, "Information is crucial to our nation's ability to successfully meet the challenges posed by the Y2K problem."

I am pleased to be a member of the Council and to chair the Transportation Sector Working Group, one of 24 sector groups supporting the council. Our working group is looking at the transportation industry and transportation users concerns.

One

~~A~~ notable effort undertaken for the Conversion Council has been the Coast Guard's work through the United Nations to encourage the international maritime community to address the Y2K problem. The Coast Guard then followed up by working with the International Maritime Organization to distribute the Year 2000 Code of Good Practice to help determine whether vessels are Y2K ready. Not perfect / but not chaotic

idea for most of you who interchange cargo at Arena's ports.

Equally important have been our efforts to assess the various segments of the transportation sector for readiness.

Through reports from transportation associations we have contributed to the three industry assessment reports that the Council has issued to the President and the American people. A final report is planned for November. ~~Within the transportation~~ sector we have seen increasing progress towards Y2K readiness. ~~and~~ not only in the transportation sector but in important support sectors — financial, electric power + telecom. And ~~these~~ progress has been matched by decreasing levels of concern among the American people

Under the ~~Conversion Council's~~ leadership of the CC and ~~subcouncils~~ working groups, the federal government has focused on making sure our own systems are ready for the year-end rollover and working with our industry partners to promote awareness of the problem and assist in achieving solutions.

In some cases, agencies have been using their regulatory and enforcement powers to spur compliance where such spurs are needed.

Today, we are just 84 days from Y2K and we can say that under President Clinton's direction we have a federal government that will be ready for Y2K. — 100% of DOT mission systems, 99% accounted for

At the DOT, our operating administrations have been working with their partners to promote awareness of the Y2K issue and to assist, where possible, in helping achieve compliance.

Our top priority is safety and we expect our nation's transportation system to be as safe in the new year as it is today.

I am pleased that today's workshop will include a summary review of Y2K readiness of the railroads. I ~~understand~~ hope to hear convincing evidence that the results are good ~~and~~, and that the railroads are in good shape. and that your customers + employees can count on safe + solid performance.

I urge you to keep on working. We must test and retest. We must have contingency plans that are in place and tested. And we must make sure that our partners, suppliers, distributors and others are all doing the same.

This is a safety issue - and as I said earlier, we are vigilant on safety issues. Cascading congestion because of computer problems has - unfortunately - happened before + created real problems. We cannot let this happen again. BRITISH EXAMPLE

Let me encourage you to share your contingency plans and other Y2K preparations with your business partners in this country and with railroads in other countries, where your experiences and preparation could serve as a useful model.

Our work with the transportation industry and with state and local governments tells us we should not expect major disruptions of the transportation system because of Y2K. There may, however, be isolated, local problems and we have urged travelers to prepare as they would for bad weather, such as a hurricane or a blizzard.

The DOT has issued Y2K travel tips for driving and for flying, as well as for rail and transit passengers. Our basic message is for people to recognize that the time around New Year's Day is a busy travel season and to be prudent. They should double check their reservations and their receipts. And they should leave extra time to deal with any Y2K-related problems they may encounter.

The tips can be found on our web site (www.dot.gov) and ~~they will be~~ distributed in the November-December magazine that Triple A ~~local clubs~~ send~~s~~ to ~~their~~ members.

We are not expecting more problems in other sectors of the transportation sector because of Y2K than we would find on a normal holiday travel weekend. There may be some traffic signals that turn to flashing but not many. The major auto manufacturers have assured us there are no date-related functions that will affect the operation of their cars. Every transit system in the continental United States has reported being ready.

Even with all the hard work, the fixing, the testing and the retesting, we may still be subjected to Hollywood's version of Y2K. I've heard plans for at least one made-for-tv movie that is sure to include some imaginative depictions of alleged Y2K failures.

Those movies will be fiction—the kind of fiction that is not based on reality. The reality is that Federal Aviation Administrator Jane Garvey will be flying across the country from Washington to Dallas and she will arrive in San Francisco shortly after midnight.

The biggest problem she may face is getting around San Francisco where plans for a big millennium celebration include closing the Golden Gate Bridge to traffic. That may be a Y2K travel problem but it's different from the disaster stories. It will be fireworks and congestion instead of disaster.

We are on course to be ready but we still have some areas of concern. While thousands of managers across the United States have been working hard on Y2K, many small businesses and smaller local governments have not prepared critical systems. This lack of preparation in smaller organizations stretches across-the-board, including the transportation sector.

Bandu/GB

The governments of Great Britain and Canada have cautioned travelers about the United States because of, among other things, potential problems with the readiness of airports and transit services in small communities and rural areas.

The consequences for small organizations that are not ready for Y2K could be very serious. A small local government, for example, could have an inoperable dispatching system for responding to 911 calls.

Many smaller organizations lack the resources in people and finances to make the necessary repairs. That's why many small organizations are adopting a "wait and see" strategy for Y2K, waiting to make repairs after non-compliant systems break down.

That strategy puts themselves and the people they serve at risk. Repairs and upgrades may not be immediately available after January 1, which will prolong disruptions caused by system difficulties and may force some small organizations operating on tight budgets to close down.

Our other area of concern is the varying level of readiness internationally. The State Department has issued consular sheets on the Y2K status of 185 countries. The DOT has established a website to provide travelers with as much information as we have on the readiness of the aviation systems, airlines and airports of foreign nations. You can find it at www.fly2k.dot.gov.

The information on the major travel destinations from the United States was positive. Of the top 20 travel locations, all had either completed their preparations, are on schedule for finishing or are taking steps in that direction but we need more information.

There are other countries for which we had insufficient information but they are not major travel destinations. They are important to every individual who wants to fly there and we will keep asking questions but our focus is the major destinations where millions of people fly every year.

It is not too late for those who have not started yet. For many small organizations, the Y2K fixes are less time-consuming and less expensive than for other organizations. There is still time but Y2K fixes should begin now.

Finally, let me congratulate everyone here for the work you have done in preparing our rail and transit systems for the Year 2000. We are attempting to solve a problem that is unlike any other that people on this planet have faced, and there is a great amount of uncertainty about what will actually happen.

I know that every organization represented here is facing the Y2K challenge in its own way and we are all working toward a smooth transition to the New Year. It's because of the work that you and many others are doing we will be able to look back next year with the realization that we solved a global problem that some people saw as a threat to our civilization.

And then, there will be other people who will say that Y2K was blown out of proportion, that it was much ado about nothing. But all of us will know that Y2K turned out to be nothing because of our work in the months and years leading up to the rollover.

Let me now introduce George Molaski, the new Chief Information Officer at the Department of Transportation, who in a very short time has given us strong and forward-looking policy direction. His office is overseeing the DOT's Y2K program and he will give you an update on our internal situation.

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REMARKS PREPARED FOR DELIVERY
DEPUTY U.S. SECRETARY OF TRANSPORTATION MORTIMER DOWNEY
NATIONAL DISABILITY EMPLOYMENT AWARENESS MONTH OPENING CEREMONY
OCTOBER 13, 1999

Good morning. I am pleased to participate in this year's opening ceremony in recognition of National Disabilities Employment Awareness Month. Just a few days ago, I had the privilege of participating in the Department's Deaf Awareness Week celebration where we recognized and honored the many contributions that our deaf and hard of hearing employees make on a daily basis.

This morning, however, we officially kick off our observance of "National Disability Employment Awareness Month." President Clinton's Proclamation brings attention to the staggering number of persons with disabilities who are unemployed and who are without medical coverage. And those disabled persons who are employed often face difficult challenges that serve as a disincentive for them to find or stay with a job.

One of the greatest barriers to employment for people with disabilities is that under current law, they often become ineligible for Medicaid and Medicare if they work. That's not a choice people – people who want to contribute – should have to make. President Clinton and Vice President Gore have proposed legislation to knock down that barrier – the Work Incentive Improvement Act – which would extend Medicare coverage for people with disabilities who return to work and improve access to health care through Medicaid.

This year, in addition to rededicating ourselves to breaking down employment barriers, we highlight the achievement of people with disabilities who are excelling in areas such as journalism, entertainment, and the arts – and in government.

As we commemorate this year's observance and as we look forward to next year when we'll celebrate the 10th anniversary of the Americans with Disabilities Act, let use reaffirm our commitment to ensuring full equality for all.

The theme for this year is "Think Ability." As persons with disabilities pursue their dreams and goals, the ONE DOT family must "Think Ability" to develop progressive programs and ideas, and enforce the laws that will enable dreams to become reality and goals to become attainable in the new millennium.

