

1 move up and down the system during non-peak hours.

2 But in many cases and I think what you saw
3 today is non-peak hours almost don't exist any more.

4 So it's really getting to the point now where
5 maximizing the capacities of the system and, like I
6 said, I think, the local folks understand and know
7 what needs to be done and can certainly point to the
8 problems. It's -- they know what -- where those
9 issues are. I think we just need to help them in how
10 to connect it all together so that we can move as one
11 system and one process.

12 SECRETARY PETERS: Let's move now to
13 Commissioner McArdle, in the interests of making sure
14 that all the Commissioners have at least an
15 opportunity for one round of questions.

16 COMMISSIONER MC ARDLE: Yes. Thank you very
17 much.

18 I kind of would like to follow up in a
19 different way with some of the questions already asked
20 and address the first question to you, Barry.

21 How does California decide, if it can or it
22 does, how large it's prepared to let L.A./Long Beach
23 Port become? Is there any process by which you decide
24 how big it will become, how you come to finality on
25 the size that you will allow the port to be?

1 PANELIST SEDLIK: Well, at this point we
2 don't think that's our domain to declare a limit to
3 the size. What -- to the extent, though, that using
4 the assets better to get 24-hour operation to be able
5 to accommodate this growth in a way that's consistent
6 with the other restraints, what we've attempted to do
7 is define criteria for projects and for any goods
8 movement project, with the associated metrics that go
9 with that.

10 COMMISSIONER MC ARDLE: Let me ask, if I
11 could, if you can't come to finality about size how do
12 you ask communities to become final about what they
13 want?

14 PANELIST SEDLIK: Well, let me just -- the
15 key thing, as I mentioned, this simultaneous and
16 continuous nature. If in fact the mitigation is not
17 manageable, that's the limit. Those projects that
18 can't be appropriately mitigated and we can't find a
19 way to -- throughout the system to make that work, we
20 don't want to move problems downstream, that becomes a
21 defining limit as to how big, how many there can be,
22 if we can't find ways to mitigate the impacts on those
23 neighboring communities. I think Gill had a --

24 PANELIST HICKS: Commissioner, as you were
25 told this morning on the tour, the two ports together

1 handle about 15.7 billion 20-foot equivalent units now
2 at that last calendar year, 2006.

3 The projection is to grow to 42 and a half
4 million TEU's by 2030 and that is actually a capacity
5 constrained forecast. The market demand is probably
6 significantly higher than that.

7 But because of modest improvement in land --
8 improvements in the acreage of the harbor area, plus
9 improvements in productivity and other infrastructure
10 improvements in the harbor area they project to grow
11 from about 4700 TEU's per acre per year to almost
12 11,000 TEU's per acre per year by 2023 or so.

13 So it's really a capacity constraint that we
14 are predicting and forecasting. Now, the challenge is
15 to mitigate the impact of that growth in terms of
16 reducing diesel, particulate matter and other
17 environmental impacts.

18 In my white paper that accompanies the
19 testimony there's a discussion of diesel particulate
20 matter as the Achilles' heel of goods movement
21 investment and growth.

22 And we think that is true, because the
23 communities simply won't allow this to happen. We're
24 contemplating building truck lanes on the 710 freeway,
25 but if there is not a clean-up of those dirty trucks I

1 doubt very much that that would occur.

2 So the ports have adopted a very aggressive
3 Clean Air Action Plan which calls for turning over
4 that truck fleet completely within five years so the
5 emissions from those trucks are 2007 model year or
6 better within that five-year time frame.

7 COMMISSIONER MC ARDLE: But that's what I'm
8 trying to understand, quite frankly. If what you have
9 decided, you know, if the state concurs with that or
10 has a formal planning process and you hit that number
11 of TEU's, presumably it defines a set of things you
12 need to do to get to compliance -- okay? -- if I
13 could.

14 And then I have a question which simply comes
15 out of looking at you, as I have said, very much like
16 kind of this garage that sits in Manhattan and can get
17 \$65 a day for parking 'cause somebody wants it. If
18 it's not you, where do these containers go?

19 You seem to me to have the ability, because
20 you have such a large percentage of the market share,
21 to in fact raise whatever you need to solve whatever
22 your problem is.

23 You're in many respects in the same
24 circumstance as somebody putting up buildings in
25 Manhattan. If the community wants them to be X,

1 that's what they become, because the net to you is
2 whatever it is and the amount you could charge seems
3 to be fairly close to infinite, because where else do
4 they go if they don't come to you so that somebody can
5 have that 50-inch plasma that will sit in his living
6 room and move forward?

