



U.S. Department of
Transportation

Office of the Secretary
of Transportation

Memorandum

Subject: Briefing with Maryland Mayors

Date: 9/14/99

From: Judi Gold

Reply to
Attn. of:

To: The Deputy Secretary

Attached is a list provided by the White House of the Mayors from Maryland that you are scheduled to meet with.

I requested information from all the modes on issues of concern throughout Maryland. Because I did not have a list of mayors or cities participating until today, most all of the information focused on Baltimore. I did specifically re-check with FAA, FTA and FHWA. FAA and FHWA indicated they had no major issues for the participants involved. FTA further noted that since these are all small communities they would receive their funding through the state and the MTA did not have any issues of concern from these localities.

FHWA has put out a special request focused on these localities and if they have any pertinent information they will provide it directly to your staff by 10:00AM.

Below is some information that relates to Baltimore and I have also attached the NHTSA issues. I apologize for the lack of relevant information.

Baltimore TIP Conformity: The Baltimore MPO wants to add seven projects to the currently conforming TIP, which was found to conform in 1998. Controversy has surfaced in Baltimore as to whether the latest vehicle registration data must be used for the conformity analysis. The MPO has conducted an analysis using the 1996 data and found that they cannot pass the conformity test. Most of the State and local agencies decided that they will continue to use the 1990 vehicle registration data for the conformity analysis. This decision was made despite the fact that the more recent 1996 vehicle registration data are available and that the conformity rule requires the use of the latest planning assumptions. The State claims that their decision is to ensure the consistency between the data and model used for the emissions budget and the conformity analysis. Environmental groups such as EDF and the Chesapeake Bay Foundation are insisting on the use of the 1996 data that better reflects the mix of vehicles.

Facts Bearing on the Issue:

- The Clean Air Act requires that any "determinations of conformity shall be based on the most recent estimates of emissions"
- Maryland DOT surveyed 27 MPOs around the country; 9 of them used 1990 vehicle registration data for both their SIP and conformity analysis. However, no information is available as to whether these MPOs have final vehicle registration data later than 1990.
- Baltimore's existing TIP (1999-2003) conformity was determined in 1998. The Baltimore region MPO is preparing a new TIP (2000-2004). The controversy concerns whether the 1990 or 1996 vehicle registration data should be used.
- Since the conformity determination on the current TIP is still valid till 2000, Baltimore is **NOT** facing an imminent conformity lapse. The State's concern is that if there is a delay in the new TIP, they may risk losing two important economic development projects - the GM site in White Marsh and the Arundel Mills Shopping Mall. Both projects are within the boundaries of the Governor's Smart Growth Zones.
- Maryland is using 1996 data for the Maryland portion of the 1999 DC conformity analysis.

Options being considered include options that require Baltimore to use 1996 or later data to pass conformity and options which allow the use of 1990 data to pass conformity.

FHWA Recommendation: The most preferred option would be to use 1996 registration data, and would not subject the decision makers to legal and political challenges. The second recommendation is to accelerate the Baltimore SIP amendment with an increase in the budget for transportation emissions, sufficient for the new TIP to pass conformity using 1996 registration data, or delay the new TIP until it can conform using 1996 registration data. Both the Clean Air Act and the conformity rule require the use of latest data and assumption. There will be substantial legal risk if Baltimore is allowed to use the old data base.

Baltimore Penn Station: Baltimore City is looking at funding alternatives for the construction of a new bus station next to Penn Station, which presently serves AMTRAK and the Maryland Transportation Authority (MdTA) light-rail system. This location with the addition of a bus station will make the Penn Station a truly multi-modal facility, since the light-rail system serves the Baltimore-Washington International (BWI) airport.

Welfare to Work: The Bridges To Work demonstration project is providing transportation and job assistance to residents of historic East Baltimore, connecting them to jobs in the BWI Airport Business District and Columbia, Maryland. Baltimore received a \$630,000 grant in the spring of 1999 under the Federal Transit Administration's job access program. The SHA is working with the Department of Human Resources to identify construction contracts to link job opportunities for welfare recipients. Currently, the SHA has identified 10-13 construction contracts statewide which can be used to establish hiring agreements with area contractors. The purpose of the agreement is to ensure welfare recipients, referred by the Department of Social Services, have an opportunity to work on project sites that offer on-the-job training slots. Other initiatives include the identification of innovative and collaborative approaches to link welfare recipients statewide with employment sites in the surrounding city and suburbs.

Urban Youth Corps Program: This program is designed for youth between the ages of 17 - 25 in the Sandtown-Winchester community of Baltimore City. The city has sponsored the program for five years by annually providing \$250,000 of its Surface Transportation Program (STP) funds to the project.

Baltimore City's Department of Public Works provides on-the-job training for the program participants. To date, 87 youth have graduated from the program and have gone on to become self-sufficient individuals. This project was initiated at then FHWA Administrator Rodney Slater's request.

Toll Facilities: Baltimore Mayor Kurt Schmoke has voiced concerns about the indefinite tolling the Interstate within Baltimore City. Baltimore City currently reimburses the MdTA to operate and maintain I-95 and three river crossings within the city limits. The Mayor is concerned over the impact of tolling Baltimore's local citizens to meet regional transportation needs. Tolls from these and other facilities operated by the MdTA are used to retire bonds, maintenance, operations and fund other transportation projects within the State.

Central Downtown Transit Alternatives Major Investment Study: The Maryland Mass Transit Administration (MTA) has received a congressional earmark under the Federal Transit Administration's (FTA's) FY 1999 New Starts Program to conduct this study for the city of Baltimore. The amount of the earmark is \$496,280. Congressman Cummings was particularly influential in including this project in TEA-21. The Mayor of Baltimore has a special interest in this project as well. However, no application has been filed with the FTA to date. Technical guidance on the New Starts process as well as application procedures were sent to the city in August 1999. The city was also encouraged to meet with FTA regional staff to be sure that all grant requirements are followed.

Baltimore Region MPO Certification: In December 1998 the MPO for the Baltimore Region, the Transportation Steering Committee, received a one year certification. The partial certification is a result of two findings: 1) Composition of the TSC is inconsistent with the requirements of TEA-21. The TSC process is through members who are not local elected officials. 2) The role of the public is inconsistent with TEA-21 requirements for public involvement. Plans and TIPs were developed without early or continuing public involvement.

The TSC was required to submit an Action Plan for addressing the required improvements, composition and public involvement. The Action Plan/Briefing Paper received by FTA/FHWA field offices at the end of May proposes that the MPO composition be changed to include empowered representatives. In addition, elected officials would formally meet with the MPO twice a year at a meeting open to the public to discuss transportation issues and establish regional priorities. The Citizens Advisory Committee would be included in the two annual meetings conducted between elected officials in the region, the TSC and state officials.

Each elected member of the Board of Directors of the Baltimore Metropolitan Council (BMC) designated a representative charged with providing their perspectives and positions regarding transportation related issues at MPO meetings.

Attachments

Participants in briefing
Vice President's Ceremonial Office
10:30 - 11:40AM

MAYOR

Armistead, William
Beverly, Lillian
Bowle, Warren
Bradley, Don
Burdette, Stephen
Burnell, John
Butler, Eugene
Casula, Frank
Davis, Judith
Dodson, Vivian
* Duncan, Douglas
Ebersole, Jacquelyn
Eckman, William
Gullo, Jack
Halley, Rex
Helne, Henry
Jacobs, Jay
Kennedy, Eugene
Ordway, Marilyn
Raulast, Lynn
Tilghman, Barrie
Tolbert, Elizabeth
Walker, Lee

MUNICIPALITY

Berwyn Heights
North Brentwood
Indian Head
Hurlock
Bel Air
Cecilton
Easton
Laurel
Greenbelt
Capitol Heights
Montgomery County
Rosemont
LaPlata
New Windsor
Berlin
Taneytown
Rock Hall
Seat Pleasant
Chevy Chase
Kensington
Salisbury
Barnesville
Landover Hills

* County Executive

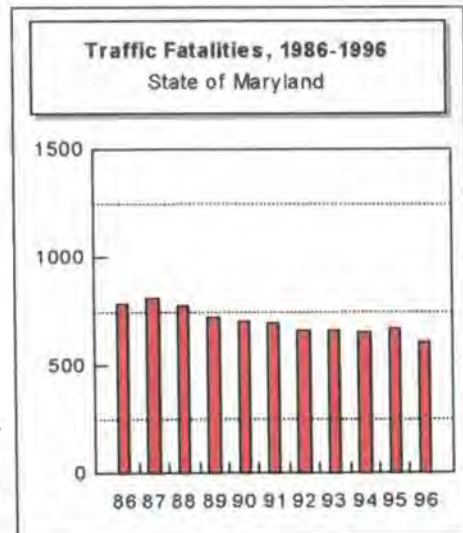
NHTSA - Maryland

1996	Maryland	U.S.
Fatalities	608	41,907
Fatality Rate per VMT	1.3	1.7
Fatality Rate per Population	11.99	15.80

SAFETY BELT USE*: Maryland's seat belt use rate is 83 percent. The use rate prior to passage of the Primary Belt Law was 71 percent. This high use rate is a direct result of employing the four step process recommended by NHTSA (strong legislation, high visibility enforcement, broad-based public education, and effective partnerships.)

*Baltimore City was included in Maryland's statewide survey and has reported a significant increase in seat belt use. They report a use rate of 71 percent for cars and 62 percent for trucks. Their last survey in October 1997 found use rates of 62 percent for cars and 48 percent for trucks.

GRADUATED LICENSING: Maryland recently passed an enhanced Graduated Licensing Law that became effective in July 1999. This is one of the most comprehensive laws of its kind because it has various components including: increased parental involvement, lengthening of each phase of licensing, immediate sanctioning against a driver who has committed a traffic violation (driver automatically processed back to driver education), and the law includes all novice drivers regardless of age.



Wednesday, September 15, 1999

10:30 - 11:30 am

**Maryland Mayor's Association
White House Briefing
Vice President's Ceremonial Room**

Talking Points

- Thank you, (MC), and welcome to our Maryland neighbors. It is a pleasure to be here today to talk to you about transportation and its importance to our nation's future.
- Because safe and efficient transportation is so key to the economy and people's lives, elected officials like yourselves are focusing increasingly on transportation issues.
- Secretary Slater and I and a majority of our colleagues at the Department of Transportation believe that solving our nation's or Maryland's traffic congestion problems is going to require action on a variety of fronts, including:
 - Considering land use and environmental issues, as well as public opinion, before planning transportation projects;
 - Investing in rail modernization and equipment upgrades that will make rail travel and shipping more attractive.
 - Investing in public transportation, whether its transit, light rail, buses and water taxis – not just for major metropolitan areas, but for mid-size cities as well.

- Increasingly, we see the potential of what we call ITS -- Intelligent Transportation Systems -- and over new technologies to ease traffic congestion is part of the solution; and so are
- Employment strategies, such as the alternative work schedule and telecommuting as well as economic strategies like Commuter Choice and value pricing.
- While the Federal government has an important stake in resolving our congestion and other transportation problems, we cannot do it alone.
- We need the state, county and local governments, the academic community, and the private sector to work with us in sharing project costs and in making the most of the decisions.
- Governor Glendenning and your Transportation Secretary John Porcari have been aggressively pursuing Smart Growth strategies and deploying Intelligent Transportation Systems Technologies whenever and wherever possible.
- We applaud their efforts and look forward to working with them to improve the nation's transportation system.
- I want you to note that I said "nation's transportation system. We at DOT believe that transportation – whether it be rail, air or highways – should be thought of as one, interconnected system or, as we transportation types like to say, intermodal.

- This is important because people and goods, if you think about it, almost always travel by more than one mode of transportation. For example, a Fedex package can travel by truck and then air to its final destination. And when you order something from L.L. Bean or Amazon.com over the Internet, they don't download the item. The U.S. Postal Service indicates that there's a 40% return rate on items purchased over the internet – you need the transportation system for that, too.
- We would like people involved in planning and making decisions to think of our transportation systems as one system in order to plan efficiently for the future and to save people time and money.

The Transportation Equity Act for the 21st Century

- One important tool in helping us to rebuild and rejuvenate our highways, bridges, bus, transit and other surface transportation systems is the Transportation Equity Act for the 21st Century.
- President Clinton signed this historic law a year ago last June and we are all extremely grateful for the help that the Maryland Congressional delegation gave us – especially the efforts of Senator Sarbanes – in helping to get TEA-21 to the President's desk. It guarantees a record level of infrastructure funding -- at least \$198 billion and moving towards \$218 billion -- over 6 years while protecting our commitment to an overall balanced budget.
- TEA-21 provides unprecedented flexibility for local and state officials to use funds for their most pressing priorities in the planning process. We can talk later about your role in this process and how to enhance it.

- TEA-21 is not just the tool to rebuild the nation's infrastructure -- as important as that is -- but it's been the basis to put transportation in the picture for improving safety, protecting and enhancing the environment, and creating new opportunities for all Americans.
- The President's transportation budget for fiscal year 2000 proposed a record \$50.5 billion. We think this is what's needed to make travel safer and easier for all Americans and to enhance our nation's competitiveness. A record \$36 billion is planned for infrastructure investment, including \$6.1 billion for mass transit.
- TEA-21 increases the amount Maryland will receive for highway funding by almost 30 percent and for transit by almost 70 percent compared to the Intermodal Surface Transportation Efficiency Act of 1991.
- Highway and transit formula funds under TEA-21 could support as many as 20,887 jobs in Maryland.
- In addition to the major program funding for transit and highways, TEA-21 strengthens the state and local planning processes that have been so effective in providing a framework for informed decision making.
- I know Maryland has a strong interest in innovative financing techniques for transportation.

- TEA-21 creates new ways to help pay for transportation improvements. Earlier this summer, DOT announced the availability of a new credit assistance program, known as the Transportation Infrastructure Finance and Innovation Act, or TIFIA. The goal of TIFIA is to leverage Federal funds with private capital through targeted credit assistance to revenue-generating projects.
- TIFIA offers a way to pay for similar, large projects of national significance. These projects, trade corridors, border crossings, and freight facilities, often cross jurisdictions or traditional modal boundaries, and sometimes have trouble accessing capital markets despite their value. Many such projects, like toll roads, have revenue sources which could be tapped to underwrite their costs.

Aviation

- The reauthorization of the Federal Aviation Administration program is one of the key pieces of legislation that is still pending in Congress.
- The Administration's legislative proposal addresses the future of the airports program so that the necessary resources will be there to help keep up with the growth in the air travel.
- Our proposal also seeks to increase aviation capacity based on Air Traffic Control modernization and reform. It also treats aviation as a system.

Marine Transportation System Assessment

- In addition to surface and air transportation, other parts of our transportation enterprise need attention, especially our Marine Transportation System (MTS).
- Today's new, larger vessels are more cost effective, but require deeper waterways. Overall, our country's dredging requirements can be expected to grow, but meeting those needs means we must solve environmental issues.
- Maryland officials, particularly those in Baltimore, should understand these challenges well --- prosperity of the state is very much linked to its maritime future.
- Last week Secretary Slater released a report, An Assessment of the Marine Transportation System, which will serve as a guide as we work to upgrade our ports and waterways.
- Several dozen government and private entities participated in the MTS Task Force, which performed the assessment, including a total of 44 non-federal entities -- a very inclusive cross section of MTS stakeholders -- participated, including dry bulk, liquid and intermodal cargo shippers; recreational boaters; environmentalists; and inland, ocean and Great Lakes carriers.
- In addition to the Coast Guard, MARAD and 9 other DOT modal administrations, elements of the U.S. Departments of Agriculture, and Commerce and Interior, the Army Corps of Engineers and the Environmental Protection Agency -- for a total of 12 other federal agencies -- participated.

- It is, I think, the most comprehensive look at waterborne commerce – its importance, its challenges, and its future, that we have ever done.
- Our next steps are to implement the many recommendations in the report. The report is available on DOT's website, and I urge you take a look at it.

