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SUSTAINABLE TRANSPORTATION SOLUTIONS: INVESTING IN TRANSIT TO MEET 21ST CENTURY CHALLENGES

HEARING

BEFORE THE

COMMITTEE ON BANKING, HOUSING, AND URBAN AFFAIRS UNITED STATES SENATE

ONE HUNDRED ELEVENTH CONGRESS

FIRST SESSION

ON

COORDINATING HOUSING AND TRANSPORTATION POLICY TO ENCOURAGE SMART LAND USE, GENERATE ECONOMIC GROWTH, AND DEVELOP SOLUTIONS TO EFFECTIVELY ADDRESS 21ST CENTURY TRANSIT CHALLENGES

MARCH 12, 2009

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SUSTAINABLE TRANSPORTATION SOLUTIONS: INVESTING IN TRANSIT TO MEET 21ST CENTURY CHALLENGES

THURSDAY, MARCH 12, 2009

U.S. SENATE,
COMMITTEE ON BANKING, HOUSING, AND URBAN AFFAIRS,
Washington, DC.

The Committee met at 10:07 a.m., in room SD–538, Dirksen Senate Office Building, Senator Christopher J. Dodd (Chairman of the Committee) presiding.

OPENING STATEMENT OF CHAIRMAN CHRISTOPHER J. DODD

Chairman DODD. The Committee will come to order. Welcome, everyone. Welcome, Mr. Secretary. We are delighted to have you with us this morning. Let me welcome our guests in the hearing room, as well, and my colleagues.

I am going to make some brief opening comments, turn to Senator Shelby, and then I would like to invite my colleagues for any brief opening comments they would like to make, as well, Mr. Secretary, and then we will get to you. We have got a second panel, as well, with some very good witnesses here to talk about "Sustainable Transportation Solutions: Investing in Transit in the 21st Century," is the headline of our hearing here this morning.

Let me first of all welcome, as I said, everyone here to the first in a series of hearings this Committee will hold in the coming months as we prepare to write new surface transportation legislation. It comes not a moment too soon, in my view. The challenges our nation faces now are very clear—the deep recession, obviously, a dangerous dependence on foreign oil that we are all painfully aware of, energy price volatility, worsening metropolitan traffic congestion, the effects of climate change, and a growing aging population. In my view, each compel us to take a fresh look at our nation's transportation policy, much of which has grown out of the 1956 Federal Aid Highway Act that created the Highway Trust Fund and the Interstate Highway System back in the mid-1950s.

The highway system set the stage for decades of economic growth and prosperity, much as the construction of the Erie Canal, the Transcontinental Railroad, the Rural Electrification did before it, and just as our efforts to build the Internet did in more recent years. With a very different world today, we need a transportation policy that addresses a very different set of challenges that the 21st century poses.

Secretary LaHood, as you well know, Federal leadership in transportation is one of the keys to getting our economy growing again and to a more secure energy future, and to addressing climate change. All of that will require a bold new commitment to public transportation.

And ridership is expected at record levels. Last year, Americans took over 10.7 billion trips on our nation's buses and rail lines, ironically, the largest number of public transportation trips taken since 1956, the year that President Eisenhower created the Interstate Highway System.

In fact, just in my State alone, I was looking at some of the numbers, and I am sure my colleagues can cite similar ones, because this is true across the country. I know you are aware of this, Mr. Secretary. But the New Haven, Connecticut line added 1.4 million more customers, almost a 4-percent increase over 2007. The New Haven Branch Line rail service also experienced an increase. The Waterbury Line, with a growth of 34 percent over 2007. The Shore Line East, which runs along from New London toward New Haven, Connecticut, for those familiar with the State, saw a 12 percent increase, with almost 540,000 new customers traveling those lines. And there are several more in my State that just cite this across-the-board increase.

So in many ways, the public and the country are ahead of us on this issue. It is not a question of promoting growth of transit systems. The growth is there. The question is whether or not we are going to accommodate it and be able to service it well, as well as the increasing demand I think will come in the coming years.

As I mentioned, my State is working toward a tri-city corridor commuter line linking major cities and towns in one of the densest corridors in the State, and the country, for that matter. This will reduce congestion along I–91, New Haven to Springfield, going to Massachusetts, on to Vermont. So again, it is not just a localized but a regional corridor that could really deal with both energy, environment, housing, and transportation issues simultaneously.

Anyway, despite these obvious benefits, too often over the past half-century, transit has taken a back seat to funding of our roads and highways. And while the Federal Government is prepared to pick up 80 percent of the cost for new highway capacity projects, it generally pays less than half of that number for new transit projects. Of course, roads and highways will continue to be essential to our nation's economic growth, and none of us are arguing that point at all, and competitiveness, as well, as will our States' role in building them.

But America will never, ever meet the challenges in this century we are in with 50 States carrying out 50 different plans without a national vision of where we need to go in transit issues. The time has come, in my view, to put transit in the driver's seat again, to lay the groundwork for an integration transportation system that coordinates land use and economic development plans to meet today's challenges. By coordinating housing and transportation policy to encourage smart land use, we can generate economic growth and create vibrant communities where people can live and work with a smaller carbon footprint.

Transit is a fundamental building block of economic growth. I recently was in North Carolina, where the city of Charlotte is demonstrating the difference transit-oriented development can make, spurring $2 billion in private development along its new light rail lines in that city.

The Brownfield site in Connecticut is another such project that is along those same lines as Charlotte. When completed, the Fairfield Metro Center is expected to include 860,000 square feet of office space, retail space, as well as a hotel and condominiums, creating 3,000 construction jobs, and more importantly, almost 3,000 permanent jobs. Powered by fuel cells, solar power, and other energy-efficient technologies, and it is all contingent on an access to mass transit. These types of projects didn't happen by accident. They happened because community leaders recognized the need to integrate land use and transportation decisions and involve every aspect of its city government, from planning to public works, in the effort.

Secretary LaHood, it is time, as I know you are aware, that the Federal Government mirrored the example set by these communities. They are doing it on their own. They are really moving aggressively. We need to catch up with them, in a sense here, if we are going to succeed.

That is why I have written President Obama, urging him to establish a White House Office of Sustainable Development, to ensure that we are coordinating all of these issues in the most comprehensive, integrated, holistic way possible.

As Chairman of this Committee, I intend to make public transportation a priority because it is critical to making our entire transportation system work, getting our economy moving again and addressing the challenges that we will face in the decades to come. And with this Committee's work this year and with your leadership, Mr. Secretary, I am confident we can make that happen. And so I can't tell you how pleased I am that you are here with us this morning. We will have our second panel, as well. And we talk about here the authorization of a surface transportation bill, not the reauthorization, the authorization, because we truly need to think afresh on this problem.

And as I said a moment ago, the public is way ahead of us on this. Our communities are moving way ahead of us on this and we need to catch up with them to make this work in an integrated fashion.

With that, Senator Shelby.

STATEMENT OF SENATOR SHELBY

Senator SHELBY. Thank you, Senator Dodd. Thank you, Mr. Secretary, for appearing before us today to discuss the importance of public transportation. I also appreciate our other witnesses that will testify on the second panel.

Today, Mr. Secretary, as you well know, our nation is facing the worst financial crisis in nearly a century and millions of people are out of work and struggling. Public transportation can be an important tool, particularly in times such as these, that provides reliable access to jobs, child care, health care, and other vital services. Pro-

moting and supporting policies that ensure these important services are maintained is essential to us.

The future of our nation's transportation infrastructure is at a crossroads. We must decide if our next steps will be incremental or transformative. Ultimately, any proposal we adopt must balance flexibility with stringent spending requirements and long-term sustainability.

Last year, public transportation experienced record high ridership. Initially, much of the increase was due to the spike in gas prices. Over time, however, these increases have lasted and have proved to be both a blessing and a curse for transit systems. While a spike in fuel prices caused an increase in transit ridership, it also resulted in a significant decline in gas tax receipts into the Highway Trust Fund. This unpredictable fluctuation is precisely why we must consider, Mr. Secretary, alternative forms of financing for our nation's public transportation infrastructure.

Some have proposed significantly increasing gas taxes. I do not believe that raising taxes during the economic crisis makes sense. We must consider innovative alternatives and encourage creativity in the marketplace.

By most estimates, it will require nearly $200 billion to simply maintain our current surface transportation infrastructure. This need far outstrips our current funding capacity. More importantly, the $200 billion estimate does not account for new projects that add capacity or replace existing systems. Clearly, Mr. Secretary, financing these projects is going to be a significant challenge for all of us.

In addition to financing, we must also look at the question of accountability for maintaining a state of good repair. We have heard a great deal about our nation's crumbling infrastructure and the trillions of dollars necessary to rehabilitate or to replace it. Nevertheless, the Federal Government continues to provide hundreds of millions of dollars for infrastructure projects without any requirement to maintain them. The Federal Transit Administration imposes an extremely vigorous approval process for major capital projects, and yet there is very little follow-up or accountability regarding long-term maintenance, as it should be.

Even more disturbing is the lack of requirements to bring an existing system up to a state of good repair before new funding for an expansion is allowed. This gap ultimately exacerbates the overall problem. In light of the continued requests for additional infrastructure funding, I believe this is an area that requires thorough review and significant reform.

These are just a few examples of the many areas that I believe we must address during what I hope are a number of hearings on this reauthorization.

Thank you, Mr. Chairman.

Chairman DODD. Thank you, Senator, very much.

Senator Reed?

STATEMENT OF SENATOR REED

Senator REED. Thank you very much, Mr. Chairman, and Secretary LaHood, Ray, welcome. I also want to welcome Beverly Scott, who will be on the next panel. Beverly was the Director of the Public Transportation Authority and now she is—she took our heart and our money down to Atlanta, so we will talk about that later.

[Laughter.]

Senator REED. But we are in an interesting situation where we are seeing increased demand for transit services across the country, but because of operating funding difficulties, we are seeing service cutbacks. It seems to be absolutely counterintuitive.

So I think it requires us to think seriously about operating assistance, but also a new, more stable funding mechanism for transit across the country, not 50 different models but one unified model.

I know the American Recovery and Reinvestment Act has provided assistance to transit systems, which is necessary, but that is more of a stop-gap than a permanent, long-term, stable approach, which I think we need.

And as the Chairman and the Ranking Member suggested, these issues are intertwined not only with transit policy, but with environmental policy, with good land use policy, with economic development, and a host of others. This really could be one of the keys to the new economy that we are all trying to foster.

So I am particularly delighted, Secretary, that you are there. You bring great judgment and great integrity and decency to the job and I look forward to working with you.

I have a longer statement which I would make part of the record, Mr. Chairman.

Chairman DODD. Thank you very much.

Senator Bennett?

STATEMENT OF SENATOR BENNETT

Senator BENNETT. Thank you, Mr. Chairman. I appreciate your calling the hearing.

Secretary LaHood, welcome. We are delighted to have you here and appreciate your expertise.

As I listened to you, Mr. Chairman, talk about the impact of mass transit on a city, my mind goes back to the experience of the Washington Metro. I was involved in transportation issues when the Metro in Washington was first conceived and then built, and I remember and will not rehearse here the attitude of citizens in Georgetown who said they did not want a Metro stop in Georgetown, that for whatever reason it was all right for other people to have one, but they didn't want one in Georgetown. And now we look back on it, there is a Metro stop across the river from Georgetown in Rosslyn, Virginia, which is where my wife and I have our temporary home, the permanent one being in Salt Lake. I have to make sure the local papers get that.

[Laughter.]

Senator BENNETT. And you see the difference that has occurred around the Metro stops that are available in Northern Virginia and what the situation is in Georgetown. Now, maybe the people in

Georgetown like it, although I understand they are now lobbying for a Metro stop in Georgetown.

But when you look at the economic development that has occurred as a result of the Metro stops that are available, the buildings that have been built, and start to think about the property taxes that are being paid and the economic activity that is producing income taxes, you say transit produces significant economic advantages to those who take advantage of it. We often don't think of that. You made reference to it in your opening statement and I want to underline it.

I have seen it happen here in Washington and I have seen it happen in Salt Lake, where we have produced a light rail system. Businesses that are along the light rail system are now beginning to flourish and an entire housing area on land that would otherwise not be used is springing up because they are going to have a line of the light rail go to that area, and that means residents of that area can commute from downtown if they want without having to be adding to the congestion. It is creating a whole new housing market simply because there will be a transit stop.

Those are the kinds of visions that we need to keep in mind as we deal with our testimony here today, and I applaud you in your determination to see to it that mass transit becomes an important part of the agenda in this Committee this year.

Chairman DODD. Senator Bennett, I appreciate your comments. I guess a lot of us grew up with the notion of living along the tracks, that you would have a devaluation in property, or that was considered not the most ideal place to live. Of course, what Charlotte has proved and others are proving is that, in fact, being along the tracks does just the opposite, in effect, today. It is a very different mentality altogether. And as you say, you can then start deciding on smart land use issues. Climate change issues, energy use—I mean, the energy connection and the transit are just stunning, the numbers, if you start looking at how much actually gets saved as a result of moving in this transit area. So I appreciate your comments.

Senator Merkley?

STATEMENT OF SENATOR MERKLEY

Senator MERKLEY. Thank you, Mr. Chair, and welcome, Mr. Secretary.

I simply associate myself with the colleagues of my colleagues and add that transit in Oregon has been incredibly important, certainly from the viewpoint of economic development, from the viewpoint of reducing our carbon footprint, and certainly in contributing to the form of our cities. It has been a key to the success of our urban growth boundary strategy to preserve open spaces and create livable neighborhoods.

I certainly appreciate your leadership and look forward to working with you.

Chairman DODD. Thank you.

Senator Bennet?

STATEMENT OF SENATOR BENNET

Senator BENNET. Thank you, Mr. Chairman. I first want to say a word of introduction later about Mayor Hickenlooper, but I want to thank you and the Ranking Member for having John Hickenlooper here from Denver. I can't think of anybody better situated to talk about these issues than John.

Mr. Secretary, welcome to the Committee. We are happy to have you here.

There are a lot of exciting things going on in Denver when it comes to transit. The Fast Tracks Project, which our Mayor will talk about, marks the largest rail expansion in the country and it is a model of cooperation of local and Federal Government. By the time the project is completed in 2017, the Denver area will have six new commuter rail and light rail corridors, three extensions of existing corridors, 18 miles of bus rapid transit, and 21,000 new parking spaces, not to mention a redeveloped Denver Union Station, and at least when I was helping the Mayor get this passed, when I worked for him, we used to claim, Mr. Chairman, that this would cover an area the size of the State of Connecticut and it is coming along very well.

But as you said, our local communities are really ahead of the Federal Government when it comes to investment and much of their investments are based on sales tax. I think I would like to see us produce a bill in this Committee that shows our commitment to helping local transportation at least more adequately meet these goals, because they are so critical.

Finally, I just want to say that this bill has a lot of significance to transit in rural areas, as well. While urban areas receive the bulk of Federal transit dollars, I want to make sure we don't forget our rural communities during this reauthorization process. An increasing number of seniors and people with disabilities rely on public transportation in rural parts of Colorado and it is very important that we keep them in mind as we think about this.

Mr. Chairman, I have got a longer statement I would like included in the record. Thank you.

Chairman DODD. It will be so included and we thank you for your comments. We will be giving you an opportunity to give a formal welcome to the Mayor when we get to the second panel.

Mr. Secretary, thank you very much for being with us and I hope these opening comments were of some help to give you an idea how—there are a lot of issues which we spend a lot of time working together on. I think this is going to be one of them, as well, where you are looking at a Committee here that is not divided between red and blue States or "R"s and "D"s, but people who have a deep interest in the subject matter. It is a unique area of jurisdiction of this Committee, in many ways going back many years, but a very, very important one and one that I want to highlight. And obviously, your participation will mean a great deal in that.

The floor is yours.

STATEMENT OF RAYMOND H. LAHOOD, SECRETARY, DEPARTMENT OF TRANSPORTATION

Secretary LAHOOD. Chairman Dodd, Ranking Member Shelby, and members of the Committee, I am pleased to appear before you today to discuss issues related to the reauthorization of Federal public transportation programs.

This hearing is especially timely for two reasons. First, as you know, the current authorization legislation, SAFETEA-LU, expires at the end of fiscal year 2009. I hope Congress can act swiftly to pass new legislation to ensure that these important programs continue uninterrupted. Investing in surface transportation is one of President Obama's key economic initiatives. The administration's surface transportation authorization proposal continues that important work. Improving the efficiency and reliability of our surface transportation system is vital to enhancing the nation's productivity and competitiveness.

Second, with the passage of the American Recovery and Reinvestment Act, hundreds of ready-to-go capital transit projects are poised to begin. These projects will create thousands of jobs quickly and they will enable transit operators around the country to improve and expand service to millions of customers. We need an innovative and forward-looking reauthorization package to keep the economic recovery going in the public transportation sector and we need to ensure that local communities can establish and preserve sustainable, safe, environmentally friendly transit systems that improve mobility and reduce traffic congestion.

We should also find new ways to deliver Federal surface transportation programs in light of the industry's fiscal challenges. Over the last year, transit ridership has attained its highest level in more than 50 years. To handle the growth in demand, the industry needs roughly $22 billion annually to improve conditions and performance of existing transit systems.

The nation's oldest rail cities, such as New York and Chicago, are in serious condition, as well. We are in the process of releasing a report to Senator Durbin and others describing the conditions of the nation's seven largest rail transit operators. In a nutshell, there is a significant backlog of unmet recapitalization needs of about $50 billion.

The administration believes the next authorization should address five critical areas. First, as I noted, investments have not kept pace with needs. Therefore, I ask the Committee and Congress to look closely at new ways to structure funding for transit and highway programs.

Second, we should do more to improve safety. The level of transportation-related fatalities in this country across all service modes is unacceptable. We need data-driven, performance-based safety programs to identify what works, followed by swift implementation of these solutions.

Third, we should promote more livable communities. The era of one-size-fits-all transportation projects should be replaced by an emphasis on preserving and enhancing the things that make each community special. That means expanding travel choices, including transit, wherever possible. This helps to reduce greenhouse gasses emissions and slows the pace of climate change.

Fourth, President Obama has stressed the need for accountability, transparency, and performance throughout the Federal Government. The next authorization package should require every program and initiative to reflect these core principles. To accomplish this, we may need to find new ways of doing business and implement stringent new performance measures. This is the right thing to do for taxpayers.

And finally, throughout our nation's history, transportation has been marked by innovation. We must carry that tradition forward by investing in technology and smarter ways of delivering transportation systems and services. These investments will pay off in greater safety, less congestion, and a state-of-the-art transportation infrastructure system for America.

Mr. Chairman, many public transportation challenges await our action and leadership. In addition to a strong reauthorization bill, we will need to address the future of the Highway Trust Fund, commitment authority for the New Starts Program, and the potential creation of a National Infrastructure Bank, and I look forward to working with you on these issues.

And let me just say parenthetically—this is not a part of my statement—I don't think there is another administration that has ever come to this town that knows more about transit and public transportation than this. President Obama is from Chicago, and I can tell you that he has ridden lots of buses and lots of transit transportation. And when you look, his Chief of Staff is from Chicago. Again, these folks have utilized public transportation and transit in many different forms in the city from which they come. So they understand this issue very well because they have used these systems.

And I also want to make note of the Mayor of Denver, who came to my office about a week ago with a very good suggestion which he and I are going to implement. He offered the opportunity to bring about 8 or 10 mayors to Washington to meet with me to talk about the future and to talk about innovative approaches that they have taken around the country. We have a meeting scheduled, I think a week from Monday in my office with 8 or 10 mayors to talk about the way forward. We know that the cities are really the incubators of a lot of good ideas, some that have been implemented and some that people are thinking about. So I am delighted that the Mayor of Denver is a part of this second panel today.

I look forward to your questions and thank you for the opportunity to be here today.

Chairman DODD. Well, thank you very much, Mr. Secretary, and thank you for your statement, as well. I commend you on the idea of listening to our mayors of our cities and smaller communities, as well, that can bring some great ideas.

And let me just parenthetically say I appreciate your particular comments on the Infrastructure Bank idea. As you know, I authored that legislation along with Chuck Hagel, a former member of this Committee, with people like Warren Rudman, Bob Kerry were involved in it. Felix Rohatyn of the Center for Strategic and International Studies did a lot of work over the last several years in helping us develop the idea. And I was pleased to see that President Obama included that in the budget request, as well. And we

are going to sit down and work, because we need creative ideas in funding, in leveraging private capital.

The Mayor of Vancouver, Canada—I was talking with Governor Schwarzenegger the other day on a number of these matters and he highlighted the significant work the mayor of that city in Canada has done by utilizing an Infrastructure Bank in terms of supporting the needs of the infrastructure demands of that city. So we are going to proceed with that idea, as well. As you point out, just talking about additional monies without having creative ideas on how we can attract different sources of capital to come into it is not going to make much of a difference.

Let me just mention, because you and I have talked about this and obviously this is not really a question for you, but just the whole notion of what I am trying to do in that tri-city development of New Haven, Connecticut through Springfield into Vermont is, I think, a wonderful example of something that may not be shovel-ready tomorrow, but certainly is shovel-ready very quickly and is a demonstrable evidence of what could be done in terms of linking up communities, reducing traffic congestion, helping smart growth in a fairly congested area. And so I have raised the issue with you and your office and we would ask you to pay some attention to that, if you could, as an example of what could happen here in this development of transit policy.

Second, and you have made this point, as well, and I think all of us have here, the numbers, the growth numbers are really rather remarkable and I think every evidence is they are going to stay with us given the economic conditions we have. And I think once people, even though they may have gotten into the use of transit for reasons that they didn't particularly like, because of the cost of gasoline and others, I think it is one of those things that once you experience it, you start utilizing it, you realize how easy it is, how comfortable it is, how time-saving it is in terms of using it. So while we are in this and people may be using it for reasons they didn't anticipate, once that starts, I think it gets very difficult to turn it around, and I think you will hear that from some of our witnesses, as well, today.

Let me, if I can, just raise a couple of questions, if I can. One has to do with the Office of Sustainable Development, which I have mentioned in a letter to the President, to bring together your office, the Office of the Department of Energy, and Housing, as well as the environmental issues together to link these up in a way that we have never really done before. We have sort of this stovepipe mentality, sort of separate issues that we deal with separately and not a lot of that interconnectability between these questions of housing, transportation, energy, and environment.

And I wonder what role you might see the Department of Transportation obviously playing in cooperating with other Federal agencies to help meet these challenges and what steps you might be prepared to take to help coordinate this effort.

Secretary LAHOOD. Well, I haven't talked to the President about your letter, Mr. Chairman, but sustainability is a very, very important aspect of what we are doing at the Department of Transportation. If the President decides to accept your idea, we want to be a big player in sustainability.

What we are doing now with the economic program, the recovery program, is trying to get people to work very quickly, but we know that sustainability on a number of these things that we are doing very quickly here can be very important. And I also think the idea of sustainability in terms of livable communities and what you are talking about in terms of your own State and the idea of connecting these communities and having people have opportunities to get away from their cars and get away from congestion and live in communities that offer lots of different amenities and lots of different options. I think the idea of livable communities, sustainability, and really tying it into the economic recovery, but also the authorization of transit, all of these things tie together.

And so I look forward to working with you if we get a signal from the President to be a part of this team. We want to be a big player in this.

Chairman DODD. Well, you can be, obviously, and I would urge you maybe to even be an advocate. As they are sitting down and asking about these things, it would be helpful. And our intention here with the Committee is to invite you, along with others from the respective four Secretariats I have mentioned, to come together under the auspices of this Committee, if necessary to begin to talk about how we do coordinate that. It is important.

Let me mention two other issues to you quickly, if I can. One has to do with just the inequities in many ways of the competing systems when you start talking about transportation, between highway and transit programs. When a State or a city or a region wants to build a new highway or a new lane of traffic, there are very few questions asked by the Federal Government in that process.

On the other hand, when a State or region or city enters the New Starts process, which involves answering a multitude of questions and undergoing a rigorous analysis that can take years, in some cases a decade or more, what I believe—certainly I believe there are benefits to a rigorous review. I am not arguing. To the contrary. But it seems to me that the burdensome, literally an incredibly burdensome path that you must follow when you seek transit support as opposed to highway support, I think everyone knows this, but it clearly—if you have got to go through it to get the easier money, not to mention the percentages, then obviously the option is quite clear, what people are going to opt for.

Many communities, rural and urban, would like to be in a neutral position where they can make decisions that they think serve their needs best. But when there is a bias, both in terms of the bureaucracy as well as cost, then you get a predictable outcome, it seems to me, and so I wonder if you could comment on that.

Secretary LAHOOD. Well, I think this. I think now that we have built a state-of-the-art interstate system in this country and we know now that people's choices are for transit, I think you are going to see us in the Department develop hopefully a system whereby it becomes easier and we become more open-minded about the idea that transit will become the transportation of choice for many, many communities and many, many people around the country and we can develop a system that makes it easier and less

bureaucratic for communities to really have access to these kinds of programs and these dollars.

I think the legislation that you all draft can send a pretty strong message in that regard, also. Transit and the forms of transportation we are talking about here really now have come into their own, and it is an opportunity, I think, to send a message not only to our Department but around the country that it is going to be the choice of transportation for many, many Americans and we ought to make the opportunities available to people without a lot of bureaucratic red tape. It has to be done correctly and done right, but we should make it accessible in terms of a lot less bureaucracy.

Chairman DODD. And I want to—I am sure I am expressing the views of all of us here. This is not a question of being anti-highway. We understand that. But just so there is sort of that level playing field. And I welcome your comments and would very much like to have our staffs work with yours, because it is obviously important to have the support of the Department of Transportation as we move forward, not just a Committee bill——

Secretary LAHOOD. Of course.

Chairman DODD.——but I appreciate your point.

The last point I want to make to you is one that is also of concern. It has been well documented by this Committee and others that multi-year dedicated funding is critical to building and maintaining transportation systems. Congress realized this when as part of the T–21 in the 1990s we established budgetary firewalls to ensure that the authorized funding levels in the transportation bill were real, guaranteed funding. This has been a great success in the past decade. It is unique, in a sense, that authorizing committees have that firewall built in. So your authorizing numbers become your appropriated numbers.

The administration—this has been very successful over the past decade and I was disappointed that the administration's budget included a provision that would weaken these guarantees. I, along with Senator Shelby and our counterparts in the authorizing Committee, sent a letter to the administration expressing our opposition to the proposed change here. I wonder if you would comment on that.

Secretary LAHOOD. Well, I saw your letter, Mr. Chairman, Mr. Shelby and others, and I know of your concern. What we will try and do is, as good members of this administration, work with you and your Committee to reach some kind of a consideration for the issues that you raise in your letter. I understand completely as a former member of the House, a former member of the T&I authorization Committee, and a former appropriator. I know of what you speak. And so we will work with you, and obviously we need to bring OMB into the mix on this, and take into consideration the concerns that you have expressed in that letter.