I would like to welcome you all to this year's observance and invite you to participate in the National Disability Employment Awareness Month activities being held throughout the Operating Administrations, as indicated in the Calendar of Events. We have our new Disability Resource Center in the Department to help our employees achieve their full potential and I hope you will stop by and learn what it has to offer. If you're on your way to the 2nd floor snack bar, it's just across the hall.

Thank you and enjoy the program.

Remarks Prepared for

Deputy Secretary of Transportation Mortimer Downey

for Delivery to the

Move Massachusetts 7th Annual Awards Dinner
Westin Hotel Copley Place
10 Huntington Avenue, Boston MA

Thank you, Patricia (Mikes, President of Move Massachusetts), and congratulations to you and your staff on this wonderful celebration. While it's been almost 50 years since my family left Massachusetts -- where my father had been part of the construction industry – I still share in your interest in the success of this state and this industry.

Tonight's outstanding list of award winners -- those who have strived for and achieved professional excellence in transportation -- are a really good example of what we all seek -- and I have some ideas why so many of these high performers are found here in Boston.

But first I have some good news from Washington. On Saturday, the President signed a bill providing for funding of $50.2 billion for transportation and related safety needs for Fiscal Year 2000. Transportation has done well by the Clinton-Gore Administration as infrastructure investment has increased by 38% over the previous Administration's average.

The Clinton Administration also succeeded last week in convincing the Senate that a Federal Aviation Administration (FAA) reauthorization with multi-year funding is vital to a competitive and safe air traffic system. Now, we look forward to working with the House and the Senate as they resolve differences and enact legislation during this session that helps us -- and help Jane Garvey -- meet the aviation challenges today and in the next century. Jane can -- and does -- do a lot – but she needs money and reform in the process to really do all that needs to be done.

Getting back to the focus of this celebration, these award winners exemplify the best in transportation achievement, from cooperative efforts in the planning and design of the New Charles River Basin Parks to the advanced construction technology used in the Leverett Circle Connector. Projects like these would not be possible without the support of Congressmen like Jim McGovern -- who was (and is) always there in Washington looking out for your interests.

Massachusetts has been and remains one of the most trend-setting states in the nation. So much good has come from your state that others admire and model -- especially many unique individuals who have contributed to our great nation. Of course, when you ask the public about Massachusetts history, they may recall the famous ride of Paul Revere through the streets of Boston, but there have been others: the Duryea brothers' automobile leadership, the visionaries who built America's first subway -- soon to celebrate its centennial, and the engineers who developed our air traffic control systems.

From the Commonwealth's more recent history, we have Michael Dukakis, who is here with us tonight. As Governor, he pioneered multimodal transportation policies and continues to do amazing things as a private citizen. He has been an enormous asset as vice-chairman of the Amtrak Board, helping to get high-speed rail running in the Northeast corridor and defining it as a model around the country. At the same time, he's making sure that we won't have to look at graffiti along the way. (Pause for laughter)

Last weekend's successful speed test -- 168 miles per hour -- a record for a train on commercial track, tells us that by next year, you should be able to take Amtrak to New York City, do your business, and get back to Boston in time to catch the Red Sox game. And when anyone at Amtrak doubted that was important, the Governor was quick to pull out his 1953 version of the New Haven Railroad schedule and tell management that merely matching that performance wouldn't do at all for the 21st century.

Jane Garvey, whom I mentioned earlier, formerly our Acting Federal Highway Administrator and now chief of our Federal Aviation Administration, also hails from the great state of Massachusetts. She is leading the historic modernization of our National Airspace and Air Traffic Control systems, and is widely recognized as the most effective Administrator ever to head that complex agency.

Tonight's event recognizes more than just construction successes – points to a philosophy of transportation investment that we have been trying to develop for some time. We believe – and you are demonstrating – that transportation must be multi-modal to succeed – and that its success depends on how well it serves its community. Our concepts – which we call ONE DOT – are inherent in the mix of projects you honor tonight.

The measures of our policies and of your investments are not just the conventional views of how many vehicles are moved but are measures of economic benefit, of environmental progress, of livability in our regions and communities. That's the heart of the TEA-21 legislation that Congressman McGovern worked to pass, it's the spirit of the DOT Strategic Plan and it's the measure of the projects you honor tonight.

The long history of multi-modal planning and transportation management here in Massachusetts is one basis for your success. Balanced transportation decisions, sensitive to both economics and community needs, have always emerged from your planning processes – difficult as they might seem any given time. I think some of that success, at least, is attributable to the academic environment here in Massachusetts and to the close partnerships you have with so many institutions of excellence.

As society has become more complex, the economy more global, and technology more important, these institutions have worked hard to prepare students for our ever-changing, ever-challenging modern world -- especially in the transportation world – and does it in a way that influences outcomes in the real world.

A good example is Northeastern's pursuit of a "new form of learning," called "practice-oriented education," which places students in real-world jobs both to gain skills that make them more marketable and to "test" careers they have an interest in. As a result, Northeastern is turning out transportation professionals ready to contribute on day one.

MIT, founded 130 years ago to take advantage of the area's "advanced and intellectual and industrial climate," is another institution that has encouraged innovation and where many new and improved technologies have originated.

MIT's Cooperative Mobility Program, which happens to be one of DOT's University Transportation Centers, has the right idea about transportation -- that it be environmentally sustainable and multimodal. It must also be safe. Together, the public and private sectors are trying to achieve these 3 major goals.

The Kennedy School at Harvard has worked closely with DOT on transportation planning and workforce issues. JFK offers a demanding course in infrastructure management – *Infrastructure in a Market Economy* -- that is focused on the importance of public/private partnerships in transportation.

And, for obvious reasons, our DOT's Volpe National Transportation Systems Center (Volpe Center) is also here in Cambridge, where it can take advantage of the knowledge base in the region and serve as a catalyst for national innovation.

One project that is expected to accomplish all of the goals I just mentioned -- and is on the minds of most Bostonians these days -- is the Central Artery/Third Harbor Tunnel project, also known as the Big Dig. As frequently reported in the news, this is the largest, most logistically and technologically challenging highway project ever attempted in American history -- and when it is complete, it will change the face of the city.

The U.S. Department of Transportation and our Federal Highway Administration are proud to have been a part of this project, a key component of Boston's and Massachusetts' economy and its future livability.

Move Massachusetts deserves much credit for bringing about consensus and rallying around this project. You worked hard to ensure that environmental quality was a major factor in the planning stages and that minority businesses and contractors got their fair share of work on the project.

Projects like the Central Artery/Tunnel would not be possible without the public/private partnerships and cooperation that Move Massachusetts supports and facilitates. Henry Ford once said:

> ***Coming together is a beginning. Keeping together is progress. Working together is success.***

Congratulations to you and to all of the award winners! You are real leaders in the movement to make transportation work – not just to move people, but to make their surroundings a model for livability.

Thank you.

REMARKS PREPARED FOR DELIVERY
DEPUTY SECRETARY MORTIMER L. DOWNEY
STATEMENT TO THE NATIONAL BUSINESS AVIATION
ASSOCIATION ANNUAL MEETING
ATLANTA, GEORGIA
OCTOBER 14, 1999

Good morning. It's a pleasure to be here with all of you to discuss where we are in preparing for the Year 2000.

Let me congratulate your president John Olcott for the work he does on your behalf and for arranging this session to keep you informed on the important Y2K issue as we move towards the rollover.

President Clinton has established addressing and solving the Year 2000 problem as a top priority of the Administration. Y2K is not just a diversion for the computer nerds -- it is really a global management challenge that must be addressed as we move to the new century.

There has been a comprehensive and concerted effort across the federal government, led by John Koskinen, the Chair of the President's Council on Year 2000 Conversion, to prepare for the end of the year.

Under the Conversion Council's leadership, the federal government focused first on making sure our own systems would be ready for the year-end rollover.

Today, we are just 78 days from Y2K and we can say that under President Clinton's direction we have a federal government that will be ready for Y2K.

All of the mission-critical systems in every part of the DOT, including Federal Aviation Administration, are ready now. Under the leadership of Administrator Jane Garvey and Mary Powers-King, the FAA and the entire air traffic control system achieved full readiness in June.

The Y2K Council has brought together government, industry, trade associations and international partners to share information about the problem and to assess overall readiness.

As John Koskinen has said, "Information is crucial to our nation's ability to successfully meet the challenges posed by the Y2K problem."

I am pleased to be a member of the Council and to chair the Transportation Sector Working Group, one of 24 sector groups supporting the council. Our working group is looking at the transportation industry and transportation users concerns.

In each of our three reports on the transportation sector, we have seen increasing progress towards Y2K readiness. Our final report is planned for November, and we are pulling together information now.