Livable Communities

- A key priority for Vice President Gore and for DOT is making our cities, towns and communities more livable.
- Our Livability Initiative promotes transportation alternatives to driving our cars and increasing congestion, thus protecting our environment. We are encouraging communities across the nation to plan transportation growth carefully and to give more thought to environmental and other impacts of projects they contemplate.
- Maryland supports the idea of ensuring their communities – whether it's Baltimore and Hagerstown – more livable, and we look forward to working with you under TEA-21 and other programs.
- Information about Livable Communities can be found on-line (www.livablecommunities.gov) or through our agencies.

The Transportation and Community Preservation Pilot Program

- In May of this year, Secretary Slater announced 35 proposals totaling \$13.1 million that will receive funding under an innovative initiative called the Transportation and Community and System Preservation Pilot program (TCSP), which promotes the

Administration's livability initiative. Maryland was a strong contender receiving \$450,000 to support transportation smart growth plans.

- The initiative rests on the fundamental principle that local citizens and officials know best how to grow and shape their communities. Land development and infrastructure decisions are best made at the local level.
- This unique program provides communities with the comprehensive tools and resources they need to do things like preserve green spaces, ease traffic congestion, promote regional cooperation, improve schools, and enhance economic competitiveness. In short, to reclaim their communities -- for themselves and the future.
- The TCSP program will fund the planning and implementation of transportation strategies in urban, suburban and rural areas which promote efficient transportation, a healthy environment, and access to jobs, services and places of business.
- The demand for Federal partnership in this bold effort is overwhelming. During the time last year we were taking applications -- a period of just a few weeks -- we received 524 requests for almost \$400 million. There were many thoughtful, forward-looking and innovative projects that we were simply unable to fund.
- This year's \$13 million program is set to increase to \$25 million next year. But that's not enough. We believe even more money is needed for Federal government to become partners with the many communities who have expressed a desire to link transportation to livability.

- As part of Vice President Gore's livability agenda, we have called for an increase to \$50 million. With that amount, we won't be able to fund all of the worthy projects but if Congress agrees, it will help.
- This year, 35 projects in 28 states to receive funding, including Maryland, which received \$450,000 for transportation and Smart Growth planning.

Conclusion

- I hope that I shed some light on the Administration's plans and perspectives on some of the major issues in our transportation sector.
- Again, we look forward to working with Governor Glendenning and with you and other state officials to make transportation safe and efficient for Marylanders and for all Americans.
- Now, I would be happy to answer any questions you may have.

Wednesday, September 15, 1999
10:30 - 11:30 am

**Maryland Mayor's Association
White House Briefing
Vice President's Ceremonial Room**

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CEOB
Rm 276

Briefing Paper

Event Contact: Harold Gist, Intergovernmental Affairs, at 6-4780.

MEDIA: No.

YOUR ROLE: 7-8 minutes of remarks. Mickey Ibarra, Director of Intergovernmental Affairs and Assistant to the President, will introduce you.

Your remarks will focus on TEA-21 benefits for Maryland, the MTS assessment and importance of maritime infrastructure (Port of Baltimore), Vice President Gore's Livability Initiatives, and our work with Congress on budget appropriations and FAA reauthorization.

EVENT: Following a group tour by the Maryland Mayors' Association delegation, a briefing will be held tomorrow in the Vice President's Ceremonial Room, 10:30AM - 11:45AM. The following Mayors are confirmed to attend. Following the briefing, the Delegation will have lunch in the White House Conference Center (Eisenhower/Lincoln Rooms). You are invited to lunch (12-1PM).

The Maryland Congressional Delegation also has been invited to attend the briefing and lunch. The following Members of Congress will be attending:

Senator Paul Sarbanes
Congressman Benjamin Cardin
Congressman Albert Wynn
Congressman Steny Hoyer
Congresswoman Constance Morella
Congressman Elijah Cummings

AUDIENCE:*MAYOR**Municipality*

ARMISTEAD, WILLIAM
BEVERLY, LILLIAN
BOWLE, WARREN
BRADLEY, DON
BURDETTE, STEPHEN
BURNELL, JOHN
BUTLER, EUGENE
CASULA, FRANK
DAVIS, JUDITH
DODSON, VIVIAN
* DUNCAN, DOUGLAS
EBERSOLE, JACQUELYN
ECKMAN, WILLIAM
GULLO, JACK
HALLEY, REX
HELNE, HENRY
JACOBS, JAY
KENNEDY, EUGENE
ORDWAY, MARILYN
RAULAST, LYNN
TILGHMAN, BARRIE
TOLBERT, ELIZABETH
WALKER, LEE

Berwyn Heights
North Brentwood
Indian Head
Hurlock
Bel Air
Cecilton
Easton
Laurel
Greenbelt
Capitol Heights
Montgomery County
Rosemont
LaPlata
New Windsor
Berlin
Taneytown
Rock Hall
Seat Pleasant
Chevy Chase
Kensington
Salisbury
Barnesville
Landover Hills

*County Executive

AUDIENCE**ISSUES:**

(Top 3 to 6 issues that are most on this audience's minds – i.e. How much funding will Maryland receive for mass transit in FY 2000?)

SETUP:

(Formal meeting room set up with chairs in theatre style with podium in front.)

NOTE:

Dini McCullough, Intergovernmental Affairs Officer, will accompany you to the White House briefing.

AGENDA

Mortimer L. Downey , Deputy Secretary of the U.S. Department of Transportation
(10:30-10:50)

Joshua Gotbaum, Executive Associate Director, Office of Management and Budget
(11:00-11:30)

Keith Laughlin, Associate Director for Sustainable Development, Council on Environmental
Quality (11:30- 11:50)

Mickey Ibarra, Assistant to the President and Director of IGA
(11:50-12noon)



Speech

Wednesday, September 15, 1999
12:45 pm

**Federal Transit Administration's
International Mass Transportation Program**

Willard Inter-continental Hotel
1401 Pennsylvania Avenue
Washington, DC

Thank you, Rita, and good afternoon everyone. This is not only an impressive and important agenda today, but an impressive audience.

As a former worker in the transit ranks, I am happy to see this kind of turnout and interest in FTA's international role -- a real sign of maturity in this agency and this industry.

While more transit is not the only answer to our transportation needs, it has become one vital solution to congestion both here in the U.S. and abroad.

We in the Department of Transportation are proud to partner with the Department of Commerce and other agencies to encourage the development of efficient and safe transit systems for cities and communities worldwide -- a key global economic and international issue.

Interagency, intermodal and public/private cooperation and collaboration that we expect to develop is also essential if we are to find success in the mass transit marketplace both domestically and internationally. And we in DOT want to see such success. Again, I think we have made an excellent start with the inauguration of our new International Mass Transportation Program (IMTP) and with this MOU we have just signed with the Department of Commerce.

As all of us know, the words "Intermodal" and Intermodalism are a very important for DOT and for transportation systems worldwide. We believe that transportation planning should consider all modes of transportation and how they interconnect to move people and goods. For that reason, Secretary Slater instituted ONE DOT several years ago, which is now our way of doing business. All agencies under the DOT umbrella -- the FAA, FTA, FRA and FHWA -- communicate and work together so that our transportation system continues to be safe, efficient and world class.

Remarks by Deputy Secretary of Transportation Mortimer Downey International Mass Transit Program Rollout

The Benefits of International Cooperation

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

The Department has long been involved in international efforts. For example, the FAA is working closely with China to modernize its aviation infrastructure. In Chile, the FAA is helping with that country's transition to satellite-based navigation and, in Africa, is helping several nations to identify aviation safety, security, and air traffic management needs.

Since President Clinton assumed office in 1993, the United States has achieved 70 new aviation agreements. Each and every one of these agreements removes preexisting limitations on airline activity in the markets they cover or we would not have signed them. Almost half of the agreements -- 33 of the 70 -- create completely open skies. We now have 14 open-skies agreements with countries in Europe alone, providing the aviation industry many more market-oriented environments.

More open skies agreements mean that U.S. airlines can enter new markets and can improve and expand existing services. Service is up, fares are down, and we see growth in the market continuing.

In rail transportation, we have worked closely with many nations, particularly European countries, on research, management and technical issues.

In June 1999, for example, at the request of Poland's Deputy Prime Minister Leszek Balcerowicz, the Federal Railroad Administration (FRA) provided the Minister in Warsaw with a detailed analysis of a Polish-prepared restructuring plan for its national railway (PKP). A number of key recommendations were made by the FRA team and several are already being implemented.

In August 1998, at the request of the Brazilian Ministry of Transport, the Federal Railroad Administration (FRA) provided on-site advice and recommendations for the creation of an FRA-type rail safety function in Brazil.

Because we have been doing transit for almost as long as some of the oldest European cities, we have a lot to offer countries seeking to develop or upgrade their transit systems. Since 1960, we have been known for our information technologies as well as our project management and technical expertise in transport systems development.

International partnerships and joint ventures are a being done in the power, auto and rail industries, so why not transit? These partnerships are also beneficial because they usually bring project costs down for all involved and they help to encourage commercialization of new technologies.

Remarks by Deputy Secretary of Transportation Mortimer Downey International Mass Transit Program Rollout

While our transit industry does not have the level of market share we enjoy in aviation, rail or other transportation products and services, we are moving in an upward direction. Cooperative efforts like the one we will pursue with the Department of Commerce and other agencies, the World Bank and other international institutions will help us to meet our goal of a more globally competitive mass transit industry.

In addition to the economic gains from increased trade, there is also an information-sharing benefit of going global in mass transit.

In February of 1999, for example, a U.S. technology company, Spear Technologies, signed a multi-million dollar contract to provide transit maintenance software for the Romanian State Railway. The software will be used to maintain a fleet of 4,400 locomotives and more than 100,000 passenger coaches and freight wagons.

Company executives said they believe the experience they have in vehicle maintenance and understanding business and transit industry best practices are factors that are leading to success of the Romanian rail system.

There is also a lot we can learn from our overseas partners and from international projects and cooperation that we are or could potentially be involved in. In my experience with transportation, I know that other countries could show us how to do some things better.

DOT's International Mass Transportation Program

Congress gave DOT new authority to increase our international work in the area of transit under the Transportation Equity Act for the 21st Century, signed into law a year ago last June. As a result, you will see us getting involved in more international activities in mass transit, an effort which I think will benefit both the U.S. and the international community.

The IMTP helps further DOT's strategic goal of advancing U.S. economic growth and global competitiveness. The program has four main areas of activity, and I'd like to describe them briefly for you.

The first area is Intergovernmental Agreements. Both the FTA and the DOT are parties to several intergovernmental agreements on science and technology exchange, but the new authority allows us to expand the number and scope of our mass transit international activities.

The IMTP will foster cooperation with other federal, state and local agencies as well as transportation industry groups, such as the American Public Transit Association and the Intelligent Transportation Society of America, which you heard from earlier in the program.

The second area is Technology and Information Exchange. The rapid growth and commercialization of communications technologies promises to have a dramatic effect on the way transit services are operated and delivered.

Remarks by Deputy Secretary of Transportation Mortimer Downey International Mass Transit Program Rollout

This revolutionary change can be seen in the area of ITS applications, where Smart Cards are replacing traditional farecard, making systems more efficient and increasing ridership. The IMTP's goal is to inform the transit industry about new technologies by improving access to international transportation databases and by creating a 2-way flow of information between the U.S. and other nations.

The third area of effort will be in human capacity building. The program has two major goals:

- 1) To prepare the U.S. transit industry for global challenges by continuing its efforts to familiarize U.S. transit management officials with best practices from abroad through tours conducted by the Transit Cooperative Research Program and professional exchanges.
- 2) To provide training for international public sector entities, including classroom instruction and hands-on experience. This training is intended to showcase U.S. best practices and innovative transit technology.

We already have a few projects underway. For example, we have been asked by the Inter-American Development Bank to develop a training module for transit operators and planners in Brazil, Mexico, and Central America.

The fourth area of work will be in the area of U.S. Industry Trade Support, which is where the Department of Commerce, the Export-Import Bank and other federal partners will participate or lead various efforts.

The emphasis will be on assistance to small and medium-sized firms interested in doing business overseas. The program will organize business workshops, provide training on international standards and regulations, and, as Gordon mentioned, produce resource guides on international markets in cooperation with Commerce and other agencies.

Though the program is in its infancy, we have already had some successes with our international transit partnerships. We cooperated with the Commerce Department and Canada to resolve a tariff issue so that a bus manufacturer could export vehicles to Canada. DOC specialists in Denver and Toronto helped the company develop a marketing plan. As a result of this cooperation, information is available to all U.S. companies interested in selling buses and equipment in Ontario, Canada.

As a result of this and other efforts we have planned, we will be stronger players in the international transit marketplace.

Conclusion

I know that Administrator Linton and his staff are excited about the prospects for the International Mass Transportation Program, and we look forward to working with many of you in this room in the coming months and years to make it an effective program.

**Remarks by Deputy Secretary of Transportation Mortimer Downey
International Mass Transit Program Rollout**

We envision our efforts as a supplement to those of the Departments of Commerce and State and industry groups.

Through partnerships, we can increase market share for American transit products and service and, at the same time, exchange valuable information and best practices with our overseas counterparts.

Thank you, and I'll turn the podium back to Administrator (Gordon) Linton.

Thursday, September 15, 1999
12:45 Pm

Fta International Mass Transportation Program
Willard Inter-continental Hotel
1401 Pennsylvania Avenue
Washington, Dc

In Response to the Globalization of the World Economy in recent decades, the Department's Federal Transit Authority has been increasingly active in the international arena. The Transit Industry, Like All Other Sectors of Our Society And Economy, Is No Longer Just National in Scope, But Has Become Part of The New Global Marketplace.

During The Past Decade, We Have Seen Enormous Changes in The World Economic And Political Structure. Trade And Tariff Barriers Have Fallen With The New Multinational Treaties Like Nafta And G.a.t.t. The Former Soviet Empire Has Broken up And Its Old Member Nations Have Liberalized Their Economies And Joined The World Marketplace.

**Businesses Have Become Grown Multi-national, And
Production of Goods No Longer Knows Any National
Boundaries. Moreover, as The Economies of Developing
Nations Mature, Their Demand For Goods And Services Has
Increased.**

**All of These Changes Have Led to a Surge in The Number of
New Export Markets And in The Value of World Export
Trade. At The Same Time, Technology Has Been Advancing
More Rapidly, And Has Become a Lot Quicker And Easier to
Deploy. This Has Created Great Demand For a Whole New
Array of Products And Services, From On-line Brokerages to
Clean Fuel Vehicles, That Did Not Even Exist Ten Years Ago.**

**These Changes Have Created Vast New Opportunities, But
They've Also Created Great New Challenges For The U.S.
Transit Industry. In Order to Provide The Best Possible
Service And to Maximize Their Resources, Transit Providers**

Have to Have Access to The Most Up-to-date Technology, Like Smart Cards And Automated Vehicle Locators. And While New Trade Agreements And Expanding World Market Has Created New Opportunities For U.s. Companies, They Have to Compete Both Domestically And Abroad With a Growing Number of Foreign Firms.

We in Fta Have Been Attempting For Several Years to Help The Domestic Transit Industry Meet These Challenges. For Instance, We've Been Parties to Several Science And Technology Cooperation Agreements Aimed at Sharing Technological Advances in Other Countries With U.s. Providers. We've Also Promoted Technology And Information Sharing Directly, as in The Case of Our Introduction of The Brazilian Bus Rapid Transit System to The U.s., or Our Operator Training Courses in South Africa And The Caribbean.

Last Year, We Decided to Ask Congress to Expand Our Authority to Engage in International Activities. Congress Responded by Implementing Section 3015 of The Transportation Equity Act For The 21st Century, Fta's New Authorizing Legislation.

The New Legislation Is Consistent with Both the Fta and Department of Transportation Strategic Goal of Advancing U.S. Economic Growth and Competitiveness. The Purpose of the New Legislation Is to Help the Domestic Transit Industry Take Advantage of New Technology and Gain Greater Access to Global Markets.