Chairman DODD. Well, I appreciate that very much, because again, the obvious point here is if we all of a sudden fundamentally alter this funding scheme, then the idea of doing one of the things we are talking about is dealt a significant blow——

Secretary LAHOOD. Sure.

Chairman DODD.——to those efforts, and a fundamental alteration of a decades-long policy. So I welcome your comments and we will work very closely with you to try and alter that.

Secretary LAHOOD. Sure.

Chairman DODD. Senator Shelby?

Senator SHELBY. Thank you, Mr. Chairman.

Secretary LaHood, I am extremely concerned about continuing to make investments in infrastructure without any requirement for maintaining a state of good repair long-term. In your testimony, you referenced the rail modernization study and that there is a backlog of $50 billion in unmet recapitalization needs in the nation's seven largest rail transit operators. It is my understanding these properties have received billions in Federal funding for new projects, too.

What can we do to make certain that we adequately monitor and ensure the long-term maintenance of these assets, and what does the administration intend to propose on this front?

Secretary LAHOOD. Well, we do have a study that we are going to be looking at very carefully, as I indicated, that has looked at all of the assets and what we need to do going forward. Obviously, that will be made available to all of you and I think we have to be committed not only to continuing progress and the way forward, but we also have to take care of the assets that we have. I think you will see in the report there will be opportunities to do that.

Senator SHELBY. Mr. Secretary, in the last authorization bill, we attempted here to streamline the New Starts process and add additional categories for consideration during project evaluation. Nevertheless, the process continues to take what seems like an inordinate amount of time and many of the factors Congress added, including economic development, still have not been implemented.

I know you are new in your job, Mr. Secretary, but I am interested in your thoughts on the overall process and what changes can be made to ensure that it can move forward more expeditiously while still conducting a thorough evaluation.

Secretary LAHOOD. Well, we have found in the process of implementing the Recovery Act, where we were provided by Congress in the bill about $8 billion for transit, that we have been able to work pretty efficiently and effectively and pretty quickly with the transit districts in identifying some projects, and we will be making those known very soon.

So we know that it is possible in working with the different transit authorities and officials around the country that these things can be streamlined and the money can get out quick and we have established a little model here during this recovery opportunity to make that happen and we hope that that can continue in the future.

Senator SHELBY. Mr. Secretary, you bring a unique background here to your job as a Cabinet member and Secretary of Transportation and we are very aware of this. I am interested in learning more about the administration's plans for the future of the Highway Trust Fund. Specifically, do you anticipate continuing financing of surface transportation from the Highway Trust Fund, including public transportation, or do you expect more funding to come from the general fund?

Secretary LAHOOD. Well, I think this. I think that the Highway Trust Fund was adequate for building a state-of-the-art interstate system. We are the model for the world. When people look at America and see our interstate system, they use it as a model. And the Highway Trust Fund provided the adequate funding to make that happen.

But it is an antiquated system now. I think what we should do is continue the Highway Trust Fund, but we have to build on that. There are simply not enough resources in the Highway Trust Fund to fund all the things that you and we at the Department would like to do. And there are a lot of creative ideas out there—public-private partnerships, tolling of lanes.

I was in Miami, Florida, a week ago. I was on Interstate 95 where they built a lane with tolls and it was, you know, it was right next to—it was right on the same road. A creative way to do it, because there wasn't enough money in the Highway Trust Fund to do it.

So, look, there are about five or six very creative ideas that we can build on the Highway Trust Fund in order to get to where we want to be with all of the infrastructure needs that I know that are needed and we have identified and you all have identified. But the Highway Trust Fund is insufficient to continue what we want to do in America with highways and bridges and our infrastructure.

Senator SHELBY. Mr. Secretary, as you well know, certainty is very important in the planning and financing of transit projects and so forth. The Highway Trust Fund and the guarantees provided in the authorization bill have provided certainty for long-term planning and enactment of transportation projects. Are you concerned that increased reliance on the general fund could displace this certainty and result in difficulties conducting long-range planning and raising capital, or do you think that will complement what we are doing?

Secretary LAHOOD. Well, I am going to let you all decide whether you want to use general revenue and put it in the Highway Trust Fund. I would rather talk from the point of view of a National Infrastructure Bank, public-private partnerships, tolling of roads, and other ways, creative ways of thinking about building on the Highway Trust Fund.

You know, I am not prepared to say here today—I will leave that to all of you that are going to have to make those hard decisions, as were made last year when $8 billion was put into the Highway Trust Fund. I would rather talk from the point of view of let us be creative and try and find other creative ways to supplement the Highway Trust Fund.

Senator SHELBY. But do you believe certainty in the planning is important, too?

Secretary LAHOOD. There is no question about it. People have to know where the money is coming from and that it will be there——

Senator SHELBY. Absolutely.

Secretary LAHOOD.——when these important road, bridge, and other infrastructure projects. We have to have certainty about where the money is coming from, no question about it.

Senator SHELBY. Thank you. Thank you, Mr. Chairman.

Chairman DODD. Thank you very much, Mr. Chairman.

Senator Jack Reed?

Senator REED. Thank you very much, Mr. Chairman, and again, welcome, Secretary.

In your comments to APTA on Monday, you talked about at least thinking about providing some operating assistance to transit agencies. If you could elaborate on that, and also the challenge of ensuring this is a maintenance of effort by local and State communities, because they are under pressure, too. There is a strong temptation, I think, for if we will do it, they won't. So could you comment on that, Mr. Secretary?

Secretary LAHOOD. Sure. Senator, when I was in Congress, I represented a couple of fairly good-sized communities, Peoria and Springfield, who had good transit systems. I tried to be helpful in making sure that they had the equipment. But if you have the equipment without people to operate the equipment, it does you no good. You can't provide the service.

I know that transit districts and transit systems have an inability to use some of their money for operational purposes, and I am speaking for myself now, OK. What I told the folks at the transit meeting, I am going to be open-minded about this. Look at it, we have to be realistic about these things and we have to use a little bit of common sense here. If you have all the great equipment but it is sitting and not really delivering people where they want to go because you don't have people to drive the buses or drive the trains or whatever, then we should do something about that. And I want to be open-minded about the idea that some of these funds could be operating.

Now, that is Ray LaHood's point of view and I want to work with the administration, I want to work with all of you, I want to work with these folks that are in a real pickle right now about trying to find out how they are going to pay their bus drivers and train drivers and all these other folks, engineers. But I think we need to be open-minded about these things and I am willing to do that.

Senator REED. Well, thank you, Mr. Secretary.

Last year, at the end of the previous Congress, your predecessor used her authority, which was clear and legal, to allocate a portion of so-called lapsed funds, projects that had been authorized, appropriated, but because of local problems with matching funds and local problems with environmental clearances, *et cetera,* weren't used. One of those projects was in Rhode Island, but there are several other projects across the country.

In the Omnibus Appropriation Act the President signed yesterday, we are urging you to use the remaining unobligated funds to go back and to fund these projects that have, as I said, been duly authorized. I would hope that you could commit to your best efforts to using these unobligated funds that exist to go back and fulfill the requirements and the authorization directions of the Congress.

Secretary LAHOOD. Well, Senator, this is what I will pledge to you and the other members of the Committee and to any Member of Congress. As a former member, I know that when these particular projects are placed in a bill that they are important to people and they are important to the people around the country who would be served by these. And my pledge is to look at the unobligated funds in the context of the way that they were included in

a particular bill for a particular area and do all that we can to be very open-minded about doing what we can to make sure the intent of Congress is carried out.

Senator REED. Thank you, Mr. Secretary, and we will help you to keep that mind open and focused.

[Laughter.]

Senator REED. I think just a final comment. I think all the questions so far have suggested that we are on the verge of a significant change in the way we fund transit projects and transportation projects. One factor is the declining productivity of the gas tax, which we have to recognize. Others is the need to recognize environmental costs, externalities to traffic and travel and congestion, all these other things. I know you have thought about these things and I just want to simply say I look forward to working with you as we deal with some very difficult and challenging issues, but fundamental to our economic progress.

Secretary LAHOOD. Thank you, sir.

Senator REED. I am glad you are there doing it.

Secretary LAHOOD. Thank you, sir.

Chairman DODD. Thank you, Senator.

Senator Bennett?

Senator BENNETT. Thank you, Mr. Chairman.

Mr. Secretary, I have two issues I want to raise with you based on our experience in Utah, and let me preface the remark by saying that our experience in Utah with the Department of Transportation and particularly FTA has been very, very good. We have built what we think is a model system and the degree of cooperation we have had with the Feds has been terrific.

Having said that, there are two areas where we may have a little bit of heartburn. The first one is the New Starts process. It has become lengthy and time consuming, and when it becomes time consuming it becomes expensive. It is a little bit overcomplicated and we would like to know if you have plans to help streamline the process so that it might move a little more rapidly, and that helps speed delivery and helps cut cost.

The second one is the ongoing debate about the role of program of projects. We have bundled our activities into a program of projects and we have had the experience of having to re-explain this on occasion, where it got approved and then, well, maybe we are going to fund this and not that because the local match isn't there, and we go back to the original conversations and say, but the local match is there once you take this whole thing as a program of projects.

Now, this maybe is down in the weeds, but these are the issues that we deal with most directly and I would appreciate your comment about both of these.

Secretary LAHOOD. Well, as I said earlier, we have found in our ability to get the money out the door in the Economic Recovery Plan, whether it is the $28 billion for roads and bridges, whether it is the $8 billion for transit, whether we are putting together some criteria for our discretionary pot of money, these things can be done in a more expedited way.

I want to make it clear. Things are going to be done by the book, by the law, but there are ways to streamline, Senator, and I want

you to know that we have found those ways in our ability to comply with the law that was passed by Congress, which said, get the money out the door in 120 days and have it spent in 18 months. We are going to comply with that.

So my answer is, there are ways to make sure that we don't cut corners and we don't go against what the Congress has passed, but our ability to cut through some of the bureaucracy at DOT, and we did it by really putting together what we called a Tiger Team, a group of people from all the different modes that meet every day and talk about, OK, what is the next box we have to check? What is the next rule or regulation that we have to meet? All done by the book, but just by people sitting together, talking to one another from the different modes so people really have an understanding.

We have shown that we can do it under the recovery bill and get the money out the door and I think we can do it in this instance, also, and I pledge to you that we will work very hard to do that.

Senator BENNETT. Thank you. I appreciate that, and, of course, no one is asking you to cut corners.

Secretary LAHOOD. No, sir. I know that.

Senator BENNETT. We understand that. But as you pointed out, there are ways to do it perhaps more efficiently.

Can you comment on the program of projects situation or do you want to get back to me?

Secretary LAHOOD. I would rather get back to you on that, Senator.

Senator BENNETT. All right.

Secretary LAHOOD. I just—I don't feel I can really give you a very good answer, but I will be happy to get back to you.

Senator BENNETT. I would appreciate if you would focus on that, because that becomes—that has become a key issue on how we deal with the question of the local match and what we put into the mix to provide the local match. If it then gets broken up and each project is viewed as an individual project, then local match that was pledged to the overall situation suddenly disappears and we are told, no, we can't fund beyond a certain level because the local match isn't there. That is the difficulty with respect to this and I am grateful that you would take a look at it.

Secretary LAHOOD. Yes, sir.

Senator BENNETT. Thank you.

Chairman DODD. Senator Merkley?

Senator MERKLEY. Thank you, Mr. Chair.

Mr. Secretary, I want to start by following up on the questions Senator Bennet raised in regard to Small Starts. Specifically, let me begin first just by inviting you to come out to Oregon. We would love to show you our streetcar system, which has become very, very popular and contributed enormously to reducing our carbon imprint and stimulating economic development and certainly making the city far more livable. So I look forward to checking in with your team to see if you might be able to join us out in Oregon.

In regard to that particular streetcar project, our delegation sent you a letter in January noting the successes but also noting how additional streetcar projects seemed very difficult to get initiated under the Small Starts Program. You were very kind in replying to us that you shared our concerns and that you would be looking

into this. We pointed out that there has been essentially an institutional bias previously in not using that program to support streetcars and so I really want to thank you for your reply and want to follow up on that and ask if indeed you can continue to look into that, because we really need to reverse kind of a bureaucratic formula that was put out by the previous administration that essentially created a roadblock to streetcar systems being considered under that program.

Secretary LAHOOD. Senator, let me just say this. I feel privileged to be part of a transformational administration, and I feel privileged because I do think this President wants to transform transportation. We are going to look—we are looking very carefully at your program. I am very aware of it. I have had at least three conversations in his office with Earl Blumenauer, and I was just in Peter DeFazio's office a week ago. I would be happy to come to your office. I am sure I will hear the same thing.

But the point is, sir, that we are very interested in what you are doing in Portland and we are very open-minded about it. And I think you will be very pleased here with what we are going to be able to do in working with you to make some of the things that you all have been planning and working on and implementing further reality for really making Portland and other places in Oregon really livable communities.

You all are way ahead of the curve on this and I have sort of adopted Earl's livable communities as something that we want to work with the Congress on and really make a part of the authorization of a transportation bill. I think we have to do it for the people, for what the Chairman said about what is going on in his State and the connection of communities and people being able to get out of their cars and riding buses or riding bikes or however you want to express it.

But I think you will be pleased that we will be working with you and there is a lot more open minds as a result of the leadership that we have received from the White House and our ability really to look at this in a very productive way, I think.

Senator MERKLEY. Mr. Secretary, I am absolutely thrilled to hear your comments, and as you can tell by the enthusiasm of our Congressmen that you have spoken with from both Northern Oregon and Southern Oregon, we are very united in the success of this. But we do look forward to, instead of just inviting you to our offices, to actually get you out on one of those streetcars in Oregon and we——

Secretary LAHOOD. I will be there.

Senator MERKLEY. Thank you so much.

The second piece I wanted to address is really to echo Senator Dodd's comments about the efforts to tackle some of the—to streamline some of the bureaucratic processes, and I deeply appreciate your reference to the Tiger Team that you have put together. We have found it much more difficult with transit issues than with surface transportation or highway issues, and part of it is the need to complete each and every phase before you can move on to the next phase. So, for example, we are working on an extension of our light rail system to Milwaukee and we are trapped in early prelimi-

nary engineering, because until we get that box checked, we can't proceed to the next stage.

We would love to work with your folks to figure out how we can emulate more expeditious procedures in making transit happen, because it is just a series of obstacles that make projects take far longer than they would ever need to.

And so I think you have really already addressed this as a question. I certainly invite any additional comments, but I wanted to thank you for your Tiger Team and say how important this is to the success of building transit.

Secretary LAHOOD. Well, look, I think the fact that the Chairman, the Ranking Member, Senator Bennett, and now you, sir, have raised this issue, we really need to deal with this at the Department. I think we have the ability to do it. We should not let the bureaucracy get in the way of creative, innovative ideas being carried out in as expeditious a way as possible. I get the point here.

I mean, the value of this hearing today is that all of you have expressed the idea that it takes too long, and you know my point is we have got to do things by the book. But we have proven that we can do them by the book very quickly and get an enormous amount of money out the door by the kind of coordination that the Tiger Team has allowed us to do. And so I take all of your points on this, very well made. I will be committed to trying to figure out ways in our Department to do things right, but to get them done quicker.

Senator MERKLEY. Your approach is refreshing and energizing and thank you very much.

Secretary LAHOOD. Thank you, sir.

Chairman DODD. Thank you very much.

Senator Bennet?

Senator BENNET. Thank you, Mr. Chairman.

Mr. Secretary, first of all, happy to have you stop in Denver on your way out to Portland or on the way back.

[Laughter.]

Senator BENNET. So let me know when it is going to be.

I want to just continue in this vein and say thank you to you and to the President for keeping up your end of the bargain with respect to the Recovery Act. We in Colorado have received $100 million in transit money as part of that and your team made that happen in an expeditious way. We really appreciate it and our constituents noticed this. I mean, it is so frustrating to people that things in Washington seem to take forever and decisions never get made and they never—it takes so long to see the benefits come back to them. I think the administration really has done a real service here by holding up its end of the bargain and my hope is that it will continue to do that over the next 18 months or so.

Transparency is incredibly important. Accountability is incredibly important. Making sure that the money is getting spent where we said it would be spent is the most important thing. But I would say the second most important thing is that we act expeditiously. So I just want to join my colleagues in urging you to, as you said you will, to do that.

And in that vein, since you have been on this side of the table, I would love to hear your thoughts about how we move this author-

ization process along. As you know, SAFETEA-LU was enacted 22 months after T–21 had expired. How do we avoid doing that again? How do we move this forward as fast as we can?

Secretary LAHOOD. Well, I am not an independent operator anymore, so I didn't get elected to anything last November. Let me just say on the transparency issue first, we have a—there is a Web site that we put information into every day. It is called *Recovery.gov*. It is at OMB, but it is also something that the White House has taken a great deal of pride in. Any taxpayer right now can access information about where the money is being spent from the recovery, how many dollars have gone out the door, what States have gotten it, and ultimately what projects are funded, and ultimately—not yet, but ultimately, how many people are put to work.

We are all very proud of that, and that came from the very top. That is the President. Every time the President has given a speech, or when I have been with the Vice President, *Recovery.gov* is one of the things that is emphasized. We want taxpayers to know, this is an enormous amount of money and we believe it is going to put an enormous number of people to work in good-paying jobs this spring, summer, and fall. I believe that. But we want total transparency. We want hard-working taxpayers to know their money is being spent correctly.

With respect to your question about how you get a bill passed, I think for starters you are going to have an administration, including myself, which I said I am privileged to be a part of this team, that is going to work very closely with Congress on getting a bill as quickly as you all can get one. We are going to be full partners with you in all of this. That will be a pretty good start.

I know Chairman Oberstar in the House has a very ambitious schedule to get a bill passed, hopefully, I mean he claims before the end of the fiscal year. I don't want to speak for him, but I have had about four or five meetings with him and I know this is his No. 1 goal. It will be up to all of you over here to work as expeditiously as you can. But you are going to have a real partnership with this administration and this Department to get this done, because we have to have a good follow-on to the Recovery Plan. If we are really going to have sustainability and have the ability to keep these people working beyond the 18 months, we need to have an authorization bill that takes us beyond the 18 months into the next 5 years and we are going to work with you on that.

Senator BENNETT. I appreciate that.

Thank you, Mr. Chairman.

Chairman DODD. Thank you very much.

We have been joined by Senator Kohl coming in. Senator, welcome this morning. We have had the Secretary with us a bit here. I don't know if you have any comments.

Senator KOHL. Yes, I have. Thank you very much, Mr. LaHood. Last year, the Federal Transit Administration proposed changing the rules regarding public transportation to and from the schools. Particularly, the new rule prevents transit systems from matching travel times and the patterns of the students, with consequences for both the students and the transit systems serving these communities.

Yesterday, I heard in Wisconsin from systems about the heavy toll that this proposed change would take on their agencies and the families they serve. Transit agencies, school boards, and principals have commented on how this change is a break with over 30 years of policy.

My question is, will the FTA reverse this proposed rule? And without changing the rule, is it your understanding that transit agencies could well be subject to lawsuits to terminate the services they currently offer on behalf of students? Are you familiar with the topic?

Secretary LAHOOD. Yes, sir, Senator Kohl. I was briefed on this and I really wasn't aware of it until I prepared for this hearing. Your staff was good enough to work with us and I know about this, and what I would say to you, sir, is that we are evaluating all—the docket is closed on this and we are evaluating all the comments. We know that this is a very serious problem, and I just want you to know that we are going to look at the comments and we are in the process of really how best to decide to move forward.

But I know it is a real serious issue, not only in your State, but in other States, too. And we recognize that now and we appreciate the fact that you have brought this to our attention. I want you to know that we are going to look at it very carefully and review it very carefully. I don't want to say something here today that I can't really stand by, but I want you to know that we are taking this very seriously and we know it is a real serious concern in Wisconsin and in other States and we will look at it very carefully.

Senator KOHL. The rule, as I understand it, what, has not yet been implemented, the new rule?

Secretary LAHOOD. That is right.

Senator KOHL. So it does give you the chance to review it to be sure it does—that our buses really serve the purpose in picking up——

Secretary LAHOOD. That is correct.

Senator KOHL. Otherwise, what is the point?

Secretary LAHOOD. That is correct.

Senator KOHL. And right now, as I understand it, the buses will maybe go here and there and to the other place to be sure that they can accommodate students in terms of picking them up and dropping them off in the afternoon. And if we say, well, that is not something we do anymore, I don't understand what the purpose would be in implementing that kind of a rule. At least on the surface as we look at it and think about it in our discussion today, it seems to be—not to be the intent of what we are trying to do, isn't that true?

Secretary LAHOOD. It is, and again, as I said earlier to a couple of other Senators, I think the value of my service in this position is I have been a Member of Congress for 14 years and I would like to think I bring a little level of common sense here.

Senator KOHL. Right.

Secretary LAHOOD. I take your point, Senator.

Senator KOHL. I do appreciate that, Mr. Secretary.

Thank you, Mr. Chairman.

Chairman DODD. Thank you very much, Senator.

Mr. Secretary, we thank you. I don't know if my colleagues have any additional questions they want to raise, and maybe we will leave the record open for a day or two here to submit some to you in writing. But I think all of us appreciate very much your knowledge of these issues, and the fact that you have served on this side of the dais gives us some confidence that you understand the perspective, obviously, of those of us representing our respective States and the needs and demands out there.

I am particularly heartened that you responded favorably to the issue of the bias that occurs bureaucratically between modes of transportation, which really should not be the case at all, that we ought to be in a position where we allow communities to decide what they think is in their best interest, particularly when you talk about regional and national issues, as well, that we have a chance to work that out so we don't tilt this conversation in such a way that it makes it difficult to even talk optimistically about a transit process that could be far more vital and vibrant than it presently is.

And I appreciate, as well, your support, at least generally, for the notion of examining more creative ideas on how we end up financing and funding a lot of these needs, because clearly in the absence of that, this is nothing more than a lot of talk. If you don't have the resources to do it, then you can't do much at all, and these are obviously hard times, but these hard times are forcing us to think more creatively and differently and that is not a bad thing. Obviously, we would trade the hard times for the alternative, but we are in the hard times, whether we like it or not at this point, and none of us like it, so we need to be talking about ways in which we could be imaginative in moving forward.

So we are very excited about your presence, and the sustainable development issue one that clearly I am going to pursue and would like your thoughts on that, as well, as how we bring together respected agencies to think holistically about this. The more we do that, I think the better off we are really going to be, where we get various agencies and constituencies thinking in a common direction on these issues.

And transit is the one issue in many ways that links all of these other issues together—the housing issue, the energy issue, the environmental issue, as well as obviously moving people. And it seems to me it is the linchpin that brings us to a point here where we can get that level of cooperation we have been talking about for many, many years. But now we are in a wonderful position, I think, to move forward with it, and you can play such a pivotal role in that debate and discussion as we go forward. So I thank you very much for being here.

Secretary LAHOOD. Mr. Chairman, can I just say that I am going to take your suggestion. I am going to talk to the administration about your letter. I think your letter is well stated and signed by other Senators, and so I am going to speak to them about that and we will see what happens.

Chairman DODD. Thanks very much, Mr. Secretary. Glad to have you with us.

Now we will get to our second panel as the Secretary moves along and I am going to ask our colleague from Colorado if he would like to introduce the Mayor.

Senator BENNETT. Thank you, Mr. Chairman. I would like to introduce the Mayor, John Hickenlooper. We are very fortunate to have him here today. I think that he is one of the most visionary leaders in the country right now. Time Magazine named him one of the top five mayors in the United States.

He got his education at Wesleyan University in your home State, where he began his entrepreneurial approach to life by creating, among other things, a community health center that is still in existence, still serving the people of Middletown, Connecticut. He was a small business owner in Colorado that got fed up with what he described then as the fundamental nonsense of government, ran for Mayor, and brought an entirely new approach to governing in Colorado that has now gone beyond just the city limits of Denver but has reached from one end of the State to the other.

The leadership on transit that he has shown with his colleague mayors and commissioners around the city has really become a model for regional cooperation, as you were just saying, over lots of other things, like water, natural resources, I hope someday education. And all that is a consequence of the discussions around transit and what it means for our quality of life. He has also led a fight against homelessness in Denver that is a model for the rest of the country and has been adopted in many other cities.

So I believe that, as you were saying, and I want to applaud your letter on sustainability, that the issues that attach themselves to transit are so important that they could actually change the political conversation in this country and give us the chance to solve some of the problems that we haven't addressed for a very long time. Mayor Hickenlooper's brand of politics and brand of leadership is a model for all of us as we begin those conversations, so thank you.

Chairman DODD. Well, thank you very much, Senator, and Mayor, we welcome you. As I have gotten to know the Mayor, as well, over the years, we brag about your Connecticut connections. And I have visited on more occasions than I can even begin to count the community health center in Middletown, Connecticut, that you helped start. In fact, I was at the—we now have several of them. I was at the one in Norwalk the other day and I am going to be in Torrington and Willimantic, but that community health center in Middletown is just a model of service to the community that is remarkable. And so even though you have gone back home to Colorado, you left a lasting impression and mark in the small State of Connecticut, so we thank you for that, Mayor.

Let me introduce the person sitting to your left, Mr. Joseph Marie, who is the Commissioner of Connecticut's Department of Transportation and recently named Chair of the Standing Committee for Public Transportation for the American Association of State Highway and Transportation Officials. He has 22 years of transit industry experience. Mr. Marie has served in many executive positions, such as the Director of Operations and Maintenance for Metro in Phoenix, Arizona. We welcome you before the Committee. You are doing a great job in our State and we are honored

to have you with us today and thank you for the work that you have been doing.

And finally, and Senator Reed has already, and maybe wants to add some additional thoughts, but I had a wonderful conversation yesterday with Bev Scott and have gotten to understand how much a role and how important she is and how knowledgeable she is about all of these issues.

Jack, do you want to add any additional thoughts?

Senator REED. Beverly was an extraordinary leader of our public transit authority, and so good that she was lured away by Atlanta. But we are hoping that she returns home some day. She is a great professional and I look forward to her comments, Mr. Chairman.

Chairman DODD. I should point out, she is the General Manager and Chief Executive Officer of the Metropolitan Atlanta Rapid Transit Authority, referred to as MARTA, and she is the Chairperson of the American Public Transportation Association, APTA, which I had the pleasure of addressing the other day as their national organization met in the city. As Jack pointed out, she has worked in Rhode Island, also New Jersey, New York, a wonderful broad experience in these areas, so we thank you, Bev, very much for being with us today.

We will begin in the order we have introduced you, I guess. John, welcome, and we are anxious to hear your thoughts.

STATEMENT OF JOHN HICKENLOOPER, MAYOR, DENVER, COLORADO, REPRESENTING THE U.S. CONFERENCE OF MAYORS

Mr. HICKENLOOPER. Thank you very much, Chairman Dodd, Ranking Member Shelby——

[off microphone]

I am a little new at this big city stuff.