At the DOT, FAA and our other operating administrations have been working with their modal partners to promote awareness of the Y2K issue and to assist, where possible, in helping achieve compliance.

Our top priority is, as always, safety and we expect our nation's transportation system to be as safe in the new year as it is today.

Even when systems become ready, we must test and retest. We must have contingency plans that are in place and tested. And we must make sure that our partners, suppliers, distributors and others are all doing the same.

Let me encourage you to share your contingency plans and other Y2K preparations with your business partners in this country and in other countries, where your experiences and preparation could serve as a useful model.

Our work shows us we should not expect major disruptions of the transportation system because of Y2K. There may, however, be isolated, local problems and we have urged travelers to prepare just as they would if a hurricane or a blizzard were predicted for their area.

The DOT has issued Y2K travel tips for driving and for flying, as well as for rail and transit passengers. People should recognize that the time around New Year's Day is a busy travel season. They should double check their reservations and their receipts. They should leave extra time to deal with any Y2K-related problems they may encounter.

More tips can be found on our web site (**www.dot.gov**) and you will find them in the November-December magazine that AAA local clubs send to their members.

We expect the same types of problems this New Year's weekend as we would find on a normal holiday travel weekend. There may be some traffic signals that turn to flashing but not many.

The major auto manufacturers have assured us there are no date-related functions that will affect the operation of their cars. Every transit system in the continental United States has reported being ready.

To sort out what does happen, we are now collecting data to establish the "baseline" of expected events so that the local power outage that happens when a squirrel nests in the substation isn't confused with a Y2K disaster.

Even with all the hard work, the fixing, the testing and the retesting, we may still be subjected to Hollywood's version of Y2K. I've heard plans for at least one made-for-tv movie that is sure to include some imaginative depictions of alleged Y2K failures.

Those movies will be fiction -- the kind of fiction that is not based on reality. The reality is that Jane Garvey will be flying across the country from Washington to Dallas -- in the air at the point when ATC rollover occurs at midnight Universal time -- and arriving in San Francisco shortly after midnight local time.

The biggest problem she may face is getting around San Francisco where plans for a big millennium celebration include closing the Golden Gate Bridge to traffic. That may be a Y2K travel problem but it's different from the disaster stories. It will be fireworks and congestion instead of disaster.

We still have some areas of concern. Many small businesses and smaller local governments, in transportation and other sectors, have not prepared their critical systems.

The governments of Great Britain and Canada have issued advisories cautioning travelers about the United States because of, among other things, potential problems with the readiness of airports and transit services in small communities and rural areas -- we think these matters will be under control, but the concerns are well taken at this point.

The consequences even of small disruptions could be very serious. A small local government, for example, could have an inoperable dispatching system for responding to 911 calls.

Many smaller organizations lack the resources in people and finances to make the necessary repairs. But their "wait and see" strategy for Y2K puts themselves and the people they serve at risk. And it's still not too late to get started.

To show how serious many people are about making sure these smaller entities are getting ready, the leaders of the Senate Special Committee on the Year 2000 Technology Problem have proposed to ground all air carriers that do not respond to the FAA's request for their Y2K status by November 1.

The smaller airlines are the target of their bill which has passed the Senate and there are more than 1,300 smaller carriers who have not yet provided the information to FAA and are risking having their certificates revoked.

Our other major area of concern is the varying level of readiness internationally. The State Department has issued consular sheets on the Y2K status of 185 countries.

The DOT has established a website to provide travelers with as much information as we have on the readiness of the aviation systems, airlines and airports of foreign nations. You can find it at www.fly2k.dot.gov.

The information on the major travel destinations from the United States was positive. Of the top 20 travel locations, all had either completed their preparations, are on schedule for finishing or are taking steps in that direction.

There are other countries for which we had insufficient information but they are not major travel destinations. They are important to every individual who wants to fly there and we will keep asking questions but our focus is the major destinations where millions of people fly every year.

It is not too late for those who have not started yet. There is still time but Y2K fixes should begin now.

We are attempting to solve a problem that is unlike any other that people on this planet have faced, and there is a great amount of uncertainty about what will actually happen.

I know that every organization represented here is facing the Y2K challenge in its own way and we are all working toward a smooth transition to the New Year.

With the limited time we have left, you must keep on working to get your systems ready and to test them.

And you must make sure that all of your business partners are doing the same. There is no reason for your tough jobs to become even more difficult because of delays and disruptions at facilities that are not Y2K ready.

Their job is to get ready -- your job is to make sure they do it.

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Remarks prepared for the
Drop-By with Students from the University Aviation Association
during the **National Business Aviation Association Conference**
Georgia World Congress Convention Center
October 14, 1999
12:35 - 12:40 pm

Good afternoon and thank you for inviting me to say a few words about careers in aviation.

Safety is DOT's number 1 priority, whether we're talking about aviation, rail or highways. Each day, we strive to improve safety, and I hope that safety is also a key component of your aviation studies.

With more than 600 million people flying on U.S. airlines today and a staggering one billion people expected to fly by 2010, we need the best and the brightest coming into aviation to assure that our safety goals are met.

You also know that aviation plays a vital role in our nation's and the world's growing and increasingly interdependent economy. Our Secretary of Transportation Rodney Slater characterized the important role of aviation when he said: "Aviation will be to the 21st century what the Interstate Highway System has been to this century."

This nation of ours' was built on transportation. From the rivers and canals, to the rails and highways, free movement of people and goods has always performed an essential role in our economy and in our society.

Today, the runway replaces Main Street as the most important thoroughfare in our global village.

Today, nearly one-half of all world trade is conducted by air. Every day, more and more cargo in the world economy is high value and more and more of it moves by air. Tomorrow, even more people and cargo will fly across America and around the globe as world trade expands and as more barriers fall.

Aviation is building the global economy, and you will be the architects.

Today, we stand on the threshold of the second century of aviation. The 100th anniversary of powered flight is little more than four years away.

Your careers, your contributions, will be part of that second century of aviation. You are going to see things that my generation could only dream about – and do things that we cannot even imagine. You will discover, and fulfill, the real potential of powered flight.

We've come a long way from the Wright Flyer and that sandy stretch at Kitty Hawk. And, we've got a lot more territory to cover. You will be the ones to take us to a new level of aviation in the new millennium.

But when you think about it, so much about what we do in aviation is still the same as it was for the Wright Brothers.

Wilbur Wright said: "What is chiefly needed is skill rather than machinery."

Yes, we need skills, but the skills that we need are changing, and changing rapidly.

In the second century of aviation, our Federal Aviation Administration (FAA) will work to modernize and reform our National Airspace and Air Traffic Control systems. That agency is looking for increased information systems skills as aviation -- like other modern modes of transportation -- are increasingly incorporating information technologies.

The challenge of providing the infrastructure to support the changes in aviation is enormous. In the areas of research and acquisition management alone, the FAA faces an immediate requirement to improve critical capabilities. We need systems engineers, software engineers, electronics and electrical engineers, project managers, and human factors specialists.

We need professionals who bring high levels of competencies in statistics, mathematical modeling, economic analysis, operations research, and security risk analysis. We need leaders with an in-depth understanding of aviation operations and the FAA's operational contribution to safety and security.

Yet, we need much more than technical competence. We need innovators — the imaginative, skillful professionals who work together collaboratively in a team environment. And, today, the team, the people who work together often go far beyond organizational and physical boundaries. In aviation, our teams include suppliers, aviation system users, other government entities, and counterparts from around the world.

FAA and the University Aviation Association have worked together to "promote and foster excellence" in aviation education, which is one of UAA's missions. At the FAA's request, you developed and periodically review an Airway Science curriculum for those seeking careers with the FAA and in the aviation industry. And, in partnership with the FAA, you sponsor workshops, seminars and forums on aviation for institutions and faculty. We at DOT applaud your efforts to improve and advance aviation education.

DOT has numerous partnerships with the aviation and aerospace industries and the education community foster and encourage achievement in aviation and the enhancement of math and science at all grade levels throughout the nation.

Further, the FAA is committed to hiring the best. I hope many of you will consider public service at some point in your career. The FAA offers professional growth, lifelong learning, and the opportunity to make significant contributions to aviation.

The U.S. Department of Transportation is also responding to the challenges posed by growth in the coming century through Secretary of Transportation Rodney Slater's contribution to future excellence, the Garrett A. Morgan Technology and Transportation Futures Program.

Through the Garrett Morgan Program, the department partners with elementary and middle schools, high schools, colleges and universities, to promote technology education and training. In the last two years, the department has surpassed its goal of reaching out to more than 1 million students.

It's appropriate that this technology education program, which may make a greater difference in the lives of our children than any of our other DOT initiatives, is named after the man who was truly the grandfather of transportation technology, the man who invented the automated traffic signal and other important inventions, Garrett Morgan.