The Law Spells out the Specific Activities That We Can Engage In. It Gives Us Some of the Most Comprehensive and Broadest International Authority of Any U.S. DOT Modal Administration. Among the Activities We Can Undertake Are:

- **Developing and Monitoring Information about Global Market Opportunities. We Can Develop Data Bases on World Transit Markets and Disseminate it to Companies That Are Interested in Those Particular Export Sectors.**
- **Cooperating with the Foreign Public Sector on R&d and Technology Transfer. As I Mentioned, We Already Have a Number of Science and Technology Agreements with Foreign Countries, but the New Law Allows Us to Expand the Number and Scope of Our Activities in this Area.**
- **Advocating Us Products and Services in Global Mass Transit Markets. The Law Allows Us to Do Active Trade Promotion for American Companies Trying to Market Overseas.**

With These Statutory Goals in Mind, We've Broken down Our Program into Four Strategic Areas. These Are Described in Detail in a Federal Register Notice That You Can Pick up from the Table in the Back of the Room. They Are:

- 1) Intergovernmental Cooperation Agreements**
- 2) Technology/information Exchange**
- 3) Human Capacity Building**
- 4) Transit Industry Trade Support.**

I'll Now Describe in Detail Some of the Activities We Intend to Pursue in Each of These Program Areas.

First, Intergovernmental Cooperation Agreements.

We Intend to Fully Implement and Increase the Number of Technology Exchange Agreements in Effect. For Instance, for Many Years We Have Had an Agreement Between Fta Dnd its

Counterpart in France, the Dtt. However, We Had Never Had Any Active Cooperation under this Agreement. One of Our First Actions under the New Program Has Been to Reactivate this Agreement. We Have Negotiated a New Agreement with the Dtt That Eliminates Some Areas of Cooperation, Such as Drug and Alcohol Testing, That Is Not of Mutual Interest. The Reason That this Subject Is Not of Mutual Interest Is Because the French Do Not Have National Drug and Alcohol Testing Requirements. We Have Also Added Some Areas, Such as Smart Card Technology, That Did Not Exist When the Original Agreement Was Signed.

In Order to Ensure That this Agreement Does Not Remain a Dead Letter like the First One Did, We Have Created a New Structure to Implement It. The New Structure Entails a Bi-lateral Working Group, Composed of 10-12 Members from Each Country and Representing Both the Public and Private

Sectors, to Collaborate on Specific Projects. For Instance, a Group of U.s. Transit Industry Representatives Will Travel to France this Fall to Study the Deployment of Alternative Fuel Vehicles in Three French Cities. Later On, the French Group Will Travel to the U.s. to See How this Technology Is Being Deployed at U.s. Transit Properties. They Will Then Follow up with Each Other on Respective Lessons Learned and How They Can Benefit from Each Other's Experiences in this Area. We Hope That this Memorandum of Understanding Will Serve as a Model for Agreements with Other Countries That Will Be Negotiated or Updated over the Coming Months.

We Also Plan to Establish Formal Cooperation and Agreements with Other Government Agencies and with Industry Associations, Such as the Department of Commerce, Apta, its America, and Comto. We Can Adapt the Content of These Agreements to Meet the Needs of a Particular Organization or its Members. We Can Use These Agreements

to Assist and Support Organizations Hoping to Explore Any Transit-related Area Anywhere Around the Globe.

Second, Technology and Information Exchange

Over the past Decade, the World Has Entered the Information Age. This Is the Biggest Technological Change and Challenge That Mankind Has Faced since the Industrial Age Two Centuries Ago. The Effects Have Been Felt in the Transit Industry, Particularly in the New Intelligent Transportation System (ITS) Technology, with Smart Cards That Have Made Traditional Fare Media Obsolete; Traveler Information Systems That Can Encourage Passengers to Take Public Transit by Providing Them with Accurate and Up-to-date Traffic and Travel Information; and New Advanced Vehicle Locating Systems That Allow Operators to Manage Their Fleets More Efficiently and Economically.

We Have to Make Sure That U.s. Operators Are the Best in the World by Providing Them with the Best and Most Current Information on this New Technology. We Are Proposing to Do this by Making it Easier for the Transit Industry to Tap into the Vast Resources of the Tris and Transport Databases That Are Operated by the Transportation Research Board and the European Commission.

I'd like to Point out That We Intend this to Be a Two-way Information Flow: We Don't Want to Just Export Information from the U.s. – We Want There to Be a Real Exchange Between the U.s. and Other Countries. We Can Provide Other Countries with Information, but We Want to Make Sure That Our Industry Has Equal Access to Information from Abroad. This Is Extremely Important, Because No Country Has All the Answers. We All Have Something to Learn from Each Other's Technology and Experiences, and Only by Sharing

**Can We Maximize Our Use of All the Information and the
Sum of Knowledge That's Available on the World
Marketplace.**

Third, Human Capacity Building

We Have Two Outcome Goals in this Area:

1) Strengthen U.s. Technical Capacity

**By Providing Transit Officials with Access to Latest
Technology**

2) Increasing Foreign Technical Capacity

**Providing Training and Assistance to Foreign Countries,
with a View to Showcasing U.s. Technology and Expertise**

In the Human Capacity Building Area, We Intend to Prepare Both U.s. Transit Operators and Foreign Transit Officials for the Challenges Posed by Today's Global Economy. U.s. Transit Operators Have to Have Access to the Best and Latest Technology If They Are to Delivery the Highest Quality Service. And We Can Play a Useful Role in Providing Technical Assistance to Foreign Nationals in a Way That Showcases U.s. Technology and Products.

For U.s. Officials, We Have Already Been Providing an Opportunity to Learn What Is Best and Most Current in Foreign Technology Through Our Transit Cooperative Research Program (Tcrp) Scanning Tours. These Are Tours Oragnized for Middle Management of Transit Agencies, and the Aim Is to Expose Them to Innovative Technology and Operating Methods Used by Foreign Transit Agencies. Tcrp Tours Have Taken Participants to Various Properties in Europe, Asia and Australia, Where Innovations Such as

Multi-modal Smart Cards and its Traffic Management Systems Have Been Deployed. We Are Proposing in Our Federal Register Notice to Organize Such Tours for Other Transit Industry Staff, and Even for the Private Business Community. Allowing the Insudtry to Gain a First Hand Knowledge of What Innovations and New Technology Is Being Used Around the World Is a First Step Towards Making it Globally Competitive.

There Is Also a Great Deal That We Can Do to Qualify Foreign Operators for Some of the Very Great Challenges Facing Them. We Already Have a Few Projects Underway in this Respect. For Instance, We Have Been Asked by the Inter-american Development Bank to Develop a Training Module for Transit Operators and Planners in Brazil, Mexico, and Central America. The Idb Is Funding Urban and Transit System Development Projects in Those Countries; However,

Many Local Officials in Those Areas Lack Basic Planning and Financial Management Skills, and Have No Way of Properly Evaluating Proposals and Feasibility Studies.

This Is an Area in Which We Can Play a Very Active Role. We Have Considerable In-house Capabilities in These Areas, and We Also Fund Bodies Such as the National Transit Institute and the University Research Centers That Can Put Even More Resources at Our Disposal. We Are Planning to Use These Resources to Establish a Training Module That Will Provide Both Classroom Instruction and Field Experience, Preferably with a Transit Agency, to These Officials. Hopefully, in this Way, They Can Learn the Best Planning Practices, and Get Some Practical Experience in How to Put These Practices into Operation.

We Also Intend to Use this Training Module and Other Human Capacity Building Tools for African Officials. I'll Be

Leaving next Week for Nigeria, Where I Will Participate in a U.s. Department of Transportation Technical Evaluation to Nigeria. The Dot Has Been Asked by the Government of Nigeria to Evaluate its Transportation Infrastructure and Suggest Ways in Which it Can Be Improved.

Certainly Use of Our Training Module, and Perhaps Also of Another Training Program We Developed for South Africa, the Combi-taxi Program, Can Be Useful for this Purpose. The Combi-taxi Program Is a Training Program Geared Toward Urban Transport Operators of Taxis and Vans. Its Purpose Is to Teach Them Basic Vehicle Maintenance, Passenger Safety, and Road Safety Skills. By Training Both Planners and Operators, We Can Help Ensure That Urban Transit Programs Are Safely, Efficiently and Effectively Conceived, Planned and Operated in Developing Regions Such as Africa.

Fourth, U.s. Industry Trade Support

Today's Primary Business Challenge Is to Compete in the Global Economy. Most Large Companies Are Already International, but Doing Business Overseas May Often Seem Intimidating for Small and Medium-sized Firms.

However, it Needn't Be. According to the Department of Commerce, 60 Percent of American Firms Now Exporting Successfully Have Fewer than 100 Employees. This Statistic Shows That Small and Medium-sized Firms Are Succeeding in the International Market. There Is Thus an Enormous Role in Global Trade for Minority-owned Businesses, Most of Whom Fall into the Small and Medium-sized Category. The Success of Exporting Firms Is Not Surprising, Considering That 95 Percent of the World's Population and Two-thirds of its Total Purchasing Power Are Located Outside the U.s. World Trade

Has Grown at More than Twice the Rate of the U.s. Economy since 1960.

The Market for Transportation-related Goods and Services Has Also Grown Rapidly. According to the World Bank, During the Decade from 1995 to 2004, East Asia Will Need to Invest Between \$1.2 and \$1.5 Trillion in Overall Infrastructure – and Approximately 20 Percent Will Be for Transportation Infrastructure. During the Same Period, Latin America Will Require Between \$600 and \$800 Billion. The *Financial Times* Recently Claimed That Latin America Needs at Least a Billion Dollars a Week to Maintain and Expand its Electricity, Water and Sewer Systems, Telephones, and Transportation Systems - this Means about \$14 Billion Annually for Transportation.

If International Trade Has Seemed off Limits for a Lot of Small and Medium-sized Transportation Firms, We Would like to Encourage Them to Now Take a Closer Look. Doing Business Overseas Allows a Company to Broaden its Market Base, Increase Production, Reduce Per-unit Production Costs, and Extend Product Life. The Result of Course for Each Company Is an Increase in Profits.

We Would like the International Program to Serve as a Vehicle for Getting Transportation U.s. Firms, and Particularly Minority Firms, More Involved in International Business. We Hope That Our Efforts in this Area Will Supplement Those of More Specialized Agencies, Such as the Department of Commerce or the State Department Commercial Service, or with Industry Groups Such as the American Chamber of Commerce or State International Development Agencies.

To Recapitulate, I'd like to Highlight Some of Our Recent and Planned International Program Events.

List

Please Feel Free to Give Us Your Input on Any of Them. As You Can See from this List of Events, Our Program Is Really Developing Steam, but Its' Not Too Late to Let Us Know If There's Any Particular Direction You Would like it to Go In.

Thursday, September 15, 1999
12:45 pm

FTA International Mass Transportation Program

Willard Inter-Continental Hotel
1401 Pennsylvania Avenue
Washington, DC

Briefing Paper

- Event Contact:** Rita Daguiard, FTA, at 366-0955.
- MEDIA:** Yes, primarily trade press expected.
- YOUR ROLE:** 10 minutes if remarks during the Closing Luncheon. Gordon J. Linton, FTA Administrator, will introduce you.
- Your remarks will focus on DOT's role in promoting the global role of mass transit. They will also cover why transit is an important market for us, where our strengths are and the work we are doing with our overseas partners.
- EVENT:** Formal launching of FTA International Mass Transportation Program.
- Other Speakers:** Robert L. Kaiser, Regional Director, Export-Import Bank; John Collins, President, ITS America; William Millar, President, American Public Transit Association; Awilda Marquez, Director, International Trade Administration, US Department of Commerce; Gerhard Menckhoff, Principal Transit Specialist, World Bank; Sam Smoots, Africa Specialist, Overseas Private Investment Corporation.)

6

Wednesday, September 15, 1999
9:30 am

Combined Federal Campaign Kickoff Event
for CFC Coordinators
Nassif Building, Room 2225

Good morning and thank you, Melissa (Allen) and Nadine (Rawls).

And, thank you, coordinators, for taking the time to be here and for the help you'll be giving to all of the good causes that are part of the Combined Federal Campaign. (Could hold up Catalog of Caring that lists 2,800 charities under CFC)

The theme of this year's campaign is -- as it was last year -- "It All Comes Back to You." And with the success of last year's campaign, I can understand the reluctance to change. It's a good message. Giving back to people in need in our own community, we make our lives and our communities better. We can -- through our CFC contributions -- help provide education or food for needy children, help the poor obtain education and training for jobs and medical care, or support a variety of educational, cultural and historic institutions.

All it takes is a small amount of dollars from those employed in the public and private sectors. We can do so much just by giving a little, everyone of us. That is my message -- that is the Secretary's message -- to people here at DOT, and I hope you will convey that message on our behalf.

We in public service know how to give, and I look forward to seeing a record year. I know you can do it!

I have been involved in raising money before. It is not easy asking people for contributions. But, remember, it's not for you.

Our success depends on increasing employee participation and that level is very much a function of how many people are asked. Last year, about half of all our co-workers contributed and we're counting on them to repeat. I hope that this year, you can educate a few more colleagues about the impact their generosity can have on their community.

There are enough charities to choose from that I am sure everyone could find one that appeals to their generous side.

I look forward to praising all of you later this year, when we have met our goal!

Thank you.

Remarks prepared for

Deputy Secretary of Transportation Mortimer Downey

for Delivery to the

Deaf Awareness Week Celebration

Plaza Level of Nassif Building, entrance closest to 7th & E Streets

Washington, DC

Wednesday, September 15, 1999

12 noon to 1:15 pm

Thank you, Kirsten (Hernblad, Vice President of Deaf/DOT), and
good afternoon everyone.

I am pleased ^{to be} ~~you~~ ^{you} are here with us today to celebrate National Deaf
Awareness Week. ^{All DOT} Our employees are proud of the significant
contributions ^{we} ~~they~~ have made in creating the best transportation system
in the world.

And, with the passage of the Americans with Disabilities Act in
1990, there has been ^{a clear} ~~an~~ evolving charge to our government to ^{assure that that} ~~provide a~~
fully accessible transportation system. ^{is} ~~And~~ I am happy to report that
we are well on our way to the 21st Century with technological
advancements and the development of many products and services that
assist deaf and hard-of-hearing individuals.

We recognize and celebrate the accomplishments that ~~the~~ Deaf ^{individuals} have made to our society. Some of our nation's notable achievements this year include:

- the ^{upcoming} 10th anniversary of the Americans with Disabilities Act of 1990;
- The President's Initiative on Persons with Disabilities; and
- And, earlier this year, the establishment of a ONEDOT Disability Resource Center.

I hope that you will enjoy this program, and join in this celebration,
Thank you.

and join with us every day to upgrade our transport
system for all Americans.

Thank you

Thursday, September 16, 1999
12:15 - 2 pm

National Waterways Conference
1999 Annual Meeting
Sheraton Music City Hotel
Nashville, Tennessee

Briefing Paper

Event Contact: Robert G. Christensen, Chief of Domestic Shipping/MARAD, at 6-5507 or 301-292-5498.

MEDIA: Yes, primarily trade press expected.

YOUR ROLE: 20 minutes of remarks during the Opening Luncheon. Mr. Michael C. Hagan of Jeffersonville, Indiana and President and Chief Executive Officer of American Commercial Lines LLC, one of the nation's largest barge lines, will introduce you.

The title of your keynote address on the program is *The Marine Transportation System: Vision for the 21st Century*. Specifically, you have been asked to discuss the Marine Transportation System report and its recommendations and DOT's role as chief advocate for the marine transportation sector.

EVENT: With a new century just months away, the National Waterways Conference's 1999 Annual Meeting will take a searching look at the nation's ports and waterways. The Conference brings together farming, mining, manufacturing, refining, shipping and other economic sectors which rely on ports, waterway transportation and flood protection to learn about and discuss the issues that impact their industries.

Note: 200 copies of both the MTS Report to Congress and the MTS brochure will be available at the meeting. Robert Christensen will be available for any assistance you may need at the meeting.

GROUP: Since 1960, the National Waterways Conference has worked to ensure the wisest management of America's waterways. In addition to promoting a greater understanding of the public value of the nation's waterways, the group seeks fair and even-handed Federal waterways policies.