Chairman DODD. Don't start that.

[Laughter.]

Mr. HICKENLOOPER. Thank you very much, Chairman Dodd and Ranking Member Shelby, members of the Committee. Senator Bennet, I especially appreciate the kind introduction. You will all see as I did that his unfailing good judgment and always good humor makes him a pleasure to have in any working group.

I appreciate your inviting me to talk today about "Sustainable Transportation Solutions: Investing in Transit to Meet 21st Century Needs." We appreciate all of your hard work, especially the Housing and Economic Recovery Act of 2008, which has gone a long way to helping build our foundations.

I also want to recognize and thank Secretary LaHood. As long as I have been working on transportation, it is just refreshing to have his positive energy and his collaborative spirit and we are very optimistic.

This nation cannot deal with the energy and climate challenges without addressing the transportation sector head on. Oil independence starts with giving people good alternatives. This means going forward, all federally assisted transportation investments must address energy and climate concerns in addition to mobility and do this through needed shifts and reforms in Federal policies and programs.

The foremost recommendation among the long list of transportation authorization policy positions that the U.S. Conference of Mayors adopted in June was a call for a metropolitan mobility program that really focused on not just congestion relief, but economic development, sustainability, and environmental matters. These must emphasize—all these efforts must emphasize sustainable transportation investments led by increased investment in public transit and intercity passenger rail.

To accelerate the achievements of more sustainable transportation solutions, Federal policy must increasingly empower local elected officials, especially in metropolitan areas, to make the decisions on how Federal transportation resources can be best invested and to provide incentives for a collaborative process in our metropolitan regions.

As Mayor of Denver, as Chair of the Transportation Committee of the U.S. Conference of Mayors, my own perspective on the transportation authorization bill is driven by our experience and collaboration across the metropolitan region to build our FasTracks transit project. Twenty-five years ago, a young lawyer challenged the people of Denver to imagine a great city. Federico Pena went on to become Secretary of Transportation for 4 years under Clinton and his challenge was taken to heart.

Metro Denver has been nationally recognized for our capacity to plan and work collaboratively across potentially balkanized local jurisdictions. When we passed FasTracks in 2004, all 32 mayors, Republicans and Democrats, large cities and small towns, unanimously supported a four-tenths of a cent sales tax increase on our regional area, which as Senator Bennet noted was roughly the size of Connecticut.

From our FasTracks transit project to our regional economic development initiatives to our cultural facilities tax districts, all of which involve and benefit the localities within the eight metro Denver counties, this collaborative ability continues to grow. Beyond the collaboration, FasTracks represents a possibility for successful transit, not just in the more dense and older cities, but across the American West. Especially at this moment in history when we have factories and other Brownfield sites sitting empty, we have the opportunity to transform how we grow, how we think about economic development, and we can change zoning so that we get 25- and 30-block areas around transit stops with denser zoning where we have six- and eight-story buildings permitted that encourage retail and housing and various forms of mixed use all in the same place.

As has been the case in other cities that have embarked on ambitious transit projects, FasTracks has tremendous potential for positive change in all these areas, from congestion reduction to energy savings to economic development. Most importantly, in these difficult economic times, it holds the possibility for sustainable economic development through job creation.

Transit has been an economic development tool for Denver and for the entire region. We see close to TODs, to the Transit Oriented Developments, home values are higher. Closer to TODs, foreclosures appear to be lower. Choices are very important. When gas prices rise, people especially need alternatives. When the gas rose above $4 a gallon, lower- and middle-class Americans were forced

to not pay mortgages and credit cards. I am not saying that this caused the economic collapse, but certainly if you follow the spike in gasoline prices and the level of foreclosures of those people on the margin, there is an alarmingly close correlation.

Denver Union Station—or I should go back. Having a well planned, accessible, efficient transit system demonstrates a city's focus on its economic future. It is crucial to a city's ability to attract visitors and conventions. In fact, our transit planning, I think, was a key to Denver successfully hosting the DNC last summer, and as Senator Bennett would say, I think Salt Lake City experienced a similar success in hosting the Olympics with their transit.

Denver Union Station, which has become an icon of Denver's transportation history, is being redeveloped as a modern, multimodal transit hub, making it easier for people to access goods and services and creating hundreds of jobs, both short-term in construction and long-term in new retail developments that will be included.

TODs are one of the key priorities because they create economic vitality and improved quality of life and public safety. Because of their density and mixed uses, TODs are sustainable communities. Transit can also drive appropriate growth and spur sustainable economic development and land use.

We deeply appreciate what Congress did in SAFETEA, which changed New Starts criteria by raising assessment of economic development and land use impact analysis to top priorities alongside the cost-benefit analysis. Transit can be a very powerful tool in orienting development. When the New York City subway system was first constructed, if you go back and look at the history, they built lines out into the cow pastures in Brooklyn and the growth followed. We envision the same 20- to 25-year return on investment by expanding our lines from Denver to Boulder and Longmont.

However, the problem has been in the previous administration an implementation by DOT, not Congress, which failed to take in some of these factors, such as economic development and other forms of assessment, and instead focused on simply dividing the number of current riders by the cost per mile. The analysis doesn't even adequately take into account future population changes and out-year ridership. As I understand it, if you plan to build a transit station in a place where you know growth is coming, the evaluation still forecasts zero ridership. I understand that economic benefit and land use are difficult to measure, but there clearly are ways to do it and it is critical that we do so. It is equally critical that this forward-thinking investment, as well as environmental impact, be considered by DOT now and be reasserted in any reauthorization.

Thank you.

Chairman DODD. Thank you very much.

Mr. Marie?

STATEMENT OF JOSEPH F. MARIE, COMMISSIONER, CONNECTICUT DEPARTMENT OF TRANSPORTATION, ON BEHALF OF THE AMERICAN ASSOCIATION OF STATE HIGHWAY AND TRANSPORTATION OFFICIALS

Mr. MARIE. Good morning, Senator Dodd, Ranking Member Shelby, members of the Committee. I am pleased to be here today to represent the State of Connecticut as well as AASHTO's Standing Committee on Public Transportation.

I spent my entire career in the field of public transportation, although I must admit to you today that my journey in the business started many years before my career earning money. One day at a young age, about 10 or 11, I boarded a Route 430 bus to the Malden Center subway station in Boston. I remember the freedom and the exhilaration that this gave me. It had nothing to do with the technology or the ride. I felt mobile and the world around me was not so small and constrained anymore. I felt alive and rich with ideas.

This is not the first time I had taken the train. In fact, I had taken it many times as a boy to Fenway Park. At one point, I thought Fenway was indeed the last stop on earth. Within 2 years, I knew every stop of the MBTA system. Taking the buses, trains, and subways was my connection to the outside world. It made me mobile, connected me to a larger place, and opened my eyes.

About a decade later, and after a brief tenure working here in Congress, I started my career as a management intern with the very same MBTA. Over the last 24 years, my journey in the field of public transportation has taken me to virtually every corner of the earth. I have worked on, studied, and written about transportation systems all over the world. And while the Nation as a whole has made tremendous progress in recent years, particularly in the development of light rail and commuter rail systems, we lag significantly behind our counterparts in investment levels in Europe and Asia.

In a few minutes, I want to share with you some facts and figures that should give you a sense of the current state of the business, but I first wanted to share with you some assurances of some of the successes around the nation. I think these stories will demonstrate that the commitment of taxpayer money has been put to good use.

In 2004, I had the pleasure to oversee the startup and testing of the Hiawatha Light Rail Transit System in Minneapolis, Minnesota, as Assistant General Manager of Operations. The success of this line is undisputed. Originally expected to carry 19,000 passengers per day, the line carries more than double that today. Plans are underway to build a commuter rail line to the north and a light rail line to St. Paul, which will provide much-needed relief to the congested I–94 corridor.

These are impressive statistics and developments, but more impressive to me was the reaction of people who attended Minnesota Vikings and Twins games along the corridor. I remember working the first games after the rail line opened and watching thousands and thousands of passengers streaming from packed trains with smiles on their faces. Even the Green Bay Packers seemed to enjoy it.

These customers had choices. They could have easily driven their automobiles to the game, but they chose the train instead. Having a train system to serve downtown Minneapolis has improved the quality of life, sustainability and livability of the urban core. Private developments, including retail and housing, have sprung up around the stations. There was a time when many of our cities and their respective downtowns were places to avoid. Today and recently, there is a movement back to our urban cores.

In the last century, our train centers were places where people converged. Buses and trolley lines provided seamless connections to inner-city trains. Today, our topic is investing in transit to meet 21st century challenges. Well, we can look at history and find a lot of solutions to what comes in front of us in the future.

Until very recently, I served as Director of Operations and Maintenance for Metro in Phoenix, Arizona. I oversaw the startup of a rail system which has linked the cities of Mesa, Tempe, and Phoenix. Although the system opened only a few months ago, ridership is exceeding expectations. Incredibly, ridership on Saturdays is actually higher than weekday averages, which should tell you something about choices. People will come to public transit if it works.

About a year ago, I participated in the inaugural test trains from Phoenix to Tempe, where we made a brief stop at Sun Devil Stadium and had a chance to meet with a number of members of the senior community who were really looking forward to getting back on trolleys, as they called them, from their youth back in Pittsburgh. This was an incredible investment for the city—it was a $1.2 billion investment— and also for the Federal Government. The good news is that investment attracted more than four times that in private investment and the line works very well today.

Successful examples of integrating modern rail solutions into urban centers can be found all over the United States. Since 1980, 18 new light rail systems have opened in the United States, with the following being only a partial list: Houston, Dallas, Charlotte, Sacramento, Salt Lake City, St. Louis, San Diego, Portland, Denver. Seattle, Washington, will join the club later this year, and in a few years, Norfolk, Virginia, will see a light rail system open. In addition, new commuter and regional lines have opened in places like San Jose, Albuquerque, Nashville, and Fort Worth.

The impacts of the overall livability the systems have had on their communities has been impressive. The economic development, transit-oriented development, and smart growth initiatives that have been spurred by these new starts has been dramatic.

At home in Connecticut, I oversee a rather unique DOT. We are a fully multi-modal transportation organization responsible for the State's commuter rail system, bus operations, ferry services, ports, highways, bridges, as well as all public airports, including Bradley International Airport. In Connecticut, our Governor, Jodi Rell, has spearheaded one of the largest public transportation investments in the State's history. Why? As Senator Dodd pointed out, ridership on our rail lines is exploding in double-digit fashion.

Together with our friends in Massachusetts, we are hoping to bring first-class rail service to the Connecticut River Valley between Springfield, Massachusetts, and New Haven, Connecticut. We have an ongoing dialog with Amtrak and are optimistic that we

can form a partnership to obtain the necessary investment to bring this key intercity rail service to reality. This project is about economic development, jobs, and regional solutions.

Around the nation, demand for public service is growing steadily. In 2008, ridership grew in every mode of public transportation, and they are now, as you indicated earlier, up to levels we haven't seen in 50 years. While some may say ridership has resulted from increased gas prices, it does not explain the fact that ridership continued to grow even after gas prices dropped late last year.

Before closing my comments, I would be remiss if I failed to mention our appreciation for the recently enacted American Recovery and Reinvestment Act. You have thrown us an important lifeline during a turbulent time. A month ago, commissioners from DOTs around the country met with Secretary LaHood and we promised to put the money to good use and quickly. We will and we thank you.

I wanted to let you know that I took Amtrak's Acela down to see you today. Like the four other trips I have taken on the Acela over recent months, I had the chance to look out the windows at our cities. While we have made some great strides in creating densities in these urban corridors, we can and must do better.

In the months ahead, you will be confronted with important decisions related to reauthorization of the new surface transportation bill. You will hear from many about how much is needed and why. I will leave you with something which I believe you already know. Preserving, renewing, and reinvesting in our nation's infrastructure is absolutely inextricably linked to the economic well-being of our nation. Thank you.

Chairman DODD. Thank you very much, Mr. Marie.

Ms. Scott, thank you very much for being with us today, Doctor, and we appreciate your tremendous efforts and work over the years.

STATEMENT OF BEVERLY SCOTT, PH.D, GENERAL MANAGER AND CEO, METROPOLITAN ATLANTA RAPID TRANSIT AUTHORITY, AND CHAIR, AMERICAN PUBLIC TRANSPORTATION ASSOCIATION

Ms. SCOTT. Thank you. Chairman Dodd, Ranking Member Shelby, always my Senator Jack Reed, and all members of the Committee, it is an honor for me to have the opportunity to appear before you in my capacity as Chair of the American Public Transportation Association and General Manager of MARTA in Atlanta.

Let me start by thanking you and all the members of the Committee for your national leadership and focus in this absolutely crucial area. I have personally been privileged to work in the industry for over 30 years, serving diverse communities across the United States, and I can honestly say that regardless of the size of community, how effectively we move people, goods, and services is key to economic competitiveness and overall quality of life. It is just that basic and a fundamental that our country and public has understood and invested in from our earliest days.

My written testimony on behalf of the American Public Transportation Association has been submitted and I want to focus my personal comments on a few key things.

First and foremost, we desperately need a significantly greater investment in all aspects of our nation's public transportation infrastructure. At the same time, these are very changing and different times that will require bold leadership and transformational thinking to help us make the kind of break-throughs necessary to help us get unstuck. We definitely agree with you that this next transportation bill will not be business as usual.

Almost heretically, I will say that while there has been some movement, for the most part, we are still largely suited up in 20th century armor for a 21st century world from how we fund public transportation to how we organize public transportation to how we manage public transportation and deliver all of the various programs, still much too siloed, fragmented, and protective of turf, all of us typically much more comfortable with a focus at the tactical level of needs and funding formulas than the more visionary and strategic level of national goals, mode-neutral resource allocation, outcomes, performance metrics, and standards.

This past year, APTA developed a strong, bold vision for the future, Transit Vision 2050. In 2050, America's energy efficient, multi-modal, environmentally sustainable transportation system powers the greatest nation on earth. Getting from here to there will definitely require a significant shift in thinking, planning, funding, organizing, managing, and a broader range of tools, both alternative business models, public-private partnerships, funding strategies, including tolls, usage fees, a National Infrastructure Bank, and innovative project delivery methods like design-build-operate-maintain approaches where it makes sense.

Senators, the work that this Committee does to ask and address the big hard questions and break through the comfort zone of business as usual will be invaluable in helping to move America forward during these admittedly challenging times.

The second theme I would like to emphasize is somewhat related to the first, and that is the importance of connecting the dots. Chairman Dodd, your idea about a Sustainability Office and the need to insist upon serious communication, policy, and program coordination between transportation, housing, energy, and environmental officials, as well as their Health and Human Services and Labor Department counterparts, would be a master stroke. All of these areas are interconnected and have profound impacts on the daily lives of people and the viability of communities across America, regardless of size or geography.

Today, there is very little that consciously connects policy development resource allocation and/or program development and delivery between these key departments at the national level. At a minimum, some type of coordinating councils at a national and regional level would be extremely beneficial, anchored by a clear national vision once again focused on outcomes and actionable achievement strategies, smart public investments that produce real results.

My final observations are a request that you help ensure that we also give priority attention to the people aspects of our industry as we rebuild, retool, and expand our physical infrastructure to move America forward. Please let us not forget the hundreds of thousands, millions of employees and workers across the full breadth of

our national transportation industry. In order to be the best, our folks must have the tools, education, and training they need to excel. Simply, our human capital also requires an investment, and it is one that will pay off in tremendous dividends.

Over the last several years at the National, State, and local levels, public transit management and labor have increasingly partnered together to develop and pilot a number of very key workforce development and training initiatives focused on skills development in critical areas like bus maintenance, complex rail signal and train control systems, escalator and elevator maintenance. Similar to the air traffic controller and maintenance challenges in aviation, we face the same kinds of impacts in surface transportation.

Finally, we require national attention and action on the critical need for some assistance with operations and maintenance funding, particularly during this unprecedented economic downturn. I don't have to tell you that during the very time that people across the country are flocking to public transit at an all-time high, transit systems across the country are struggling with the negative impacts of our sagging economy, and alarming numbers are having to cut service and sharply increase fares and fees. The contradiction simply doesn't make sense.

Recently, I heard it said that it is not logical to operate vehicles forever without any purchases of new equipment, and I agree. And it is equally illogical to spend money on vehicles and not use them. Somewhere between these two poles, we must find the balance that makes good common sense, particularly during these unquestionably atypical times.

In summary, we thank you very much for actively soliciting our input as you move forward on this next transportation authorization. We urge this Congress to authorize the Federal Transit Program with a 6-year investment level of at least $123 billion. The next program will absolutely require a wide range of financing options, but for the immediate future, we feel strongly that the base program must restore and increase the purchasing power of the Federal Motor Fuels User Tax while we concurrently move with a true sense of urgency to develop and implement a national transportation future funding model that is both economically and environmentally sustainable. We also need to have funding predictability, both for our agencies and our private sector partners. We also believe that we need to do everything that we can to simplify, coordinate existing programs within and across the departments and speed project delivery.

Finally, I can only say again that there are many public transit systems across our country that are unfortunately on life support and I just have to say in the strongest of terms a plea that your immediate assistance in that regard would be most humbly appreciated.

So thank you very much for the opportunity.

Chairman DODD. Thank you very, very much, and again, we thank all three of your for your participation and your testimony here this morning.

Let me begin just briefly, Commissioner Marie. In your testimony, you cited your organization's goal of doubling transit rider-

ship over the next 20 years. Obviously, that may be happening whether you wanted to do it or not. It is essential if we are going to address traffic congestion, energy, climate change, as well.

Based on your previous experience in the public transit industry and your current experience in our home State of Connecticut, please share some suggestions as to how we in Washington can help State and local transportation leaders like yourself achieve this goal. Obviously, Mayor Hickenlooper and Dr. Scott, we would like to hear your thoughts, as well.

Mr. MARIE. Yes, Senator Dodd. That is a good question and I can tell you that our I–95 corridor is completely congested. We do not have the opportunity to expand the highway network, particularly in the southwestern part of the State, in Fairfield County, which is important to the overall economic health of not only Connecticut, but certainly the region and the country, as well.

In order for us really to do something about that, we have to invest in the infrastructure along that corridor, the train line along that corridor. We have an older, antiquated signaling system. We are constantly investing in modernizing our overhead wire Catenary system, which provides the energy for the trains. In order to improve the overall throughput and capacity, we are going to continue to modernize that so that we can attract the ridership and sustain the ridership on the line.

At the end of the day, it is going to come down to investment in new types of transit services. We view the potential service between Springfield and New Haven as a way for us to help out with some of the I–91, I–95 bottleneck in New Haven. And we are doing our part at the State level as much as we can. We are investing about $700 million in new trains right now, which are going to start being delivered later on this year. We are also investing $1 billion in a new rail yard. So we are making a fairly sizable State investment, but it is really putting a considerable damper on our financial state within Connecticut.

We are doing the best we can, but we are going to need some help with not only sort of modernizing that corridor, which also serves Amtrak, by the way. We own 47 miles that the Amtrak high-speed service runs on. So we share those tracks and work together to coordinate that.

But we are going to have to grow our bus system, expand our bus fleet. We are going to have to start service between Springfield and New Haven in order to achieve our goals of doubling ridership.

Chairman DODD. Very good.

Mayor, do you have any thoughts on this question?

Mr. HICKENLOOPER. Absolutely. I mean, there are several different approaches to attacking it. As our mutual old friend Mark Maselli once told me, the more money you save, the more people you can help, and so part of this is making sure that we allocate our resources correctly and we are as frugal and have enough resources so we can buy additional trains and rolling stock when we need it.

Certainly in our situation, FasTracks becomes that solution by which, again, as cost-effectively as possible rolling out a transit system and making sure that the benefit in terms of congestion is where the congestion is the worst, and that is the crucial element

in terms of getting the regional collaboration, is to be able to show people in all parts of the metro area who are traveling cross currents to every corner of the metro area that they all benefit by getting people off the roads. And I think that part of it.

We can also provide more incentives, making sure that people have additional opportunities to have an easier trip. We are going to roll out this summer a bike sharing program that we tried during the convention. We will have 500 bikes this June, and then another 500 bikes for a total of 1,000. They will be located close to or at each bus stop or transit stop, light rail stop, and then have other stations where they can lock this bike up, they can swipe a credit card and get it, and then swipe the credit card to lock it at the employment centers or places of work, so that taking transit becomes suddenly much easier and more available.

Chairman DODD. Dr. Scott?

Ms. SCOTT. I think that the two things that you can really do at the national level to help us at the State and local level are, one, to really level the playing field in terms of the transportation decisionmaking in terms of funding. That will help to do more to rationalize what we wind up doing at the State and local level than I think just about anything that you could do.

The other is to really once again help us focus in terms of outcomes and performance metrics. And so if we really wind up having a situation where one is making decisions and you have a level playing field in terms of funding, that will in and of itself help to make there be much more rational decisions that wind up taking place at the State and local level.

Chairman DODD. Yes. There have been issues raised, what we call metropolitan mobility, I guess is what some have called it, and that is developing a mode-neutral metropolitan-focused program that could directly fund metropolitan regions to advance sustainable transportation initiatives and address regional congestion issues.

One of the concerns that we hear from those who are critical of that approach is the ability of regional governments to administer significant new funding. I wonder, Mayor Hickenlooper, I will begin with you—I will welcome response from the entire panel, but give me your thoughts on this issue as well as how we might want to structure a program focused on metropolitan mobility.

Mr. HICKENLOOPER. Well, I think the efficiency in regional approaches to the implementation of these plans is clear. Certainly, depending on the regional area you are talking about, there might have to be some ramping up. There might need to be an evolution of how their decisionmaking takes place so that they can accommodate those larger sums of dollars.

But I think that the key here is that the efficiencies are so significant that we have got to have that as the ultimate goal, that we have got to be looking at metropolitan areas. It is where the vast majority, over 85 percent of our jobs, are, almost 90 percent of our gross domestic product takes place, and to have them balkanized and having the decisions either being made in many places at small amounts or being made sometimes, with all due respect, on a State level so that the decisions are made by a group that isn't the citizens that are directly affected, it hurts that efficiency.

In Denver, certainly, we have been able to demonstrate that on a regional basis, we can implement large-scale projects at significant costs. FasTracks is a $6.9 billion project that is moving forward on time. If you take out the incredible increase in commodity costs, it is on budget.

Chairman DODD. Dr. Scott?

Ms. SCOTT. I was just going to say that I think that, and it is not to debate that—surely, there may wind up needing to be something that is added at the regional level in terms of some additional administrative support, but I think that the more that decisionmaking and resources are pushed down to regional and local levels that are closest to the people or closest to the issues and the needs that they have, the better.

The other thing that I think that we are finding increasingly is that there is a tremendous amount of innovation that is taking place across the country in different locales, in regions of all different sizes.

So when I just kind of come back and look at all the research that is out there in terms of mega-regions and regions and how much they are responsible for really moving us, that I think it would be, once again, a master stroke to move it down.

Mr. MARIE. I would just like to echo the Mayor's comment. Denver has, Salt Lake City has, Portland have done a great job, I think, administering and managing rather complex major public infrastructure investments. Connecticut is kind of unique in that the State DOT manages most of the efforts, but we work very cooperatively in partnership with all of our regional MPOs and planning organizations and districts to make their programs come to fruition.

Chairman DODD. Well, that is great.

Senator Shelby?

Senator SHELBY. Thank you, Mr. Chairman.

Mayor Hickenlooper, in your testimony, you advocate eliminating the current funding structure in which transportation is designated for either highways or transit. Some argue that a general pot of money without any required spending for transit would result in a significant decrease in funding for transit projects. Could you explain your reasoning behind this proposal and why the concern regarding transit funding might be misplaced?

Mr. HICKENLOOPER. I am not sure, I will have to go back and look at my own testimony. I certainly didn't intend that. What we are trying to look at is by reducing the firewalls that separate these types of funding, what we are trying to look at is how can we be more mode-neutral in making our decisions on where to put financing. Now, I didn't mean to imply that we should get rid of those firewalls because obviously then from one administration to the next, or depending on where the emphasis is, things could change dramatically. I think as a country, we need to begin to define the outcomes we want and the expectations that we believe in and what are our guiding principles and then orient ourselves in that direction.

I guess what I am talking about, perhaps a way to describe it is a greater permeability in terms of being able to move funding from one mode to another based on their outcomes.

Senator SHELBY. Of course, there is a great body of members of the House and the Senate here that are mainly interested in highway funding——

Mr. HICKENLOOPER. I am aware of that.

Senator SHELBY.——as opposed to transit funding and so forth.

Mr. HICKENLOOPER. They let me know that on a frequent level.

Senator SHELBY. Absolutely. New Starts—I touched on the issue of New Starts with the Secretary earlier, but I want your input regarding additional changes that need to be made to the overall process to ensure—to ensure that projects continue to receive a thorough evaluation and move at a more expeditious pace. Mr. Marie, do you want to comment on that?

Mr. MARIE. That is a very good question. I think that if you look at some of the New Starts that have taken place in the United States in the last 20 years or so, some of them have taken a long time to build, political consensus to build in the first place. That sometimes takes a considerable period of time. But if you look at the case of the light rail line that was built in Minneapolis, that project actually was conceived in 1972 when then-Attorney General Walter Mondale obtained a right-of-way in which the light rail line was ultimately built 32 years later.

I think that the Secretary is certainly, it appears to be, open to looking at ways to streamline the review process for New Starts. We are currently in a review process now for a busway that we are hoping to build between New Britain, Connecticut, and Hartford, Connecticut. It has been a long, tenuous process——

Senator SHELBY. How would the busway work, sir? How would it work?

Mr. MARIE. It is essentially a line that is a dedicated right-of-way for buses only. There have been successful examples of that in places like Pittsburgh and most recently in Los Angeles, where you essentially build a dedicated right-of-way, or there might be an existing right-of-way. In this case, there is some existing abandoned railroad right-of-way that we are going to build a bus network on that will be basically serving only buses.

Senator SHELBY. You can move a lot of people that way quickly.

Mr. MARIE. You can move a lot of people quickly, so it is a good solution. I think at the end of the day, as we talk about these mode-neutral decisions, the truth is when we are going through the process of evaluating what works in any given corridor, the technology or the mode—or the sleekness of the technology should not guide the modal choice. The modal choice really should be driven by how many people you expect to move on your peak hour of service, and that generally results in a decisionmaking process that yields the technology of choice, whether it be busways or light rail or commuter rail. It just depends really on the corridor and the individual needs of that corridor.

Senator SHELBY. You just referenced that, but what about dedicated bus lanes in existing roads? We have heard a lot about that and that seems to be an economical way to move people.

Mr. MARIE. Yes, it certainly is a solution where you have potential untapped capacity on an existing roadway network. Regrettably, in Connecticut, we don't have that luxury these days. Our roadways are so congested that really we are at the point where

our only choices are investing in—reinvesting in what we have and investing in new transit alternatives.