Change is a key word for you and future aviation professionals. Leaders for aviation's second century must be flexible and receptive to change and be able to respond positively to demands and opportunities posed from within and outside your organizations. The successful aviation leader will embrace and practice lifelong learning both in a technical specialty and beyond to more fully understand the complex human systems and technologies that support aviation.

Just as there were for Garrett Morgan and the Wright Brothers, there are many frontiers to explore. You will have your own expanse of sand where you can stretch your imaginations, stretch your abilities, and stretch the limits of what you will achieve in aviation and aerospace.

Thank you, and best wishes with your studies and your future careers. And, please enjoy the sessions and exhibits here at the conference – it's a great opportunity to take in all that's new and exciting in this field.

Good luck!

October 18, 1999, 11 am

National Memorandum of Understanding on Environmental Streamlining Ceremony

Nassif Building, Room 2230
Washington, D.C.

Briefing Paper

Event Contacts: Kenneth L. Reinertson, OST Policy, x-60582
Camille Mittelholtz, OST Policy, x-64861

YOUR ROLE: 10 minutes of remarks. Mr. Gene Conti will introduce you and serve as the Master of Ceremonies.

Mr. Wykle will discuss the Action Plan and other MOU implementation in his remarks, which are being coordinated with your's.

EVENT: The ceremony's focus is on interagency participation in and commitment to environmental streamlining under TEA-21. It will also acknowledge and celebrate the MOU signed last Spring and give the audience a status of MOU implementation and coming events.

Other Speakers: Each agency senior representative is expected to make very brief remarks from their seats.

AUDIENCE: About 60 people, including transportation and environmental groups, staff members from the seven agencies which signed the MOU. Members of Congress and their staff have also been invited (see attached list).

SETUP: Formal meeting room set up with chairs in theatre style with podium and table for the senior agency representatives.

CEREMONY
NATIONAL ENVIRONMENTAL STREAMLINING
MEMORANDUM OF UNDERSTANDING
October 18, 1999, Room 2230

AGENDA

11:00 - 11:05: Opening remarks and introductions
Mr. Eugene Conti, Assistant Secretary for Transportation Policy

11:05 – 11:15: The National Memorandum of Agreement, comments by
Mr. Mortimer Downey, Deputy Secretary of Transportation

11:15 – 11:30: Preparation of the Action Plan implementing the MOU
Mr. Kenneth Wykle, Administrator, Federal Highway Administration

11:30 – 11:45: Comments by participating agency officials

11:45 – 11:55: Comments and questions from audience

11:55 – 12:00: Wrap-up
Mr. Conti

Mr. T. Peter Ruane
American Road and Transportation
Builders Association
1010 Massachusetts Avenue, N.W.
Washington, D.C. 20001-5402

Dear Mr. Ruane:

With the signing of the National Memorandum of Understanding (MOU) on Environmental Streamlining, we have formally begun implementation of Section 1309 of the Transportation Equity Act for the 21st Century (TEA-21). We have also begun the implementation phase of the MOU with the preparation of an initial framework for the Environmental Streamlining Action Plan.

We would like to recognize the signing of the MOU at a ceremony here at the U.S. Department of Transportation headquarters, 400 7th Street, S.W., Room 2230 on Monday, October 18, 1999, from 11:00 a.m. to noon. You and your associates are cordially invited to attend. We also will take this opportunity to report on progress to date and discuss future plans. Together, we can deliver on the TEA-21 promise of providing timely transportation improvements while protecting and enhancing the environment.

Our point of contact for this event is Mr. Kenneth L. Reinertson from our Policy Development Office. Your contacts can reach him at (202) 366-0582 for further information.

Sincerely,

Mortimer L. Downey

Mr. Michael Replogle
Environmental Defense Fund
1875 Connecticut Avenue, N.W. Suite 1016
Washington, D.C. 20009

Dear Mr. Replogle:

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Sincerely,

Mortimer L. Downey

Talking Points -- Administrator **Wykle**
OST National Environmental Streamlining Ceremony, Monday October 18, 1999 NASSIF Building
Meeting runs from 11:00 a.m. to 12:00 p.m. in Room 2230.
Brief remarks – 5 minutes.
Deputy Secretary Downey will recognize interagency efforts and the national leadership role of the Federal Agencies. FHWA Administrator Wykle to focus remarks describing the action plan which provides some specific MOU implementation strategies.
Topic : Environmental Streamlining Action Plan: A Blueprint for Progress.

OPENING

- I want to endorse the observations made by Deputy Secretary Downey and our other Federal colleagues.

- I am pleased that FHWA is instrumental in leading these interagency streamlining activities.

- We are serious about making progress in environmental streamlining. Across the country, activities are underway:

  - Area wide species mitigation agreements in Montana are being developed with the Fish and Wildlife Service.
  - Interagency agreements for staffing support have been successful in Maryland, Pennsylvania, Washington, Oregon–just to name a few.
  - EPA has hosted a series of regional streamlining summits to initiate regional activities.
  - The Advisory Council on Historic Preservation has been providing training on their new regulations.
  - Their alternate procedures can be used to expedite project reviews.

- Our goal on environmental streamlining is to provide leadership on key issues while giving you the flexibility to achieve local goals.

- It means effective environmental decision-making will be handled in a timely way.

  -- It means Transportation and Environmental agencies have to improve their environmental processes.

  -- It starts by understanding the other person's point of view.

  -- Together, we can reduce delays and protect the environment.

- The National Memorandum of Understanding signed in July is an important step.

- As you look over the draft action plan, you'll see we have an ambitious agenda. We are serious about making lasting, effective progress in environmental streamlining.

- I'd like to take a few minutes to highlight some of the actions that we'll be working to advance with you and your organizations to ensure that streamlining is successfully implemented.

- The Federal agencies will work with States and stakeholders to ensure that ***enhanced environmental protection*** is an ***outcome and a benefit*** derived from environmental streamlining.

The Federal agencies will work with States and stakeholders to promote ***efficient, effective*** project development processes by emphasizing:

- **Active and rigorous coordination** and early interagency and citizen participation.
- **Sustained involvement** of Federal and State resource agencies resulting in quality documents and **timely reviews.**
- **Effective relationships** built on trusting, informed partnerships.
- **Sufficient resources** to support staffing, training, and communications requirements.
- **Successful conflict resolution** and conflict avoidance strategies.
- **Continuous improvement and progress** measured through best practices and evaluation measures.
- **Communication about environmental concerns** early in the planning or project development process.

SOME ANTICIPATED RESULTS

- **Earlier identification and quicker resolution of issues.**

- **Fewer delays, fewer surprise issues.**

- **Agreement on the purpose and need of projects.**

- **High quality environmental documents.**

- **Reduced perception that environmental review processes are causing delays.**

- **Flexible, responsive mitigation options.**

- **Significant resources protected and fragile environmental areas avoided with out disruptions to the project development process.**

CLOSE

✓ I encourage you to continue to be our partners in fulfilling the goals and commitments that we've talked about today.

✓

✓ We are working for the American people.

✓

They deserve the best we can give them.

-end-

Remarks Prepared for

Deputy Secretary of Transportation Mortimer Downey

for Delivery during the

National Memorandum of Understanding for Environmental Streamlining Ceremony
Nassiff Building, Room 2230
Seventh and D Streets, SW
Washington, DC

Thank you, Gene (Conti, Assistant Secretary for Policy), and thank you all for coming to this important event.

(As Master of Ceremonies, Mr. Conti will acknowledge Members of Congress and guests, but you could acknowledge a few familiar faces also.)

The Transportation Equity Act for the 21st Century, TEA-21 as we know it, reflects the joint commitment of Congress and the Administration that we can invest in America's infrastructure in a fiscally responsible manner, and use that investment to increase safety, provide for a cleaner environment, and expand opportunity.

TEA-21 embodies President Clinton's, Vice President Gore's and Secretary of Transportation Slater's vision of an integrated transportation system that will continue to ensure Americans' prosperity and quality of life in the new century. The Congress and its key Committees -- Senate Environment and Public Works and the House Transportation and Infrastructure were parties in shaping TEA-21.

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

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

I participated in 4 of those sessions and can tell you that people were not shy about telling us where government needs to improve its environmental review process and other activities related to transportation project delivery. We also reached out to other federal, state and local agencies and project sponsors to identify challenges and the major obstacles to efficient project development. Many of them told us that:

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

The message is clear: We need to work together and we need to communicate better at the beginning and throughout the development phase of our surface transportation projects. It sounds simple, but it takes effort when you have different levels of government and many stakeholders. But, that's the effort that's needed in a worthwhile course -- so that transportation projects do not become gridlocked by unnecessarily lengthy and costly delays.