Other Speakers: Senator Blanche Lambert Lincoln (D, AK), Closing Luncheon
Bonnie Green, Deputy Maritime Administrator
for Inland Waterways and Great Lakes, Panel on Domestic Issues
Rear Adm. Paul J. Pluta, Commander, Eighth Coast Guard District, New Orleans
T. Fred Caver, Chief, Programs Division, Office of the Chief of Engineers, Washington, DC
(See program for other speakers)

AUDIENCE: About 250 during the luncheon. Leaders of more than 350 businesses, industries, cooperatives, state and local public agencies, utilities, ports and terminals actively participate in the 3-day conference.

**AUDIENCE
ISSUES:**

Following are some other issues that are expected to be discussed during the conference:

Are the nation's ports and waterways ready to overcome the challenges and realize the opportunities which the new millennium will bring?

What does the future hold for waterborne commerce?

Is there hope for adequate funding of the waterways infrastructure?

How can waterways programs get a bigger slice of the pie? Will the new century bring Upper Mississippi modernization?

With regard to the environment, will port and waterway operators be faced with edicts to remove dams to save endangered species?

SETUP: Large ballroom with a dais and podium and attendees seated at round tables.

The Marine Transportation System: Vision for the 21st Century

Remarks by

Deputy Secretary of Transportation Mortimer Downey

Before the

National Waterways Conference

1999 Annual Meeting

Sheraton Music City Hotel

Nashville, Tennessee

Thank you, Michael (Hagan, President and CEO of American Commercial Lines LLC, one of the nation's largest barge lines), and Dennis (Kirwin, Executive Vice President of L&R Midland Marine Corporation and Conference Chairman). And, thank you for inviting me.

It is a pleasure to be back in Tennessee, obviously a great state. And not just because Vice President Gore was born and raised here and he and his father represented Tennessee in the Senate.

I was in Knoxville earlier this summer for a Town Hall Meeting on the state of our readiness to meet the Year 2000 computer issue, otherwise known as Y2K. While we may experience minor and temporary glitches, I am confident that our nation's transportation and other sectors have repaired their systems and will run as well on and after January 1, 2000 as they did before the date change.

I hope all of you share my confidence based on the work you've done to prepare.

It is a particular pleasure to speak to you today about the state of our Marine Transportation System (MTS), an issue that that will make a difference for our nation's economic health and for every Americans' quality of life. The vision we share for the future of our ports and waterways is contained in a comprehensive assessment we have just completed writing with our private sector partners. Our conclusions about the importance of waterborne commerce were reflected as well in the report, *America's Ocean Future*, released by the Vice President earlier this month.

Copies of the Task Force assessment are available outside this room, and I urge you to take a look at it. It is, I think, the most comprehensive look at waterborne commerce – it's importance, its challenges, and its future, that we have ever done.

Our Marine Transportation System

Let me begin with a few facts about the MTS. The MTS was actually our nation's first "national highway system" before we developed roads, bridges and other surface transportation.

But, one problem is that we haven't envisioned it as a system the way we see aviation and surface transportation. Despite its importance, it's always thought of as a disconnected set of elements – ports, waterways, navigation aids, commercial operations, and so on.

With its vast resources, the MTS, especially when we view it as a total system, plays a major role in our nation's economic competitiveness and national security.

The MTS provides economic benefits and value through the efficient, effective, and dependable transportation for the movement of people and goods. Waterborne cargo alone contributes more than \$742 billion to U.S. GDP (Gross Domestic Product) and creates employment for more than 13 million workers.

Annually, the U.S. MTS:

- Moves more than 2 billion tons of domestic and international freight;
- Handles 3.3 billion barrels worth of oil imports to meet growing U.S. energy needs;
- Serves 78 million recreational users;
- Hosts more than 5 million cruise ship passengers;
- Supports 110,000 commercial fishing vessels and recreational fishing that contribute \$111 billion to state economies.

Those are all key elements in the economy, but we all recognize the need to balance these in the interest of overall progress.

The MTS also plays a vital role in our national security by supporting the swift mobilization of America's military. For example, 90 percent of all equipment and supplies for Desert Storm were shipped through U.S. ports and other parts of the MTS.

I could go on, but you, better than anyone else, already know how your industries contribute enormously to the nation. That's why this Administration has made preparing and upgrading our Marine Transportation System a national priority.

Critical Issues Facing the MTS

It is an important priority because the total volume of domestic and international maritime trade is expected to more than double by 2020. The number of recreational users is expected to grow by over 65 percent to more than 130 million annually in the next 20 years.

Transportation planners are looking at high-speed ferry transportation to help ease land-transport congestion. Cruise ships anticipate attracting 6.5 million passengers by 2002. Military reliance on the MTS is also expected to grow.

World population growth will influence the scope and character of world transportation demand in the 21st century. Over the next 25 years, world population is projected to increase to 8.5 billion from its present 5.5 billion people.

Along with population, world trade is expected to increase dramatically. One of the fastest growing areas in U.S. exports is in high-value agricultural products. U.S. agricultural exports that are now valued at more than \$50 billion, and are expected to increase by about 45% to \$72.6 billion by 2008, and we know that other commodities are well served by water transport.

Given the increased capacity forecast for agriculture and other sectors of our economy, the physical infrastructure and information systems that support the MTS are, in many ways, in need of an overhaul. Today's new, larger vessels are more cost effective, but require deeper waterways. Overall, our country's dredging requirements can be expected to grow, but meeting those needs means we must solve environmental issues.

By the year 2000, more than 44% of the inland waterway locks and dams will be at least 50 years old. Many locks are undersized for modern commercial barges.

In order to achieve top performance, a transportation system must be intermodal. Waterways, ports and terminals are only part of the MTS. The system reaches out and requires the inland rail, roads and pipeline connections that permit cargo and passengers to reach marine facilities and support the success of the overall enterprise.

Highway connectors and rail lines are essential for moving cargo between maritime terminals and interior markets of the United States. As a matter of history and economic development, most major U.S. ports are located in or near densely populated metro areas, such as New York City and New Orleans. Among the landside infrastructure inadequacies faced by such ports, two stand out:

- 1) At least half of all ports, and nearly 2/3 of container ports, have growing traffic congestion on the truck routes that serve them.

- 2) Many ports report that rail lines serving their facilities have at-grade crossings on local streets which pose a safety hazard, impede efficient access of trains to port terminals, and tie up traffic on local streets.

MTS Assessment and Recommendations

Because of the increasing pressures on the MTS now and those we foresee in the future, DOT decided and the Congress agreed that it was time to do a complete – and historic – assessment of the System.

Last March, Secretary Slater directed the Maritime Administration and the Coast Guard to lead this effort in cooperation with other government agencies, with maritime interests, with state and local governments and with the private sector.

In the spring of 1998, seven regional listening sessions were held across the country to hear from stakeholders and the public about the current and desired state of the MTS. The issues and concerns we heard provided the framework for the first ever, national MTS conference last November.

The several hundred national conference attendees from both the private and public sectors crafted a vision statement that is clear and powerful:

The U.S. Marine Transportation System will be the world's most technologically advanced, safe, secure efficient, effective, accessible, globally competitive, dynamic and environmentally responsible system for moving goods and people.

Several dozen entities participated in the MTS Task Force, which performed the assessment, including a total of 44 non-federal entities -- a very inclusive cross section of MTS stakeholders -- participated, including dry bulk, liquid and intermodal cargo shippers; recreational boaters; environmentalists; and inland, ocean and Great Lakes carriers

In addition to the Coast Guard, MARAD and 9 other DOT modal administrations, elements of the U.S. Departments of Agriculture, and Commerce and Interior, the Army Corps of Engineers and the Environmental Protection Agency -- for a total of 12 other federal agencies -- participated.

Secretary Slater released the results of this assessment last week. The Task Force, through recommendations in the MTS report, has called for:

- Improved coordination between local, regional and national stakeholders with active participation by public and private stakeholders.

Secretary Slater will soon establish a Marine Transportation System National Advisory Council, as recommended in the report, to provide a coordinated approach for non-Federal stakeholders to advise the him and the Department on the needs of the MTS. The Council will be composed of senior-level representatives from non-Federal organizations.

We will also create a new Interagency Committee for the Marine Transportation System (ICMTS), to be the national coordinating body where Federal agencies responsible for one or more aspects of the MTS come together to discuss strategies. We will also work with state and local governments to enhance coordination at the local and regional level.

- The report suggests a more systematic approach to MTS safety and environmental protection.

Managers, operators and users of the waterways and facilities, the landside transportation system, environmental interests and the public all should be encouraged to get involved in the issues affecting the environmental quality of our waterways and ports through local committees or planning groups.

- It also calls for better coordination and development of adequate financing mechanisms to ensure the growth of seaports, waterways and their intermodal links.

Industry and government at all levels must explore innovative funding mechanisms to leverage existing resources and make more effective use of existing funds.

To meet the recommendations of:

- Improved efficiencies in the movement of people and cargo, the Task Force recommends one-stop shopping for federal inspection and reporting, improved landside access to ports, a national cooperative MTS research program and more reliable traffic forecasting.

Our nation is renowned for its technological capabilities, and we should employ these innovations in improving our maritime operations.

This idea did not escape the Task Force, and so they recommend the:

- Establishment of information management systems and infrastructure to support the MTS, including development of better hydrographic and weather information; improved vessel, cargo and passenger tracking methods; and better waterway traffic management information for mariners and ports.

Of course, funding all of these goals is not so simple and there is disagreement, so the Task Force has recommended that we:

- Address MTS funding issues through better coordination and forecasting of funding demands.

In partnership, industry and government must explore innovative funding mechanisms for new redevelopment efforts and to make more effective use of funding resources. The stakes of this are high, and failure to reach agreement works against all of our interests.

Conclusion: Now Is the Time

Now is the opportune time to plan ahead and to invest in important MTS infrastructure and other improvements. Under the President's and the Vice President's leadership, our nation's economy is the strongest it has been in a generation. Since 1993, the economy has created 19 million jobs and the lowest unemployment in 30 years.

Investments in our ports and waterways and their intermodal connections are not only necessary, but will ensure that we remain competitive and secure well into the new millennium.

In releasing the MTS report, Secretary Slater said:

The Marine Transportation System is the lifeline that links American producers, farmers and manufacturers to global markets. Today we take the unprecedented step of presenting a coordinated public and private sector blueprint for modernizing the MTS infrastructure to make sure that we are ready to compete and win in the global economy of the 21st century.

Again, this is only the beginning – the beginning of our work to make the recommendations of the Task Force a reality.

Secretary Slater and I and the entire Department of Transportation will continue to work with you to ensure that our nation's maritime transportation system is ready for the challenges ahead.

With your continued support and leadership, we will achieve our vision for the MTS -- for our ports, waterways and their intermodal connectors. We are committed to this effort, and look forward to working with the Congress and all MTS stakeholders.

Thank you.

The Marine Transportation System: Vision for the 21st Century

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Deputy Secretary of Transportation Mortimer Downey

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- Hosts more than 5 million cruise ship passengers;
- Supports 110,000 commercial fishing vessels and recreational fishing that contribute \$111 billion to state economies.

Those are all key elements in the economy, but we all recognize the need to balance these in the interest of overall progress.

The MTS also plays a vital role in our national security by supporting the swift mobilization of America's military. For example, 90 percent of all equipment and supplies for Desert Storm were shipped through U.S. ports and other parts of the MTS.

I could go on, but you, better than anyone else, already know how your industries contribute enormously to the nation. That's why this Administration has made preparing and upgrading our Marine Transportation System a national priority.

Critical Issues Facing the MTS

It is an important priority because the total volume of domestic and international maritime trade is expected to more than double by 2020. The number of recreational users is expected to grow by over 65 percent to more than 130 million annually in the next 20 years.

Transportation planners are looking at high-speed ferry transportation to help ease land-transport congestion. Cruise ships anticipate attracting 6.5 million passengers by 2002. Military reliance on the MTS is also expected to grow.

World population growth will influence the scope and character of world transportation demand in the 21st century. Over the next 25 years, world population is projected to increase to 8.5 billion from its present 5.5 billion people.

Along with population, world trade is expected to increase dramatically. One of the fastest growing areas in U.S. exports is in high-value agricultural products. U.S. agricultural exports that are now valued at more than \$50 billion, and are expected to increase by about 45% to \$72.6 billion by 2008, and we know that other commodities are well served by water transport.

Given the increased capacity forecast for agriculture and other sectors of our economy, the physical infrastructure and information systems that support the MTS are, in many ways, in need of an overhaul. Today's new, larger vessels are more cost effective, but require deeper waterways. Overall, our country's dredging requirements can be expected to grow, but meeting those needs means we must solve environmental issues.

By the year 2000, more than 44% of the inland waterway locks and dams will be at least 50 years old. Many locks are undersized for modern commercial barges.

In order to achieve top performance, a transportation system must be intermodal. Waterways, ports and terminals are only part of the MTS. The system reaches out and requires the inland rail, roads and pipeline connections that permit cargo and passengers to reach marine facilities and support the success of the overall enterprise.

Highway connectors and rail lines are essential for moving cargo between maritime terminals and interior markets of the United States. As a matter of history and economic development, most major U.S. ports are located in or near densely populated metro areas, such as New York City and New Orleans. Among the landside infrastructure inadequacies faced by such ports, two stand out:

- 1) At least half of all ports, and nearly 2/3 of container ports, have growing traffic congestion on the truck routes that serve them.

- 2) Many ports report that rail lines serving their facilities have at-grade crossings on local streets which pose a safety hazard, impede efficient access of trains to port terminals, and tie up traffic on local streets.

MTS Assessment and Recommendations

Because of the increasing pressures on the MTS now and those we foresee in the future, DOT decided and the Congress agreed that it was time to do a complete – and historic – assessment of the System.

Last March, Secretary Slater directed the Maritime Administration and the Coast Guard to lead this effort in cooperation with other government agencies, with maritime interests, with state and local governments and with the private sector.

In the spring of 1998, seven regional listening sessions were held across the country to hear from stakeholders and the public about the current and desired state of the MTS. The issues and concerns we heard provided the framework for the first ever, national MTS conference last November.

The several hundred national conference attendees from both the private and public sectors crafted a vision statement that is clear and powerful:

The U.S. Marine Transportation System will be the world's most technologically advanced, safe, secure efficient, effective, accessible, globally competitive, dynamic and environmentally responsible system for moving goods and people.

Several dozen entities participated in the MTS Task Force, which performed the assessment, including a total of 44 non-federal entities – a very inclusive cross section of MTS stakeholders -- participated, including dry bulk, liquid and intermodal cargo shippers; recreational boaters; environmentalists; and inland, ocean and Great Lakes carriers

In addition to the Coast Guard, MARAD and 9 other DOT modal administrations, elements of the U.S. Departments of Agriculture, and Commerce and Interior, the Army Corps of Engineers and the Environmental Protection Agency -- for a total of 12 other federal agencies -- participated.

Secretary Slater released the results of this assessment last week. The Task Force, through recommendations in the MTS report, has called for:

- Improved coordination between local, regional and national stakeholders with active participation by public and private stakeholders.

Secretary Slater will soon establish a Marine Transportation System National Advisory Council, as recommended in the report, to provide a coordinated approach for non-Federal stakeholders to advise the him and the Department on the needs of the MTS. The Council will be composed of senior-level representatives from non-Federal organizations.

We will also create a new Interagency Committee for the Marine Transportation System (ICMTS), to be the national coordinating body where Federal agencies responsible for one or more aspects of the MTS come together to discuss strategies. We will also work with state and local governments to enhance coordination at the local and regional level.

- The report suggests a more systematic approach to MTS safety and environmental protection.

Managers, operators and users of the waterways and facilities, the landside transportation system, environmental interests and the public all should be encouraged to get involved in the issues affecting the environmental quality of our waterways and ports through local committees or planning groups.

- It also calls for better coordination and development of adequate financing mechanisms to ensure the growth of seaports, waterways and their intermodal links.

Industry and government at all levels must explore innovative funding mechanisms to leverage existing resources and make more effective use of existing funds.

To meet the recommendations of:

- Improved efficiencies in the movement of people and cargo, the Task Force recommends one-stop shopping for federal inspection and reporting, improved landside access to ports, a national cooperative MTS research program and more reliable traffic forecasting.

Our nation is renowned for its technological capabilities, and we should employ these innovations in improving our maritime operations.