Senator SHELBY. Dr. Scott, we heard from Secretary LaHood a few minutes ago on the issue of insuring a state of good repair long-term. But I am also interested in your perspective and that of your organization you represent. What makes such seemingly basic efforts at maintenance a difficult, if not impossible, task, and what can be done to address the backlog and ensure that it does not happen again?

Ms. SCOTT. I would say, number one, there is no question at all but that we are absolutely focused in terms of fix it first and state of good repair.

Senator SHELBY. Yes.

Ms. SCOTT. And so what I will tell you is that we have built up a significant amount of infrastructure in this country and so we have to get about the business at all levels of significantly increasing the amount of investment that we have, that is both at the national level as well as at regional and local levels.

I know I am going through this right now at MARTA. When we started out 30 years ago, we were brand new and so it was all build, build. Now we sit up on top of $6.4 billion in infrastructure, and so it is a reeducation for our community of really understanding that it takes—when you get to be middle-aged, it takes more money to wind up—that is the key, is when you get to be middle-aged, it takes more money to wind up having to make those kind of investments than when you have the luxury of being new. And so I think that is a continuous, almost an education process for all of us that the state of good repair and fix-it-first is key.

Mr. MARIE. Senator Shelby, if I could add to that, just real quickly——

Senator SHELBY. Go ahead.

Mr. MARIE. I think Bev hit it right on the mark. I think, fundamentally, the regional transit authorities in large districts as well as States that run and maintain roadways and rail systems and bus systems do a very effective job on the day-to-day lifecycle maintenance of our assets and our transit infrastructure. Where we are all struggling right now is when we reach those midlife crises, when we reach that point where a train is 15- or 18-years old and the useful life is 35-years old, to get it to that useful life it requires some tender loving care. It is the same with our roadway system. So that is where we struggle, is with those peaks and valleys of investment in those sort of, you know, heavy maintenance midlife crises periods for all of our assets.

Senator SHELBY. Mayor, I will ask you this question first. Do you support requiring systems to achieve and maintain a state of good repair in order to receive additional Federal funding for new or expanded systems? In other words, should you or shouldn't you keep in good repair what you have before you expand more and exacerbate your problems? What should you do?

Mr. HICKENLOOPER. Well, certainly—and let me tie back, Senator, back to your previous question, just to make sure that—because I did look up my testimony, and what I was talking about was trying to get past the bias in terms of actually the different firewalls between highway and transit funding. I am not and the

U.S. Conference of Mayors is not saying that we should take down that firewall, but just that there should be less bias and really a mode-neutral approach.

Senator SHELBY. How do you describe that, because we would be very interested in what you mean by that? Do you mean bias toward highways as opposed to transit, or *vice versa*?

Mr. HICKENLOOPER. Yes. Right now, there are a number of processes that are followed and there are various incentives that create—many people believe when you actually look at all the costs involved, more money should be going to transit, and especially when you look at places where the land value to add an extra lane on a highway becomes incredibly expensive.

Senator SHELBY. Sure.

Mr. HICKENLOOPER. That is what we are talking about, is just reducing that bias.

In terms of maintaining the quality of your operating system, obviously, I think that that is one of the roles of the Federal Government, is to make sure that we are not keeping up with the operating maintenance and the quality and the capacity of the infrastructure that we have built. Certainly, as you look around the country and you occasionally from time to time see a rec center or a library the community built and then doesn't have the money to operate, that is everyone's worst nightmare. I think that it rarely happens, and I think——

Senator SHELBY. How do we deal with it, then?

Mr. HICKENLOOPER. Well, what is happening right now is with the sudden economy, the drop in sales tax and most of the funding mechanism suddenly puts the operating systems of almost every transit system in the country at peril. Certainly what you are all doing in terms of trying to solve the various issues around the financial crisis and being optimistic, we appreciate your, I think, the tone that you all set here is going to go a long way toward turning this economic crisis around, and that is going to be the best thing we can do to help operating systems and maintain that equipment.

Generally, I don't think it was a significant problem in very many places. It has never been a problem in Denver in previous years.

Senator SHELBY. So basically, do you support requiring systems, including your own, to achieve and maintain a state of good repair in order to receive additional funding for additional——

Mr. HICKENLOOPER. Yes. Obviously, the devil is in the details and how one defines good repair and what that exactly is defined as——

Senator SHELBY. Well, basic maintenance——

Mr. HICKENLOOPER. Basic maintenance, I completely agree with that. I don't think we should be all building things if we don't have a plan of exactly how we are going to finance that going forward.

Senator SHELBY. Well, the best thing would be to do both.

Mr. HICKENLOOPER. Right.

Senator SHELBY. Mr. Marie?

Mr. MARIE. Yes, Senator Shelby. One of the things that we all had to sign, our Governors had to sign in receipt of stimulus funding is to certify that we are indeed maintaining a level of effort on

our existing infrastructure and within our existing program for maintenance of our existing infrastructure——

Senator SHELBY. Do you certify it yourself or do the transportation people check it?

Mr. MARIE. Well, we have a number of different checks and balances to certify that.

Senator SHELBY. OK.

Mr. MARIE. But I think that, fundamentally, you would find that the industry would welcome the notion of ensuring that we maintain the current level of our investment and our maintenance efforts to ensure the safety and reliability of our systems, and tying that to receipt of money, I think is a good idea.

Senator SHELBY. Dr. Scott, what is your view personally, and then that of your Association?

Ms. SCOTT. My personal view is that a state of good repair is critical. I tell people all the time, the best marketing that I do is the quality of the service that I put out the day before. But at the same time, sir, I think we have kind of gotten ourselves into a conundrum, and Joe kind of talked to it earlier. There are three levels of pots in terms of how to keep it running: Day-to-day operation and maintenance, you have got what is a system preservation and a state of good repair, and you have got expansion.

And so what has happened is because we have so much that went into the growth mode when we were—everything was new, that we have kind of got that part of it. Now we have this big bulge for us as a country and a region of this now, all of this infrastructure that is now into these 30s, 50s, 70s, 75-, 90-years old and there really has not been the funding there at all of the levels to wind up really accommodating that. So what is going to have to happen is that all of us together are going to have to be realistic about that and then figure out how we put our arms around it and come at it.

And so I can't—I am always going to say state of good repair because I am never any better than what I am maintaining. But at the same time, we have had such tremendous growth, we can't just say state of good repair completely and then say we are not going to do anything for expansion because that is not going to be practical. That is not going to be practical, either.

Senator SHELBY. On your own transit system in the Atlanta area, you said that you have invested about $6 billion, more or less. How far outside of the city of Atlanta does MARTA go now? Is it extended into the other counties now?

Ms. SCOTT. We are in Fulton and DeKalb County, and we actually had the first time unanimous adoption of a 14-county Concept 3 plan that occurred in December, and so I think you are going to begin to see some additional expansion that is going to take place in the Atlanta region.

Senator SHELBY. Thank you.

Thank you, Mr. Chairman.

Chairman DODD. Thank you, Senator Shelby.

Senator Reed?

Senator REED. Just very quickly to Dr. Scott and Mr. Marie. The Secretary talked about open-mindedness toward operating assistance to local transit authorities. If you could both elaborate. And

also the issue of ensuring a maintenance effort by locality, because the strong temptation in these times is to, someone else is paying, and then not to pay.

And thank you, by the way, Mr. Mayor, for your extraordinary service in Denver. I enjoyed very much last August. Thank you. For many reasons.

Dr. Scott?

Ms. SCOTT. As I have said, Senator, this whole area in terms of operations and maintenance support, certainly during this period of economic downturn, is critical, but I would actually urge the Committee on a personal level to relook at the whole issue of operations and maintenance support, period, as you move into authorization.

You know, about 10 or 12 years ago, there was a sea change that took place in terms of large- and medium-sized systems. Any system over 200,000 no longer is able to be eligible for operating assistance, and I would just urge you to take another look at that during authorization.

But the most critical problem that we have right now is that particularly with what has occurred in terms of the plummeting of local sales tax and revenues, that there are systems that are just absolutely, I am just saying, at life support, period. We were not successful in stimulus in terms of getting that point—as effectively getting that point across and we need your help. I just can't say it any other way or any more strongly than all of the support that would be needed in that regard.

Senator REED. Just a quick follow-up before Mr. Marie responds is that one other way, I think, that would link operating assistance would be to those systems that are environmentally advanced, electric or hybrid vehicles, so that essentially we are not investing in the old technology, but we are supporting operationally the new technology. It might be both substantively and symbolically a better way to approach this than simply saying we ought to give you some money to keep going.

Ms. SCOTT. Yes.

Senator REED. Mr. Marie, please.

Mr. MARIE. You hit on a very important point. We are getting hit with a double-whammy in some respects in our industry. We are in an industry where our operating costs are growing, and a lot of that is related to health care. All of us are struggling with maintaining—we certainly want our employees to have good health care, but that is increasing our direct operating cost. And at the same time, we have infrastructure that is requiring more tender loving care. So we have these big capital needs colliding with big operating needs and we are all struggling around the country.

And I think the Secretary was talking about the big seven, the Bostons, the New Yorks, the Philadelphias, the Chicagos of the country that are incredibly important cities to the vitality of this nation. What they are going through right now is something that the London Underground went through in the early part of the 1990s and up until the turn of the century. The London Underground was once a marvel for public transportation subway operations and they got hit with that whammy of rising health care costs and infrastructure costs that they just could not keep up with. They are still trying to dig themselves out of that mess.

So we have to take strides in this nation to make sure that our big cities—can avoid that to the greatest extent possible and operating assistance would be helpful to them. I think the more critical need for the big cities is that modernization of the existing infrastructure. Preservation of aging infrastructure is going to be the big challenge.

Senator REED. Thank you.

Thank you, Mr. Chairman.

Chairman DODD. Let me just point out, as staff has said, we put $100 million, Jack, I think, in the stimulus package to deal with the energy efficiencies and so forth. We hope that will be of some help, Mr. Marie, as I see Dr. Scott nodding her head affirmatively, as well. And obviously beyond that, because that is money initially, but you have to have a sustainable program, as well. This gets you over a hump but doesn't deal with the long-term problems.

Thank you, Senator, very much.

Senator Bennet.

Senator BENNET. Thank you, Mr. Chairman.

Mayor, I just wanted to go back to the conversation you were having with the Ranking Member because I wanted to make sure I understood what you were saying, and I think I do, and that is that when you look at the difference between highways and transit, it seems like the red tape and the regulatory aspects that get in the way of communities like ours getting these projects off the ground are what the U.S. Conference of Mayors is trying to deal with, is that right?

Mr. HICKENLOOPER. Exactly.

Senator BENNET. OK. And then I wonder if you would talk just briefly about—I was interested in your comment about how the existing formulas don't take into account things like economic development and the benefits of that, and I think that my impression from your work in the metro area of Denver is that that was a critical part of being able to bring all of these competing interests together to say, you know what? We can do this together. And I wonder if you could share with the Chairman of the Committee what the economic development effects have already been in Denver as a consequence of FasTracks, and not just Denver, but the region.

Mr. HICKENLOOPER. Right. We can already see, and again, around the proposed transit-oriented developments around the stations, we can see an increase in property values. We can see a demonstrated—an added success in terms of office space utilization and the price per square foot that office space rents at. We also see a much greater expansion of investment around these stations and connected with the investment of light rail, to the point where I think as it builds out, and by 2017 we will see many billions of dollars, a significant level multiplier from that original investment in terms of direct economic benefits.

That part of the—that part that you don't see is the collaborative nature of building FasTracks helps our community work collaboratively in all these other areas. So now we are beginning to merge together fire districts and seeing dramatic savings in the delivery of other services by, instead of doing it on an balkanized basis, by doing it in a collaborated and consolidated basis. The savings in Denver alone, we will be able to take street repair, fire, police, six

core services, would be somewhere in the vicinity of $250 million per year, were we to pull that all together. That is a back-of-the-envelope kind of rough justice approach. But those are all things that I think you have to kind of factor into this kind of a network.

Senator BENNET. And I think it is particularly important when we talk about things like the deferred maintenance that we were talking about a minute ago to remember that this really is an investment in our communities, an investment in our economy, and we need to think about it that way. I mean, in order to really have the cost-benefit analysis pencil, we need to understand it that way.

I wonder if either of the other two witnesses have——

Mr. MARIE. Senator Bennet, the system in Denver is a remarkable success story. When you get right down to it, you are talking about a system that when started, it was a 5.5-mile system consisting of 14 trains. Within 60 days of opening that system—I was working at Siemans Transportation Systems at the time. We built the trains for the Denver system and also for the Salt Lake system. Within 2 months of opening the system, they were calling us to order more trains because they couldn't handle all the capacity on the line, and now I think the Denver RTD system is up to more than 100 trains. And that is only in 12 or 13 years of operating. So it is a tremendous success story. It has spurred great development.

I think we all have seen what has happened with our stations. They have become places where people want to go now and to do business and to have lunch and to meet. I could tell you that our stations on our Metro North Line: Stanford, New Haven, and Fairfield, we have robust transit-oriented development programs developing around those stations and it is really up to us to work closely with those towns and municipalities to make those things come to fruition.

Ms. SCOTT. We have had the same experience in the Atlanta region. Actually, where our headquarters is is one of the kind of legendary transit-oriented developments with Lindberg. We just had Georgia State University about a year ago completed a report for us. We have, just because of the developments and our transit system, we have generated over $2.5 billion additional investment for the area and over 40,000 jobs, and that is just to date. And when you look at what is projected over 2030, those numbers are like ten times.

Senator BENNETT [presiding]. Well, we are all that is left, so——

[Laughter.]

Senator BENNETT. I want to on behalf of the Committee thank the three of you for your testimony. It is fascinating. I think we are in fascinating times in this country and this is going to be a big part of moving us forward.

And with that, we are adjourned. Thank you.

[Whereupon, at 12:13 p.m., the hearing was adjourned.]

[Prepared statements and responses to written questions follow:]

PREPARED STATEMENT OF SENATOR JACK REED

Chairman Dodd, thank you for holding this important hearing as we begin the process of reauthorizing our nation's surface transportation policy.

Secretary LaHood, thank you for your continued service to the country and for coming before the Committee today. I would also like to welcome and acknowledge Dr. Beverly Scott, General Manager of the Metropolitan Atlanta Rapid Transit Authority (MARTA), who will be on the second panel representing the American Public Transportation Association (APTA). Previously, Dr. Scott ably led the Rhode Island Public Transit Authority (RIPTA), and I am pleased that she is bringing her perspective to the Committee.

Mr. Chairman, last September, this Committee held hearing titled "Strengthening the Ability of Public Transportation to Reduce Our Dependence on Foreign Oil." At that time gasoline was still $3.73 a gallon, down slightly from its July peak of $4.16. Those high fuel costs had brought increased ridership to transit systems. Indeed, according to a report released by APTA on Monday, 2008 ridership was the highest it has been in 52 years. However, faced with the same price increases as other consumers, including average diesel prices as high as $4.76, systems struggled to accommodate the growth in demand last year. Ironically, agencies dependent on gas tax revenue saw their operating budgets revenue slump as more people gave up driving to take the bus.

The Rhode Island Public Transit Authority (RIPTA) was no exception, and at the time of our last hearing, an agency with an annual budget of slight more than $100 million anticipated an operating shortfall of between $10.8 and $12.2 million. Consequently, it had initiated a process to cut service by 20 percent. With the sharp drop in oil, diesel, and gas prices in the intervening months, RIPTA's shortfall has since declined to $1.3 million and steps are being taken fill that hole with little or no significant cuts to service this year. Despite the reprieve, RIPTA faces a chronic funding challenge on the operating side, and it is just another price spike away from being forced to make unthinkable cuts in service. Other agencies are still suffering. Indeed, Washington DC's Metro board meets today to discuss proposals to fill a $29 million funding gap.

The American Recovery and Reinvestment Act will be an enormous benefit for transit agencies as they upgrade their facilities, infrastructure, and fleets. Indeed, RIPTA is using this opportunity to make improvement to its fleet through the purchase of hybrid buses and to make key enhancements to its facilities. However, one of the law's largest short-comings was its failure to provide transit agencies with emergency operating assistance. Such assistance would have been extremely helpful to RIPTA, Metro, and transit systems throughout the country. Given vulnerability of these systems to the volatility of energy prices, I believe that we should consider providing transit agencies greater flexibility to use their urbanized formula grants to help support service, particularly at times when there are unexpected increases in expenses or declines in revenue.

The challenge facing all levels of government, but particularly Federal Government, as we begin to take steps to reduce the Federal deficit, is to find a revenue stream that can meet our transportation needs. It is clear that under the current gas tax regime we will not have the resources to sustain the Highway or Mass Transit Accounts. Moreover, as we promote greater efficiency and alternative energy, gasoline taxes will become less viable.

Finally, we must carefully assess how we integrate transportation and housing development to creating liveable and sustainable communities. I appreciate and commend the work of Chairman Dodd and Secretary LaHood in making that a priority for this reauthorization.

Thank you, Mr. Chairman, and I look forward to hearing from our witnesses.

PREPARED STATEMENT OF SENATOR MICHAEL F. BENNET

Thank you, Chairman Dodd and Ranking Member Shelby for holding this hearing and for inviting Mayor Hickenlooper to be with us today. As I said in my introduction, I can think of no one better to help guide this Committee through our discussion on the reauthorization of Federal transit programs than John.

As John said in his testimony, there are exciting things going on in Denver when it comes to transit. The FasTracks project, which marks the largest rail expansion in the country, is a model for cooperation at the local and Federal level can make reliable, safe public transportation a reality. By the time the project is completed in 2017, the Denver area will have six new commuter rail and light rail corridors, three extensions of existing corridors, 18 miles of Bus Rapid Transit, 21,000 new parking spaces, and a redeveloped Denver Union Station.

As the Secretary mentioned in his testimony, we find ourselves at a crossroads at this time of economic downturn—a crossroads at which we must choose a path that creates jobs and moves us to a cleaner, greener future. My State just received over $100 million in stimulus funding for transit projects, and I thank the Secretary for holding up his end of the bargain by putting this money into the community so quickly. I know that Colorado will put it to good use.

Having said that, I know my State and many others continue to face funding challenges when it comes to transit funding. Many transit systems, like Denver's Regional Transportation District (RTD), are funded through sales taxes. In this time of economic distress, as families cut back and tighten their purse strings, this source of revenue has not provided our transit systems with the funding they need to meet the challenges associated with the increased ridership that has been a direct result of that very economic downturn.

Local leaders are making tough choices in order to help meet those needs. In doing so, they are showing their commitment to public transit. I hope that we can produce a bill in this Committee that shows that our commitment to helping local transportation entities more adequately meet those needs is just as strong.

At the same time, I am interested to know how we can increase the private sector's role in creating our transit future. The Denver metro transit system is participating in an FTA pilot program called the Private Partnership Pilot Program (Penta-P) that has the potential to transform the way we develop, finance, and maintain transit systems. I am closely following the project in Colorado and will be keeping this model in mind as the Committee works on the reauthorization bill.

Finally, I want to touch on the significance this bill has on transit in rural areas. While urban areas understandably receive the bulk of Federal transit dollars, I want to make sure that we do not forget our rural communities during this reauthorization process. An increasing number of seniors and people with disabilities rely on public transportation in the rural parts of Colorado, and while their transit options look quite a bit different from those in the more urban areas, it is no less important for them to reap the benefits of a new and improved transit future.

My time has expired, and I thank the Chairman, Ranking Member, and our witnesses.

PREPARED STATEMENT OF RAYMOND H. LAHOOD

SECRETARY, DEPARTMENT OF TRANSPORTATION

MARCH 12, 2009

Chairman Dodd, Ranking Member Shelby, and members of the Committee, it is indeed a pleasure to appear before you today to discuss issues related to reauthorization of the Federal public transportation programs.

As you know, our Federal public transportation programs were reauthorized by the Safe, Accountable, Flexible, Efficient Transportation Equity Act: A Legacy for Users (SAFETEA-LU) which was enacted on August 10, 2005. SAFETEA-LU provides program authorizations through fiscal year 2009. So this hearing is particularly timely if Congress is to act expeditiously to ensure that important surface transportation investments continue uninterrupted.

AMERICAN RECOVERY AND REINVESTMENT ACT

Before I discuss authorizing legislation, I believe it is important to spend a few moments on our efforts on recovery and reinvestment. As you know, the American Recovery and Reinvestment Act of 2009 (ARRA) was signed into law by President Obama on Tuesday, February 17, 2009. At the outset, I wish to thank Congress for your support in adopting this important legislation, and in particular for the transportation funding that it provides.

The ARRA includes appropriations and tax law changes totaling approximately $787 billion to support efforts designed to simultaneously stimulate the economy and invest in the economy of tomorrow. Provisions in the legislation are designed to save or create millions of jobs, enable spending by businesses and consumers alike, and lay a foundation for long term economic growth and stability. The scope of the legislation is unprecedented, and provides financial support for investments including upgrading schools, building infrastructure to support a clean energy grid for America, repairing transportation infrastructure, building new opportunities for the unemployed, and helping to maintain jobs for those currently employed.

Of the $787 billion of spending and tax law changes in ARRA, over $48 billion will be invested in transportation infrastructure. Of this amount, the Federal Transit Administration has received $8.4 billion for three categories of funding: Transit Capital Assistance, Fixed Guideway Modernization grants, and Transit New Starts.

I am pleased to report that this money is already being made available to local public transit agencies around the country. On March 5, the Federal Transit Administration published its apportionment of the formula funds included in the ARRA and will shortly publish a Notice announcing the allocation of the New Starts funds.

ARRA specifies that funds are to be used only for capital expenditures. FTA is encouraging grantees to identify projects or expenditures that meet the broader goals of the legislation, including preserving or creating jobs; contributing to cleaning our environment through green purchases, retrofitting existing facilities, and construction; making additional public transportation opportunities available to more people; and helping to ease fiscal problems at the State and local level. A final, important aspect of this legislative initiative is to get the money into the economy and working as quickly as possible. To foster this imperative, there are certain time limitations to obligate these funds. If funds are not put to work on a timely basis, funds apportioned to an urbanized area or State will be reallocated to areas that have demonstrated the ability to finalize projects and are ready to execute.

This funding will improve our Nation's transit systems and, at the same time, preserve or create thousands of good-paying jobs across America. These funds also represent an important investment in our Nation's ability to ensure mobility and access for our citizens.

IMPORTANCE OF THE FEDERAL PROGRAM

Recent Growth in Transit Ridership

Recently, transit ridership has grown significantly. In fact, during 2008, ridership was at a 5-year high, amounting to over 10 billion trips. While this increase was attributable in part to the rapid spike in fuel prices, ridership growth was sustained as overall economic activity began to slacken and fuel prices fell.

Rail Modernization Study

In response to the fiscal year 2008 Transportation-HUD Appropriations Act conference report and again requested in a letter dated December 7, 2007, from Sen. Richard Durbin and 11 other senators to former FTA Administrator James Simpson, we have now completed a Rail Modernization Study. We believe our report is fully responsive to the requested content. The report assesses the level of capital investment required to attain and maintain a state of good repair (SGR) for the Nation's seven largest rail transit operators. The study also considers reinvestment needs within the context of past levels of Federal funding support as well as potential reforms to the current Federal program.

The Rail Modernization Study finds that more than one-third of agencies' assets are either in marginal or poor condition, indicating that these assets are near or have already exceeded their expected useful life. In addition, it finds that there is a backlog of unmet recapitalization needs of about $50 billion at the Nation's seven largest rail transit operators.

The study found that, between 1991 and 2009, although the actual dollar amount of capital funding from Federal sources to the seven agencies increased, their share of Fixed Guideway Modernization funds—to the "old rail cities" in particular—actually declined as new fixed guideway systems, such as bus ways and high occupancy vehicle (HOV) lanes, entered the program. Therefore, the report presents several options for Congress to consider in reforming the allocation approach for fixed guideway modernization funding. Finally, the report describes a structured capital asset management process and suggests a number of steps FTA might take to facilitate improvements to the technical capacity of local transit agencies to manage their capital assets.

Impacts of Federal Investments

Federal capital investments in rail, bus, and other public transportation systems over the last 25 years have been vitally important to the Nation's fastest-growing metropolitan areas, to small- and mid-sized cities, and to rural communities that previously lacked any transit options. These systems create links between home, school, work, recreation areas, and other important destinations. Since 1984, the number of cities with publicly funded passenger rail service has more than doubled. The size of the Nation's transit bus fleet has grown by more than 25 percent. Nearly every bus in the United States is accessible to people with disabilities and senior citizens. As a result, since the mid-1990s, the Nation's overall public transportation ridership has grown by more than a third. In many of the Nation's largest cities, public transportation carries roughly one-third of all work trips destined for central business districts and is an essential link between these districts and other destinations. A decade ago, two of every five residents in rural small urban communities and tribal areas did not have access to public transportation. Since then, FTA has

been instrumental in bringing new public transportation options to dozens of these communities.

Changes in demographics, shifts in land use patterns, and the emergence of new job markets require different approaches to managing mobility, particularly for people who may not be able to use existing transportation services due to age, disability, location, or other factors. Federal funding for public transportation has provided a framework around which eight Federal departments can develop and deliver community-based transportation services. These services, which may be operated by private nonprofit groups and community organizations, offer a lifeline to persons with disabilities, older Americans, and individuals and families who do not possess automobiles.

Federal investments in public transportation contribute to job growth directly, since the transportation-related workforce grows as systems are built or expanded. Indirectly, FTA-funded projects can act as catalysts for new businesses near transit facilities. Transit-oriented, mixed-use development provides an efficient and convenient option for employers, developers, young professionals and families in many large and small cities around the U.S. Many transit-oriented projects are supported by Federal resources through direct funding and technical guidance during the planning stages. This has contributed significantly to the revitalization of downtown districts, fosters walkable neighborhoods, and offers a remedy for urban and suburban sprawl.

Federal public transportation programs also provide for strategic leadership and investments that foster innovative research activities leading to measurable improvements in the connectivity, safety, and efficiency of America's public transportation systems. Federal funding has spurred countless productive applications of new technologies and techniques for modernizing rail and bus systems, improving energy efficiency, reducing emissions, and promulgating voluntary industry-wide standards. These outcomes reflect collaborations with other Federal research entities, university research centers, manufacturers, and transportation advocates. Further, Federal public transportation funding has supported training for thousands of transportation professionals who are the innovators of tomorrow. This has created a successful cooperative research program that solicits proposals for Federal funding from industry and academia—triggering investments in scores of valuable cutting-edge investigations.