7 PANELIST BURGETT: Can I say something about
8 that?

9 COMMISSIONER MC ARDLE: Go ahead.

10 PANELIST BURGETT: Prior to 2002, when we had
11 the lockout here in Southern California, we probably
12 brought in 80 percent of our containers in through
13 these ports and moved them onto other -- by rail, not
14 by truck, to other parts of the country.

15 Today we move about 56 percent of our
16 containers through here or through West Coast ports,
17 including Seattle and Oakland, because we move a lot
18 of that product of ours up to other ports, and the
19 remainder 46 percent goes to the East Coast.

20 So that is going to be our plan for the
21 future and I can tell you that many other companies
22 such as Pier 1 that I am member -- cohorts of the
23 Waterfront Coalition do the same thing.

24 So not only is this just a problem for
25 Southern California ports. This will someday be a

1 problem for every port in the United States.

2 COMMISSIONER MC ARDLE: But that's more my --
3 the question I asked, because there's no port that
4 escapes from this same circumstance, whether it's
5 Jacksonville or Charleston or Houston or
6 what-have-you. All face the same issues in having
7 very limited additional open capacity to handle the
8 containers that are coming through.

9 All the focus has got to be on velocity,
10 because great new facilities of the kind that would
11 accommodate the volumes at the same velocity is simply
12 probably not possible.

13 But when you ask the federal government to
14 handle the burdens, I don't understand, because it
15 would seem to me you're in a position, given the
16 dominance you have in the marketplace, to charge
17 almost whatever it cost you to handle those burdens
18 and pass that on to the consumers across the country,
19 because notwithstanding Pier 1 -- and you may have
20 moved elsewhere -- there's clearly a backfilling of
21 every container you don't take through L.A./Long
22 Beach, somebody else has stuck a container in there.

23 PANELIST BURGETT: Oh, and our volume will
24 only continue to grow, absolutely.

25 COMMISSIONER MC ARDLE: One can only hope.

1 PANELIST GRASSO: If I may, as you mentioned,
2 it's a supply and demand issue. And I think our issue
3 here is recognizing how we meet that demand with the
4 supply.

5 And I think we have as much, even more,
6 challenges on the land side portion of it than what
7 gets to the port. And so back to your point that we
8 can charge whatever we want, how far do you go in one
9 market for the consumers there? Because eventually
10 all that's going to get passed on to the consumer.

11 And so that's the thresholds we have to find
12 out: How much will the consumers bear before they
13 finally just walk away from the whole process? And
14 that's part of the discussion we need to have is what
15 is right and what's right and wrong in charging. But
16 that consumer is not just in California.

17 PANELIST SEDLIK: If I could just add, one of
18 the things we have heard from the shippers and the
19 beneficial cargo owners is that logistics is a -- if
20 you're in a global industry, logistics is a -- that's
21 a big part of it: How do you get your goods to
22 market, on time and at the lowest cost.

23 And that's why they have some of the most
24 sophisticated mathematicians and others working in
25 this, to be able to determine those routes. We know,

1 for example, that there are new routes that the
2 carriers are working on that basically leave from
3 China, go to India, go to the Mediterranean and then
4 go to the East Coast.

5 So they're going to find ways to in real time
6 evaluate what their shipping options are. We know to
7 some extent they are doing that already. If the
8 weather changes, they move those goods to other
9 stores, based on where they are. Very sophisticated.

10 So can we charge an infinite amount of money
11 to accommodate all this? Most likely not, because
12 they are going to find alternatives, including
13 construction of new distribution centers. Even though
14 there is tremendous investment in the Inland Empire,
15 primarily San Bernardino, Riverside counties in terms
16 of very sophisticated distribution, we know there's
17 new distribution systems being built in Texas as an
18 alternative to California.

19 We're concerned about -- we want it both
20 ways. We want to have the benefits of what trade has
21 to offer to provide the jobs to help the companies
22 that we have here be competitive in a world market and
23 we want to make sure we are appropriately compensated
24 for it relative to the impacts that we're sustaining
25 as a consequence of these activities.

1 But it is a balance and we need to do this in
2 a means that we don't kill the golden goose here.
3 It's a very important industry for our future. We
4 have lost a lot of manufacturing. We think logistics
5 is and trade is a way to provide lots of jobs to
6 people that would have otherwise had an opportunity to
7 make minimum wages and logistics provides that.