This idea did not escape the Task Force, and so they recommend the:

- Establishment of information management systems and infrastructure to support the MTS, including development of better hydrographic and weather information; improved vessel, cargo and passenger tracking methods; and better waterway traffic management information for mariners and ports.

Of course, funding all of these goals is not so simple and there is disagreement, so the Task Force has recommended that we:

- Address MTS funding issues through better coordination and forecasting of funding demands.

In partnership, industry and government must explore innovative funding mechanisms for new redevelopment efforts and to make more effective use of funding resources. The stakes of this are high, and failure to reach agreement works against all of our interests.

Conclusion: Now Is the Time

Now is the opportune time to plan ahead and to invest in important MTS infrastructure and other improvements. Under the President's and the Vice President's leadership, our nation's economy is the strongest it has been in a generation. Since 1993, the economy has created 19 million jobs and the lowest unemployment in 30 years.

Investments in our ports and waterways and their intermodal connections are not only necessary, but will ensure that we remain competitive and secure well into the new millennium.

In releasing the MTS report, Secretary Slater said:

The Marine Transportation System is the lifeline that links American producers, farmers and manufacturers to global markets. Today we take the unprecedented step of presenting a coordinated public and private sector blueprint for modernizing the MTS infrastructure to make sure that we are ready to compete and win in the global economy of the 21st century.

Again, this is only the beginning – the beginning of our work to make the recommendations of the Task Force a reality.

Secretary Slater and I and the entire Department of Transportation will continue to work with you to ensure that our nation's maritime transportation system is ready for the challenges ahead.

With your continued support and leadership, we will achieve our vision for the MTS -- for our ports, waterways and their intermodal connectors. We are committed to this effort, and look forward to working with the Congress and all MTS stakeholders.

Thank you.

Remarks prepared for Delivery by
Deputy Secretary of Transportation Mortimer Downey
for the
**National Science and Technology Council Committee
Workshop on Procurement Reform**
Crystal Gateway Marriott
Arlington, VA
Tuesday, September 21, 1999

Thank you, Harvey (Bernstein, President/CERF). And
good morning everyone. It's great to be here and to be part of
what I think is a very important endeavor ^{and a key ingredient for innovation} – Procurement
Reform.

We decided that my remarks ^{ought to} would focus on WHY we
need procurement reform. And on why we need our
procurement processes to be more flexible ^{so that we} ~~in order to~~ encourage
the use of new technologies and processes.

As our population grows, so, too, do the demands on our aging infrastructure. ^{For example /} Nearly 578,000 ^{bridges} – or 31% – of America's bridges are structurally deficient or obsolete for today's increased traffic congestion, according to our Federal Highway Administration (FWHA).

^{And just to pick an example,}
Right here in the Washington area, ^{Washington} the Wilson Bridge is in dire need of replacement. ^{We've got a little more work to do on financing + planning, but same day} But, ^{soon we will} what will we replace it with and ^{be} what will the procurement process be like? Will the Virginia and Maryland Departments of Transportation decide to use High Performance Steel (HPS) that will make our bridges stronger ^{or will they have even better ideas?} and more corrosion-resistant? I hope they will use it whatever material is best and most cost effective when they finalize the contracts. ^{a perhaps even better, allow the prospective contractors to make their proposals for achieving this goal.}

This ^{might} high tech steel ^{a bit} may cost more than conventional steel, but in the long term would probably save the taxpayer money because it will last longer and require less maintenance.

We could use even more innovations like ^{high tech steel} this in our transportation infrastructure. And, ^{we know that} industry would be willing to invest in developing and producing such technologies if they thought they could win contracts and -- and this is the key to their existence -- make a profit.

Another reason both the public and the private sector should considering updating their procurement regimes has to do with ^{key} 2 words: **Global Competition**. We live in a global economy and must compete with countries that have very inexpensive labor and other advantages, so we have to have something special to capture and hold onto markets.

That something special that America and its business sector has is the ability to create new technologies, particularly information technologies ^{such as here} ~~that are~~ used in Intelligent Transportation Systems (ITS) and advanced materials. ^{if we are really} ~~Thus,~~ it makes sense that our own procurement systems should encourage, and even invite, new technologies. ^{world acceptance}

Once proven successful, we can sell the new products or methods in world markets, increasing economic growth and creating jobs.

But, the procurement rules we have in place today, largely ^{a risk-averse} written for the traditional construction industry of a bygone era, often do not encourage new technologies and innovations. Just as the procuring agencies are somewhat intimidated by new technologies or processes being proposed, vendors can also be intimidated by our often over-complex procurement processes.

^{in their own interest,}
State Departments of Transportation need to consider not just price, but new technologies and processes, which can provide benefits that conventional products or materials cannot.

For example, new concretes and asphalt materials may cost

more, but will last longer and be more durable than ^{the ones we typically specify}. Similarly, ^{the way} ^{material} are managed and scheduled ^{offers} ^{app-bank} ^{to do} ^{things} ^{faster better} ^{+ cheaper}
Procurement decision makers need to take into account life cycle costs and safety.

Often, federal, state and local government each have their own procurement, environmental and other regulations as well as differences in organization. These differences ^{for} can inhibit innovation. We need to work better together to streamline the procurement process and to remove obstacles to innovation.

^{apt to}
Government should be making life better for its citizens,
and that includes ^{the} businesses that provide jobs for our economy.
Stifling innovation with too many regulations and standards that
aren't flexible enough for the marketplace is not the way to
improve service to the public.

^{over-prescription}
Reliance on material and method specifications limits
competition, potential technology solutions and the
harmonization of national standards.

Rigid and cumbersome procurement procedures and
methods, which ^{may have been} ~~are~~ ^{were} designed to prevent favoritism toward
^(although they may now have the opposite effect)
particular contractors or suppliers, dramatically slow the
procurement process and, hence, the deployment of existing as
well as new technologies, concepts and processes into the
market.

Lack of an independent venue to resolve issues based on technical merits without becoming embroiled in the legal or contractual process, costs the government, contractors and suppliers considerable time and money.

We need to consider using an Alternative Dispute Resolution process to resolve issues ^{that} ~~regarding~~ ^{that necessarily will arise as we explore} the use of new technologies.

If we try to hold innovation to the same standard as ^{mass} manufacturing, then we won't see innovation in transportation infrastructure design and materials. If we think innovation and new technologies will improve our country's transportation system – and we at DOT certainly do – then we need to ^{upgrade} ~~replace~~ ^{to offer} ~~most~~ ^{much} of the current procurement systems with processes that ^{have} ~~offer~~ flexibility and ~~that~~ encourage innovation and the introduction of new technologies.

One example of how an outdated procurement system can stifle flexibility and, hence, the deployment of the best technologies occurred in Houston several years ago. The Houston Metro was awarded a grant several years ago to implement a smart commuter program as a demonstration. Then, Metro put out a solicitation and awarded a contract based almost exclusively on price. But, because of changes in technology, many of the original design features and components of the system that won the bid were not current by the time of installation.

Houston Metro officials stated that they should have used a Negotiated Procurement ^{in retrospect} ~~that would~~ ^{to} provide for current standards at the time of installation as well as Best Value Procurement, which takes into account technical capability and factors other than price.

Some may argue that their rules and procedures prevent favoritism toward particular contractors or suppliers, but many procurement regimes only frustrate legitimate bidders and slow the deployment of existing as well as new technologies, concepts and processes into the market.

Unfortunately, risk averse environments in both the public and private sectors are inhibiting the adoption of new procurement methods, technologies, concepts and processes.

Now is the time for procurement reform at the federal, state and local level because time is running out on rebuilding and developing a transportation system that can meet America's needs in a new century.

*Need more on what we've
done at the federal level -
look in DOD, and FAA + in
Fed gov't
generally.
Get some
idea
from David
C. Thomas*

There are a lot of people in this room who, working together, can make a difference and influence change for the better in procurement.

The partnerships we have formed under PAIR-T could lead not only to change but revolutionary change. Such change is not always easy to live through, but the pain is usually worth the gain.

As Yogi Berra once said, "If you ^{keep on doing} ~~do~~ what you've always ^{keep on getting} done, you'll ^{get} what you always got."

Thank you.

We can do better than that - if we're willing to take some risks.

MEMORANDUM FOR DEPUTY SECRETARY OF TRANSPORTATION
MORT DOWNEY

FROM: PEGGY ABRAHAMSON

DATE: September 17, 1999

SUBJECT: Speeches, Information for Review

Attached are items for the following three events next week:

- Reserve Forces Policy Board – Revised visuals, talking points and background
- PAIR-T Workshop on Procurement – Draft remarks, background, attendee list
- Research and Special Programs Administration's Seminar on Transportation and Climate Change – Background, attendee list, draft Eno remarks for consideration

I will have a draft set of remarks for the Climate Change Seminar ready by Monday afternoon for your review. The remarks for the Procurement Workshop are also being reviewed by Fenton Carey, who will provide his comments on Monday.

Note: I have asked Commander Rausch for the talking points in a separate file so I can format them and edit them some.

Kevin Greene and I are going to have the Climate draft ready for you by early afternoon on Monday.

Seminar on Transportation and Climate Change: Prospectus

**U.S. Department of Transportation
Volpe National Transportation Systems Center
Cambridge, Massachusetts**

September 22, 1999*

In October 1997, President Clinton proposed a plan to address the challenges of climate change. Among other things, the plan called for the use of market-based mechanisms such as emission trading, and for a means to ensure that companies receive credit for voluntary, early reductions of greenhouse gases to help meet this challenge. The President reiterated these principles in his State of the Union address. The Administration welcomes legislation introduced earlier this year by Senators Chafee, Mack, Lieberman and others to give companies credit for early action.

The concept of credit for early emission reductions is relatively new to many transportation interests, as is the concept of emissions trading. As a result, DOT is holding a one-day seminar to educate transportation stakeholders on the state of current research in these important areas

The purpose of this seminar will be to review recent research on basic issues related to an early action credit program, and how such a program might relate to various approaches—including emissions trading—that could eventually govern transportation-related emissions. Fifteen to twenty participants from key stakeholder groups—including fuel providers, vehicle manufacturers, vehicle owners and operators, and State and local governments—will then discuss areas that may benefit from further study.

Among the hypothetical questions to be considered by participants are the following: Which transportation interests might participate in an early action credit program and/or hold allowances under an emissions trading regime? How could a credit-for-early-action program be designed to be robust across a range of potential emissions trading programs or other approaches to limiting emissions? What prevailing conditions might industry need to see in order to embark on an early action project? What prevailing conditions might government need to see in order to accept credits for an early action project? How should early action credits be estimated? How should early action credit ownership be determined? At what level should early action claims be reported? How should early reduction claims be verified? To what extent might uncertainty regarding different aspects of potential future control regimes such as a domestic and international emissions trading system—for example, allowance allocation, coverage of fuels from renewable feedstocks, openness to international and/or intersector trading—limit voluntary early action?

* backup date is September 21, 1999

Tuesday, September 21, 1999
9 am

National Science and Technology Council Committee
Workshop on Procurement Reform
Crystal Gateway Marriott
Arlington, VA

Briefing Paper

Event Contact: Fenton Carey, Associate Administrator, RSPA, at 366-4434 or Richard Belle, senior program manager at CERF, at 842-0555 or e-mail at rbelle@cerf.org.

MEDIA: No.

EVENT: 10 to 15 minutes of remarks during the opening session. Harvey Bernstein, President/Civil Engineering Research Foundation (CERF), will introduce you. CERF is sponsoring the workshop, and the title for your remarks is, *The Need for Innovative Procurement*.

The focus will be on procurement reform not as an end in itself, but as a necessary element of a strategy to develop innovative solutions for pressing transportation infrastructure needs. The Partnership for the Advancement of Infrastructure and its Renewal-Transportation, or PAIR-T, has identified the process of developing, transferring and commercializing innovative methods and technologies as an essential element of any national strategy for infrastructure repair and revitalization.

The problem is that the existing procurement process is often a significant barrier to transferring new technologies, concepts and processes into the marketplace. It is critical that better procurement strategies and processes are adopted. This can only be done with the involvement of all stakeholders in the process – Federal, State and local governments, industry and academia.

Other Speakers: Richard Dunn, General Counsel/DARPA
Anne Guenther, Director, Analysis Division/NASA
Jane Monhart, Deputy Director, Contract Reform and Privatization Project, DOE

AUDIENCE: 35 attendees, including leading industry contractors, suppliers, designers, and manufacturers as well as association and university representatives.

AUDIENCE ISSUES: Construction contracts are traditionally awarded to the lowest bidder, leaving little room to introduce new technologies, concepts or processes.

Federal, State and local governments each have their own procurement regulations, environmental regulations, specifications, organizational structures, and scopes of responsibility. These differences inhibit innovation in a very fragmented and decentralized industry.

Reliance on material and method specifications, limit competition, potential technology solutions and the harmonization of national standards.

Rigid and cumbersome procurement procedures and methods, which are designed to prevent favoritism toward particular contractors or suppliers, dramatically slow the procurement process and, hence, the deployment of existing as well as new technologies, concepts and processes into the market

Lack of an independent venue to resolve issues based on technical merits (e.g., alternative dispute resolution), without becoming embroiled in the legal or contractual process, costs the government, contractors and suppliers considerable time and money.

Risk averse environments in both public and private sectors inhibit the adoptions of new procurement methods (design-build), technologies, concepts and processes.

SETUP:

Hotel ballroom with dais and podium and round table of 8 people.



INNOVATION IN THE MARKETPLACE THROUGH EFFECTIVE PROCUREMENT

Draft Agenda
September 21, 1999
Crystal Gateway Marriott
Arlington, VA

- | | |
|----------|--|
| 8:30 am | Registration, Continental Breakfast |
| 9:00 am | Welcome and Overview
(Harvey Bernstein, President, CERF) |
| 9:15 am | Why Procurement Reform is Vital (Peter Kissinger, Senior Vice President, CERF) <ul style="list-style-type: none">• The Need for Innovative Procurement (Mort Downey, Deputy Secretary, DOT)• The Procurement Process: Are we Encouraging Innovation? (Fenton Carey, Associate Administrator, RSPA)• The Procurement Challenge: An Industry Perspective (James Lammie, Director, Parsons Brinckerhoff, Inc.) |
| 10:15 am | Break |
| 10:30 am | Beyond DOT: Some Procurement Case Studies <ul style="list-style-type: none">• Richard Dunn, General Counsel, DARPA• Anne Guenther, Director, Analysis Division, NASA• Jane Monhart, Deputy Director, Contract Reform and Privatization Project Office, DoE• TBD, DoD |
| 11:30 am | Open Discussion |
| 12:00 pm | Working Lunch
Initial Round Robin: Key Procurement Strategies |
| 1:00 pm | Plenary Discussion and Breakout Session Assignments |
| 1:30 pm | Breakout Group Discussions |
| 3:00 pm | Break |
| 3:15 pm | Brief Summary of Recommendations from each Breakout Group |
| 4:15 pm | Discussion on Follow-Up Actions Items |
| 4:30 pm | Adjourn |

Monday, June 14, 1999
11:30 am - 2:30 pm

Eno Transportation Foundation, Inc.'s
Seminar Series on Global Warming
The University Club, Governor's Room
1135 Sixteenth Street, NW
Washington, DC

Informal Remarks

Thank you, Damian (Kulash, President and CEO, Eno Foundation), and the Eno Transportation Foundation for hosting this monthly seminar series on transportation and global warming issues. I'm so glad I was able to attend the first meeting today because I think the issue of global warming is important to everyone on the planet – particularly those who are concerned about the well-being of future generations.

I also commend Eno for bringing together organizations like the World Bank, the Urban Land Institute, the American Public Transit Association, Federal agencies and many others interested and involved in the issue of global warming. We at the Department of Transportation take the issue of global warming very seriously. And, apparently so do you. It's an issue that has brought together many respected scientists and leaders like yourselves, in meetings like this, to discuss the data and the projections.

While we're not in a position to make precise predictions about the causes of global warming -- yet -- we have enough evidence to know that human activities are already adversely affecting our planet. For example, we have more respiratory illness in and around major cities.