Federal investment in public transportation can also contribute to combating climate change. National averages demonstrate that public transportation can produce significantly less greenhouse gas emissions per passenger-mile than private vehicles, especially those with single occupants. Leading the way is heavy rail transit, such as subways and metros, which produce about 75 percent less in greenhouse gas emissions per passenger mile than an average single-occupancy vehicle (SOV). Light rail systems produce 57 percent less and bus transit 32 percent less. The benefit would not be as great if compared to the somewhat higher current average occupancy rates of passenger vehicles. Transit's GHG emissions savings would be even greater with higher ridership levels. Recent increases in ridership are not captured in these estimates, as the figures rely on 2007 public transportation data, the most recent national dataset available.

Federal investment in public transportation also can reduce greenhouse gas emissions by facilitating higher density development, which conserves land and decreases the distances people need to travel to reach destinations. In many cases, higher density development would be more difficult without the existence of public transportation because more land would need to be devoted to parking and travel lanes. By facilitating higher density development, public transportation can shrink the footprint of an urban area and reduce overall trip lengths. In addition, public transportation supports increased foot traffic, street-level retail, and mixed land uses that enable a shift from driving to walking and biking. Public transportation can also facilitate trip chaining, such as combining dry-cleaning pick-up, shopping, and other errands on the way home from a station. Finally, households living close to public transportation tend to own fewer cars on average, as they may not need a car for commuting and other trips. A reduced number of cars per household can to lead to reduced car use, and driving may cease to be the habitual choice for every trip.

OPPORTUNITIES AND CHALLENGES

Livability and Sustainability

In my confirmation hearing, I outlined four key themes for my tenure as Secretary. In addition to Economic Recovery, which is my primary immediate concern, and Safety, which is always an important part of the mission of the Department, I suggested that Sustainability and Livability would be hallmarks of my policies.

To me, it is clear that our transportation system and the development it enables must be sustainable. Climate change must be acknowledged as a reality. Funding for public transportation must increase to help out here. Sustainability must permeate all we do, from highways and transit to aviation and ports.

I am also committed to a strong focus on people and communities where they live and work. This implies a commitment to the principles that some refer to as livability—that is, investing in ways that respect the unique character of each community. The era of one-size-fits-all transportation projects must give way to one where preserving and enhancing unique community characteristics, be they rural or urban, is a primary goal, rather than an afterthought. I intend to make livable communities a big part of reauthorization.

Housing/Transportation Relationship

Clearly the linkage between public transportation and urban development is crucial, particularly when it comes to low-income housing. For some time, FTA has been collaborating with the Department of Housing and Urban Development to coordinate housing and transportation planning and investment decisionmaking. For example, in September 2008, FTA and HUD released a report to Congress on *Better Coordination of Transportation and Housing Programs.* This report outlines strategies to continue and expand the coordination of affordable housing and transit policies. Earlier, FTA and HUD conducted a jointly funded research study on *Realizing the Potential: Expanding Housing Opportunities Near Transit.* The report, published in April 2007 by the Center for Transit Oriented Development, included five case studies examining the role of public transportation in the location of affordable housing in corridors in Boston, Charlotte, Denver, Minneapolis-St. Paul, and Portland, Oregon. In addition, FTA and HUD are participating in an interagency working group to continue development of coordinated/integrated strategies, methods and policies to promote the role of public transportation in affordable housing. Finally, FTA and HUD are developing a *Best Practices Manual*—a multi-scenario "how-to" manual for developing mixed-income housing transit oriented development to be published by December 2009. Continuing and expanding on these efforts can be an important feature of the next surface transportation authorization.

Highway Trust Fund

A challenge in addressing the needs I have outlined will be the availability of funding at the Federal level. More details of the Department's fiscal year 2010 budget will be presented in April. An overarching concern for all surface transportation funding is the status of the Highway Trust Fund. Currently, 2.86 cents of the Federal gasoline and diesel taxes is dedicated to the Mass Transit Account of the Highway Trust Fund, which generates about $5 billion annually in revenues. However, as you know, the Mass Transit Account, like the Highway Account is projected to become insolvent in the coming years assuming current-law spending and revenues. Clearly, the way in which public transportation is funded on a long-term, sustainable basis will have to be addressed as we move forward.

REAUTHORIZATION

In light of these challenges, restructuring our surface transportation programs will require some bold new approaches. Let me outline for you a few of the themes which we are now considering for our proposal.

Economic Recovery and Reinvestment

Surface transportation investment is an important element of President Obama's Economic Recovery and Reinvestment efforts to put people back to work and reinvigorate the economy. Congestion exacts a tremendous cost on the Nation's economy, by some estimates over $100 billion a year. Improving the efficiency and reliability of our surface transportation system will be vital to enhancing the Nation's productivity and competitiveness in an increasingly global economy. Good transportation allows people to get to jobs and businesses to access wider pools of labor, suppliers, and customers. The ability to efficiently move freight will be critical to our economic recovery. Without renewal and restoration of our transportation infrastructure, it will not be able to support the needs of a growing economy.

Safety

Safety will continue to be the Department's highest priority. The total number of transportation-related fatalities in the country is unacceptable. Concerted efforts to improve safety are needed in all surface transportation modes including auto, truck, transit, rail, bus, motorcycle, and pedestrian safety. Innovation and technology will be critical to improving vehicle and infrastructure safety. We must also explore innovative ways to reduce deaths and serious injuries caused by impaired driving, fail-

ure to wear seatbelts and motorcycle helmets, and other high risk behaviors. Safety problems vary from State to State, and it is important that data-driven, performance-oriented programs be established to identify the most cost-effective strategies to improve safety in each jurisdiction.

Livable and Sustainable Communities

One of my highest priorities is to help promote more livable communities through sustainable surface transportation programs. Actions on many fronts will be required to enhance transportation's contribution to strong and connected communities. First, the range of transportation choices available to American families must be expanded. All segments of the population must have access to transportation services to get to work, housing, medical, educational, shopping, and other essential activities. Just as important is to ensure that our transportation investment decisions are consistent with broader policies to reduce greenhouse gas emissions and slow the pace of climate change.

Accountability, Transparency, and Performance

Key tenets of the Obama Administration are Accountability, Transparency, and Performance in Federal programs. Congress demands it, the public demands it, and it is the right thing to do. New processes will have to be put in place to implement performance-based programs. In some cases this may require changes to long-standing ways of doing business. Performance-based programs cannot be implemented overnight, but when fully implemented they will provide the means to improve investment decisions, improve the performance of our transportation systems, and improve our stewardship of taxpayer dollars. As we recently pointed out in the President's Budget for Fiscal Year 2010, greater use of economic analysis will be needed in transportation planning.

Innovative Programs and Projects

Innovation traditionally has been a hallmark of progress in transportation. Challenges today may be different from the past, but the role of technology and innovation is just as important. Technology will be central to our efforts to improve safety, reduce congestion, and manage our infrastructure more effectively. Innovation is not limited to new technologies, however. Innovations in the way we deliver programs will be just as important in our efforts to improve all aspects of transportation system performance.

CONCLUSION

Thank you again for the opportunity to testify today. I know that there is much work ahead of us. I believe that working together we can craft an improved Federal surface transportation program that helps improve the lives of the American people across the country.

PREPARED STATEMENT OF JOHN HICKENLOOPER

CHAIR, THE U.S. CONFERENCE OF MAYORS TRANSPORTATION & COMMUNICATIONS COMMITTEE, MAYOR, DENVER, COLORADO

MARCH 12, 2009

Chairman Dodd, Ranking Member Shelby, and Members of the Committee, thank you for inviting me to testify today about "Sustainable Transportation Solutions: Investing in Transit to Meet 21st Century Challenges."

This nation cannot deal with our energy and climate challenges, without confronting the transportation sector.

The United States transportation sector—its systems and practices—has played a significant part in growing the nation's energy dependency on foreign energy supplies, principally petroleum, and in contributing to higher oil prices and other energy price increases. In 2007, 69 percent of the nation's total petroleum products were consumed in the transportation sector, with petroleum products powering more than 98 percent of the nation's transportation mobility. Currently, the United States is the world's largest energy consumer and largest greenhouse gas emitter.

America's mayors understand all too well that our nation cannot remain economically competitive with the world if we continue down this path. This means going forward, all federally assisted transportation investments must address energy and climate concerns, through needed shifts and reforms in Federal policies and programs that emphasize sustainable transportation investments, led by increased investment in public transit and intercity passenger rail.

Mayors also believe that we must rebuild and modernize our nation's transportation infrastructure in ways that are *more energy efficient, less reliant on foreign oil,* and *more environmentally sensitive.* To accelerate the achievements of more sustainable transportation solutions, Federal policy must increasingly empower local elected officials, *especially in metropolitan areas,* to make the decisions on how Federal transportation resources are invested. Decisions that this Committee makes about sustainable transportation solutions will be a critical factor in whether the next surface transportation authorization bill is sufficiently transformational to ensure that Federal resources are deployed more strategically so that we confront our nation's energy and climate challenges.

As a broader policy matter, the next bill should empower and incentivize leaders, especially those at the local level, to better connect investment decisions about land use, economic development, energy, and environmental factors. Mr. Chairman, many of these decisions are typically under the authority of local governments, which explains why we believe it is so important to empower local officials starting with those in metropolitan regions with the decisionmaking responsibility coupled with greater accountability and performance measures.

As Mayor of Denver, my own perspective on the next bill is driven by our experience in collaboration across the metropolitan region to build our FasTracks transit project. The City encompasses 44.7 square miles and roughly 600,000 residents, but our metropolitan region has a population of nearly 2.8 million people, and a growth rate that has consistently outpaced the national rate every decade since the 1930's. Within the next 25 years, Metro Denver's population is anticipated to reach almost 3.8 million. Metro Denver has been nationally recognized for our capacity to plan and work collaboratively across potentially balkanized local political jurisdictions—from our FasTracks transit project to our regional economic development initiatives to our cultural facilities tax district, all of which involve and benefit the localities within the eight Metro Denver counties, and encompass an area roughly the size of Connecticut.

I also appear today as the Chair of The United States Conference of Mayors Transportation and Communications Standing Committee.[1] Therefore, what I thought I would do first is provide a few remarks on the American Recovery and Reinvestment Act followed by remarks on investing in sustainable transportation solutions.

I want to thank the leaders of this Committee for your efforts to increase public transportation investments in the American Recovery and Reinvestment Act (ARRA). Mayors are pleased with many of the investment priorities set forth in this historic bill. At a time when the Nation is facing its deepest economic crisis since the Great Depression, ARRA will begin the process of rebuilding our transportation infrastructure, create and save transportation sector jobs, and even expand out transportation capacities.

These funds will help replace and modernize congested, aging, and outmoded systems. This is a down payment on a new path to transforming our transportation systems recognizing that our Interstate system, now more than 50 years old, must be supplemented with alternative modes of travel including transit and high-speed rail—which are key Conference priorities.

More broadly, this Committee's longstanding commitments to increasing investments in public transportation have been productive, especially during last year's run up in gasoline prices. Public transportation is a safe, reliable and cost-effective alternative for travel. Today, we see total ridership levels last achieved in the 50s. This shift to transit, often motivated by the public's desire to reduce household transportation costs, and declining driving rates has resulted in significant reductions in measured congestion levels in metropolitan areas throughout the U.S., although our reporting systems don't capture these changes in real time. For the first time, we have been adding transit riders during an economic downturn, contradicting past trends and assumptions. Ridership kept growing despite record declines in gas prices, especially during the last quarter of 2008. Mr. Chairman, I encourage you to look at the dire financial situation of many transit providers, especially erosion in their operating accounts, to make sure that resource constraints don't result in a contraction of services we provide at a time when more people are turning to public transportation.

In addition, I want to thank Committee leaders and others for your many efforts during the last session to assist cities in addressing the many economic challenges now before our communities and regions. Specifically I want to recognize your work on supporting local leaders in addressing the foreclosure crisis, notably new re-

[1] There are 1,139 such cities in the country today, each represented in the Conference by its chief elected official, the Mayor.

sources to help us deal with rising foreclosures through the Housing and Economic Recovery Act of 2008.

Metropolitan Areas—Investing In The Engines of America's Growth Through Mobility

Metropolitan areas are the drivers of the American economy. While covering just 26 percent of the United States land area, metropolitan regions account for more than 83 percent of the nation's population, 85 percent of national employment, 87 percent of labor income, 86 percent of gross domestic product (GDP), and 92 percent of the increase in real output in 2007.[2] Of the 100 largest international economies in the world, 42 are U.S. metro areas. Metro Denver, for example, has a gross metropolitan product larger than Pakistan and nearly as large as Israel.[3]

As the Report of the National Surface Transportation Policy and Revenue Study Commission states, "Federal transportation policy must more effectively support and encourage the use of public transportation as part of a balanced approach to a metropolitan mobility program. Traditional bus and rail transit and, where appropriate, intercity passenger rail, must be an increasingly important component of metropolitan mobility strategies due to their ability to move large volumes of people into and out of areas that cannot handle more automobiles."

Consistent with this need, the foremost recommendation among the list of transportation authorization policy positions that the Conference of Mayors adopted in June is a call for creation of a metropolitan mobility program. The recommendation also directly ties to the U.S. Conference of Mayors' Climate Protection Agreement—an agreement whereby mayors pledge to reduce carbon dioxide emissions by 7 percent below 1990 levels by 2012—more investment in public transportation will lead to a reduction in energy consumption and greenhouse gas emissions.

Priority Areas for Sustainable Transportation Solutions Through Statutory Reform

Reflecting consultation with the mayors, seven areas of fundamental reform to underlying Federal transportation statutes set the context for a sustainable transportation focuses next surface transportation bill:

- Federal transportation investments need to reflect energy and climate priorities, so that we can reengineer and expand our transportation infrastructure in ways that curb greenhouse gas emissions and reduce our dependency on foreign oil. Nationwide, about one-third of carbon emissions are generated from mobile sources; in regions like the Bay Area, cars and light trucks represent about half of all carbon emissions. U.S. gasoline consumption is about equal to the amount of oil we import. Our national transportation policy should recognize that achieving climate protection and greenhouse gas reductions emissions will require increased investment in public transportation. As the Report of the National Surface Transportation Policy and Revenue Study Commission states, "Not only is transit an important element of congestion relief strategies, it supports policies to reduce transportation energy consumption, greenhouse gas emissions, and air pollution if sufficient use is demonstrated."
- Federal funding mechanisms must move past programmatic silos and eliminate the biases embedded in current law that favor some transportation modes over others. The Federal funding system currently follows processes and creates incentives that do not direct resources to the geographic regions or types of transportation solutions that yield the greatest cost-benefit impacts and are central to national economic prosperity and growth. With key transportation statutes—surface and aviation—under consideration for renewal this year, and a new Federal commitment to high-speed rail, an opportunity exists to make delivery of resources and transportation services to the public more seamless and integrated.
- Rail transportation for both freight movement and passenger travel is a top priority going forward. We seek a better approach to investment, and coordination of uses in existing highway and railroad rights of way, that can accelerate the deployment of infrastructure within and between our nation's metropolitan areas. Moving more goods by rail can reduce energy consumption and allow better use of existing highway capacity. Transit systems are experiencing unprecedented growth in use, with the public consuming existing capacities and demanding new services as well. As we are witnessing in Denver, the presence

[2] See Attachment Shares of U.S. Economy 2007: U.S. Metro Economies Report 2008.

[3] See Attachment World Rankings of Gross Domestic and Metropolitan Product 2007: U.S. Metro Economies Report 2008.

of transit also is driving community and economic vitality with transit-oriented commercial and residential development. However, while the Denver region has been highlighted as a national prototype for rapid and broad-based expansion of metropolitan rail services, it was very difficult to initiate, and we now face the significant challenges of a weakening economy producing slower local revenue growth, as well as record energy and commodity prices that run up the costs of operating existing services and new construction.

- The disparity in planning requirements for transit versus highway projects promotes road investments to the detriment of the urban core that most benefits from public transportation. Localities must show that they have adequate resources to fully construct, maintain, and operate new transit facilities, at a high non-Federal match; however, none of those conditions apply equally to highway projects. In fact, nearly a decade ago, the Federal Government removed the major investment study requirement that also had mandated for highway proposals a cost-effectiveness evaluation of alternative approaches to achieving a given transportation objective, taking into account a range of economic, environmental, and financial factors. Mayors and our regional transportation partners are asking for rigorous evaluation and matching rules to apply uniformly for highway and transit projects, metropolitan and non-metropolitan, so we can enable planners to make decisions driven by the merits and not differently aligned incentives.
- Transportation planning processes in our metropolitan areas cannot be meaningful if there is little connection between those plans and control of resources to implement them. While the law preserves that MPO's will take the lead in regional transportation planning, Federal statute did not establish a funding structure to support that practice. In most metropolitan areas, local officials are not afforded the opportunity to control or substantially influence how the bulk of Federal resources are expended in the region. Typical State practice is to determine what share of Federal resources are made available to the metropolitan area, and then largely decide or influence what major investments are made. Often, the MPO simply confirms these investments in their plans. Of the Federal transportation resources provided to the States, only a small portion is definitively committed directly for local decisionmaking in metropolitan areas—$54 million of $438 million in spending authority under the core highway program categories in Colorado last year, even though Metro Denver represents half of the State population and 60 percent of economic output. Furthermore, metropolitan areas contribute significantly more in tax receipts than they receive in distributions from their State highway fund or direct local transfers.
- Federal transportation policy does not support or provide incentives for cross-cutting functional relationships and planning collaboration. With major population growth projected in many metropolitan areas and congestion already prevalent, managing decisions about meeting mobility needs and quality of life will entail decisions about more than just building more transportation capacity. Similarly, transportation investments are major economic factors, opening up new development area opportunities, creating jobs, impacting personal mobility costs, and influencing productivity. Finally, transportation impacts the environment and climate change, both through the structure of neighborhoods and the reduction of greenhouse gas emissions. In Denver, this means that our transportation decisions are tied to promoting livable urban centers and sustainable development broadly. The FasTracks project, supported unanimously by all 32 metro mayors and approved by voters in the eight Metro Denver Colorado counties in 2004, is the unifying element in our regional community planning efforts, $6.9 billion, 12-year plan linking the region with comprehensive mass transit service through 119 miles of new light rail and commuter rail, 18 miles of bus rapid transit service, 21,000 new parking spaces at rail and bus stations, and expanded bus service. Furthermore, in the City itself, we recently completed a Strategic Transportation Plan that adopts an alternative approach to transportation planning—instead of just forecasting future auto travel, we have developed a mathematical model that forecasts person-trips so that we can evaluate the magnitude of impacts caused by all types of travel. All of these transportation plans are tied to our zoning decisions centered on transit-oriented development (TOD), building neighborhoods around FasTracks and bus transit stops so that housing, offices, and shopping are all within walking distance. Helpful Federal actions to increase cross-cutting functional relationships and planning collaboration ranges from readjusting the cost-effectiveness rating for New Starts projects so that related development and environmental benefits are appropriately considered to promoting affordable housing near transit.

Many local political obstacles to jointly planning for transportation, housing, and land use decisions can be overcome through the motivation of new competitive Federal funding to implement those decisions.

- All of our key Federal transportation programs are short of resources. The shortfall in the Highway Trust Fund posed the most acute challenge, but other accounts to varying degrees are also challenged by resource constraints. This situation argues for consideration of creative, broader revenue and financing options that allow us to increase our national commitments to transportation infrastructure broadly, not just one mode at a time or in piecemeal fashion.

Through a transit, energy, climate, metropolitan focused next surface transportation authorization we will emerge as a new nation so that we will indeed prove what others have dubbed, the Century of Cities.

All across America mayors are gearing up in cities, large and small, to provide jobs and opportunities to help move our nation toward economic recovery. The implementation stage begins now with the American Recovery and Reinvestment Act and will continue with the next surface transportation bill. There's work to be done and the Mayors will do it.

Thank you again for the opportunity to speak with you about sustainable transportation solutions. I look forward to working with you during the upcoming authorization to increase funding commitments to public transit.

GMP REPORT JUNE 2008

Top 100 U.S. Metro Economies

2007 RANKING GROSS METROPOLITAN PRODUCT (GMP) IN BILLIONS OF U.S. $

RANK	METRO AREA	GMP
1	New York-Northern New Jersey-Long Island, NY-NJ-PA	1210.2
2	Los Angeles-Long Beach-Santa Ana, CA	697.9
3	Chicago-Naperville-Joliet, IL-IN-WI	506.1
4	Washington-Arlington-Alexandria, DC-VA-MD-WV	383.4
5	Houston-Sugar Land-Baytown, TX	378.3
6	Dallas-Fort Worth-Arlington, TX	365.0
7	Philadelphia-Camden-Wilmington, PA-NJ-DE-MD	321.4
8	San Francisco-Oakland-Fremont, CA	298.3
9	Boston-Cambridge-Quincy, MA-NH	289.9
10	Atlanta-Sandy Springs-Marietta, GA	270.2
11	Miami-Fort Lauderdale-Miami Beach, FL	252.5
12	Seattle-Tacoma-Bellevue, WA	208.6
13	Detroit-Warren-Livonia, MI	201.4
14	Minneapolis-St. Paul-Bloomington, MN-WI	188.0
15	Phoenix-Mesa-Scottsdale, AZ	181.6
16	San Diego-Carlsbad-San Marcos, CA	160.2
17	Denver-Aurora, CO	145.6
18	San Jose-Sunnyvale-Santa Clara, CA	139.8
19	Baltimore-Towson, MD	130.4
20	St. Louis, MO-IL	125.0
21	Charlotte-Gastonia-Concord, NC-SC	124.2
22	Riverside-San Bernardino-Ontario, CA	113.8
23	Pittsburgh, PA	112.0
24	Portland-Vancouver-Beaverton, OR-WA	109.9
25	Tampa-St. Petersburg-Clearwater, FL	109.0
26	Cleveland-Elyria-Mentor, OH	105.1
27	Kansas City, MO-KS	101.2
28	Orlando-Kissimmee, FL	100.4
29	Cincinnati-Middletown, OH-KY-IN	97.7
30	Indianapolis, IN	94.5
31	Sacramento--Arden-Arcade--Roseville, CA	93.6
32	Las Vegas-Paradise, NV	91.4
33	Columbus, OH	90.4
34	Bridgeport-Stamford-Norwalk, CT	81.3
35	Milwaukee-Waukesha-West Allis, WI	79.5
36	Austin-Round Rock, TX	78.5
37	San Antonio, TX	77.3
38	Nashville-Davidson--Murfreesboro, TN	75.8
39	Hartford-West Hartford-East Hartford, CT	75.4
40	Virginia Beach-Norfolk-Newport News, VA-NC	72.4
41	New Orleans-Metairie-Kenner, LA	68.7
42	Providence-New Bedford-Fall River, RI-MA	64.7
43	Memphis, TN-MS-AR	61.8
44	Richmond, VA	61.2
45	Salt Lake City, UT	60.1
46	Jacksonville, FL	57.6
47	Louisville-Jefferson County, KY-IN	55.7
48	Birmingham-Hoover, AL	54.2
49	Oklahoma City, OK	53.0
50	Raleigh-Cary, NC	51.1
51	Rochester, NY	46.3
52	Honolulu, HI	45.6
53	Tulsa, OK	45.1
54	Omaha-Council Bluffs, NE-IA	43.3
55	Buffalo-Niagara Falls, NY	43.1
56	Baton Rouge, LA	39.3
57	Albany-Schenectady-Troy, NY	38.2
58	New Haven-Milford, CT	37.6
59	Des Moines, IA	35.5
60	Albuquerque, NM	35.4
61	Oxnard-Thousand Oaks-Ventura, CA	34.9
62	Dayton, OH	33.8
63	Grand Rapids-Wyoming, MI	33.3
64	Greensboro-High Point, NC	33.3
65	Madison, WI	31.5
66	Tucson, AZ	30.5
67	Durham, NC	30.5
68	Little Rock-North Little Rock, AR	29.6
69	Columbia, SC	29.1
70	Knoxville, TN	29.1
71	Allentown-Bethlehem-Easton, PA-NJ	29.0
72	Worcester, MA	28.0
73	Fresno, CA	28.0
74	Akron, OH	27.4
75	Harrisburg-Carlisle, PA	27.2
76	Bakersfield, CA	26.6
77	Syracuse, NY	26.6
78	Toledo, OH	26.0
79	Wichita, KS	25.7
80	El Paso, TX	25.6
81	Charleston-North Charleston, SC	25.2
82	Anchorage, AK	25.1
83	Bradenton-Sarasota-Venice, FL	24.8
84	Greenville-Mauldin-Easley, SC	24.7
85	Boise City-Nampa, ID	24.5
86	Portland-South Portland-Biddeford, ME	24.3
87	Winston-Salem, NC	23.4
88	Trenton-Ewing, NJ	23.3
89	Colorado Springs, CO	23.0
90	Cape Coral-Fort Myers, FL	22.3
91	Lexington-Fayette, KY	22.2
92	Jackson, MS	22.1
93	Springfield, MA	21.8
94	Poughkeepsie-Newburgh-Middletown, NY	21.3
95	Chattanooga, TN-GA	20.6
96	Santa Rosa-Petaluma, CA	20.4
97	Reno-Sparks, NV	20.2
98	Shreveport-Bossier City, LA	20.2
99	Manchester-Nashua, NH	19.9
100	Stockton, CA	19.2

• e United States Conference of Mayors
Council for the New American City

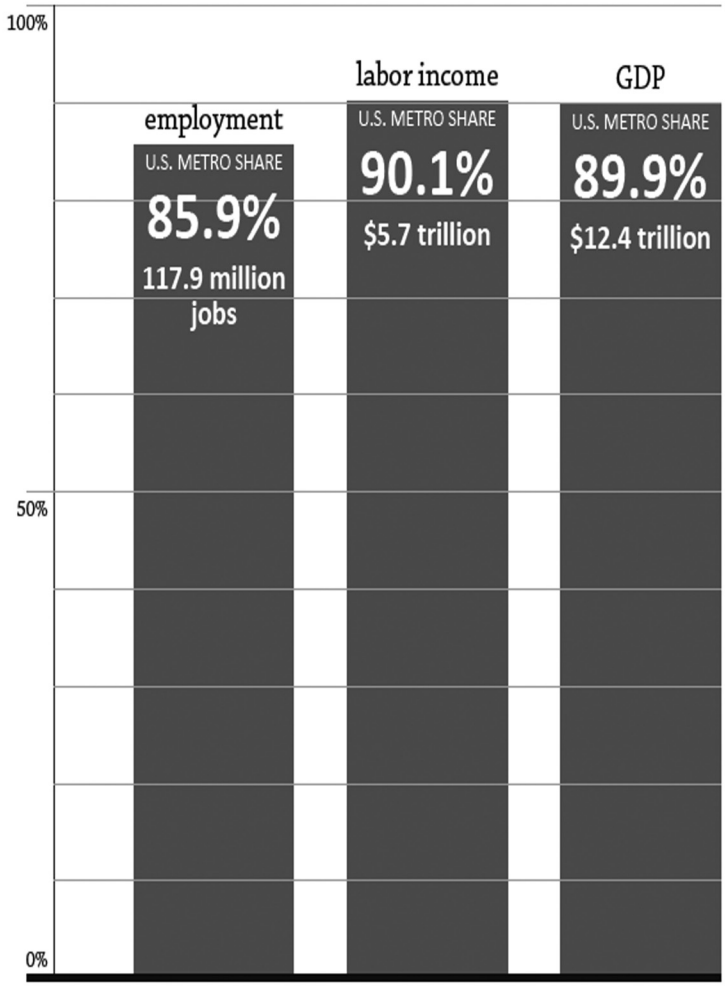
source: GLOBAL INSIGHT

GMP REPORT JUNE 2008

Economic Gains

SHARES OF U.S. ECONOMY 2007

Metro areas generate over 85% of the nation's employment and 90% of income and production of goods and services.