The Memorandum of Understanding that we are recognizing today defines our mutual goals and offers a framework for approaching the challenge positively. Our major goals for environmental streamlining can be summed up, I believe, in three words:

1) **Efficiency:** Environmental quality will not be compromised though this streamlining process, but decision making will be done more **efficiently** than in the past.

2) **Flexibility**: We will encourage pragmatic and **flexible** approaches to environmental reviews and issues on the federal, state and local levels, and

3) **Inclusion**: All stakeholders and the public will be **included** in environmental and other decision making early on in the planning process through project completion.

This National MOU, signed by all the agencies represented here today, established a cooperative framework for state and regional collaborative efforts. By signing the MOU, all agencies agreed that they will to identify solutions to reduce project delays by amending rules and policies where needed, defining a national process for conflict resolution, and committing to establish performance measures and benchmarks to evaluate transportation and environmental decision making.

While signing this MOU signified a commitment by all to implementing environmental streamlining, this is only the beginning of the hard work that must follow.

Environmental Streamlining Progress to Date

We have already made some progress toward making the environmental review process more effective and efficient.

Last Spring, we established working groups among DOT headquarters and field organizations and with other federal agencies, including the Corps of Engineers, the Environmental Protection Agency, the Department of the Interior, the Department of Commerce, the Department of Agriculture, the Federal Emergency Management Agency, the Advisory Council on Historic Preservation, and the President's Council on Environmental Quality.

DOT is committed to public participation and to keeping our stakeholders informed and involved as we work to make the environmental review process more flexible and responsive.

We have been issuing environmental streamlining status reports on a regular basis. This ongoing information exchange will be facilitated through the Federal Register, through public outreach and, of course, as with everything today, through the Internet.

We have met with the American Association of State Highway and Transportation Officials (AASHTO) to listen to the concerns of our state partners about streamlining the environmental review process. We have received views on this important issue from other stakeholders as well, including the American Public Transit Association (APTA), the American Association of Metropolitan Planning Organizations (AMPO), and the Coalition to Defend NEPA. Periodic public discussions and meetings open to all stakeholders are also planned.

DOT has proposed periodic executive sessions to discuss streamlining progress, challenges and opportunities, and we expect to hold the first of these sessions early in the year 2000.

Conclusion

We want our transportation projects to be in the forefront of sound environmental practice, not because it's a federal mandate, but because it's the right thing to do and because it's what people and communities care about. We also want to be able to deliver the transportation projects which the public needs and has a right to expect in a timely manner, unencumbered by overlapping and redundant regulation.

We are anxious to see improvements as quickly as possible. All of the federal agencies have been working hard to create conditions that yield results. Through the development of the Action Plan, that Ken Wykle will describe, we are defining the arrangements and mechanisms that will sustain long-term project delivery and environmental protection improvements.

While DOT is leading this effort, we know we are not the only folks with ideas. That's why we have encouraged all parties involved, especially state DOTs and environmental organizations, to initiate and activate solutions with their state partners.

U.S. DOT field staff are ready to work with state and local transportation officials and other agencies to make streamlining effective in ways that meet local circumstances and needs.

We sincerely thank our federal, state and private sector partners for participating in this commitment we have made to doing everything we can to achieve our goal of a more effective and efficient environmental review process.

Again, this is only the beginning of the work and coordination that will be required. So, let's get to work.

Thank you. (Gene Conti returns to the microphone to introduce Ken Wykle)

Remarks Prepared for

Deputy Secretary of Transportation Mortimer Downey

for Delivery during the

Annual Armed Forces Appreciation Luncheon

Holiday Inn Old Towne Portsmouth
Portsmouth, VA
October 21, 1999, 12 noon

Thank you, Mr. Terry (Drew Terry, Chairman, Portsmouth Armed Forces Committee) and Mayor Holley, Admiral Shkor, Admiral Balsam, and distinguished guests.

It's great to be back in Portsmouth. ~~I was here most recently this past April as member of the Coast Guard Roles and Missions study, which I'll talk about more in a few minutes.~~

For me the opportunity to attend this day of Appreciation is not only one of professional ~~interest~~ duty, but a personal interest as well. ~~Certainly~~ the Coast Guard falls under my purview as Deputy Secretary, but I also had the of privilege of serving in this great organization for 12 years a ~~few years back~~ long time ago.

The United States Coast Guard is primarily known for its Search and Rescue mission – one that stranded boaters and taxpayers recognize and which port communities like yours recognize as essential to public safety.

What many don't understand is the breadth of missions they perform, and with that, the commensurate breadth and scope of statutory authority . . . this is what makes the Coast Guard a UNIQUE INSTRUMENT OF NATIONAL SECURITY.

At the dawn of a new century, America's citizens and our national interests as well as our allies and friends throughout the world are at increasing risk from a variety of new and serious transnational threats that honor no frontier: ***extreme nationalism, terrorism, international organized crime, illegal alien migration, drug trafficking, conventional weapons smuggling, proliferation of weapons of mass destruction, environmental damage, and state aggression***.

No longer focused solely on military threats to the nation, as the President's 1998 *National Security Strategy for a New Century* report explains, "we are pursuing a forward-looking national security strategy attuned to the realities of our new era.... Its three core objectives are:

- To enhance our security;
- To bolster America's economic prosperity; and
- To promote democracy abroad."

In this complex international scene, the U.S. Coast Guard is an increasingly important asset in America's multifaceted security strategies both at home and abroad.

Since its founding as the Revenue Cutter Service in 1790 (and I hasten to say that was before my time), the Coast Guard has provided unique services and benefits to America's **maritime security.**

The Coast Guard's contribution to America's national security is a crucial element in protecting critical infrastructures, safeguarding U.S. maritime sovereignty, and defending American citizens and interests worldwide.

Since some of you may not know as much about the Coast Guard as my blue-suited colleagues do, let me give you a quick course in CG 101. . .

The U.S. Coast Guard is a **military, multi-mission, maritime service** normally operating within the Department of Transportation. Its operations are focused on our maritime zones of interest -- America's inland waterways, the ports and harbors along 95,000 miles of U.S. coastlines; in the U.S. territorial seas and our more than 3.4 million square miles of exclusive economic zones; and on international waters and in other maritime regions of importance to the United States.

The Coast Guard performs five interrelated maritime security roles, which are to:

- ***Save Lives and Property;***
- ***To protect the Marine Environment;***
- ***To provide a Safe, Efficient, and Effective Maritime Transportation System;***
- ***To enforce Laws and Treaties and Protect America's Maritime Frontiers; and***
- ***to conduct Military and Defense Operations***

Let me spend a few minutes on each of these, and try to bring it home to Portsmouth:

- **Saving Lives and Property** . . . this is what's done daily here in this city and its associated waterways by Coast Guard Station Portsmouth and their parent command Group Hampton Roads.

This function can be as routine as a tow in for a small boat or as dramatic as some high seas operations to train sea forces with air and — Read "The Perfect Storm" or the recent Wash Post series. that truly are remarkable. Last summer, the entire nation watched a high-profile search; although one with a sad ending – the JFK Jr. search and recovery. This operation involved outstanding coordination between Coast Guard and Navy assets – the White House in particular offered its praise for how quickly one of the local Navy ships, USS Grasp, responded to the call for assistance.

- **Protecting the Marine Environment . . .** each year Coast Guard Marine Safety Hampton Roads responds to the needs of the 3rd largest port in the United States and the 3,000 vessels that call on Hampton Roads each year. And an important consideration in keeping this post safe is the Coast Guard's work to . . .

- **Ensure Vital Operations through the Year 2000 Changeover** . . . President Clinton established addressing and solving the Year 2000 computer challenge as a top priority of his Administration. Y2K readiness is crucial to maintaining our national security and vital operations. It is really a domestic and global management issue that must be addressed and achieved on an unforgiving schedule. We are (72) days from Y2K and we can say that under President Clinton's direction the federal government is ready because 100 per cent of the DOT mission-critical systems and 98 per cent across the government are Y2K compliant.

  The Coast Guard has, notably, also worked through the United Nations to encourage the international maritime community to address the Y2K problem.

The Coast Guard also worked with the International Maritime Organization to develop and distribute a Year 2000 Code of Good Practice to help determine whether vessels are Y2K ready. Following this, there have been exercises and drills to assure that only those vessels that are prepared enter our harbors and that the Coast Guard and local forces are ready for any emergency that might occur. The system may not be perfect, but it won't be chaotic either for the interchange of cargo at America's ports.