With our world's population expected to almost double by the middle of the 21st century, it's timely to consider the effects that growth and development will have on our environment. We have an opportunity in the coming years to do the research and to understand the potential effects of climate change and, from that information, take sensible, preventive steps before we're moved to a point of no return.

That is exactly what President Clinton proposed very early in his Administration with the Climate Change Action Plan. He has supported research and activities that are based on credible science, are market-oriented and common sense, and that often involve global participation.

Because transportation accounts for more than 25 percent of our nation's greenhouse gas emissions, DOT has been working with many organizations represented here today to find ways to reduce those emissions. Last Spring, we inaugurated the Center for Climate Change and Environmental Forecasting, which will help us coordinate transportation-related climate change issues with a broader view than in our individual agencies and programs. The Center will develop the tools and expertise needed to determine the impact of emerging technologies and demographic trends on transportation. This information will be used to support the Secretary in making strategic decisions.

The Department of Transportation, the Department of Energy, and many other Federal agencies are working with the private sector to further our knowledge of global warming and climate change. And, we look forward to working with you on a better understanding of transportation policy implications and common sense solutions.

Thank you, and I look forward to the presentations.

Tuesday, September 21, 1999
3 to 3:30 pm

Office of the Secretary of Defense
Reserve Forces Policy Board
Quarterly Meeting
Army-Navy Country Club
1700 Army-Navy Drive
Arlington, VA

Briefing Paper

Event Contact: Colonel Marty Carpenter, Reserve Forces Policy Board staff, at 703-697-4486.

MEDIA: No.

YOUR ROLE: 20 minutes of remarks followed by 5 to 10 minutes of Q&A. You will be introduced by either: Mr. Terrence O'Connell, Executive the civilian Chairman of the RFPB, or Major General Wilfred Hessert, USAF, Military Executive of the RFPB.

The Board has asked that you talk about the Coast Guard's integration of it's Active and Reserve components and how you envision the integration of the Reserve components into the Total Force for future peacetime and wartime missions. They are also interested in the challenges the Coast Guard may face in recruiting and retention.

The RFPB meets quarterly. This meeting is known as the Annual Alumni Meeting because retired members of the Board are invited to hear presentations by all service secretaries about the state of the reserve component's program. The purpose is to share information and talk about the success of their reserve components. It is not envisioned as an open forum to present new issues or policies for consideration.

Note: The Coast Guard presentation at this event has always been last, and this year is no exception. Board members may not have the level of interest or focus they have during earlier presentations.

The Board: The Board, created by an Act of Congress in 1952, is composed of 24 members, including a civilian chairman, the assistant secretaries of the Army, Navy and the Air Force responsible for reservist components. The Reserve component Board members represent a wide range of industrial, business, professional, and civic experience in addition to military expertise. The Reserve component members, combined with the civilian and Active component members, provide the Secretary of Defense with a unique and independent body of senior officials to review and comment upon Reserve component programs and policies.

Other Speakers: Secretaries for each of the Military Services
Congressman Ike Skelton (D, Missouri)
Reserve Chiefs
Guard Directors

AUDIENCE: About 60 people, including about 20 current Board members, 15 to 20 retired senior reserve officers who formerly served on the Board, and about 20 staff.

AUDIENCE ISSUES: What is the Secretary's view of the state of the Coast Guard and Coast Guard Reserve?

What is the status of the Coast Guard's effort to integrate its active duty and reservist components?

What is the Coast Guard doing to recruit and retain reservists?

SETUP: Large banquet room at the Army/Navy Country Club. Overhead projector and computer projector for Power Point visuals will be available.

Remarks to be Delivered by

Deputy Secretary of Transportation Mortimer Downey

During the

**Research and Special Programs Administration's
Seminar on Transportation and Climate Change**

Hosted by: Volpe National Transportation Systems Center
Management Information Center, 12th Floor

Cambridge, MA

Wednesday, September 22, 1999

9:30 am

Thank you, ^{Dick} Richard (John, Director of the Volpe Center) for the

introduction and for hosting ^{This} seminar on emissions reduction and
^{market mechanisms but could help us achieve our goals} trading. I also want to recognize Kevin Green, who worked diligently
with Dr. John and other staff putting this seminar together.

And, thank you to our participants for traveling to join this
discussion about the important issue of climate change.

^{What we hope to do}
Our plan is to give transportation stakeholders a chance to hear
from people who have been working in the areas of emissions trading,
^{market-based processes,}
credit-for-early-action and other proposals you're interested in.

^{We need this}
You ~~will have~~ an opportunity to ask questions, and ^{to find} we ~~will~~ find out
where we need to do more research. ^{while we have time to do so.}

Global climate change is the environmental challenge – and ^{one}
^{do so} opportunity – of the 21st century. Most scientists and Americans
^{Frankly, most}
^{greenhouse gases are accumulating}
recognize that there is enough evidence to confirm that ^{that} the climate is
changing and that strong and sensible action to reduce greenhouse gas
emissions (GHG) is needed.

In 1992, the United State committed, by ratifying the United
States Framework Convention on Climate Change (UNFCCC), to
stabilize greenhouse gas emissions in order to prevent dangerous
interference with our climate. Then, in 1997, the U.S. agreed to binding
targets under the Kyoto Protocol to the Convention and to returning
U.S. emissions to 1990 levels by the 2008-2012 timeframe. This is an
ambitious goal, but one that the Administration believes is achievable. ^{is that the accurate word – or did we not sign? ?}

^{Concert a ratification – need to involve}
^{developing countries – but still need}
^{to put most of the burden on}

While reducing emissions will be a challenge, it can also be an economic opportunity if we think creatively. A lot of people didn't think that sulfur emissions trading under the Clean Air Act would work or at least not very well. Contrary to what they thought, sulfur dioxide trading is a multi-million dollar per year business and growing, and ~~as a~~ ^{consequence,} emissions reductions have been much less expensive than expected.

Many ~~of us~~, both inside and outside the Clinton Administration, believe that we can construct a global emissions trading system for carbon and other greenhouse gases that would work as well as domestic SO₂ trading works.

Granted, devising a world carbon and greenhouse gas emissions trading system would be more complicated than ^{domestic} sulfur trading, but with some innovative and practical design and a plan to convince the world's nations to use it, I think we could ~~pull it off~~. ^{it is what we have}

~~Certainly, we humans have done even more amazing things in our time on this planet.~~

And, it is especially possible during this time of economic strength. Under the President's and the Vice President's leadership, our nation's economy is the strongest it has been in a generation. Since 1993, the economy has created ^{not he} 19 million jobs and the lowest unemployment in 30 years. Our nation has the means to invest in the future quality of our environment, which in the long term, will save us money.

We at the Department of Transportation take the issue of global warming very seriously. After all, transportation accounts for more than 25 percent of the nation's greenhouse gas emissions and ^{he brought home 11} ~~they are~~ increasing faster than those associated with any other sector.

With our world's population expected to almost double by the middle of the 21st century, it's timely to consider the effects that growth and development will have on our environment. We have an opportunity in the coming years to do the research and to understand the potential effects of climate change and, from that information, take sensible, preventive steps before we're moved to a point of no return.

Today, we are going to hear and talk a lot about emissions trading and early actions. Last year, the Pew Center on Climate Change and its Business Environmental Leadership Council released a ~~new~~ study on climate change and the need for congressional legislation to ensure credit for companies taking early action to reduce greenhouse gas emissions. Their conclusion: “The problem (climate change) is getting worse and the longer we wait, the more difficult and expensive our response will be.”

The Pew Report, entitled “Early Action and Global Climate Change,” contained 2 other main conclusions:

- 2) U.S. Leadership is imperative. Because the U.S. has the highest GHG emissions and the highest per capita income, taking early voluntary action demonstrates to the world our commitment to address climate change.
- 3) Leadership is needed from Congress in the form of legislation to encourage and reward early action to reduce emissions.

I think these conclusions make sense, however, in the case of the ^{last} ~~2nd~~ one, it is highly doubtful that Congress will ^{act on} ~~enact~~ Climate Change ~~legislation~~ this year. It is up to us to do what we can without such incentives at least until next year.

A number of companies have been taking voluntary actions to reduce emissions such as British Petroleum. Last week, the Dupont Co. announced that it will reduce greenhouse gas emissions by 65% from 1990 levels by 2010. The company will do so by holding energy flat and using renewable energy for 10% of its global energy use by 2010. In making the announcement, Dupont's Chief Executive, Dennis Reilley said:

“Our bias should be for prompt and meaningful action where there is reasonable cause for concern. And there is no question in our minds about whether there is reasonable cause for concern.”

DOT has also been working with many organizations to find ways to reduce those emissions. Last Spring, we inaugurated our Center for Climate Change and Environmental Strategies, which will help us coordinate transportation-related climate change issues with a broader view than in our individual agencies and programs.

The Center will develop the tools and expertise needed to determine the impact of emerging technologies and demographic trends on transportation. This information will be used to support the Secretary in making strategic decisions.

The Department of Transportation, the Department of Energy, and many other Federal agencies are working with the private sector to further our knowledge of global warming and climate change and to develop technological and other innovations that will make it possible for transportation to be part of the solution.

*We need to say more
about the specific
expectations + goals for
the seminar.*

We're counting on partnerships and working together, to meet the challenge of climate change. And, we look forward to working with many of you on a better understanding of transportation policy implications and common sense solutions.

Can't announce the 2001 Budget ahead of the President.

As part of this year's 2001 budget, the President will propose tax cuts for consumers who purchase energy-efficient products, more money for energy efficiency and pollution prevention technologies, and an incentive program for early, voluntary action to reduce greenhouse gases -- all approaches that increase our competitiveness and grow our economy.

We want to continue building stronger, healthier, and safer communities for the 21st century -- and building them in ways that make sense, protect our quality of life, and provide for the nation's continued economic progress.

Thank you, and I look forward to the presentations.

Remarks prepared for

Deputy Secretary of Transportation Mortimer Downey

for Delivery during the

**Federal Transit Administration Grant Announcement
MTA Long Island Rail Road
East Side Access Project**

**Grand Central Terminal
Southwest Balcony**

(Just off Vanderbilt Ave entrance @ 43rd St.)

Monday, September 27, 1999

1:30 a.m.

Thank you, ^{Senator} ~~Chuck~~ (Schumer), for the introduction and for

working so hard to make today possible. New York is fortunate to have
a leader with such vision and fortitude. ^{Sen. Schumer has always been ready to support} ~~He worked~~ tirelessly for New
York in the House and is now doing the same in the Senate.

And, of course, I want to acknowledge Senator Daniel Patrick
Moynihan, who has been ^{such} a stalwart supporter of an efficient and
intermodal transportation system for New York as well as for the rest of
the nation. Also present today are Representatives Greg Meeks, Peter
King (more invited, but not yet confirmed).

The federal grant award that we are announcing today, for a total of almost \$44 million, will ^{support key activities — completely} ~~provide funding to~~ complete the Environmental Impact Statement, preliminary engineering, and other startup work on the project.

~~The East side of Manhattan is one of the fastest growing business districts in the country.~~ ^{and we hope} Until this project is completed, hopefully that ^{take no more than the planned} will ~~happen within 8 years,~~ ^{many} commuters from Long Island who work in Manhattan must first travel to Penn Station and then backtrack to Manhattan by subway. The East Access project will mean that, on day one, some 50,000 LIRR customers will save about 36 minutes of ^(each way or each day?) commuting time. ~~This is good for both commuters and employers in terms of productivity and convenience. The project will also make the trip more pleasant for LIRR riders because they will be able to enjoy this newly refurbished Grand Central~~ ^{Of course,} ~~Station!~~ ^{will then have to choose between} ~~and the expanded~~ ^{Terminal} Penn Station with its new Daniel Patrick Moynihan Terminal.

~~As the New York Metropolitan region continues to grow into the next century, the East Access will be needed to bring new workers to new jobs in Manhattan.~~ The project will also benefit New Yorkers and the millions of annual visitors here by: *as c*

- ~~Linking~~ *to* Manhattan's east side ~~with~~ *to* the new rail line ~~between~~ *JFK service* JFK Airport and Jamaica, Queens; *and*
- ~~Attracting new riders to public transportation, reducing air pollution and congestion caused by automobiles;~~
- *As c* Providing a stimulus for economic growth and development in Long Island, Queens and Manhattan;
- *It makes* Making the most of significant investment already ~~made~~ *in place* in the existing 63rd Street tunnel; and *it will*
- Relieving overcrowding on subway lines in Queens.

*all in all, a substantial step forward
for transit ridership public transportation at
the regional scale.*

Don't see need of

As some of you know, we won an important victory for New York. *but and some hardball efforts by you with Seniors,*

As a result of the Administration's veto threat, [^] the Senate

Appropriations Committee decided to abandon a measure that would

cap transit funding for any one state to no more than 12.5 percent. This

would have translated into significant funding cuts for New York and

California. New York currently receives about 13% and California

about 14.6% of funding. New York would have lost between \$150 -

200 million a year in sorely needed funding for transit.

Draft's not

Let me put it another way: Currently, New York handles nearly 7 million people a day – or roughly 33% of all transit riders in the country, but receives only 13% of funding. Further, the MTA provides 57 % of all rail trips in the country, including NYC subway and commuter rail. It makes sense that a larger proportion of funding is warranted for regions with larger volumes of commuters and travelers.

going to happen and we're happier with the outcome.

This week, we think the Congress will approve another \$4 million
this year's installment on Ticker's project.
for transit funding for ~~New York for FY 2000~~. President Clinton had

asked for \$20 million, but we could not deliver on that this year. (As
but as side
the East Access project moves forward, we hope to be able to move
would look forward to clear
opportunities, which means
forward with a full-funding grant agreement, *when* provided the project meets
all of the appropriate criteria under TEA-21.)

This morning, I participated in the announcement of the first five
projects that will benefit from an innovative financing program that was
created under ~~TEA-21~~, the Transportation Equity Act for the 21st
Century. ~~This financing program is known as TIFIA, the Transportation~~
~~Infrastructure Finance & Innovation Act.~~

Over the years, it's become clear that the growing demand for
transportation investment is outpacing the available public funding to
meet that demand. *And there's*
Hence, the need for new strategies and programs like
TIFIA. *Today we TIFIA*

~~TIFIA will help~~ to fill gaps in market funding to leverage additional non-federal resources by providing supplemental and subordinate capital to projects of regional or national significance.

like the
Fauler Bly-
Rum
sta
project -
one of the
first.

We hope that the leaders of the MTA/LIRR, the City and County governments and the private sector will consider TIFIA as they plan projects for the new millennium.

The New York Metropolitan region's economic prosperity would not have been possible without an efficient, cost effective transportation system. Together, we must find ways to ~~invest in both ensuring~~ a state of good repair and in expanding and modernizing the system.

- include use of concepts like TIFIA as well
as on
standards
Federal
grants +
flexible
funds
TV

The U.S. Department of Transportation is proud to be a partner in rejuvenating New York's role as America's transit leader, and we look forward to continuing our partnership. Now, I'll turn the microphone over to the Senators from New York (Schumer and Moynihan and House Members will present the check to MTA officials.)

Thank you.

to
that we
most
forward to
be a
achievers +
noble

as you continue to develop project in the
best
NY
tradition.

I would also like recognize Virgil Conway, Chairman and CEO of the New York Metropolitan Transportation Authority (MTA). He, too, has worked diligently to make the system more efficient and effective

for commuters. *for his work, certainly is the backbone of his necessities, to make the MTA services better for the customer and supportive of a strong economy.*

And, also here with us today are members of the New York construction and building community, including Frank McCardle of the General Contractors Association, Dick Andersen with the NY Building Congress, Tommy McGuire (Union leader), Brian McLaughlin (Union leader), Louis Coletti, Building Trades Employers Association. *they, too, have always been on the side of transit progress.*

We are here today to announce a federal grant that will help to *design and* build a vital link in ^{*the*} ~~the~~ New York Metropolitan region's intermodal ~~transportation~~ system: The Long Island Railroad East Side Access Project. *A new* This new railroad line *from here is* will be built between Queens and Grand Central Terminal ^{*to save*} ~~in Manhattan~~ for Long Island Railroad commuters *from the* using the Main Line and the Port Washington Branch, ^{*plus*} A new passenger station in Sunnyside Yard, ~~Queens will also be constructed to provide~~ *save* access to the growing Long Island City Business District.