source: GLOBAL INSIGHT

GMP REPORT JUNE 2008

If U.S. Metro Economies Were Nations

WORLD RANKINGS OF GROSS DOMESTIC AND METROPOLITAN PRODUCT 2007

IN BILLIONS OF U.S. $

RANK	NATION OR METRO AREA	GP
1	United States	13841.4
2	Japan	4375.4
3	Germany	3325.8
4	China	3280.6
5	United Kingdom	2770.2
6	France	2558.7
7	Italy	2103.2
8	Spain	1438.0
9	Canada	1425.9
10	Brazil	1313.3
11	Russia	1287.7
12	New York-Northern New Jersey-Long Island, NY-NJ-PA	1210.2
13	India	1135.1
14	South Korea	969.5
15	Australia	906.7
16	Mexico	893.2
17	Netherlands	766.4
18	Los Angeles-Long Beach-Santa Ana, CA	697.9
19	Turkey	656.4
20	Chicago-Naperville-Joliet, IL-IN-WI	506.1
21	Sweden	455.5
22	Belgium	454.0
23	Indonesia	432.8
24	Switzerland	423.6
25	Poland	420.3
26	Norway	390.4
27	Washington-Arlington-Alexandria, DC-VA-MD-WV	383.4
28	Taiwan	382.4
29	Saudi Arabia	381.7
30	Houston-Sugar Land-Baytown, TX	378.3
31	Austria	373.4
32	Dallas-Fort Worth-Arlington, TX	365.0
33	Philadelphia-Camden-Wilmington, PA-NJ-DE-MD	321.4
34	Greece	312.7
35	Denmark	311.8
36	San Francisco-Oakland-Fremont, CA	298.3
37	Iran	294.6
38	Boston-Cambridge-Quincy, MA-NH	289.9
39	South Africa	282.7
40	Atlanta-Sandy Springs-Marietta, GA	270.2
41	Argentina	260.8
42	Ireland	254.5
43	Miami-Fort Lauderdale-Miami Beach, FL	252.5
44	Thailand	245.8
45	Finland	244.8
46	Venezuela	235.6
47	Portugal	223.1
48	Seattle-Tacoma-Bellevue, WA	208.6
49	Hong Kong	206.7
50	Detroit-Warren-Livonia, MI	201.4
51	United Arab Emirates	190.1
52	Minneapolis-St. Paul-Bloomington, MN-WI	188.0
53	Malaysia	186.6
54	Phoenix-Mesa-Scottsdale, AZ	181.6
55	Czech Republic	175.2
56	Colombia	172.1
57	Romania	166.0
58	Chile	164.2
59	Israel	161.8
60	Singapore	161.4
61	San Diego-Carlsbad-San Marcos, CA	160.2
62	Nigeria	146.6
63	Denver-Aurora, CO	145.6
64	Pakistan	145.4
65	Philippines	144.1
66	Ukraine	141.7
67	San Jose-Sunnyvale-Santa Clara, CA	139.8
68	Hungary	138.2
69	Algeria	135.3
70	Baltimore-Towson, MD	130.4
71	Egypt	129.7
72	New Zealand	128.3
73	St. Louis, MO-IL	125.0
74	Charlotte-Gastonia-Concord, NC-SC	124.2
75	Kuwait	114.2
76	Riverside-San Bernardino-Ontario, CA	113.8
77	Pittsburgh, PA	112.0
78	Portland-Vancouver-Beaverton, OR-WA	109.9
79	Tampa-St. Petersburg-Clearwater, FL	109.0
80	Peru	108.8
81	Cleveland-Elyria-Mentor, OH	105.1
82	Kazakhstan	102.6
83	Kansas City, MO-KS	101.2
84	Orlando-Kissimmee, FL	100.4
85	Cincinnati-Middletown, OH-KY-IN	97.7
86	Indianapolis, IN	94.5
87	Sacramento--Arden-Arcade--Roseville, CA	93.6
88	Las Vegas-Paradise, NV	91.4
89	Columbus, OH	90.4
90	Puerto Rico	89.7
91	Bridgeport-Stamford-Norwalk, CT	81.3
92	Milwaukee-Waukesha-West Allis, WI	79.5
93	Austin-Round Rock, TX	78.5
94	San Antonio, TX	77.3
95	Nashville-Davidson--Murfreesboro, TN	75.8
96	Hartford-West Hartford-East Hartford, CT	75.4
97	Iraq	75.0
98	Slovakia	74.9
99	Virginia Beach-Norfolk-Newport News, VA-NC	72.4
100	Vietnam	71.2
101	New Orleans-Metairie-Kenner, LA	68.7
102	Bangladesh	67.9
103	Providence-New Bedford-Fall River, RI-MA	64.7
104	Libya	64.5
105	Morocco	64.3
106	Qatar	62.7
107	Memphis, TN-MS-AR	61.8
108	Richmond, VA	61.2
109	Salt Lake City, UT	60.1
110	Jacksonville, FL	57.6
111	Cuba	57.5
112	Angola	57.3
113	Louisville-Jefferson County, KY-IN	55.7
114	Birmingham-Hoover, AL	54.2
115	Oklahoma City, OK	53.0
116	Croatia	51.3
117	Raleigh-Cary, NC	51.1
118	Luxembourg	49.8
119	Rochester, NY	46.3
120	Slovenia	45.9
121	Honolulu, HI	45.6
122	Sudan	45.2
123	Tulsa, OK	45.1
124	Belarus	44.8
125	Ecuador	43.6
126	Omaha-Council Bluffs, NE-IA	43.3
127	Buffalo-Niagara Falls, NY	43.1
128	Dominican Republic	41.3
129	Oman	40.9
130	Syria	40.8
131	Serbia & Montenegro	40.5
132	Bulgaria	39.5
133	Baton Rouge, LA	39.3
134	Lithuania	38.3
135	Albany-Schenectady-Troy, NY	38.2
136	New Haven-Milford, CT	37.6
137	Des Moines, IA	35.5
138	Albuquerque, NM	35.4
139	Tunisia	35.1
140	Oxnard-Thousand Oaks-Ventura, CA	34.9
141	Sri Lanka	34.0
142	Dayton, OH	33.8
143	Guatemala	33.5
144	Grand Rapids-Wyoming, MI	33.3
145	Greensboro-High Point, NC	33.3
146	Madison, WI	31.5
147	Tucson, AZ	30.5
148	Durham, NC	30.5
149	Little Rock-North Little Rock, AR	29.6
150	Kenya	29.5
151	Azerbaijan	29.4
152	Columbia, SC	29.1
153	Knoxville, TN	29.1
154	Allentown-Bethlehem-Easton, PA-NJ	29.0
155	Worcester, MA	28.0
156	Fresno, CA	28.0
157	Turkmenistan	27.7
158	Akron, OH	27.4
159	Latvia	27.3
160	Harrisburg-Carlisle, PA	27.2
161	Bakersfield, CA	26.6
162	Syracuse, NY	26.6
163	Costa Rica	26.2
164	Toledo, OH	26.0
165	Wichita, KS	25.7
166	El Paso, TX	25.6
167	Charleston-North Charleston, SC	25.2
168	Anchorage, AK	25.1
169	Bradenton-Sarasota-Venice, FL	24.8
170	Greenville-Mauldin-Easley, SC	24.7
171	Boise City-Nampa, ID	24.5
172	Portland-South Portland-Biddeford, ME	24.3
173	Winston-Salem, NC	23.4
174	Trenton-Ewing, NJ	23.3
175	Uruguay	23.1
176	Colorado Springs, CO	23.0
177	Lebanon	22.6
178	Cape Coral-Fort Myers, FL	22.3
179	Uzbekistan	22.3
180	Lexington-Fayette, KY	22.2

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source: GLOBAL INSIGHT

GMP REPORT JUNE 2008

Ranking of U.S. Metro Areas with States

GROSS METROPOLITAN PRODUCT OF U.S. METRO AREAS AND GROSS STATE PRODUCT OF U.S. STATES 2007

IN BILLIONS OF U.S. $

RANK	STATE OR METRO AREA	GP
1	**California**	**1813.0**
2	New York-Northern New Jersey-Long Island, NY-NJ-PA	1210.2
3	**Texas**	**1142.0**
4	**New York**	**1103.0**
5	**Florida**	**734.5**
6	Los Angeles-Long Beach-Santa Ana, CA	697.9
7	**Illinois**	**609.6**
8	**Pennsylvania**	**531.1**
9	Chicago-Naperville-Joliet, IL-IN-WI	506.1
10	**Ohio**	**466.3**
11	**New Jersey**	**465.5**
12	**North Carolina**	**399.4**
13	**Georgia**	**396.5**
14	Washington-Arlington-Alexandria, DC-VA-MD-WV	383.4
15	**Virginia**	**383.0**
16	**Michigan**	**382.0**
17	Houston-Sugar Land-Baytown, TX	378.3
18	Dallas-Fort Worth-Arlington, TX	365.0
19	**Massachusetts**	**351.5**
20	Philadelphia-Camden-Wilmington, PA-NJ-DE-MD	321.4
21	**Washington**	**311.3**
22	San Francisco-Oakland-Fremont, CA	298.3
23	Boston-Cambridge-Quincy, MA-NH	289.9
24	Atlanta-Sandy Springs-Marietta, GA	270.2
25	**Maryland**	**268.7**
26	**Minnesota**	**255.0**
27	Miami-Fort Lauderdale-Miami Beach, FL	252.5
28	**Arizona**	**247.0**
29	**Indiana**	**246.4**
30	**Tennessee**	**243.9**
31	**Colorado**	**236.3**
32	**Wisconsin**	**232.3**
33	**Missouri**	**229.5**
34	**Connecticut**	**216.3**
35	**Louisiana**	**216.1**
36	Seattle-Tacoma-Bellevue, WA	208.6
37	Detroit-Warren-Livonia, MI	201.4
38	Minneapolis-St. Paul-Bloomington, MN-WI	188.0
39	Phoenix-Mesa-Scottsdale, AZ	181.6
40	**Alabama**	**165.8**
41	San Diego-Carlsbad-San Marcos, CA	160.2
42	**Oregon**	**158.2**
43	**Kentucky**	**154.2**
44	**South Carolina**	**152.8**
45	Denver-Aurora, CO	145.6
46	San Jose-Sunnyvale-Santa Clara, CA	139.8
47	**Oklahoma**	**139.3**
48	Baltimore-Towson, MD	130.4
49	**Iowa**	**129.0**
50	**Nevada**	**127.2**
51	St. Louis, MO-IL	125.0
52	Charlotte-Gastonia-Concord, NC-SC	124.2
53	**Kansas**	**117.3**
54	Riverside-San Bernardino-Ontario, CA	113.8
55	Pittsburgh, PA	112.0
56	Portland-Vancouver-Beaverton, OR-WA	109.9
57	Tampa-St. Petersburg-Clearwater, FL	109.0
58	**Utah**	**105.7**
59	Cleveland-Elyria-Mentor, OH	105.1
60	Kansas City, MO-KS	101.2
61	Orlando-Kissimmee, FL	100.4
62	Cincinnati-Middletown, OH-KY-IN	97.7
63	**Arkansas**	**95.4**
64	Indianapolis, IN	94.5
65	**District Of Columbia**	**93.8**
66	Sacramento--Arden-Arcade--Roseville, CA	93.6
67	Las Vegas-Paradise, NV	91.4
68	Columbus, OH	90.4
69	**Mississippi**	**88.5**
70	Bridgeport-Stamford-Norwalk, CT	81.3
71	**Nebraska**	**80.1**
72	Milwaukee-Waukesha-West Allis, WI	79.5
73	Austin-Round Rock, TX	78.5
74	San Antonio, TX	77.3
75	**New Mexico**	**76.2**
76	Nashville-Davidson--Murfreesboro, TN	75.8
77	Hartford-West Hartford-East Hartford, CT	75.4
78	Virginia Beach-Norfolk-Newport News, VA-NC	72.4
79	New Orleans-Metairie-Kenner, LA	68.7
80	Providence-New Bedford-Fall River, RI-MA	64.7
81	Memphis, TN-MS-AR	61.8
82	**Hawaii**	**61.5**
83	Richmond, VA	61.2
84	**Delaware**	**60.1**
85	Salt Lake City, UT	60.1
86	**West Virginia**	**57.7**
87	Jacksonville, FL	57.6
88	**New Hampshire**	**57.3**
89	Louisville-Jefferson County, KY-IN	55.7
90	Birmingham-Hoover, AL	54.2
91	Oklahoma City, OK	53.0
92	**Idaho**	**51.1**
93	Raleigh-Cary, NC	51.1
94	**Maine**	**48.1**
95	**Rhode Island**	**46.9**
96	Rochester, NY	46.3
97	Honolulu, HI	45.6
98	Tulsa, OK	45.1
99	**Alaska**	**44.5**
100	Omaha-Council Bluffs, NE-IA	43.3
101	Buffalo-Niagara Falls, NY	43.1
102	Baton Rouge, LA	39.3
103	Albany-Schenectady-Troy, NY	38.2
104	New Haven-Milford, CT	37.6
105	Des Moines, IA	35.5
106	Albuquerque, NM	35.4
107	Oxnard-Thousand Oaks-Ventura, CA	34.9
108	**Montana**	**34.3**
109	**South Dakota**	**33.9**
110	Dayton, OH	33.8
111	Grand Rapids-Wyoming, MI	33.3
112	Greensboro-High Point, NC	33.3
113	**Wyoming**	**31.5**
114	Madison, WI	31.5
115	Tucson, AZ	30.5
116	Durham, NC	30.5
117	Little Rock-North Little Rock, AR	29.6
118	Columbia, SC	29.1
119	Knoxville, TN	29.1
120	Allentown-Bethlehem-Easton, PA-NJ	29.0
121	Worcester, MA	28.0
122	Fresno, CA	28.0
123	**North Dakota**	**27.7**
124	Akron, OH	27.4
125	Harrisburg-Carlisle, PA	27.2
126	Bakersfield, CA	26.6
127	Syracuse, NY	26.6
128	Toledo, OH	26.0
129	Wichita, KS	25.7
130	El Paso, TX	25.6
131	Charleston-North Charleston, SC	25.2
132	Anchorage, AK	25.1
133	Bradenton-Sarasota-Venice, FL	24.8
134	Greenville-Mauldin-Easley, SC	24.7
135	**Vermont**	**24.5**
136	Boise City-Nampa, ID	24.5
137	Portland-South Portland-Biddeford, ME	24.3
138	Winston-Salem, NC	23.4
139	Trenton-Ewing, NJ	23.3
140	Colorado Springs, CO	23.0
141	Cape Coral-Fort Myers, FL	22.3
142	Lexington-Fayette, KY	22.2
143	Jackson, MS	22.1
144	Springfield, MA	21.8
145	Poughkeepsie-Newburgh-Middletown, NY	21.3
146	Chattanooga, TN-GA	20.6
147	Santa Rosa-Petaluma, CA	20.4
148	Reno-Sparks, NV	20.2
149	Shreveport-Bossier City, LA	20.2
150	Manchester-Nashua, NH	19.9

source: GLOBAL INSIGHT

GMP REPORT JUNE 2008

GMP vs. GSP

2007 COMPARISON

- e Gross Metropolitan Product of the top 10 metro areas in 2007 exceeded the combined output of the following 37 states, including the District of Columbia.

TOTAL GROSS METRO PRODUCT		TOTAL GROSS STATE PRODUCT	
$4.72 trillion	>	**$4.65 trillion**	
New York, NY-NJ-PA	is greater than	Vermont	Utah
Los Angeles, CA		North Dakota	Kansas
Chicago, IL-IN-WI		Wyoming	Nevada
Washington, DC-VA-MD-WV		South Dakota	Iowa
Houston, TX		Montana	Oklahoma
Dallas-Fort Worth, TX		Alaska	South Carolina
Philadelphia, PA-NJ-DE-MD		Rhode Island	Kentucky
San Francisco, CA		Maine	Oregon
Boston, MA-NH		Idaho	Alabama
Atlanta, GA		New Hampshire	Louisiana
		West Virginia	Connecticut
		Delaware	Missouri
		Hawaii	Wisconsin
		New Mexico	Colorado
		Nebraska	Tennessee
		Mississippi	Indiana
		District of Columbia	Arizona
			Minnesota
		Arkansas	Maryland

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source: GLOBAL INSIGHT

GMP vs. GSP

EXAMPLES 2007 IN BILLIONS OF U.S. $

In 32 states, metro areas account for 75% or more of gross state product.

Virginia

METRO AREA	GMP	% of GSP
Blacksburg-Christiansburg-Radford, VA	$4.63	1.2
Charlottesville, VA	$8.68	2.3
Danville, VA	$2.85	0.7
Harrisonburg, VA	$5.14	1.3
Kingsport-Bristol-Bristol, TN-VA	$2.38	0.6
Lynchburg, VA	$8.24	2.2
Richmond, VA	$61.19	16.0
Roanoke, VA	$12.36	3.2
Virginia Beach-Norfolk-Newport News, VA-NC	$72.08	18.8
Washington-Arlington-Alexandria, DC-VA-MD-WV (MSA)	$176.15	46.0
Winchester, VA-WV	$4.67	1.2
SUM OF METRO AREAS	$358.36	93.6

Colorado

METRO AREA	GMP	% of GSP
Boulder, CO	$17.22	7.3
Colorado Springs, CO	$23.02	9.7
Denver-Aurora, CO	$145.61	61.6
Fort Collins-Loveland, CO	$10.62	4.5
Greeley, CO	$7.12	3.0
Grand Junction, CO	$4.47	1.9
Pueblo, CO	$3.73	1.6
SUM OF METRO AREAS	$211.79	89.6

source: GLOBAL INSIGHT

Economic Gains

2007

- is decade (2000–2007), U.S. metro economies have contributed 90.5%, or more than

$4 trillion,

of the growth in the nation's economy.

source: GLOBAL INSIGHT

PREPARED STATEMENT OF JOSEPH F. MARIE

COMMISSIONER, CONNECTICUT DEPARTMENT OF TRANSPORTATION
ON BEHALF OF THE AMERICAN ASSOCIATION OF STATE HIGHWAY AND TRANSPORTATION OFFICIALS

MARCH 12, 2009

Mr. Chairman and Members of the Committee, my name is Joe Marie. I am Commissioner of the Connecticut Department of Transportation. I am here today to testify on behalf of the American Association of State Highway and Transportation Officials (AASHTO) which represents the departments of transportation in the fifty States and the District of Columbia and Puerto Rico. I am currently the Chairman of AASHTO's Standing Committee on Public Transportation. We want to thank you for convening this hearing to discuss the role of public transportation in meeting our nation's 21st century transportation mobility, energy and environmental challenges.

Today, I would like to cover three points—

- The commitment of State transportation agencies to ensuring they provide their customers an efficient, effective multimodal integrated transportation system for mobility and access and to support a competitive economy;
- The long term capital needs of both urban and rural transportation systems across the country; and
- AASHTO's recommendations for a next generation, multi-year surface transportation bill.

Commitment to public transportation. Public transportation provides basic mobility options for millions of Americans on a daily basis and is a critical link for the elderly, individuals with disabilities and low-income individuals to jobs, doctor's offices, grocery stores and other daily routine trips. In addition, transit plays a significant role in State and national efforts to reduce traffic congestion, conserve fuel, improve air quality, reduce green house gas emissions and support emergency preparedness.

Travel on the U.S. highway system has increased fivefold over the past 50 years from 600 billion vehicles miles traveled (VMT) in 1956 to 3 trillion VMT in 2006. The amount of highway mileage built during that period was substantial, but the increase in travel has been so great that most of the capacity and redundancy planned when the system was built has been used up. Even if the current rate of VMT growth could be cut by 50 percent over time, at a minimum, VMT by 2055 will have grown to 4.5 trillion. To support the growth that has taken place and the growth expected, additional highway, transit, commuter, and intercity passenger and freight rail capacity will all be needed.

To meet the growing need for public transportation, two things need to happen. Where transit service is already available, it will need to be expanded. Where it is not yet available, it will need to be provided. Forecasts show that the U.S. population will grow from 300 million to 435 million by 2055. Over 80 percent of that growth is expected to take place in our metropolitan areas.

Over 10.3 billion passenger trips were provided by the nation's public transportation systems in 2007 and in some of the nation's largest cities, public transportation carries from 12.2 percent to over 53 percent of all work trips originating in central cities and is an essential link between these Central Business Districts (CBD's) and the rest of the region. With the United States projected to experience significant population and employment growth in coming decades, with the aging of the population and the efforts of the population to "age in place" as well as continued issues of greenhouse gases and energy supplies and prices, the demand for public transportation services is projected to continue to increase.

Public transportation services are available in 450 of the urbanized areas in the United States. In every State, public transportation provides service to rural residents, elderly individuals and physically challenged individuals with disabilities. Recently there has been a dramatic increase in the demand for paratransit services in rural areas. A substantial investment must be made in rural transit and intermodal connectivity as well as in urban areas.

For example, in rural Grant County, New Mexico the system handled 19,000 passengers in 2001. Last year, it carried 38,000 and it is on track for over 50,000 riders this year. Corre Caminos Transit, which operates the system throughout sprawling Grant County, serves a large elderly and disabled population which would have no means of travel to doctor's appointments, the grocery store or other essential errands without the buses served by the transit system.

Likewise, the State of Nebraska has a growing rural population and has an increasingly large number of persons 65 years or older which is outpacing national trends. The challenge for rural transit is to be able to provide the transportation needed to allow elderly residents to remain in their homes. Without these services, many older residents would have to leave their homes and become residents of assisted living facilities and nursing homes. To solve this issue, one of the programs implemented by the Nebraska Department of Transportation is a "twenty-four-seven" rural transit service so individuals can get early morning dialysis and other necessary medical treatments.

In Randolph County, West Virginia, County Roads Transit transports a senior three times a week to a part time job. This disabled individual is supplied with wheelchair accessible vehicles through County Roads Transit and is able to continue to work and remain in her home because of the transit service. Also in West Virginia, a 72-year old woman moved to rural Wayne County to be closer to her daughter. This woman receives daily transportation from the Wayne X-Press service which provides access to the grocery store, doctor's visits, nutrition sites and social activities without adding stress to nearby relatives. Both of these individuals lead fulfilling, independent lives in their local hometowns which would not be possible without the aide of rural public transit.

At home in Connecticut, I oversee one of the very unique State departments of transportation in the nation. Connecticut Department Of Transportation owns and operates not only a highway system, but also owns and operates two commuter railroads, the New Haven Line and Shore Line East services which carry over thirty-four million passengers a year. The State-wide bus services, includes twenty-one bus operations, which carry over thirty-five million passengers per year. The State also owns and operates six public airports including Bradley International Airport —New England's second largest airport, two ferry services and one deep seaport. In addition, the State participates in subsidizing several bus transit district operations, dial-a-ride services, job access mobility services and other transportation demand services. Connecticut DOT operates a truly intermodal transportation agency.

In Connecticut, Governor M. Jodi Rell has spear-headed the largest public transportation investment in the State's history. Why? Ridership on our commuter rail lines is exploding, up more than 11 percent from last year. We are talking about ridership on the lines that parallel the congested I–95 corridor, so vital to the economic vitality of the Northeast and, indeed, our nation. Double digit ridership increases have been posted on our entire commuter rail network. The very successful New Haven Line commuter rail service operates from New Haven, Connecticut west along our shore through New York and into Grand Central Terminal. Connecticut is proud of its partnership with Metro-North Commuter Railroad which runs this service for our State. This commuter rail service operates along 47 miles of the New Haven Line, part of the Northeast Corridor which is owned and maintained by the State of Connecticut. This is the largest non-Amtrak owned section of the Northeast Corridor. We plan to extend and expand operations on our Shore Line East routes and improve connectivity and seamlessness between our rail lines and bus system where ridership has also been growing steadily since 2004.

Together with our friends in Massachusetts, we are hoping to bring first class rail service to the Connecticut River Valley between Springfield, Massachusetts and New Haven, Connecticut. We have an ongoing dialog with Amtrak and are optimistic that we can form a partnership to obtain the necessary investment to bring this key intercity rail project to reality. The cities and towns served by this corridor are already planning the developments and initiatives that this transformative project will bring to their downtowns and main streets. This project will also provide mobility connection to Bradley International Airport. Federal investment into intercity passenger rail is essential to improving mobility around the Nation and reducing vehicle miles traveled and carbon dioxide emissions. If we are to reduce our dependence on foreign oil and reduce congestion in our nation, we must make a greater commitment to public transportation.

Public transportation capital needs. Transit ridership saw a significant increase in ridership in 2008 due largely to soaring gasoline prices and a weakened economy. According to the latest figures from the American Public Transportation Association during this period, there was a 4.0 percent increase in the number of transit trips over 2007. According to the U.S. Department of Transportation, during the same period, highway vehicle miles traveled (VMT) declined from 3 trillion in 2006 to 2.9 trillion in late 2008. Even though it is expected that highway travel growth will once again increase when the economy improves, a shift to alternative modes, including transit, commuter and intercity passenger rail should be encouraged. This will require substantial investment in these modes to ensure sufficient capacity and a state of good repair.

According to the AASHTO's 2009 Bottom Line Report, an average annual capital investment of $60 billion (in 2006 dollars) for public transportation is necessary to expand and modernize transit assets in order to accommodate a 3.5 percent percent annual growth in ridership. This is the ridership growth rate necessary in order to double transit ridership over the next twenty years. Rural public transportation systems are a small but essential component of the nation's transit systems, and while their capital needs may be less by comparison to urban capital needs, substantial investment increases in rural transit to meet capital and operating needs are essential. Any Federal-State capital financing program established for the infrastructure needs along the Northeast Corridor can only be implemented after the Amtrak owned portions of the Northeast Corridor have been brought up to a state of good repair. Frequently mentioned is an 80-20 program, similar to the Federal highway program where the Federal Government would provide 80 percent of the financing of capital improvements and the State would provide 20 percent. Should such a program be implemented, the program must be eligible for all infrastructure improvements along a corridor, regardless of ownership.