- **Providing a Safe, Efficient, and Effective Maritime Transportation System** . . . by 2020, we expect U.S. trade to increase by 100-200 percent. Then, as now, 90 percent or more of that trade is likely to move by water for at least part of its journey.

Last year my boss, Secretary Slater, made a pledge to "do whatever it takes to make our nation's maritime industry ready for the next century". To do that, he has launched an initiative to define and develop what we call the Maritime Transportation System (MTS) . . . the interrelated set of facilities, services and policies that support our maritime commerce both locally and internationally . . . effectively bringing together marine industry and government leaders to begin the work of creating a vision that will enhance our ports and waterways into the 21st Century.

- **Enforcing Laws and Treaties and Protecting America's Maritime Frontiers** . . . it's fitting that we recently kicked off Operation New Frontier – our latest 'forward leaning' counter-narcotics initiative to drive would be smugglers to their knees.

Operation New Frontier is the Coast Guard's first deployment of armed helicopters designed to use non-lethal fire to stop small high-speed smuggling vessels, known as "Go-Fasts" carrying narcotics bound for the U.S.

- Clearly Operation New Frontier works. In the last few months alone, this innovative effort resulted in seizing 6,600 pounds of narcotics.

This contributes to a record year for Coast Guard drug interdiction . . . in FY99 the Coast Guard seized almost 56 metric tons of cocaine (111,689 pounds) – that's equivalent to 506 million individual deadly doses kept off streets and out of our school yards; in other words, many lives were saved.

. . . at this point, I'd be remiss with this audience if I didn't also applaud the Navy's efforts in this war on drugs. Navy ships with embarked Coast Guard law enforcement detachments have been very successful in combating the drug threat, and much of our maritime success in both the Caribbean and Pacific has been a product of the Navy's commitment to this effort.

- Finally, **Conducting Military and Defense Operations** . . . the Coast Guard is very much a player in this arena – for the last five years cutters have deployed to EUCOM and CENTCOM in support of the Navy CINC's in those theaters. Most recently, the CGC BEAR from here in Portsmouth deployed to the Adriatic for the Kosovo effort – she was a well used and appreciated tool in Sixth Fleet's seabag.

The Commander of the Sixth Fleet, Vice Admiral Murphy, told me personally how well BEAR seamlessly folded into the naval operations. The cutter and crew assisted in efforts to maintain sea control while permitting unencumbered commercial shipping. My own visit to BEAR while in port, Siracusa Italy, observed the BEAR "on watch" meeting critical Sixth Fleet commitments.

We think it was an honor that BEAR was the only vessel permitted to operate inside the range of Sea-bird missiles.

- . . . and the Coast Guard is preparing for the future. Last year the Commandant of the Coast Guard, Admiral Jim Loy, and the Chief of Naval Operations, Admiral Jay Johnson signed a joined policy statement launching what's referred to as the "National Fleet." This concept will ensure future compatibility and capability – so that the Coast Guard can be an effective contributor to the CINC's war missions . . . providing low end frigate type cutters to complement the Navy's higher end combatants.

Interagency Task Force on Coast Guard Roles and Missions

Now, I'd like to tell you about a Task Force review of the Coast [Guard] that is going on now.

In April 1999, the President signed an Executive Order forming the Interagency Task Force on Coast Guard Roles and Missions, which will report to the President and Secretary Slater. Its members include representatives of all the federal agencies whose interests are served by the Coast Guard, ranging from the National Drug Office and the Department of Defense to the environmental interests in Commerce, EPA and the Council for Environmental Quality to the law enforcement agencies of the Treasury and Justice Departments. The Commandant, Admiral Loy, of course, is a member, and I chair the Task Force.

Several of its members visited Portsmouth earlier this year to gain an understanding of the CG role in protecting and serving important ~~marine~~ maritime region.

It's been almost 20 years since the last such roles and missions study of the Coast Guard was conducted. While we felt another review was timely, another impetus behind the Task Force is the need to re-capitalize the Coast Guard's aging fleet of ships and aircraft and its related command and control system.

This acquisition is known as the Deepwater project, and it will be the largest capital project in the history of the Coast Guard. We believe the Task Force's work will ensure that the acquisition decisions made for the Deepwater project will be the best ones, based on valid, clear and defensible roles and missions.

Our goal is to make sure the Coast Guard is performing tasks that make sense as well as to make sure the organization will acquire the right resources to perform its duties.

The Coast Guard provides singular, non-redundant, and complementary humanitarian, law enforcement, diplomatic, and military capabilities to protect America's maritime security interests and we believe it sill, and should, continue to do so into the 21st century.

As America's Guardian of the Seas, as the only U.S. Armed Service with broad law enforcement authority, the Coast Guard truly is a unique instrument of U.S. national security.

Conclusion

To those of you who serve, thanks for your contribution to successful mission accomplishment. I can't think of a job more noble or significant than saving lives, protecting the environment, helping stem the flow of drugs into the United States and protecting people from the dangers at sea.

To those of you who are served by the Coast Guard, you should know that few government activities use your taxpayer dollars more effectively and skillfully than these dedicated forces.

Thank you all – and Semper Paratus.

Remarks prepared for

Deputy Secretary of Transportation Mortimer Downey

for Delivery to the

Hampton Roads/Norfolk Airport Task Force and
Norfolk International Airport
Airport Breakfast Seminar Series
Norfolk Airport Hilton
Norfolk, VA

Harry E,

Thank you, Deborah (Starns, Chairman of the Board of Commissioners). And, thank you all for inviting me to speak to you today about what DOT is trying to do to encourage airline competition and related issues.

Airport Task Force Commends:
- recognize the importance of air service to regional economies.

There is, as we all recognize, a vigorous debate going on (that there is) about aviation issues, including issues of airline competition and passenger rights. And, this debate is not one that draws only on public policy analysts for its fuel. With the growth of air travel in recent years, this is a <u>real</u> issue for <u>real</u> people.

These issues have been in the spotlight of Congress, of the Department of Transportation, and of the Department of Justice for several years. With such focused attention, we hope that the airlines are getting the message that the public policymakers care deeply about airline service and competition -- and we know that message has gotten to the elected and appointed officials.

At DOT, we believe the best way to preserve the benefits of airline deregulation -- which in perspective have been substantial -- is to create an environment that provides all air carriers with a fair chance to compete and prosper. Note that I said "fair chance." No one at DOT is proposing to insulate new entrants or smaller airlines from competition or to unfairly handicap established carriers, but neither do we want to see practices develop that are explainable only as a means of driving out competitors in an unfair way.

For years, our studies have demonstrated that opportunities for competitors to enter markets with a low-fare strategy are necessary to discipline pricing behavior. This is especially true in markets at connecting hubs where one major airline dominates the market. High fares at dominated hubs have worsened, and the dramatic unevenness of fares around the country is a serious problem.

Although average ticket prices for the country as a whole have gone down and gone down substantially in real terms since the airlines were deregulated in 1978, prices are higher in regions where one major airline is dominant. This unevenness in prices is attributable to the lack of competition at dominated hub airports. Low-fare competition, whether from an established carrier like Southwest, new carriers or new operations by the major airlines, is important.

In a 1996 study, we found that domestic passengers in markets with low-fare competition, accounting for about 40% of domestic travelers, were saving $6.3 billion each year compared with fares paid for travel in less competitive markets.

High air fares in a region are not just bad news for travelers. They can have a serious effect on local economies, making it difficult to attract or expand businesses that support the local economy. This is an important public policy issue at hub cities like Atlanta or Pittsburgh but especially at spoke or feeder cities like Rochester, New York; Des Moines, Iowa and Norfolk, Virginia, where travel to almost any region involves a connection through a dominated hub.

When compared to other national markets of similar demographics, Norfolk is ~~both~~ neither the best and the worst example. Your average fare premium is about 6%, attributable in part to AirTran beginning service to the area at the Newport News Airport in 1995. Norfolk has already benefitted from ~~AirTran~~'s This low cost carrier's presence in the regional market. Between 1992 and 1998, passenger travel nearly doubled between Atlanta and Norfolk, while average fares dropped by 42%. This has been the problem at most cities where there is good competition – ~~th~~and airlines find that there are, in fact, untapped markets.

Because of the importance of low-fare service to communities like yours, the Department has over the last three years been more active in promoting competition than at any time since airline deregulation 20 years ago. One of our actions was to begin publicizing the dramatic differences in fares from one city-pair market to the next -- no reason that the public shouldn't know what's going on.

Our first *Domestic Airline Fares Consumer Report* covered fares for the third quarter of 1996 for the top 1,000 markets in the country. We continue to publish this report quarterly, and it is available on the internet.[1] The report is designed to let consumers and local aviation officials around the county see how competition affects fares in their market.