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See Q's

Tuesday, September 28, 1999
3 to 3:30 pm

South Bay, Florida Officials
White House Briefing
Vice President's Ceremonial Room

Rm 462 ??

Talking Points

- Thank you, Barbara (Hunt, Special Assistant to the President) and welcome everyone. It is a pleasure to be here today to talk to you about transportation and its contribution to South Bay's and our nation's future.
- Under President Clinton and Vice President Gore, America is enjoying a time of remarkable economic expansion. The strength and historic duration of our current economic expansion has helped bring economic opportunity to millions of people once cut off from the economic mainstream.
- Wages are rising and welfare rolls are shrinking. The economy has created nearly 19 million new jobs since January of 1993.
- Unemployment has dropped from 7.2% to 4.3 % nationally.
- But there is more work to do, particularly in those communities that are economically underserved. That's why from July 5-8, President Clinton led a delegation of CEOs, Members of Congress and Cabinet secretaries on an unprecedented trip of untapped, or New Markets.

- This tour illustrated not only on the needs of these communities, but also the great potential for growth, profit, and economic opportunity in these untapped markets.
- President Clinton is planning a second “New Markets” tour for November. *— dates has to be determined*
- We in this Administration realize that South Bay and the surrounding area known as the “Glades,” is one of the rural communities that ~~has suffered~~ while the rest of the country ~~has~~ *is* prospered. *Continue to lag*
- But, we also agree with Mayor Clarence Anthony that, with ingenuity and public/private partnerships, South Bay could become a vibrant and prosperous community.
- And, as Mayor Anthony has indicated, transportation will play a key role in the transformation.

Transportation – Key to Economic Prosperity

- Because safe and efficient transportation is so key to the economy and people’s lives, elected officials and citizens like yourselves are focusing increasingly on transportation issues.
- Secretary Slater and I and our colleagues at the Department of Transportation believe that solving our nation’s and Florida’s transportation problems will require action on multiple fronts, including:
 - Considering land use and environmental issues, as well as public opinion, before planning transportation projects;

- Investing in rail modernization and equipment upgrades that will make rail travel and shipping more attractive.
- Investing in public transportation, including transit, light rail and buses.
- While the Federal government is an important player in resolving transportation problems, we cannot do it alone.
- We ^{particularly} need the state, ^{as well as} county and local governments and the private sector to work with us in sharing project costs and in making most of the decisions.
- We at DOT believe that transportation – whether it be rail, transit or highways – should be thought of as one, interconnected system or, as we transportation types like to say, intermodal.
- This is important because people and goods, if you think about it, almost always travel by more than one mode of transportation. For example, a Fedex package can travel by truck and then air to its final destination.
- We would like people involved in planning and making decisions to think of our transportation systems as one system in order to plan efficiently for the future and to save people time and money.
- We know that the City of South Bay is looking at better transportation links to the community as a way to improve the economy. Your community is about 40 miles from the nearest North/South interstate, and the rail system does not connect directly into South Bay's Commerce Park.

- Many employment opportunities are too far to walk and the bus system also limits access. Only 45% of South Bay's population travels to work by personal car, van or truck compared with 79% for the rest of Palm Beach County.
- By improving transportation and the mobility of its citizens, South Bay can improve its economic outlook.

The Transportation Equity Act for the 21st Century

- One important factor in helping us to rebuild and rejuvenate our highways, bridges, bus, transit and other surface transportation systems is the Transportation Equity Act for the 21st Century.
- President Clinton signed this historic law a year ago last June. It guarantees a record level of infrastructure funding -- at least \$198 billion and moving towards \$218 billion -- over 6 years while protecting our commitment to an overall balanced budget.
- TEA-21 provides unprecedented flexibility for local and state officials to use funds for their most pressing priorities in the planning process.
- It's not just the tool to rebuild the nation's infrastructure -- as important as that is -- but it strengthens transportation's role in improving safety, protecting and enhancing the environment, and creating new opportunities for all Americans.
- The President's transportation budget for fiscal year 2000 proposed a record \$50.5 billion. We think this is what's needed to make travel safer and easier for all Americans and to enhance our nation's competitiveness. A record \$36 billion is planned for infrastructure investment, including \$6.1 billion for mass transit.

- TEA-21 increases the amount Florida will receive for highway funding by more than 57 percent and for transit by just over 60 percent compared to the Intermodal Surface Transportation Efficiency Act of 1991.
- Highway and transit formula funds under TEA-21 could support as many as 57,488 jobs in Florida.
- In addition to the major program funding for transit and highways, TEA-21 strengthens the state and local planning processes that have been so effective in providing a framework for informed decision making.
- Florida has been a strong advocate for funding flexibility that matches federal funds to its needs. TEA-21 allows greater flexibility to use funds where needed and allows states greater management oversight of projects funded with federal dollars.
- TEA-21 creates new ways to help pay for transportation improvements. Earlier this summer, DOT announced the availability of \$70.6 million in funding under the new credit assistance program, known as the Transportation Infrastructure Finance and Innovation Act, or TIFIA.
- Over the years, it's become clear that the growing demand for transportation investment is outpacing the available public funding to meet that demand. Hence, the need for new strategies and programs like TIFIA.
- The goal of TIFIA is to leverage Federal funds with private capital through targeted credit assistance to revenue-generating projects. Many such projects, like toll roads, have revenue sources which could be tapped to underwrite their costs.

What special advice can we give to her about the process?

What's the status of planning for such Bay? Is it inside an MPO or is it part of the statewide network plan?

- Yesterday, Secretary Slater and I announced that the Miami Intermodal Center next to the Miami International Airport would be one of 5 projects to receive the first credit assistance awards under TIFIA.
- The \$1.4 billion Intermodal Center, to include a consolidated rental car facility, an automated people mover, strategic highway improvements and links to transit, will receive two TIFIA loans totaling \$436 million.
- The loans will enable the Center to be built on time and within budget, which will help Florida grow its economy and create jobs.

Livable Communities

- One of Vice President Gore's and DOT's priorities is making our cities, towns and communities more livable.
- Our Livability Initiative promotes transportation alternatives to driving our cars and increasing congestion, thus protecting our environment. We are encouraging communities across the nation to plan transportation growth carefully and to give more thought to environmental and other impacts of projects they contemplate.
- In May of this year, Secretary Slater announced 35 proposals totaling \$13.1 million that will receive funding under an innovative initiative called the **Transportation and Community and System Preservation Pilot program (TCSP)**, which promotes the Administration's livability initiative.

- The initiative rests on the bedrock principle that local citizens know best how to grow and shape their communities. Land development and infrastructure decisions are best made at the local level.
- This unique program, for the first time, provides communities with the comprehensive tools and resources they need to preserve green spaces, ease traffic congestion, promote regional cooperation, improve schools, and enhance economic competitiveness. In short, to reclaim their communities -- for themselves and the future.
- The TCSP program will fund the planning and implementation of transportation strategies in urban, suburban and rural areas which promote efficient transportation, a healthy environment, and access to jobs, services and places of business.
- The demand for Federal partnership in this bold effort is overwhelming. During the time we were taking applications -- a period of just a few weeks -- we received 524 requests for almost \$400 million. There were many thoughtful, forward-looking and innovative projects that we were simply unable to fund.
- This year's \$13 million program is set to increase to \$25 million next year. But that's not enough. We believe even more money is needed for Federal government to become partners with the many communities who have expressed a desire to link transportation to livability.
- As part of Vice President Gore's livability agenda, we have called for an increase to \$50 million. With that amount, we won't be able to fund all of the worthy projects but it will help.

*Must are job
to access grants, not TCSP?*

- This year, 35 projects in 28 states to receive funding, including Florida, which was awarded \$2.5 million for two projects.
- This past Spring, DOT awarded the Jacksonville Transportation Authority \$1 million under the Job Access and Reverse Commute (JARC) program to expand its guaranteed ride home program to include car/vanpool and van shuttle links to the transit system and other transit service options.
- DOT also awarded the Broward County Division of Mass Transit in Ft. Lauderdale \$1.5 million -- also under the Job Access and Reverse Commute program -- to establish new fixed-route bus services along Sample Road and State Route 84, to create shuttle connections to fixed-route services in southeast Broward County and to expand week night service to several economically disadvantaged communities.
- More information about Livable Communities can be found online (www.livablecommunities.gov) or on DOT's home page.

*Are they
concerning
main job
access
applicability?
What were
the deficiencies?*

Conclusion

- I hope that I shed some light on the Administration's plans and perspectives on some of the major issues in our transportation sector.
- Again, we look forward to working with you and other South Bay and Palm Beach County and state officials to make transportation safe and efficient for Floridians and for all Americans.
- Now, I would be happy to answer any questions you may have.

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TALKING POINTS
DEPUTY SECRETARY OF TRANSPORTATION MORTIMER DOWNEY
TRANSPORTATION TRADES DEPARTMENT, AFL-CIO
EXECUTIVE COMMITTEE MEETING
WASHINGTON, D.C.
SEPTEMBER 29, 1999

- I want to thank Sonny Hall and Ed Wytkind for inviting me to spend a few minutes with you all to talk about some of the issues that we're working on at the Department. I'm always glad to have the chance to exchange ideas on how best to meet those concerns, recognizing your role in giving voice to the concerns of America's working men and women.
- On Monday, President Clinton announced that we will achieve the largest budget surplus -- \$115 billion for 1999 -- in American history. That's good news for the economy and for America's working families and the rest of our time in this Congressional session will be devoted to seeing that economic progress continue with fairness -- a tough challenge with the Congressional crowd we have to work with
- Since Secretary Slater and I met with you all in Miami last February, we've made some good progress on a number of regulatory and legislative issues that I wanted to touch on quickly this morning before we move to your concerns.
- **Regulatory Issues:**
 - * FAR 145 -- we're the first Administration in 11 years to propose revised regulations governing foreign repair stations. I understand you will be issuing some initial comments on the rule and -- we look forward to working with you as we go forward.

- * OSHA Coverage for Flight Attendants – we want to continue to work with you to provide worker safety coverage for flight attendants and mechanics. We’re looking at these groups individually – FAA and OSHA have been meeting to develop a structure for coverage. This is one that we need to continue to be vigilant on – Pat Friend of AFA has taken a real leadership role on this as well as the Teamsters, IAM and others.
- * Hours of Service – just this morning, we denied the American Trucking Association’s petition to impose new procedural requirements for the development of Hours of Service rules.
- **Legislative Issues:**
 - * STB Reauthorization -- our legislative proposal is currently in review, you will be pleased to know that our bill will propose to eliminate the STB’s ability to abrogate collective bargaining agreements for both prior and future mergers. We intend to work with you to end “cram-down” as we know it.
 - * FAA Reauthorization – we sent up our legislation in February which we think represents a strong effort to modernize the FAA’s air traffic control system, improve the agency’s efficiency while at the same time maintain the safest aviation system in the world. The Congress is still wrestling with this issue – we hope that we can work with you to get a strong aviation bill passed in this Congress.
 - * FY 2000 Appropriations – we still have some work left to do on the Transportation Appropriations bill but we were able to achieve some victories along the way.

Transit Equity – we fought together to defeat Senator Shelby’s proposal to redistribute transit funding – this would have had an extremely detrimental effect on California and New York’s transit programs – it was bad for the transit worker and bad for the working men and women who rely on transit to get to their jobs. Thank you for helping us to defeat this provision.

Amtrak Funding – the House and Senate fully funded the President’s request on Amtrak – \$571 million – which will help the railroad meet its goal of self-sufficiency.

- * Surface Transportation Act of 1999– the Senate Environment and Public Works Committee marked up their bill this morning which provides important flexibility for Amtrak funding. The bill originally contained a provision which would have unraveled Davis-Bacon as it applies to our State Infrastructure Bank program. We joined you in strongly opposing that provision – it was dropped from the bill that the Committee passed.

The areas where we still need to work together include:

- * Office of Intermodalism – the House appropriations bill eliminated funding for the Office of Intermodalism. We want to make sure Steve Van Beek has an office to run once he’s confirmed. By the way, Steve’s confirmation hearing went very well yesterday.

- * Border and Aviation Competition Issues – over the next few weeks, the Secretary will be meeting with some of you on two issues that I know are of great importance to labor. He and Secretary Herman are scheduled to meet with President Hoffa in early October on border issues. The Secretary has also committed to meeting with a number of you on our aviation competition guidelines. I don't want pre-empt those discussions today – but I would be happy respond to any comments or concerns on these issues or any others that you would like to raise.

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OK
D

STATEMENT OF THE HONORABLE MORTIMER L. DOWNEY
DEPUTY SECRETARY
U.S. DEPARTMENT OF TRANSPORTATION
BEFORE A HEARING OF THE

SPECIAL COMMITTEE ON THE YEAR 2000 TECHNOLOGY PROBLEM

SEPTEMBER 30, 1999

Chairman Bennett, Vice-Chairman Dodd, and Members of the Committee: thank you for this opportunity to report on the Department of Transportation's (DOT, or the Department) accomplishments in resolving the Year 2000 (Y2K) challenge. I appear before you today fully confident that all of DOT's vital computer systems will effectively make the transition on January 1, 2000.

Over the past two years, the Department has put forth a concerted effort to ensure that its mission-critical systems will function as expected before and after the century change. The safety and well-being of the traveling public, and the crucial role that the transportation industry plays in our Nation's commerce, have been uppermost in our minds as we've gone about the business of remediating the Department's vital systems.

Today, I am pleased to report to you that the Department has completed remediation efforts on 100% of its 609 mission-critical systems. These systems function in every Operating Administration (OA) in DOT: the Federal Aviation Administration (FAA), the U.S. Coast Guard (USCG), the Federal Highway Administration (FHWA), the Federal Railroad Administration (FRA), the Federal Transit Administration (FTA), the Maritime Administration (MARAD), the National Highway Traffic Safety Administration (NHTSA), the Research and Special Programs Administration (RSPA), the St. Lawrence Seaway Development Corporation (SLSDC), the Surface Transportation Board (STB), the Transportation Administrative Service Center (TASC), the Bureau of Transportation Statistics (BTS), the Office of the Inspector General (OIG), and the Office of the Secretary (OST).

Considering where we stood with this complex task a year or so ago, this achievement is a testament to the extraordinary efforts of a truly dedicated team of professionals determined to ensure that our transportation system remains ready and safe.

We are still working hard to complete work on our non mission-critical systems. In our August quarterly status report we reported that remediation has been completed for 100% of these systems operated by the Federal Aviation Administration, the Federal Highway Administration, the Federal Railroad Administration, the Federal Transit Administration, the National Highway Traffic Safety Administration, the St. Lawrence Seaway Development Corporation, and the Surface Transportation Board. The remaining OAs continue to make progress with their non mission-critical systems, and most project completion of this work by October.

We recognize that despite our best efforts, some services provided by business partners and the public infrastructure may be disrupted during the millennium rollover due to Y2K system failures. We must be prepared to deal with system failures that could disrupt vital services, whether or not they are within our control. Therefore, the Department's OAs have developed Business Continuity and Contingency Plans (BCCP) so that our core business functions will continue uninterrupted. Our OAs are in the process of testing their contingency plans and making necessary adjustments to these plans. Current versions of each plan have been provided to you.

In addition, the Department has conducted two tabletop exercises with the Secretary, OA Administrators, and myself, and we plan to conduct an additional such exercise in November. During these exercises, various failure scenarios are introduced to the participants and they are required to elaborate on how their contingency and staffing plans might deal with these failures. These exercises are proving very useful for identifying problems and circumstances that might arise, and the strategies to deal with them.