The opportunities for passenger rail expansion throughout this country are at a critical crossroad. Federal operating subsidies to Amtrak and cooperation between urban transit agencies using Federal funding have long been the custom for funding intercity and commuter rail passenger service. Transportation capital improvements are frequently based upon the successful Federal-State partnership models already in place for highways, transit and air modes. The difficulty in this amongst other factors, however, lies in the fact that these other successful models each have continuous revenue streams dedicated to that mode, while rail passenger service does not.

Many States already provide significant financial support for passenger rail service such as:

- Regional coalitions of States banding together to provide rail service connecting their major metropolitan areas,
- States providing funds to Amtrak for increased intercity rail service,
- States participating in the funding of improvements to the freight rail infrastructure over which intercity routes operate, and
- States providing operationally safe and upgraded State-owned rail facilities for Amtrak to operate over.

Connecticut continually has upgraded and improved its New Haven Line, over which Amtrak operates, to a tune of over $120 million annually. Amtrak has partnered and participated in the incremental cost associated with their needs for Amtrak high speed rail operations.

AASHTO surface transportation policies addressing public transportation. The AASHTO Board of Directors has agreed to pursue policies and program investments that will lead to a doubling of transit ridership by 2030. To meet the growing need for public transportation and to reach the goal of doubling ridership, two things must occur: Where transit service is already available, it needs to be expanded. Where it is not yet available, it will need to be provided. AASHTO also has a commitment on behalf of the State DOTs to provide transit as one of many options in a multi-modal system.

Specifically, AASHTO recommends the following:

- Congress should increase funding for the transit program to $93 billion over the 6-year authorization period. This increase will restore the purchasing power to 85 percent of the pre-1993 levels. The increase in funding should more than double rural transit funding.
- Operating assistance eligibility should be extended to transit systems in urbanized areas of more than 200,000 in population which operate less than 100 buses during peak operation.
- Maintain a separate Mass Transit Account (MTA) within the Highway Trust Fund with current program funding guarantees and preserve, at a minimum, the current 20 percent general fund contribution necessary to support a strong Federal transit program.
- Preserve the existing transferability between the Highway and Mass Transit Accounts as well as the current 80 percent Federal share for transit formula and capital investment programs are also critical for inclusion in the surface transportation authorization legislation.
- Streamline the grant approval process to speed project delivery and reduce the cost of routine projects. Replacement of buses, rolling stock, facility components and other routine transit related equipment should automatically be eligible for

funding and not required to go through the grant approval process. An accounting of these expenses could be done through the regular reporting requirements.

- Streamline the number of programs and pools of funding in order to decrease paperwork and the time necessary to complete the grant approval process. For example, we propose including all eligible activities for the Job Access and Reverse Commute grants as part of the Urbanized and Non-Urbanized Area Formula Programs. We also propose allowing all eligible activities for the New Freedom program to be included in the Elderly and Individuals with Disabilities program.
- AASHTO believes that climate change and transportation should be addressed in the upcoming authorization legislation. One such way to address this issue is to double transit ridership by 2030. Intercity passenger rail and transit provide an alternative to automobile travel and can help reduce greenhouse gas emissions. Although they serve a small share of travel in the United States (approximately 1 percent of all passenger trips), we believe increasing transit can contribute to reducing greenhouse gas emissions.
- We also fully supported efforts that were included in the American Recovery and Reinvestment Act to equalize the employer provided pre-tax qualified transportation fringe benefits for both public transportation and parking. We would encourage renewing this provision as it is set to expire at the end of 2010.

Public Transportation usage is growing and with an aging population will continue to be an important component of mobility options for millions of Americans.

Before closing my comments this morning, I would be remiss if I failed to mention our appreciation for the recently enacted American Recovery and Reinvestment Act. You have thrown us an important lifeline during a turbulent time. A month ago, Commissioners and Secretaries of DOTs from around the country met with U.S. Department of Transportation Secretary Ray LaHood and promised to put the money which you entrusted to us to good use . . . and swiftly. We will and we thank you.

I want to inform you that I took Amtrak's Acela to Washington to be with you here today. Like the four other trips that I have taken on the Acela to Washington in recent months, I spent the time gazing out the windows at the cities and towns that we serve. The economic growth which has taken place around our core stations like New Haven and Stamford, while impressive, is not fully realized. As I mentioned earlier, we have made gains, but we can and must do more.

In the months ahead, you will be confronted with important decisions related to the authorization of a new surface transportation bill. You will hear from many about how much is needed and why. I will leave you with something which I believe you already know: Preserving, renewing and reinvesting in our nation's transportation infrastructure is absolutely and inextricably linked to the economic well being of our nation.

Investing in transportation has a good return on investment, will create jobs and stimulate the economy. It also results in an unusual dichotomy: improving connectivity exposes us to a larger world while at the same time making it all the more intimate. With improved mobility, we come to realize that we have much in common and that there is more that binds us than keeps us apart.

I thank you for giving me this opportunity to highlight some of the important aspects as they relate to State transportation agencies and to present our proposals for the future of public transportation as you begin the process of crafting surface transportation legislation to meet today's transportation mobility, economic, energy and environmental challenges. I will be happy to answer any questions you may have.

PREPARED STATEMENT OF BEVERLY SCOTT, PH.D.

GENERAL MANAGER AND CEO, METROPOLITAN ATLANTA
RAPID TRANSIT AUTHORITY AND CHAIR, AMERICAN
PUBLIC TRANSPORTATION ASSOCIATION

MARCH, 12, 2009

Chairman Dodd, thank you for this opportunity to present testimony to the Senate Committee on Banking, Housing and Urban Affairs regarding the next surface transportation authorization bill. You are holding this hearing at a most propitious time, as APTA announced this week annual ridership has reached new record levels. I truly appreciate your interest in improving public transportation service in the United States and I look forward to working with you as this next authorization legislation moves forward in the upcoming year.

ABOUT APTA

The American Public Transportation Association (APTA) is a nonprofit international association of nearly 1,500 public and private member organizations, including transit systems and commuter rail operators; planning, design, construction, and finance firms; product and service providers; academic institutions; transit associations and State departments of transportation. APTA members serve the public interest by providing safe, efficient, and economical transit services and products. More than ninety percent of the people using public transportation in the United States and Canada are served by APTA member systems.

OVERVIEW

We are extremely pleased to report that, despite falling gas prices and an economic recession, increasing numbers of Americans took 10.7 billion trips on public transportation in 2008, the highest level of ridership in 52 years and a modern ridership record. This news comes at a particularly encouraging time for me and my colleagues within APTA in light of the recent commitment to public transportation investment demonstrated by President Obama and the Congress through the American Recovery and Reinvestment Act. While we are concerned about a specific proposal in the Administration's FY2010 budget outline affecting the treatment of transportation trust fund spending, contract authority and budget scorekeeping, we are encouraged by the outline's renewed commitment to public transportation and passenger rail investment.

This commitment is important for a variety of reasons. As the members of this Committee know, America's population is growing at an unprecedented rate. A 2006 cover story in USA Today that asks: "Where will everybody live?" noted that while the U.S. population grew by 100 million people in the past 39 years, it will grow by another 100 million by 2040, producing a population of more than 400 million. As APTA proceeded through a lengthy industry discussion of its recommendations for the next authorization bill, we also conducted a parallel "visioning" effort, known as TransitVision 2050, in which we projected our industry view of the American transportation infrastructure in the year 2050. Our conclusion: *In 2050 America's energy efficient, multi-modal, environmentally sustainable transportation system powers the greatest nation on earth.*

The challenge we face in fulfilling that vision rests on our willingness as a nation to commit adequate resources to the task and to provide a financing mechanism for these resources. It is not hard to recognize the diverse and promising benefits of investment in public transportation. Public transportation provides mobility that contributes to national goals and policies to increase global economic competitiveness, energy independence, environmental sustainability, congestion mitigation and emergency preparedness. For an individual user, public transportation saves money, reduces the carbon footprint of households and provides people with choices, freedom, and opportunities. To realize public transportation's many contributions at the national and local levels, and to facilitate a doubling of public transportation ridership over the next twenty-year period and address the aforementioned national goals and policies, the American Public Transportation Association (APTA) recommends a minimum Federal public transportation program of $123 billion over the next 6-year authorization period. In the near term, we also need the help of Congress to address the precipitous decline in local and State operating resources resulting from the current national economic recession.

RECORD RIDERSHIP AND GROWING PUBLIC DEMAND

Nationally, public transportation ridership continues to set record levels. One only needs to ride a train or bus during the morning commute to recognize the growing demand, and to experience firsthand the strains that demand is placing on systems. The demand and support for public transportation is also obvious at the ballot box. Last year, 76 percent of ballot initiatives seeking taxpayer support for transit investment were approved by voters. Clearly, citizens are willing to pay for improved transit service.

People have experienced the pain of high gas prices, and they have come to realize what an important and valuable role public transportation service can play in their lives and their communities. This week, APTA announced the most recent results of its annual ridership report, and the news is both exciting and sobering.

In 2008, public transportation ridership reached 10.68 billion trips and grew 4.0 percent compared to the same period in 2007. This represents the highest level of public transportation ridership in 52 years, or since 1956. Transit ridership increased while vehicle miles traveled on our highways systems actually declined by 3.6 percent.

Increases occurred in the vast majority of systems, with many systems reporting double digit percentage increases. All 15 heavy rail systems reported an increase in ridership. Seven of these systems reported increases of more than 5 percent. Twenty-three of 28 light rail providers reported ridership increases. Twelve of these systems reported ridership increases of more than 10 percent. Twenty-one of 22 commuter rail systems reported ridership increases.

We will be challenged to maintain this pace of growth as fare increases, service cuts, rising unemployment and a declining economy in general begin to affect transit systems. As State and local revenue sources have declined due to the current economy, many systems have had to consider fare increases or service cuts that undermine transit's ability to attract and serve increased ridership. Our hope is that given the national priorities of energy independence, climate change, and the economy, we as a nation, will be able to identify resources that allow public transportation systems to continue to carry more passengers. We should not turn our back on the years of progress we have made in rebuilding a quality public transportation system.

These ridership gains force us to look for ways to meet the increased demands on the existing system and to also expand service to meet the growing needs for transit service in communities across the nation.

TRANSIT INVESTMENT—STATE OF GOOD REPAIR

The maintenance of transit capital assets to ensure a "state-of-good-repair" is critical. Deteriorating systems simply do not attract new riders. Both the National Surface Transportation and Revenue Study Commission and the recent report of the National Surface Transportation Infrastructure Financing Commission have highlighted the growing gap between our infrastructure needs and our present level of investment. The Federal Government has a clear responsibility to maintain infrastructure it has already spent considerable resources to build, and also to expand that infrastructure to meet transportation needs.

Proper asset management is cost effective as well, as proper maintenance today alleviates the need for much larger capital investments in the future. The ARRA provided a first step in addressing the backlog in system rehabilitation, but many systems across the country still face significant needs to maintain their existing public transportation assets. As we continue to maintain assets, we cannot ignore the equally challenging demand for new and improved services across the country where public transportation is not yet providing a level and quality of service that provides a real alternative.

Ridership growth, economic growth, and unsustainable land-use patterns all affect a transit system's total resources, and specifically the decisions we have to make on system maintenance and expansion. The fact is that the multi-level government financing needs we face are undeniably tied to this delicate balance of growth and asset management.

Mr. Chairman, when it comes down to it, the real issue before us all is one of investment. Each of the Commission reports contains strong recommendations to the Congress about the investment levels needed in the nation's public transportation and highway systems. APTA's estimate of the total annual resources necessary to maintain and improve our systems to address our growing population and economic needs is $59.2 billion.

All levels of government—Federal, State, regional, and local—must increase their financial investment in transportation to overcome the current shortfall, and the Federal Government must take a strong role in the process. One of the proposals in our authorization recommendations is the creation of incentives to increase State and local investment in public transportation. Only through a cooperative and coordinated effort among all levels of government to invest in transit assets and services, can we fully address the needs of our communities and your constituents.

ENERGY, SUSTAINABILITY AND CLIMATE CHANGE

Mr. Chairman, whether we try to address population growth, the need for economic growth, or environmental and climate-based challenges, clearly we must take steps to address both congestion and basic structural issues that impact mobility, livability and sustainability. I commend you, Mr. Chairman, on your recent letter to the President, urging the creation of a White House Office of Sustainable Development. We need new methods for tackling the problems of energy independence, climate change, and sustainable development, and we see this office as an important way to coordinate the myriad of Federal agencies and policies that affect these issues.

APTA has urged Congress to use public transportation in the effort to ensure clean air and the health of our residents. Reduced air pollutants and better personal

health and fitness are core American goals—and public transportation is a good way to make these goals a reality. APTA research prepared by Science Applications International Corporation (SAIC) found, for example, that it takes just one commuter switching from daily driving to using public transportation to reduce the household carbon footprint by 10 percent. If that household driver gives up the second car and switches to public transportation for all solo travel, the household can reduce its carbon emissions up to 30 percent, which is a greater reduction than if the household gave up use of all electricity. If quality transit service is available, public transportation is the single most effective way an individual can reduce their carbon footprint. However, we need to give more Americans access to public transportation so they can make that choice. Increased investment in our public transportation system will further advance these goals.

As we have cited here in Congress on numerous occasions, transit use results in a significant net reduction in greenhouse-gas emissions and fuel consumption, and increased transit use must be a central strategy in Federal climate and energy legislation. And existing public transportation usage in the U.S. saves 37 million metric tons of carbon dioxide annually—equivalent to the emissions from the electricity generated for the use of 4.9 million households or every household in Washington, DC; New York City; Atlanta; Denver; and Los Angeles combined. Public transportation use saves the U.S. the equivalent of 4.2 billion gallons of gasoline annually—and more than 11 million gallons of gasoline per day. That amount of savings is equivalent to more than three times the amount of oil we import from Kuwait each year. Mr. Chairman, it is for these reasons that APTA is legislative efforts to ensure that future revenue from any climate change legislation will be reinvested in transportation infrastructure and operations that reduce greenhouse gases and fuel consumption.

Congestion in our large metropolitan areas continues to be a problem, and will only get worse as most of the future population growth is projected to occur in the largest of those areas. Public transportation use is a critical component of reducing congestion. According to the most recent *Urban Mobility Report* from the Texas Transportation Institute (TTI), Americans living in areas served by public transportation saved 541 million hours in travel time and 340 million of gallons of gasoline annually. Without public transportation, congestion costs would have been $10.2 billion more that year.

Also, as this Committee well knows, public transportation and housing are very closely interrelated. During your recent hearing with the Secretary of HUD, Mr. Chairman, you highlighted this issue and received the Secretary's commitment to work with this Committee. Critical issues such as housing and transit-oriented development demonstrate how public transportation promotes the practices and principles of livable communities and sustainable development. As our urban areas continue to grow it is important to realize that public transportation acts as a catalyst for promoting compact, connected and mixed-use development. These things make the provision of all transportation, and public services and facilities more efficient and effective while simultaneously helping achieve energy and environmental goals. We truly thank you for your leadership here. This Committee may also wish to consider advancing Federal policy that encourages or incentivizes smart growth and transit oriented development decisions.

APTA PROPOSAL

As stated previously, APTA's proposal recommends an investment of $123 billion over 6 years. This proposed increase in the program is offered with a goal of meeting at least 50 percent of the estimated $60 billion in annual capital needs by the end of the authorization period and to support a projected doubling of ridership over the next 20 years.

We are also urging that the transportation funding guarantees should be strengthened to ensure that authorized funds are appropriated each year to allow for the long-range planning, financing, and leveraging needed to advance necessary investment in public transportation capital projects and preserve and maintain the existing public transportation infrastructure.

We recognize, however, that the guarantees can only be as strong as the revenues backing them up, and APTA recommends that Congress should take the necessary steps to restore, maintain and increase the purchasing power of the Federal motor fuels user fee to support a significant increase in the Federal investment for the public transportation program. In order to meet the full range of needs, we will have to employ multiple financing strategies. Our proposal also recommends legislation that would promote the development of revenue generated from innovative financing mechanisms, such as public private partnerships, tolling and congestion pricing to supplement current revenue streams.

We also have several proposals dealing with changes to the formula programs. A long-held principle of the industry is that Congress should preserve the "needs based" approach to the Federal public transportation program. In this vein, our members have come to the conclusion that the High Density and Growing States program is not fulfilling its intended goals, as the associated formulas are impacted by the decennial census and additional delays estimated at up to 3 years following census completion. It is APTA's hope that Congress would consider modifying program to better address its intended purpose.

Another program structure recommendation is offered in the interest of balancing the various needs of our diverse systems. APTA recommends modifying the current Bus and Bus Facilities program to create two separate categories of funding, with 50 percent distributed under formula, and the remaining fifty-percent available under a discretionary program. Eligibility would remain the same within both categories. We are also recommending the creation of a new Clean Fuels Aging Bus Replacement Program that would direct funds to transit agencies to replace aging buses in their fleets with new clean fuel vehicles.

Also within the formula and bus programs, APTA supports legislation to allow public transportation systems in urbanized areas of greater than 200,000 population which operate less than 100 buses in peak operation to utilize formula funds for operating purposes.

In SAFETEA-LU, APTA and the Congress created the Small Transit Intensive Cities (STIC) program, which added a service factor to the distribution of funds in small urban areas. Under the previous small urban formula program, funds were only distributed on the basis of population and population density. Under the old formula, communities that provided significantly more transit service than other communities with similar population factors received no additional funding to support such service. The new STIC program was designed to address the higher capital costs of those systems with significantly higher service factors. APTA supports the continuation of the STIC program and it is our hope that the failure to utilize the STIC formula under the ARRA will not set a precedent for future formula program funding decisions.

In an effort to simplify current formula programs and increase program effectiveness, APTA is recommending the creation of a new Coordinated Mobility Program, which would consolidate three other formula programs into one. The new program would combine the Job Access and Reverse Commute, New Freedom, and Elderly and Disabled Formula programs. The goals of the program and the eligible uses of funding would remain consistent with the three prior programs, while planning and coordination of services would be improved.

APTA is also recommending simplification of the fixed guideway modernization program. Our proposal is based on assumptions that the program funding will double, and that the program is needs based and its elements would be straightforward and uncomplicated. APTA is recommending that the current seven tiers be folded into a much simpler two-tier formula program, and that the funds must be provided equitably to all projects, without regard to population factors.

Additionally, within the capital investment programs, APTA is recommending major changes to the New Starts and Small Starts programs. Our recommendations are intended to simplify, streamline the rating, review and approval processes to encourage faster completion of quality projects.

When we discussed ridership earlier in our testimony, we noted the challenge of meeting increased ridership demand in the face of declining State and local revenues, which are the primary source of transit operating support. During the debate on economic stimulus legislation last summer, we also expressed concern about how higher fuel costs were driving up transit operating costs. It is a simple fact: since transit fares are set below market rates in order to attract as many riders as possible, growing transit ridership will increase total operating costs. APTA's authorizing principles urge Congress to provide transit agencies with capital and operating assistance to meet costs related to Federal requirements and costs beyond their control. Therefore, we want to continue to work with this Committee as it crafts authorizing legislation to ensure that the Federal program provides the flexibility to pay for capital operating costs associated with growing ridership, State and local resources that are declining as a result of the ailing economy, potentially rising fuel costs and other Federal requirements.

Finally, Mr. Chairman, we as an industry cannot operate and manage the transit systems of the future without a fully trained and well-prepared workforce. With this in mind, APTA has a Workforce Development proposal for new and expanded training programs and initiatives, and program funding that grows consistent with the growth of the overall program.

We hope that the Committee and the Congress will review our full list of authorization recommendations as you prepare to deal with this critical legislation.

CONCLUSION

In summary, we urge this Congress to authorize a Federal transit program with a 6-year investment level of $123 billion. We urge the Congress to strengthen the funding guarantees important to long range planning and capital budgeting needs. The next program will require a wide variety of financing options, but the base program must restore and increase the purchasing power of the Federal motor fuels user fee. We strongly recommend adherence to the needs-based structure of the program which has served public transportation so well for so long, and we recommend a number of improvements to the program structure that will ensure all transit systems access to adequate capital funding while also simplifying the programs and speeding project delivery. And again, our systems are struggling to maintain basic levels of service in the face of declining State and local operating resources. We need this Committee's help to address this financial crisis which threatens our ability to fulfill our mission.

Chairman Dodd, we thank you and the Committee for allowing us to provide testimony on these critical issues. We look forward to working with you and the members of the Committee as you work to develop this next critical authorization bill.

RESPONSE TO WRITTEN QUESTION OF CHAIRMAN DODD FROM RAY LAHOOD

Q.1. One of the significant improvements contained in SAFETEA was the elevation of land use and economic development factors in the competitive rating process for new transit projects. This was done, in large part, because of the demonstrated success of many New Start projects, including those in Denver, Salt Lake City and Charlotte, which were implemented with coordinated land use plans and investment to spur economic development.

Despite the legal requirement that the Federal Transit Administration consider these factors alongside questions of ridership and environmental benefits, the FTA has not fully implemented the statute, in my opinion, and instead focuses on a more narrow cost-benefit analysis. Secretary LaHood, do you agree that land use and economic development are important factors in deciding which projects ought to receive Federal funds? What steps is the Department taking in order to more thoroughly rate projects on their land use and economic development plans?

A.1. I believe very strongly in transit oriented development and land use policies that promote livable communities. The current Federal Transit Administration (FTA) New Starts process includes an evaluation and rating of land use which entails an examination of the existing population and employment in the proposed project corridor, the transit oriented plans and policies in place to direct future growth in the corridor, and the demonstrated performance of these plans and policies. Currently land use is weighted 50 percent of the summary project justification rating, with the other 50 percent being cost-effectiveness.

FTA currently considers economic development as an "other factor." FTA has been researching how economic development benefits can be better measured and captured in the New Starts evaluation process. FTA has convened several panels of experts to discuss methods that might be employed and has funded two research projects through the Transit Cooperative Research Program which are ongoing. In addition, FTA recently published in the Federal Register one proposed approach for evaluating economic development benefits. The public comment period on this proposal ended March 27th. FTA is currently reviewing the comments received.

FTA is preparing to issue for comment a policy that will incorporate the direction given by Congress in the SAFETEA-LU Technical Corrections Act to give "comparable but not necessarily equal numerical weight" to each of the project justification criteria included in statute. FTA expects to publish a draft proposal in the Federal Register and will seek public comment before finalizing the approach.

RESPONSE TO WRITTEN QUESTIONS OF SENATOR SHELBY FROM RAY LAHOOD

Q.1. Secretary LaHood, I am extremely concerned about continuing to make investments in infrastructure without any requirement for maintaining a state of good repair long-term. In your testimony you reference the Rail Modernization Study and the findings that there is a backlog of $50 billion in unmet recapitalization

needs at the Nation's seven largest rail transit operators. However, these properties have received billions in Federal funding for new projects. What can we do to make certain that we adequately monitor and ensure the long-term maintenance of these assets and what does the Administration intend to propose on this front?

A.1. DOT is approaching this issue on two fronts:

First, we are looking at the capital maintenance and replacement needs of transit agencies. Some of our largest transit providers operate systems that are more than 100 years old. It is a tribute to their stewardship that these systems continue to attract significant ridership. However, funding for these systems, although substantial, has not always kept pace with their needs. In the Rail Modernization study we examined the proportion of these needs that are provided through our Fixed Guideway Modernization Program and found that the "old rail" transit systems receive a substantially smaller proportion of their needs than other systems, particularly commuter rail. We are examining how the surface transportation reauthorization formulas could change to more closely align resources with state-of-good-repair requirements.

Second, we are implementing a "State of Good Repair" initiative at the Federal Transit Administration that will focus on improving asset management practices throughout the industry. FTA found that the agencies which participated in the Rail Modernization Study have greatly improved their asset management practices over the last decade, but that they still have to catch up with industry practices in the highway and public utilities areas. FTA is developing technical assistance for transit agencies to help them in this regard, starting with an Industry Roundtable on State of Good Repair in July 2009. It will also include training and, as funding allows, improvements to FTA's in-house asset management data base. FTA is examining adding capital asset data reporting to the National Transit Data base, to which all agencies that receive Federal funding are required to report, so that we can better monitor the state of good repair of our constituents.

Q.2. We have talked a lot today about the issues of smart growth and sustainable development but I believe we must be careful about adopting a one-size-fits-all approach. Promoting "compact, connected and mixed-use development," does not necessarily work in rural parts of the country the way it might in more urban or suburban places. Mr. Secretary, how do we encourage such land use and planning decisions while maintaining local decisionmaking authority?

A.2. Ensuring that local decisionmaking authority is respected in linking transportation plans and programs to locally adopted growth patterns is exactly the purpose of the transportation planning processes required under SAFETEA-LU, and under surface transportation authorizations enacted since 1973. While SAFETEA-LU makes clear reference to the need for close coordination between planning for transportation, land use, and environmental quality, it does not prescribe the form this should take. Instead, the law calls for local and State officials, acting through transportation planning processes conducted on a metropolitan area and statewide basis, to consider the growth and development conditions of their

jurisdictions in reaching consensus with their colleagues on future transportation spending priorities. This federally required planning process provides the mechanism for local officials to align transportation growth plans with planned transportation investments. It also ensures that we maximize the value of Federal transportation investments.

Q.3. Mr. Secretary, I am pleased to hear that you would leave the decision regarding an increased reliance on the general fund to Congress. However, this statement seems to run counter to the Administration's budget proposal which indicates a greater reliance on general fund revenues to finance transportation projects. Could you elaborate on the budget proposal and the proposed increased reliance on general fund revenues in light of your comments to the contrary?

A.3. The Administration has not yet fully developed its surface transportation reauthorization proposal. As a result, the description of the fiscal year 2010 transportation budget proposal in *A New Era of Responsibility, Renewing America's Promise* is necessarily general. Thus, any discussion of the reliance on general fund revenues for highway and/or public transportation investment stems from the fact that the Highway Trust Fund balance, particularly the Highway Account, is very low, rather than from a determined policy position. I look forward to working with you as we address the important issue of surface transportation reauthorization.

RESPONSE TO WRITTEN QUESTIONS OF SENATOR CORKER FROM RAY LAHOOD

Q.1. Under SAFETEA-LU and subsequent technical corrections, funding was set aside for magnetic levitation projects. What is the current status of applications for funding under that program? As you are aware, there is a proposal to create a route from Atlanta to Chattanooga and I was looking for a status update.

A.1. FRA issued a Notice of Funding Availability (NOFA) for the grants to existing maglev projects east of the Mississippi River on October 16, 2008 and accepted applications through February 13, 2009. Applications were received from the Georgia DOT for the Atlanta-Chattanooga project, from the Pennsylvania DOT for the Pittsburgh project, and from the Baltimore Development Corporation (BDC), a private corporation, for the Baltimore-Washington project. The applications are being reviewed and the Department of Transportation anticipates awarding the $45 million during fiscal year 2009, as planned.