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[1] http://ostpxweb.dot.gov/aviation

Even though the fares reported are based on prices actually paid by real travelers, major airlines have objected to having their fares published. And it is easy to see why. Fares in non-competitive dominated markets are often more than double, and sometimes three to four times higher, than fares in markets of the same distance with low-fare service. "Other than the lack of low-fare competition, there's not much explanation why it costs an average of $224 one way (or 42 cents per mile) to fly from Norfolk to Detroit while you could travel approximately the same distance from Detroit to St. Louis for $82 (or 19 cents per mile).

In the past year the Department has become even more active. Since early 1996, several major airlines began responding more aggressively toward new entrants and we began to receive an increasing number of complaints from carriers and communities alleging predatory tactics. We found we could no longer rely on our practice of jawboning alone to modify carrier behavior. Applications from new airlines had come to a complete stop, apparently reflecting an assessment by the financial markets of their prospects for success and their attractiveness as an investment. Congress was concerned, the General Accounting Office was concerned, and DOT was concerned.

Using our statutory powers to prevent unfair methods of competition ~~which~~ are similar to, but somewhat broader than, the provisions of the country's antitrust laws, we investigated several complaints. We examined major airline responses to new entry and subsequently published a proposed enforcement policy to deal with cases of unfair exclusionary behavior. The proposed policy made it clear that matching the low fares of a new competitor in a market was perfectly legitimate. However, in some cases major airlines dumped so many low-fare seats into the market that their apparent objective was not to maximize profits in the face of competition but to eliminate competition. This behavior appeared to make it impossible for the new entrant to remain in the market.

And to no one's surprise, when the new competitor is forced out of the market, fares often return to their previous high levels or even higher levels. The Department proposed to consider taking enforcement action when such pricing and capacity behavior is observed.

Our Secretary of Transportation, Rodney Slater, made it clear from the outset that his was not a final ultimatum. We asked for, and continue to seek, a dialogue with the industry on the proposed guidelines. That is why we issued proposed guidelines and called for comments. The debate has been vigorous. Over 5,000 comments were filed with the Department, although the response from the established airline has been largely focused on trying to restore the status quo.

The Department continues to work on its competition policy. We are considering the concerns raised by the public and industry as well as the observations by a panel of the Transportation Research Board -- a board of the National Academy of Sciences was asked by Congress to review the competition issue.

On July 30 this year, the TRB issued its report, ***Entry and Competition in the U.S. Airline Industry: Issues and Opportunities*** (Special Report 255) produced by an 11-member committee that included aviation, economic, management, legal and public policy experts. The committee found that the Department has an important role to play in promoting competition in the airline industry. It stressed the importance of "preserving and enhancing the gains made since deregulation, primarily by changing public policy to foster more widespread and vigorous price competition."

The TRB concluded that the Department's main focus should be on expanding opportunities for more entry and competition. The policy measures to do this included expanded infrastructure capacity and access, reviews of airline alliances, marketing and ticket distribution practices, as well as actions to eliminate other barriers to competition and new entry.

We agree with the TRB's assessment that effective price competition is critical if we are to sustain the widely recognized benefits of airline deregulation and that competition is best preserved when opportunities are available for all air carriers to enter and exit markets freely, with a minimum of cost and delay.

A first important step to encourage competition requires adopting a fundamentally new approach to the way we manage and finance our air traffic control (ATC) system.

The Administration's goal of modernizing and reforming the ATC system -- fundamental reform that would require the agency to act more like a business, financing its operations and its capital needs with fees that would charge users for the ATC services they receive based on the costs the FAA incurs -- would allow increased capacity while improving service efficiency. Combined with the assurance that any fees collected would be used exclusively for ATC purposes, these reforms would create a strong incentive for both the agency and the airlines to use existing capacity wisely.

Fundamental reform of the FAA is essential to increasing air travel capacity, to ensuring competitive, more efficient airline travel and to retaining the safety focus that keeps the FA working on behalf of the public's primary interest -- safe flight.

In addition to Executive Branch action, we are seeing some airline competition cases in the courts. This past May, the Antitrust Division of the Department of Justice brought a case against American Airlines for engaging in just the kind of anticompetitive behavior our guidelines were designed to address. The Department of Justice has indicated that it is looking at other cases as well.

That is where we stand right now. The antitrust case is a milestone along a long journey to keep the industry competitive. But there is much more activity ahead on the competition front.

Four of our major airports, two in New York, and one each in Chicago and Washington, DC, have for 30 years had artificial limits on airline flights. Although an airline can in theory buy a takeoff or landing slot, there are virtually no sellers.

The so-called Slot rules hinder new competition at these major airports. For this reason, in the last two years the Department has granted some 60 exemptions to the slot rule at Chicago's O'Hare and 30 slot exemptions at New York's La Guardia to enhance new entrant competition and to provide needed access for smaller spoke cities.

Just last month, the Secretary announced the Department's decision to grant a new entrant called JetBlue Airways an exemption for 75 slots at New York's John F. Kennedy Airport. JetBlue will use these exemptions to bring low-fare air service that will ultimately link New York with approximately 30 cities by 2003.

Beyond that, the Department has proposed legislation that would (quickly) exempt the new and very quiet regional jets from the Slot rules in New York and Chicago, and would completely eliminate the slot rule in September 2004 for those cities. Other large airports around the country operate effectively and safely without a slot rule. A five-year transition out of the rule will allow the airlines and the surrounding communities to prepare for the change at Chicago and New York.

We appreciate the actions by both Houses of Congress to terminate or relax the High Density Rule at slot-controlled airports. This will offer meaningful opportunities for increased service from areas of the country that face high airline fares.

The availability of gates, ticket counters, baggage handling areas, and other necessary facilities and services at any major airport is another issue that can prevent competitive entry and affects smaller spoke airports.

The DOT released a major study this week of airline access to airport services and facilities to ensure that airports are making these facilities available on a fair and reasonable basis and that the Passenger Facility Charges they levy on tickets are being spent to enhance competition, one of Congress' original goals for PFCs. The study includes recommendations to enhance access and to identify the best airport practices to promote competition that we have observed through visits to major airports around the country.

Another concern is the potential consolidation of the industry and its effect on competition. The three recently formed alliances between the six largest U.S. airlines clearly have the potential to increase the market power of major airlines, reduce competition, and raise fares. The Department of Justice has primary antitrust authority to review domestic acquisitions and alliances. DOJ has challenged a recent purchase of Continental stock by Northwest, and is still reviewing the code sharing agreement between these two airlines.

We work closely with the Department of Justice, using our oversight powers, to make sure that such cooperative arrangements as integrated frequent flier programs are not harming the competitive process.

The Administration has proposed a raise in the cap on PFCs from $3 to $5. Our legislative proposal also recommended requiring any large hub airport that sought to impose the full $5 PFC and is dominated by a single air carrier to submit a "competition enhancement plan." In the plan, airports would have to demonstrate how they would enhance competitiveness, such as making gates available to new entrance carriers.

We have also proposed mandatory interlining agreements between a dominant carrier at a connecting hub and nonaffiliated airlines who wish to link small communities to that hub. Both the PFC and the interlining proposals are part of the FAA's authorization bill, which has passed both Houses of Congress and is pending in a congressional conference committee.

Some of the low-fare airlines that have struggled to hang on are now starting to make money and a few new airlines are again entering the industry. Access Air started up in March flying from the Midwest to both coasts. National Airlines started service from Las Vegas, Nevada in the spring.

As I mentioned earlier, JetBlue Airways will begin operations early next year with brand new aircraft, giving consumers in the Northeast significant new low-fare travel options. We expect this will have a substantial impact on lowering domestic air fares throughout the Mid-Atlantic and Northeast region.

JetBlue's operating plan, with multiple frequencies and low fares in numerous short- and medium-haul markets, has rekindled the interest of investors in new entries into the airline industry, as demonstrated by the substantial capital JetBlue has raised to support its business plan. Several other new entrants are also in the wings.

I believe we are making progress in enhancing service and competition. But as you can see there is a lot more we need to do.

Most observers agree that airline deregulation, despite a few rough spots, has been enormously beneficial for the American public. Flights have grown by almost 20% since 1990, and, adjusting for inflation, average fares have fallen by 25% from 1990 to 1998, according to the TRB study.

Today, 270 million more people are traveling by air than before deregulation, and the airline industry has enjoyed record profits in the past 3 years.

While not everything is perfect, we need to look ahead and to make the current system work better through vigorous competition, not by re-regulating the airline industry. And, we need the advice of communities like yours in the effort.

Thank you, and I'll be glad to answer any questions you may have.