8 So we need to be very cognizant of that, that
9 we're being fair, that we're doing the best we can
10 that mitigates the legitimate needs, but we don't use
11 this as a way to solve all our state's problems at the
12 state or local level. And that's the balance that we
13 have to try to define.

14 COMMISSIONER MC ARDLE: I understand that.
15 But do you concede that perhaps creating, if I might
16 suggest, some form of a state authority, corporation,
17 what-have-you that basically funds the mitigation
18 strategies that need to be in place? Presumably if
19 you have got \$10 billion worth of good projects or I
20 heard initially you have got \$47 billion worth of good
21 projects around the state and they may extend all the
22 way from the border, you know, through to the ports,
23 truck replacement, what-have-you, that would seem to
24 me again, if you have the upper limit on the number of
25 of TEU's and that \$47 billion reflects the investment

1 you need to meet standards with a certain amount of
2 money just because you need to have communities
3 cooperate, you lay this out and you make it happen.

4 What keeps you from doing that?

5 PANELIST SEDLIK: Well, because we are all in
6 new territory here in terms of we have the Alameda
7 Corridor as the best example of a project in terms of
8 it accomplished all this. Not everything, though, is
9 suited to that model. We need to find other models.
10 That's why we need public/private partnerships.

11 The legislation we have now in the state
12 frankly limits the attractiveness to prospective
13 equity investors because of the legislative review
14 that happens under the current process that's after
15 these companies have invested large dollars and then
16 being subject to some kind of post-hoc review is
17 unacceptable to them.

18 We need to solve that issue. We need to have
19 design/build. Right now we have very limited
20 design/build capability. Alameda Corridor
21 demonstrates you can get a project done not only on
22 time but ahead of schedule and under budget. So it's
23 a tremendous thing that we need to emulate through
24 other projects, but we have to do this -- we have
25 tremendous needs.

1 We've got to define what these mechanisms
2 look like, joint power authorities, other kind of
3 means that can bring in equity investors. These are
4 all things that we are right now trying to identify
5 what they -- what they look like and looking at
6 examples from all over the world as to what works
7 elsewhere and what makes sense for California.

8 So we're -- we're doing this in real time and
9 we are trying to do the best we can in making sure
10 that we're using this money wisely without getting
11 stuck with something that ultimately may not work.
12 And that's a balancing act that we're facing.

13 SECRETARY PETERS: I'm going to move now to
14 Commissioner Skancke, since he only got half a
15 question a while ago, because he actually followed up
16 on one of mine. I'll give him a chance to ask that
17 question.

18 I would ask the panelists as Commissioner
19 Skancke prepares -- we're going to run out of time in
20 a few minutes here -- ask if you would possibly take
21 questions in writing from the Commissioners later and
22 respond in writing.

23 PANELIST SEDLIK: Absolutely, yes.

24 SECRETARY PETERS: Thank you.

25 Tom.

1 COMMISSIONER SKANCKE: Thank you, Madam
2 Secretary. I'm going to play a whole different game
3 here and the reason why they put me next to the
4 secretary is because when I get out of line she
5 reaches over and slaps me.

6 You are sitting in front of a group of people
7 who have been charged with the responsibility by
8 Congress to look at the system and make
9 recommendations and changes. And you're also sitting
10 in front of a Secretary of Transportation who is a
11 solutions-oriented person who asked you a very direct
12 question on policy.

13 And I found across the country -- please
14 don't anyone take this personally -- there is a dance
15 that goes on here that we never seem to address the
16 real problem, and that is answering the question very
17 simply and very pointedly.

18 You all deal with these situations everyday
19 trying to -- we know there is a freight and mobility
20 problem in this country. It's why we're all sitting
21 here. And I am going to put all the people this
22 afternoon and tomorrow on notice I'm going to ask the
23 same question tomorrow. So be prepared.

24 Commissioner Busalacchi asked you what is the
25 federal role and we didn't get an answer. The

1 Secretary asked you what would the policy look like
2 and we didn't get an answer.

3 Ladies and gentlemen, you have the chance to
4 help us shape the future of transportation. And we're
5 not getting there and we can't do this alone. This is
6 the lecture part of my question.

7 Help us get outside of this box that we are
8 all living in and please make the recommendation.
9 Take the opportunity to sit in front of the Secretary
10 of Transportation and make recommendations to her.
11 Believe me, she'll act on them.

12 So I am going to play a whole new game here,
13 and it's called: Build your own system. Now, Bob
14 Barker is retiring in June from THE PRICE IS RIGHT and
15 he's going to be looking for work. And I suggest we
16 get him, because he had a 30-year career on THE PRICE
17 IS RIGHT.