While we feel confident about the Department's own remediation and contingency planning activities, we recognize the need to continue vigorous outreach activities with our domestic and international industry partners. Under the auspices of the President's Council on Year 2000 Conversion, I chair the Transportation Sector Working Group. This group includes the Department of Defense, the Department of Agriculture, the Department of the Interior, the Department of State, the National Aeronautics and Space Administration, the Customs Service, and the U.S. Postal Service. The group is charged with promoting action on the Y2K problem and gathering information on Y2K readiness of entities in the transportation sector. This sector includes air carriers, airports, shipping companies, port operators, freight railroads, automobile manufacturers, trucking companies, and mass transit authorities. Through this group, there has been a full exchange of information on many levels across the globe, and from this exchange we have been able to determine several common themes regarding the transportation sector's readiness:

- there is a high degree of awareness of the problem and its potential consequences;
- there are aggressive efforts being made to address the problem, although better progress is reported by large organizations than by small and medium-sized organizations;
- possible disruptions are expected to be generally local in nature; and,
- there is a greater potential for international failures that could adversely affect our own domestic and cross-border operations (many of the world's smaller and emerging nations are struggling to meet the challenge).

More specific information regarding the transportation sector has been included in the Quarterly Summaries of Assessment Information issued by the President's Council on Year 2000 Conversion. The most recent Summary was issued in August, and the final Summary will be issued in November. The following represents transportation sector status information as of the August report:

Highway -- Automotive/Trucking

A spring 1999 National Highway Traffic Safety Administration (NHTSA) survey of major automobile manufacturers did not identify any potential Y2K impacts for the safe operation of motor vehicles. Auto manufacturing companies representing approximately 90 percent of cars and light trucks sold in the United States all stated that the Y2K problem would not affect the safety or performance of their motor vehicles.

Many manufacturers voluntarily submitted Y2K Readiness Disclosures in addition to their survey responses. These disclosures, available to the public on the NHTSA web site, indicate that most manufacturers are addressing all aspects of the automotive industry with their Y2K efforts, including coordination with business partners such as vendors, suppliers and dealers.

The American Trucking Associations, Inc. (ATA) surveyed its 3,600 member companies in February 1999. The 190 respondents represented a cross-section of the industry, from small regional companies to large national and international companies. A summary of responses showed that 95 percent of respondents had Y2K plans in place. Of 170 respondents, system assessments, on average, were 89 percent complete with over half reporting 100 percent completion. Renovation was reported as 74 percent complete; validation 61 percent complete; and implementation 61 percent complete. Eighty-one percent reported having designed contingency plans; 56 percent said they had tested those plans. ATA distributed another survey to its members in September and results are expected in October.

Within the trucking industry, large and small businesses are expected to be the most prepared for the date change (small businesses in the industry are not heavily automated), while mid-sized companies are thought to be vulnerable due to a lack of funding and experts to make Y2K repairs to business systems. There are no known Y2K problems for truck engines. Members of the major trucking associations were alerted to the Global Positioning System (GPS) end-of-week rollover issue that could have affected some GPS receivers after August 21, 1999. No GPS incidents were reported to us by trucking associations. We recognized that the GPS, which is operated by the Defense Department, is relied on by virtually every mode of transportation and by recreational users such as hikers, and campers. Therefore, the DoD and DOT worked together and with many other organizations, to ensure that GPS users were aware of this date-related GPS event and avoided any situations where loss of the GPS could cause a hazardous condition. I am pleased to report we were successful – GPS anomalies were few and minor and we know of no accidents arising from this event.

Rail

In general, because of the design of safety-critical railroad signaling, dispatching, and telecommunications systems and the operating rules that accompany them, the railroad industry does not anticipate that there will be any Y2K problems associated with these systems. The systems are all event-driven. Similarly, no Y2K problems are expected with grade crossing signals because they are event-driven, rather than time- or date-driven. Electronic event recording systems keep track of grade crossing signal operation, but the signals themselves are designed to operate even if the event recorders malfunctioned due to a Y2K problem.

Amtrak and the commuter railroads examined their mission-critical operating systems (dispatching, signals, grade crossings, etc.) and their mission-critical business systems (ticketing, reservations, scheduling) and reported that they successfully corrected those few systems where a Y2K problem existed. They anticipate that trains will run as planned on Jan. 1, 2000 and the following days, and that customers will continue to be able to obtain information, tickets, and reservations. However, Amtrak and most of the commuter railroads carry out operations on tracks owned by the major freight railroads and are therefore dependent on the Y2K readiness of these railroads.

Serious Y2K problems are not anticipated in the short-line railroads since they are primarily small businesses that rely on older, less technology dependent, equipment. For example, most short line railroads do not have signal systems and operate older locomotives that do not have on-board computers. However, they also rely on the larger railroads with which they connect to provide them with traffic data and other automated support.

Because of the dependence of the smaller railroads on the larger ones, as well as the serious safety issues that have arisen as a result of computer problems occurring in connection with railroad mergers in recent years, the Federal Railroad Administration (FRA) is taking a more proactive role with regard to potential Y2K-related computer issues with the major railroads. FRA hired a consulting firm with a background in Y2K conversions to visit the nation's four major railroads (Burlington Northern Santa Fe, CSX, Norfolk Southern, and Union Pacific), which together account for almost 90 percent of freight revenues. The consulting firm was tasked with the following: to review the steps the railroads have taken to make their operating data systems, yard management systems, dispatching systems, and electronic data interchange systems Y2K compliant; to analyze what steps remain to be taken at each company before full compliance is achieved; to review logs and records regarding the railroads' Y2K compliance activities in terms of independent validation and verification, remediation, testing, and implementation; to observe end-to-end tests; and to review each railroad's contingency plans and evaluate their likely effectiveness. The results of this effort will be available at FRA's upcoming Y2K Readiness Workshop on October 8, 1999.

Transit

In July 1999, the President's Council on Year 2000 Conversion convened a meeting to gather information on the Y2K efforts of transit providers and suppliers. DOT, the Federal Transit Administration (FTA), and a cross-section of transit industry representatives identified the following issues affecting the industry:

- transit will be one of the very first public services to be utilized in the New Year, serving everyone from revelers to shift workers conducting Y2K coverage;
- some authorities in metropolitan areas have extensive contingency plans to address unprecedented ridership increases expected for the New Year's celebrations;
- Y2K does not appear to pose any insurmountable technological hurdles for the transit industry and, as a general business practice, most transit providers have existing contingency plans (non-Y2K specific) addressing various scenarios; and,
- some transit providers are planning to pause either rail or rail/bus operations briefly around midnight until it is clear they may safely resume normal operations.

The participants at the July meeting agreed that Y2K readiness remains a major focus of top-level management attention in the transit industry, requiring the continued personal direction of transit agency board chairs and chief executive officers as well as Federal, state and local officials through January 1, 2000 and beyond

For its part, FTA has accelerated its industry outreach, management oversight and survey of the Y2K compliance of the nation's transit systems. FTA transit agencies unable to meet a June 30, 1999, Y2K compliance deadline established for FTA grantees were required to submit a contingency letter outlining their plans for continuation of system operations while repairing or replacing non-compliant elements. Of 550 grant recipients required to report, all but four have responded that they are either Y2K compliant or have required contingency plans. Of those responding, 403 (73%) reported Y2K compliance, and the remaining 143 reported that they will be compliant by 12/31/99. The remaining four grantees (all in Puerto Rico) either did not respond to the survey or responded incorrectly. FTA is following up with these recipients.

Air and Maritime

Administrator Garvey and Admiral Naccara will provide you with detailed information regarding their agencies' readiness and the readiness of the FAA's and Coast Guard's domestic and international industry partners. Both organizations have been working Y2K issues aggressively and extensively with the aviation and maritime communities.

However, I would like to take this opportunity to address your specific questions regarding our strategy for advising the public of Y2K related problems in the airline industry, particularly in the international arena. In cooperation with the President's Council on Year 2000 Conversion, the Office of the Secretary of Transportation, the

Federal Aviation Administration, and the Department of Defense have reviewed available information gathered through the International Civil Aviation Organization (ICAO) and other sources on the Y2K readiness of foreign civil aviation entities. Information on whether an individual country is Y2K ready is available on the DOT website at the following address: www.dot.gov/fly2k.

The whole Y2K phenomenon is characterized by uncertainty as to its effects and we cannot fully predict what will happen during the millennium transition. Y2K non-compliance in a system or entity does not necessarily translate into a safety problem or regulatory violation. To date, FAA's analysis of available data has not identified any aircraft safety problem associated with Y2K that would justify prohibition of aircraft from U.S. airspace.

Furthermore, civil aviation is inherently capable of addressing contingencies every day. Before any flight is conducted by U.S. carriers/crews they must carefully assess all information pertaining to the flight including weather, Notice to Airmen advisories, performance data, suitability of destination airfield, and other factors affecting safe operations. In the event adverse conditions are expected, contingency plans are required which might include additional fuel, use of alternate airports, restrictions on operations to daylight only, or any other number of possibilities. It is expected that the millennium transition will be no different, and contingency plans will be in place at each facility and for each flight to address Y2K impacts. International contingency planning efforts and our encouragement of business continuity planning at international airports should mitigate potential disruptions in service. The current expectation is that conditions related to Y2K transition will give rise to isolated service disruptions that could subject passengers to inconvenient delays or diversions.

However, if the FAA has credible, verified information that aviation operations in a foreign country would not be safe due to Y2K problems, the Administrator would take appropriate action. FAA can proscribe flights to an area and provide notices about conditions, if the responsible aviation authority for that area for some reason doesn't. However, flight proscriptions or other proscriptions on air carriers traveling to foreign destinations will not be made solely on the basis of Y2K compliance statements which cannot be verified through first hand inspection and whose effects cannot be clearly identified or measured. The FAA would also provide information concerning unsafe conditions to the Department of State, which is responsible for issuing Travel Advisories.

You also asked me to address our plans to coordinate with the Information Coordination Center (ICC), the Department of State, and the Department of Defense regarding assessments of the international travel situation. Both the FAA and the U.S. Coast Guard will be closely monitoring international activities through a variety of information networks. The FAA has normal operational links with the Departments of State and Defense whereby information affecting civil aviation is reported and acted on as appropriate. We will be increasing our vigilance for the millennium rollover. This increased activity will include direct contact with the ICAO Y2K Global Command Center in Montreal, which, in turn, will be in contact with the seven ICAO Y2K Regional

Information Centers around the world. We are also reviewing our links to DOD and DOS to ensure exchange of Y2K information related to foreign air traffic service, airports and air operators.

The U. S. Coast Guard has established a large and diverse set of international partners. These partners range across the entire industry and include international terminal operators, shipping companies, indemnity clubs, appropriate government agencies and bodies such as the International Maritime Organization. Meetings were held this past week with the G-8 nations and international trade organizations to establish the turn of the century communications plans, as well as to share preparation information for the event. In addition, the Coast Guard has personnel stationed in Rotterdam, Guam, Japan, and the Panama Canal who will report on scene information. Similarly, liaisons will be at the DOD and State Department command centers during the event to observe conditions and report relevant information.

The FAA's Communication and Information Center (CIC) and the Coast Guard's Incident Management Team (IMT) will be linked to the DOT Headquarters Crisis Management Center (CMC), which, in turn, will be the direct line of communication with the ICC. Key personnel will be on duty at all locations to augment normal staffing to ensure flow of information and appropriate response to any problem caused by Y2K.

Overall, we have been working closely with the ICC and the Federal Emergency Management Agency (FEMA) to establish a coordinated information management capability for the days immediately preceding and following key date changes. We have a full-time detailee assigned to the ICC office as of September 1, 1999, through the end of February 2000. It is anticipated that we will have an additional five individuals assigned for the rollover period. In addition, we are also working with the Public Affairs component of the ICC, the Joint Public Information Center (JPIC), which will be operational during the rollover period. We have already participated in two exercises conducted jointly with the ICC and we anticipate that we will participate in additional readiness exercises conducted by the ICC beginning in mid-October. In addition, ICC representatives attended the two DOT tabletop exercises conducted with our OA Administrators.

We also serve on two policy bodies organized by the ICC - the Interagency Domestic Working Group and the Interagency International Working Group. In the international arena, DOT will be collecting supplemental information through our FAA offices and Coast Guard liaisons located in a number of world capitals. In addition, we have operational ties to Transport Canada through our Crisis Management Center and its Canadian equivalent and we participated in Canada's major national exercise held September 27-28. We will continue to fully support the activities of the ICC.

In response to the question regarding actions the Congress or others should take to address international Y2K issues, I encourage your continued diligence in emphasizing the importance of the issue and the general state of readiness. With respect to Y2K in general, I would like to acknowledge this Committee for its pragmatic approach to the

problem and its realistic portrayal of the status of Y2K efforts. Considerable misinformation regarding Y2K status has been generated on a variety of fronts, but this Committee has consistently sought to provide an accurate and objective picture of the facts

In conclusion, I would like to reiterate that we are committed to ensuring that all DOT systems will operate properly before, during, and after the millennium change. Further, we recognize our responsibility to the traveling public and the need to continue our efforts to reach out to the transportation industry and all those responsible for our transportation infrastructure

This concludes my testimony. I would be happy to answer any questions you may have.

DEPUTY SECRETARY OF TRANSPORTATION MORTIMER L. DOWNEY
ORAL TESTIMONY
SENATE SPECIAL COMMITTEE ON THE YEAR 2000 TECHNOLOGY PROBLEM
WASHINGTON, DC
September 30, 1999

Chairman Bennett, Vice Chairman Dodd, members of the committee, I thank you for this chance to report on the U.S. Department of Transportation's Year 2000 progress and accomplishments.

President Clinton has made addressing the Year 2000 problem a top priority of the Administration.

I am proud to say that, as a result of a concerted DOT effort, all of the 609 mission-critical systems of the DOT are fully, 100 percent Y2K ready and have been verified as such. We are continuing to test and to monitor these systems to keep them compliant.

Considering where we stood with this complex task just one year ago, our readiness is a tribute to the extraordinary efforts of a dedicated team of professionals across the department.

In addition to the departmental efforts, we have worked with the transportation industry to assure a safe transition.

I will briefly summarize the status of ^{the} a few transportation sectors:

- The Federal Highway Administration has conducted extensive outreach to state and local transportation officials through conferences and regional meetings. We continue to have the most confidence about the efforts of larger organizations to manage traffic control and related systems.

We have also enlisted state and local participation in ^{monitoring and} ~~maintaining~~ ^{reporting} system status during the transition.

- The major automobile manufacturers have reported to the National Highway Traffic Safety Administration that they expect no Y2K-related problems in ^{their} ~~these~~ vehicles.
- The Federal Transit Administration has required a Y2K status report from all of its grant recipients. As of Sept. 21, all but four of 593 ^{transit} agencies said they are compliant or have contingency plans. FTA is also requesting operational testing of their readiness measures.

- The Federal Railroad Administration hired a consulting firm for further review and analysis of the Y2K status of the nation's four major freight railroads. The results of this ^{precautionary} evaluation will be available next month.

Administrator Garvey and Admiral Naccara will provide you with information on aviation and maritime readiness.

Let me now address your questions about our plans to provide information to the public about Y2K status in international airline travel. Our interagency evaluation process is reviewing information on the Y2K readiness of foreign civil aviation entities.

Individual country Y2K information is now available on a DOT website at www.dot.gov(slash)fly2k, including ^{us} data ^{available} on air traffic control, carriers serving U.S. routes, and airports handling international flights.

Beyond this, if the FAA has credible, verified information about safety concerns in a foreign country, then the Administrator may proscribe flights to an area and provide notices about conditions. The FAA would also provide information concerning unsafe conditions to the Department of State, which is responsible for issuing Travel Advisories. ^{for our} citizens.

At this point, the FAA does not anticipate making recommendations ^{as to} whether or not individuals should travel.

The FAA has found that Y2K problems in civil aviation, to the extent these may develop, appear more likely to cause disruptions of service rather than a serious safety risk. Should a serious safety consideration arise involving international aviation, you may be assured that the U.S. government will take appropriate steps to ensure the safety of our air travelers.

Safety is the top transportation priority for all of us.

Add a ¶ about our
role in the ICC reporting process

your question on
As to actions the Congress or others should take to address ~~international~~ Y2K issues, I encourage your continued efforts in promoting informed awareness of the Y2K issue as you have done to date.

In conclusion, we are strongly committed to ensuring that all DOT systems will operate properly before, during, and after the millennium change.

and will discharge
Further, we recognize our responsibility to the traveling public and the need to continue our efforts to reach out to the transportation industry and the many public and private entities who operate our transportation system.