Q.2. How does the Department of Transportation and the Federal Railroad Administration intend to allocate the funding set aside in the stimulus package for high speed passenger rail projects? Will projects like the Atlanta to Chattanooga route be eligible for full consideration?

A.2. Our strategic plan for high-speed rail/intercity passenger rail under American Recovery and Reinvestment Act (ARRA) has been released. The Department is preparing and will be issuing specific guidelines for States to use in applying for ARRA high-speed rail funds. Applications will be evaluated in a manner con-

sistent with the strategic plan and guidelines, and applicable provisions of the ARRA and the Passenger Rail Investment and Improvement Act of 2008 (PRIIA) (Public Law 110–432, Sections 301, 302, and 501, among others). As outlined in that strategic plan, and as specified by President Obama's March 20 memorandum on the use of Recovery Act funds, projects will be selected based on transparent, merit based criteria, including projects' ability to produce economic stimulus, mitigate financial and implementation risks, and achieve the goals for high-speed rail and intercity passenger rail development specified in PRIIA.

Q.3. The FAA has been considering de-combining of the Memphis air traffic control functions. Can you please provide a status update on that situation, an explanation of the evaluation process and the criteria for a justification for or against de-combining this facility? Will you continue to work constructively with all impacted parties while making a final decision on this matter?

A.3. The FAA has decided to realign the Memphis air traffic control functions effective June of 2009. This decision was based primarily on the FAA's operational needs, but the realignment also serves the best interests of the employees. For nearly 20 years, the FAA has successfully realigned many high traffic air traffic facilities including Chicago, Atlanta, and Los Angeles. In each instance, the FAA does a thorough review of all operational and safety consequences, which includes controller training rates, and logistical factors (such as the location of each facility). Additionally, during the realignment planning process, the FAA requested feedback from the National Air Traffic Controllers Association (NATCA). The agency invited NATCA to send participants to a Safety Risk Management panel, but they elected not to participate. The FAA will continue to work with employees and the union during the realignment.

Currently, fully certified controllers at the Memphis Terminal Radar Approach Control (TRACON) must maintain operational currency and position proficiency on 17 positions. In comparison, controllers at the Atlanta TRACON—one of the busiest facilities in the world—must stay current on only 12–13 positions. Given the difference in traffic count and workload at these two facilities, there are a disproportionately high number of required positions at Memphis which the FAA expects to reduce with the realignment.

Also, some controllers at the Memphis TRACON who are capable of working tower traffic are not able to certify on the approach positions in the TRACON, which leaves these employees with fewer career options within FAA. The realignment offers newer controllers better options, by allowing them to obtain tower certification first, and then progress to the TRACON.

After the realignment, both MEM (Memphis Tower) and M03 (Memphis TRACON) will be at 91 percent certified professional controller (CPC) staffing, and will have six controllers in training. Overtime costs will be virtually eliminated in the tower and significantly reduced in the TRACON. The time to reach CPC status will also be reduced from 18 months to 30–35 weeks. By design, no employee will be negatively impacted and in fact 17 (39 percent) of

these employees will receive immediate pay raises after the realignment ranging from $18,686 to $28,031.

RESPONSE TO WRITTEN QUESTION OF SENATOR BUNNING FROM RAY LAHOOD

Q.1. Secretary LaHood, as you may know, the Brent Spence Bridge, which carries Interstates 71 and 75 over the Ohio River, has been linked a potential toll fee. I believe the Federal Government, not simply the people of Ohio and Kentucky, should take responsibility for paying for the Federal interstates that call the Brent Spence Bridge home. When the final price tag is revealed for the Brent Spence Bridge, which is expected to be a few billion dollars, will you work to make the Brent Spence a top Federal priority—in terms of safety and overall funding?

A.1. The Federal Government has and continues to take responsibility for funding for Interstate System facilities in partnership with State governments. Federal-aid funds are allocated to all States according to a formula that takes into account Interstate System lane mileage and vehicle miles of travel. States have considerable flexibility on how these funds may be allocated to their priority projects.

Due to the insufficiency of the Highway Trust Fund dollars relative to State needs, beginning with the Intermodal Surface Transportation Efficiency Act (ISTEA) in 1991, Congress began reducing Federal restrictions on tolling of Federal-aid highways in order to provide flexibility to States to supplement the apportionments they receive from the Federal Government with direct user charges, including tolls and/or congestion fees. For example, Section 129 of title 23, United States Code, permits tolling on Interstate System bridges and tunnels for the purpose of reconstruction, rehabilitation or expansion of these facilities. The Value Pricing Pilot Program permits tolling on Interstate highways, as well as bridges and tunnels, for the purpose of managing demand. Tolls are also permitted on existing Interstate System facilities under the provisions of the Express Lanes Demonstration program, the Interstate Reconstruction Toll Pilot program, and Section 166 of the U.S. Code pertaining to High-Occupancy Vehicle (HOV) facilities.

States have been responsive in taking advantage of the flexibilities available in Federal legislation. In reports and data bases prepared by Parsons Brinckerhoff for the Federal Highway Administration (FHWA), available at: *www.fhwa.dot.gov/PPP/toll*_survey.htm, the authors have focused on the role of tolling in providing funding for U.S. highways, bridges and tunnels. During the period from 1992 to 2008, *i.e.,* after enactment of the ISTEA legislation, of the average of 150 centerline miles of expressway-standard highway added per year, between one-third to one-half were financed based on toll revenues. The projects are on major highways, bridges and tunnels for which States have generally found it difficult to pull together the required funding. The reports identified new toll road activity in 33 States and territories during 1992–2008, involving 235 projects. Forty billion dollars in toll projects have been completed, and an additional $120 billion in toll projects are on the drawing boards or under construction. The

States of Ohio and Kentucky are not unique in seeking to supplement their limited Federal Highway Trust Fund apportionments with tolls to pay for the high costs for reconstruction of the Brent Spence Bridge.

States have also been exploring other ways to raise funds for major transportation investments. For example, the Kentucky Legislature recently authorized $532 million in State revenue bonds and $816 million in Federal Grant Anticipation Revenue Vehicle (GARVEE) bonds for several important transportation projects from State fiscal year 2009 through 2014. GARVEE bonds were authorized by Congress so that States can leverage a future stream of anticipated Federal grants to pay for up-front costs for major capital improvements on the highway system such as the Brent Spence Bridge.

The USDOT supports and encourages the type of out-of-the-box thinking being demonstrated by the States of Ohio and Kentucky. In addition to tolling authority, the USDOT provides credit support to leverage toll revenues, including assistance through the TIFIA and Private Activity Bond (PAB) programs. FHWA's Office of Innovative Program Delivery is also available to provide technical assistance through all stages of the project development process, including procurement using public-private partnerships in order to maximize the leverage of future streams of revenues from tolling.

RESPONSE TO WRITTEN QUESTIONS OF SENATOR SHELBY FROM JOHN HICKENLOOPER

Q.1. Mayor Hickenlooper, as a mayor you appreciate the importance of preserving local decision making related to land-use and planning. How do you view this emphasis on smart growth and sustainable development and how does the Conference of Mayors believe such programs should be implemented nationwide? How do you believe the rural versus urban difference can be addressed without penalizing those that do not choose to implement such policies?

A.1. Did not respond by publication deadline.

Q.2. I touched on the issue of New Starts with the Secretary but I want your input regarding specific changes that need to be made to the overall process to ensure that projects continue to receive a thorough evaluation and move at a more expeditious pace?

A.2. Did not respond by publication deadline.

Q.3. Are there specific policy impediments that prevent transit systems from benefitting from economic development opportunities in planning and designing new projects and if so, could you identify them and offer specific policy changes?

A.3. Did not respond by publication deadline.

Q.4. I understand that private financing is not an option in every situation, but I do believe that we can do a better job of implementing innovative financing options rather than always relying on federal dollars. Across the globe we see that private investments are being made each year in public transportation projects and I wonder why we aren't doing the same here. Can you talk about

some of the impediments that you have experienced in pursuing such financing opportunities?

A.4. Did not respond by publication deadline.

RESPONSE TO WRITTEN QUESTIONS OF SENATOR SHELBY FROM JOSEPH F. MARIE

Q.1. Commissioner Marie, could you elaborate on the issue of maintaining a state of good repair and what difficulties systems encounter in doing so, specifically why the backlog is so significant. How do we ensure that systems can maintain a constant state of good repair? Finally, do you support requiring systems to achieve and maintain a state of good repair in order to receive additional Federal funding for new or expanding systems? If not, why not?

A.1. Maintaining a transportation asset in good condition is easier and less expensive than repairing one in poor condition, but it has become increasing difficult to do so. Over the past decade, both Federal and State gas taxes, the main source of funding for transportation in Connecticut and the nation, have remained flat, while inflation and the cost of doing business have risen significantly higher. It is fair to say that it is difficult to keep up with state-of-good-repair projects, as costs have gone up and funding has remained static. Simply put, we cannot do the same amount of projects today, with the same funding amounts from a decade ago.

As buses and rail cars age, they need to repaired and replaced. The infrastructure on which the rail system operates requires routine inspection and repair. The maintenance facilities that service all of the intermodal rolling stock need to be maintained as well as updated to keep up with technology changes. Everyday wear and tear on bridges and highways requires continual maintenance, rehabilitation and resurfacing. All this occurs as new demands are placed on our systems each year. There needs to be a consistent increase in Federal investment levels for these programs. The reality of allowing many years to pass without changes to the Federal and State user fees has substantially reduced purchasing power of the surface transportation investment program.

While the Connecticut Department of Transportation believes and adheres to a strategy of "fix it first", it is done along with the ability for strategic capacity enhancement. (For example, the Department is repairing the Pearl Harbor Memorial Bridge in New Haven, Connecticut, but at the same time, adding lanes to address capacity needs.)

It is important to recognize a significant distinction between routine preservation and maintenance and major overhauls and modernization of infrastructure systems, whether they be highways or signal control systems for railroads, for example. Many States and regional transit authorities are being financially overwhelmed by costs associated with major infrastructure replacement and modernization. The reality is that our industry does a fundamentally effective job in maintenance and preservation. While the cost associated with these activities has risen, largely due to increased health care costs for employees and inflation for things like asphalt and concrete, the major drain on our resources is due to the objec-

tive reality that much of our transportation infrastructure has or is fast approaching the end of its useful life cycle.

Connecticut and other States must have the resources to preserve, maintain, modernize, modify, and increase system productivity, and provide for strategic capacity improvements. The implementation of performance measures and an asset management program should help justify and direct funds for state-of-good-repair projects, before significant dollars are programmed for the expansion of the system.

Q.2. I touched on the issue of New Starts with the Secretary but I want your input regarding specific changes that need to be made to the overall process to ensure that projects continue to receive a thorough evaluation and move at a more expeditious pace?

A.2. I have had the opportunity to work on two highly successful New Starts projects since 2002, in Minneapolis and Phoenix. These projects moved rather expeditiously once the grantees signed Full Funding Grant Agreements with the Federal Transit Administration (FTA). In both cases, the projects were completed within 3 years from the time construction activities commenced. It is the extensive planning effort leading up to that point that takes considerably more time and where FTA and grantees must partner to facilitate the appropriate process improvements.

One example I can give is the experience my current agency, the Connecticut Department of Transportation (ConnDOT), has had with the New Starts process as it has tried to design and implement the New Britain-Hartford Bus Rapid Transit project.

First, the entire New Starts process has been built around rail projects even though there are several bus rapid transit projects in the New Starts pipeline. From the structure of the cost estimate forms to the evaluation criteria used, there has been little adaptation of the process to acknowledge that the program funds bus rapid transit as well as rail rapid transit. The New Starts requirement to compare the "build" project with a lower cost alternative is also not handled consistently by the process. A rail project often will look at enhanced bus service including potentially bus rapid transit as the lower-cost alternative for comparison and scoring purposes. But what does a bus rapid transit project look at for as a meaningful comparison with a lower-cost project? In many cases the alternatives analysis has already defined bus rapid transit as the lower cost alternative to other more capital-intensive projects in the project area. Flexibility in the overall process, in particular, project justification requirements and the evaluation criteria are areas the Department would recommend for review based upon our experience with the program to date.

Further, ConnDOT, the sponsor of the busway project, is a multimodal agency with responsibilities in highway construction, operation and maintenance, as well as being the owner of the CTTransit bus system that provides 80 percent of the bus service in the State, and the owner of the New Haven Line, the nation's busiest single rail line, Shore Line East commuter rail, Bradley International Airport, the second busiest airport in New England, and two ferries across the Connecticut River. ConnDOT expends about $1 billion a year on construction projects in the various

modes. And we have strong systems built up over the years in quality control and project management. However, the New Starts process forces us to develop an entirely new system of project management plans and processes as FTA looks for project processes to be standardized. The duplication forced by that process, and the delays built into the design and construction process will result in much higher construction costs by the time the project is ultimately built.

Finally, while we acknowledge and welcome the oversight Congress requires of FTA in assuring wise management of public funding, FTA should work with grantees to establish a more balanced oversight approach. Rather than progressing the project, Department staff is often diverted by new or additional reporting required by FTA or their consultants, rewriting a management plan, or preparing a new version of a cost estimate for review. There needs to be balance in the process that allows for successful management of the project by States and other recipients and meaningful oversight by FTA.

Q.3. Are there specific policy impediments that prevent transit systems from benefiting from economic development opportunities in planning and designing new projects and if so, could you identify them and offer specific policy changes?

A.3. The Department has not come across any major impediments in the planning and design processes for new projects. FTA is generally accommodating when it comes to leveraging public and private investment in, for example, a transit parking structure that may also have the ability to be shared with a private, non-transit use. At the State level, "home rule" issues might allow a State agency to provide incentives for a project, but it cannot mandate a certain project for the benefit of commuters. So, the barriers may be more at the local level than at the Federal level.

Q.4. I understand that private financing is not an option in every situation, but I do believe that we can do a better job of implementing innovative financing options rather than always relying on Federal dollars. Across the globe we see that private investments are being made each year in public transportation projects and I wonder why we aren't doing the same here. Can you talk about some of the impediments that you have experienced in pursuing such financing opportunities?

A.4. Issues surrounding innovative financing options in Connecticut generally surround the private sector's ability to live up to their original agreements on a project. In several instances, our partners have consistently returned to the State for additional funding or project commitments, extension of time and outright reneging on a proposal.

RESPONSE TO WRITTEN QUESTIONS OF SENATOR SHELBY FROM BEVERLY SCOTT, PH.D

Q.1. Dr. Scott, could you elaborate on the issue of maintaining a state of good repair and what difficulties systems encounter in doing so, specifically why the backlog is so significant. How do we ensure that systems can maintain a constant state of good repair?

Finally, do you support requiring systems to achieve and maintain a state of good repair in order to receive additional Federal funding for new or expanding systems? If not, why not?

A.1. FTA has been actively evaluating the state of good repair issue with an emphasis on some of the nation's largest transit systems. This report will show that agencies do not define the term consistently and that national definitions are lacking within the transit industry. There is, no doubt, a backlog of capital needs across the country and the current Federal program must be expanded to fully meet these needs.

Though we agree that the current transit funding levels are inadequate at current levels to fully meet the needs of transit systems, we do not believe that receiving funds for new or expanding service should be predicated upon meeting a state of good repair. With regard to general policy, we cannot ignore expanding needs and demands for transit service as regions grow and prosper. Failing to provide adequate transit infrastructure will limit a region's ability to invest in land use decisions that will have long lasting benefits for economic development, air quality and mobility. The absence of transit service will deter high-density development needed to support transit investment. Further, regions facing capacity constraints on existing service will likely face limits on economic growth, particularly if long term transit investments are in question.

As with the highway program, we must recognize both the need to maintain our existing assets while providing new capacity to meet growing demands. The answer is to provide additional funding. The counter approach is to penalize systems for a lack of Federal investment. Ridership growth, economic growth, and unsustainable land-use patterns all affect a transit system's total resources, and specifically the decisions we have to make on system maintenance and expansion. The fact is that the multi-level government financing needs we face are undeniably tied to this delicate balance of growth and asset management.

With regard to implementation, we already see the weaknesses of the overly complex New Starts process which has added countless delays and often cost to large projects across the country. Conditional approval for new capacity based on the achievement of a "state of good repair" will require a complex assessment of how this might be defined, a likely increase in data collection, and the implementation of a Federal process to review an agency's success in meeting these defined requirements. The addition of yet another difficult to define and complex requirement will only further delay the existing process required to add new transit capacity.

Q.2. I touched on the issue of New Starts with the Secretary but I want your input regarding specific changes that need to be made to the overall process to ensure that projects continue to receive a thorough evaluation and move at a more expeditious pace?

A.2. The New Starts process is an extremely cumbersome one that requires streamlining. However, a simplified and streamlined process need not jeopardize proper and appropriate agency review. Even with improvements to the process that simplify and expedite project delivery, the New Starts process will still remain the most

vigorous infrastructure development process overseen by the Federal Government.

It is important to recognize that local project sponsors develop projects through this long, difficult, and time consuming federally mandated process. There should be clear Federal decision points in the process that can be adhered to and explained locally. Federal delays and requests for yet more information increase project costs and can erode project sponsors credibility and undermine support.

We are advocating for the creation of a simplified and streamlined rating process that would expedite the delivery of Small Starts, but have FTA oversight proportional to the Federal contribution. In addition, the $75 million and $250 million thresholds established for Small Starts in SAFETEA-LU should be escalated annually over the life of the bill.

Also we recommend the reestablishment of an exempt project category as part of the New Starts/Small Starts program for projects that require a modest amount of Section 5309 funding. The $25 million threshold established in previous surface transportation authorization bills should be increased to reflect inflation since the threshold was established and it should be escalated annually over the life of the bill to reflect future inflation.

In order to streamline and simplify the New Starts review and approval process to expedite project delivery, we are recommending that Congress replace the current Section 5309(d)(5)(A) requirement that FTA approve the advancement of a New Starts project into Preliminary Engineering with a requirement that FTA approve a project into the New Starts Program. Approval to enter the New Starts Program would convey FTA's intent to recommend a project for funding, provided the project continues to meet certain broad criteria and satisfies NEPA and other project development conditions.

We are also recommending the elimination of the Section 5309(d)(5)(a) requirement that FTA approve advancement of a New Starts project into Final Design. This additional step is unnecessary and duplicative, as the initial entry into preliminary engineering is already rigorous and should serve as the primary decision point in the process.

We would like to see the concept of Project Development Agreements (PDA) advanced as a management tool to minimize uncertainties and reduce risks, with flexibility built in to make changes to the agreement as the project evolves. The PDA should include schedules and roles for both FTA and the grantee and should define the criteria and conditions a project must meet to streamline and expedite overall project delivery and could be the basis for an Early System Work Agreement once the National Environmental Policy Act (NEPA) process is completed with a Record of Decision (ROD) or Finding of No Significant Impact (FONSI).

Congress can also expedite New Starts project delivery by expanding pre-award authority at the time of the NEPA finding beyond just property acquisition to include preliminary engineering, final design, and any early construction activities that are advanced with local funds. Further, Congress can expand the opportunities for advance property acquisition by developing a class of acquisition for willing sellers or friendly condemnation at fair mar-

ket value. Provided no alterations are made to the property prior to completion of NEPA, this change in property ownership will not prejudice the NEPA process.

We are also urging Congress to reinforce the full range of factors that Congress has set forth in the statute for the New Starts Rating Process. Clarify that in addition to considering cost effectiveness, FTA must consider both transit supportive land use and economic development in a way that simplifies and does not make the New Starts rating process more complicated. The FTA should recognize environmental benefits of a project, including reductions in greenhouse gases and increased energy efficiency. Also, the cost effectiveness index should be based on the Federal Section 5309 share and the mandatory 20 percent local match that go to the project costs, excluding funding from other sources including private investment. Additionally, local project sponsors should be provided with increased flexibility to define the New Starts Baseline in a manner that is more reflective of and responsive to local conditions and priorities.

Finally, we are calling for the return of the Program of Interrelated Projects (PIP) provision of ISTEA. It would be very helpful to allow the individual projects in a program of interrelated fixed guideway projects to move forward simultaneously, in order to capture the inflation and overhead savings that can result. Allow some projects within the program of interrelated projects to be funded entirely with local funds, and other projects in such a program to be funded with a share of Federal New Starts funds. Allow a higher New Starts share for individual projects using some Federal funds, without prejudice to a project's financial rating, where the Federal New Starts share for the entire program of interrelated projects is 20 percent or less. This could serve as a greater incentive to leverage State, local and private funds, for certain projects that within the overall PIP. Federal procedures should only be required for those projects/elements utilizing Federal dollars.

Q.3. Are there specific policy impediments that prevent transit systems from benefiting from economic development opportunities in planning and designing new projects and if so, could you identify them and offer specific policy changes?

A.3. Here again we are interested in the simplification of the process as a whole. Our most pressing concern is the prospect of adding burdensome analysis to the evaluation process without concomitant value added to Federal oversight or decisionmaking.

As expressed in our comments to the Docket in response to the Notice of Availability of Discussion Paper on the Evaluation of Economic Development [published January 26, 2009, at 74 FR 4502], we believe economic development should be measured through a mix of quantitative and qualitative measures and metrics with the primary focus on the conditions and benefits in the specific travel corridor and sub-area served by the proposed project.

Transit supportive land use and economic development should be viewed as distinctly separate measures in a way that simplifies the New Starts rating process and doesn't require FTA to use scarce resources hiring additional contractors to conduct evaluations that yield little or no constructive data. We believe that methodologies

currently being considered could cause significant additional burdens on grantees and municipalities without a clear return in terms of promoting better projects, or more effective Federal decisionmaking and oversight.

Previous industry discussions relating to the simplification of the New Starts process urge movement away from attempts to quantify inherently unquantifiable factors, and continue to work with the industry to find ways to look at all New Starts projects in the context of corridor scale evaluations. This approach would "right size" the level of Federal oversight to the level of Federal risk. One way of moving toward a more simplified process is to introduce a warrant approach to project evaluation. In the warrant approach, FTA would still establish criteria and measures that projects need to meet but would identify certain conditions or merits that, if met, would allow the project to advance without the evaluation process currently used. This method is a strong step toward simplifying the New Starts process and reducing the cumbersome reporting and evaluation for both project sponsors and FTA. In addition, we suggest under this warrants approach, projects be tiered to address characteristics relating to a corridor's density and other conditions important to the community. For example, a warrants approach could establish criteria for corridors to scope projects to maintain or expand service depending on current and planned density size. Such an approach would provide both for greater flexibility in the program as we as expedite the delivery of projects large and small.

Economic Development Evaluation

Under the current New Starts process, we have various concerns regarding how Economic Development is defined and evaluated. APTA addresses the primary concerns below.

Separation of Land Use and Economic Development as Project Measures

We believe that land use and economic development cannot be combined as one measure. Although the two measures are related, they should be treated separately and distinctly. The distinction between general land use and economic development could be incorporated into simple definitions, such as:

- Land Use: the extent to which localities can demonstrate policies and procedures are in place to support development that promotes transit ridership
- Economic Development: The extent to which developer agreements or sponsor commitments contribute to transit-supportive development as well as retaining existing economic development patterns

While the measures are distinct and separate in their benefits and weight, the related nature of land use and economic development provide an opportunity for streamlining reporting and documentation. Documentation for demonstrating economic development should not require an onerous amount of detail to be added to documentation already required for land use. We have encouraged the FTA to incorporate any new information on economic development into the existing land use templates.

Warrants Approach versus Ratings Approach

A warrants approach as opposed to ratings could be beneficially used for some of the measures. In the case of warrants, thresholds could be established related to both existing and potential future development. For the mature highly transit oriented portions of a corridor, these thresholds might be satisfied by existing land development, while for less mature, less developed areas the potential for further development would need to be assessed. For the former, the focus should be on the extent to which there is already significant economic activity and dense land use in the station area. For the latter, the focus should be on the extent to which there is potential for and commitment to higher density and mixed use development. Among the factors to be considered are existing station area conditions, supportive plans and policies, and developer agreements.

Economic Development Benefit Measures

Economic development is difficult to measure through strictly quantitative measures and we suggest that more focus be given to developing qualitative factors that could be used to indicate the potential economic development effect of proposed projects. To the extent quantitative measures are retained, they should be based on simple, easily gathered data, similar to what is already required for land use criteria. FTA could create a panel comprised of FTA and public transportation system industry experts to develop a mix of appropriate quantitative and qualitative judgments. Reviewers of land use benefits may also be able to review economic development benefits. Although economic development benefits are primarily seen and supported on a corridor level, it is important to acknowledge the system or region-wide benefits associated with a region's investment in a corridor or a combination of strong economic corridors, as well as areas adjacent to or near the transit corridor. We encourage FTA to work with the industry to develop a methodology to capture these benefits.

Some final comments and recommendations on the economic development and how to move forward include:

- FTA should identify a few demonstration projects in order to work with project sponsors on simple methodologies to measure economic development.
- FTA should acknowledge that economic development projects associated with concentrated land use in station areas has the benefit of reducing the cost of sprawl and projects should receive credit or, at a minimum, not be rewarded for inducing sprawl.
- Concerns regarding reporting on property value assessment as an economic development indicator stem from a lack of consistency of how properties are assessed, even on a corridor level. There is variability in property assessment that should be acknowledged since assessments are often used for tax purposes and updated rarely.

Q.4. I understand that private financing is not an option in every situation, but I do believe that we can do a better job of imple-

menting innovative financing options rather than always relying on Federal dollars. Across the globe we see that private investments are being made each year in public transportation projects and I wonder why we aren't doing the same here. Can you talk about some of the impediments that you have experienced in pursuing such financing opportunities?

A.4. One of the most significant challenges facing transit agencies today is the onerous and unpredictable New Starts process. Projects are required to provide detailed finance plans to receive funding, yet private investors are unlikely to consider investing in a project that may or may not receive funding. Private investors seek predictability and sustainability in their review of investment opportunities. However, the New Starts process which requires finance plans at the early stages precludes private investors from having the certainty they seek. The private market will demand the ability to ascertain risk, something made ever challenging by the process used to obtain Federal funding for new projects. Add to this, the recent rapid increase in construction costs, the challenge facing long-term projects is further emphasized.

In order to encourage greater interest within the private sector, Congress needs to reform the New Starts process to speed project delivery and encourage earlier decisions and commitments by the Federal Government.

Similarly, one of the most important catalysts in generating private sector interest in projects is the guaranteed funding of the underlying program. A full commitment of long term financing and the certainty provided is what drives private sector finance partners to a project, or away from it. The FFGA process is part of this, but the underlying program funding is of truly critical importance.

One of the best opportunities for private sector involvement is in the joint development aspect of projects, whereby the private sector can link private development projects to transit facilities and stations in ways that both provide financial incentives and opportunities for public and private stakeholders. It is important to maintain maximum flexibility for local project sponsors in the joint development process.