Passage Bill of Rights

GPRA
DOT Strat Plan Progs
Performance Plans
Successes
- measurable outcome
- Data driven
- Regulations

SURFACE # 1

Bureau of Transportation Statistics (BTS)
SAFETY DATA WORKSHOP

Friday, October 22, 1999
International Trade Center (Ronald Reagan Building)
Washington, D.C.
9:05 – 9:15 am

Talking Points

Thank you and good morning. – Thanks for taking time

I am here to share with you some shorthand observations on the management context for this effort.

- Of DOT's 5 Strategic goals, safety is preeminent …

  "Promote the public health and safety by working toward the elimination of transportation-related deaths, injuries, and property change."

- This seems fairly straightforward to measure directly, and we do.– Maja needs for our story acceptance by Congress – Rogers Reports Due

Safety
Economic Growth
Mobility
Environment
National Security

At present

However, we also have 5 DOT performance goals for rail, transit, pipeline, and HAZMAT safety, which we measure annually, specifically:

- 1. Rail accident and fatality rates
- 2. Rail grade-crossing crash rate
- 3. Transit fatality and injury rates
- 4. Pipeline failures
- 5. Hazardous materials incidents

- Each is measuring a different aspect of the problem

- 3 of these trends are going in the right direction, 2 are not

- But all are aimed at outcomes, or impacts

- And all are aimed at conveying program value, used in justifying the budget. — but also in managing the programs. may not be perfect - but may provide focus — and we will report on this.

In choosing performance measures, we have aimed high

- We try to develop aggregate measures that cut across multiple programs

- This provides maximum flexibility for addressing problems; — to develop strategies — grade crossing example

- It allows program and resource tradeoffs; and

- It keeps our focus on the bottom line.

- Note, for example – fatalities vs. accidents

- Fatalities is a broader measure – it captures prevention, education, mitigation (like firefighting and lifesaving equipment), and response programs — multiple strategies

Then we disaggregate our performance measures to discover the most significant contributing factors.

- For example, hazardous materials incidents data are not normalized to the number of hazardous materials shipments. RSPA estimates indicate that the slight increase in the number of hazardous materials incidents from 1997 to 1998 could be an indication of the increased movements of hazardous materials in a transportation system where the risk is the same, or even decreasing.

- Note that sometimes clues are in the circumstances, without information on the ***cause***

As you think about safety data, –

- ***Data comparability*** is a significant issue – want to be able to measure across programs and modes, and have aggregate measures showing the same things

- ***Timeliness*** is a significant issue – some of our data is "like light from a distant star – it may have been extinguished ling ago" (-Mr. Downey's quote)

- It's important to find ***good denominators*** – to incorporate cost-benefit into our measures, which may be different from exposure measures.

- We also need more ***precursor data*** – leading indicators that tell us in advance when things are changing direction.

Different people have different opinions – how safe it is, how safe it isn't.

- We need a variety of measures and denominators.

I know it's not an easy process developing the data, but it is vitally important that we present accurate and current data.

Conclusion

- Deciding what data and how to calculate and present it is a real challenge

- But, to achieve our Safety goals, we need to direct our energy to ensuring that DOT's organizational structure and operating practices are supported by high quality data.

Role of BTS

Thank you.

Thank you again
I know your shared safety goal –
with today
I/our ~~cause~~ will help us
get the resources + make
progress a real goal.

AIRSAFETY DATA WORKSHOP

Wednesday, October 6, 1999
International Trade Center (Ronald Reagan Building), Hemisphere A
Washington, DC
9:05 - 9:15 am

Appreciate you taking time to work with us.

Talking Points

I Want to share some quick observations on the management context for this effort → DOT Strategic Planning Process under GPRA / Strategic plan / Performance Plan, Successes

measurable outcomes
Data Driven
Important Issues

- Of DOT's 5 Strategic goals, safety is preeminent — in some ways the most measurable
  Name the 5

  "Promote the public health and safety by working toward the elimination of transportation-related deaths, injuries, and property change."

Safety
Economic Growth
Mobility
Environment
National Security

- This seems fairly straightforward to measure directly, and we do —
  [illegible]
  That's among the reasons we were not lost in OST in GPRA

We ~~also~~ have 4 DOT performance goals for air safety, which we measure annually:

- 1. Air carrier fatal accident rate
  2. General aviation fatal accident rate
  3. Runway incursions
  4. Operational errors and deviations

- Each is measuring a different aspect of the problem

- 3 of these trends are going in the right direction, 1 is not (incursions?)

- But all are aimed at outcomes, or impacts

- And ~~all are~~ each is aimed at conveying program value, used in justifying the budget. and managing our strategies + programs

Are they the best way —
but recognize they are what we have committed to and will report on

In formulating performance measures, we have aimed high

- We try to develop aggregate measures that cut across multiple programs
- This provides maximum flexibility for addressing problems
- It allows program and resource tradeoffs
- And it keeps our focus on the bottom line
- Note, for example – fatalities vs. accidents
- Fatalities is a broader measure – it captures prevention, mitigation (like firefighting and lifesaving equipment), and response programs

Then we disaggregate our performance measures

- …to discover the most significant contributing factors
- For example, growth in aviation operations has averaged over 1 percent per year. With the increased tempo of operations, the risk of incursions increases. Runway incursions are most likely to occur at complex, high volume airports. These airports are characterized by multiple parallel or intersecting runways; multiple taxiway/runway intersections; complex traffic patterns; and the need for traffic to cross active runways.
- Note that sometimes clues are in the *circumstances*, without information on the *cause*

An engineering approach to solving the problem may require a different view than a management approach to focusing on safety program priorities —

As you think about safety data –

- *Data comparability* is a significant issue – want to be able to measure across programs and modes, and have aggregate measures showing the same things

- *Timeliness* is a significant issue – some of our data is "like light from a distant star – it may have been extinguished long ago" (- Mr. Downey's quote)

- It's important to find *good denominators* – to help give a sense of cost-benefit for our measures, which may be different from exposure measures

- And we need more *precursor data* – leading indicators that tell us in advance when things are changing direction. / Barry Benigni's comment about OAIN.

Different people have different opinions – how safe it is, how safe it isn't

- We need both

- It's not an easy process developing the data Role of the BTS

- I think you'll find this a real challenge, but to achieve our Safety goal, we need to direct our energy to ensuring that DOT's organizational structure and operating practices are supported by high quality data.

Thanks ya agn for ya effort - I know ya share the safety goal - ya work today will help us get + use well the resources to make progress a Nat Goal.

Talking Points for the Deputy Secretary of Transportation

FHWA AIM Database Training
October 27, 1999
Washington, DC

- My congratulations to all of you for your role in our government-wide mobilization for the Y2K rollover. Y2K is an event unlike any other we have ever faced and we need all of you to help us fulfill the role the President has set for us.

- The Department of Transportation is approaching full readiness. We have already spent $426 million in an effort involving more than 3,000 people. We have made every one of our 609 mission critical systems Y2K ready and we are now working on the non-mission critical. We need to continue our testing and retesting to hold this state of readiness.

- Beyond the Department systems, we have conducted an unprecedented effort to reach out to the transportation industry to increase awareness of the Y2K problem and assist in reaching solutions. I want to thank the many people at FHWA who have been a vital part of the outreach effort, including FHWA Readiness Week in July and the continuing outreach to the state and local government officials who operate our many miles of highways, roads, streets and bridges.

- President Clinton has established addressing the Year 2000 problem as a top priority of the Administration. John Koskinen, who chairs the President's Council on Year 2000 Conversion, has given all of us in government the task of collecting and compiling the Y2K information that will be provided to the public as the transition occurs.

- We are now mobilizing to collect and review this information during the critical hours of the rollover. All 52 FHWA divisions have been involved in this effort and we are training some 300 division staff as monitors and reporters.

- The Activation Information Management software, known as AIM, on which you will be trained, is a key part of the information process that will be conducted throughout the days surrounding the new year. It's an effort that will extend from the state and local governments and private transportation operators through the federal agencies to the White House. Information from the AIM database will be used at the national level to develop regular reports for the public, keeping them informed about the impact of Y2K on all our vital services—communications, power, health care, financial transactions as well as transportation.

- You will be a key part of this two-way flow of critical information which will also enable the dissemination of information useful to your state and local highway contacts that will flow from the White House, other agencies and outside sources to DOT.

- Keep in mind that every one of you is playing an important role in this unprecedented government effort to collect and distribute information about every part of our society as it happens. Our highway transportation system is vital to our economy and to people's everyday lives and the information you provide will help keep the nation informed.

- Y2K is more than just an exciting event for computer nerds. It is a major management challenge, a test of our ability to manage resources and information, and an opportunity to show the American people its government working at its best. I thank you for helping us to meet that challenge.