18 If you could build your own system, if you
19 could create the transportation policy for this
20 country -- and I know I've only got about ten more
21 seconds before we're going to break; I don't really
22 need your answer today, because the Commission will
23 take written answers -- but instead of getting trapped
24 in the bureaucracy of which we have created layers and
25 layers of policy on, help us create that new system.

1 Help us create the new -- the policy by which
2 we process. We all blame the environmental process as
3 the problem. It ain't going to change, gang. What
4 can we do -- what can we do -- to help you all do your
5 job better?

6 To go to Frank's question about when does
7 the -- when do you stop the port in Long Beach/L.A.,
8 when does it stop? The answer to that question: It
9 isn't going to stop. This is the economic lifeline to
10 50 states. It's the economic lifeline to 17 western
11 states for sure.

12 So help us. Please help us with if you could
13 design your own system what would that system look
14 like? What are the tools that you need to do this job
15 from a policy perspective?

16 So my final -- here's my question to my
17 dissertation. What is the federal role? What do you
18 want from the federal government? Lots of times
19 people don't want money coming from the federal
20 government.

21 We have nine months to make a recommendation.
22 So in a minute and a half can someone help me about
23 what is the federal role?

24 Do you see where I'm going, gang? This is an
25 opportunity to change transportation policy in this

1 country. Help us.

2 PANELIST GRASSO: If I may, just quickly,
3 you're going around and doing field hearings. It
4 would be nice to find out what's the common statements
5 in each one of these field hearings in a summary.

6 COMMISSIONER SKANCKE: We have a mobility and
7 a freight problem in this country.

8 PANELIST GRASSO: Yes, and --

9 COMMISSIONER SKANCKE: And second to that is
10 we have no money to fund it.

11 PANELIST GRASSO: But you're going to hear
12 some common issues. But I think -- looking what a
13 system should look like, I think our role is to
14 separate people movers from freight movers. We have
15 so many issues there.

16 So that's what the system should look like,
17 where we minimize or stop any crossing of freight and
18 public travel. Rail grade separation is one of them.

19 What is the role of the federal government?
20 Helping us bring everyone to the table who has
21 ownership into any one of those parts, so they can't
22 walk away from it. Creating a policy if you have any
23 ownership into that section, you're at the table and
24 proportionately contributing to it.

25 SECRETARY PETERS: Anyone else in the few

1 remaining moments we have here?

2 PANELIST BURGETT: I would say I don't think
3 we were asking today for the federal government to
4 give us the money. I think from my standpoint and I
5 think what I heard from some of the other panelists is
6 more direction and the ability to -- like they just
7 mentioned, to bring the groups together that need to
8 formulate this national policy.

9 I could answer your other question what I'd
10 like to see or what other members of the Waterfront
11 Coalition would like to see from a practical
12 standpoint and I will be glad to give you my card and
13 I can answer those particular questions.

14 You know, I think one of the things we're
15 missing in this whole meeting is the increases needed
16 productivity and across the whole spectrum of the
17 transportation. And there's so many self-interest
18 groups involved that it's very difficult to reach
19 those increases in productivity.

20 My boss challenges me every day to make
21 improvements to our supply chain and every time I
22 complain to him his answer is, "If we always do what
23 we always have done, we're always going to get what
24 we've always gotten."

25 And that seems to be -- you know, there is a

1 lot of talk here today about doing this and doing
2 that. When it gets right down to it -- I'm not a
3 mathematician, by the way; I'm a very practical
4 logistician. I get very passionate about this. This
5 has been my only job since I graduated from college.
6 35 years in transportation logistics.

7 And there is a lot of things that we do that
8 don't make sense. There is a lot of waste in the
9 system and I just think that, you know, it needs if
10 not anything from the federal government but a
11 statement that says: You all need to fix this.

12 COMMISSIONER MC ARDLE: But that's my point.
13 When you say, "You all need to fix this," who's you?
14 Because if you're looking to federal government to fix
15 this, guess what? We're looking to you to help us.

16 PANELIST BURGETT: I don't think we're asking
17 the federal government to fix it. I think we are
18 asking for the federal government to say, "You fix it
19 and here's the people that need to fix it."

20 SECRETARY PETERS: Ray, let me maybe wrap
21 this up. I think you're exactly right. And too
22 often -- and part of it has been a function of the way
23 the system has been structured and the funding sources
24 to date -- but the federal government gives money out
25 in a formula to various state and local governments

1 3:40 P.M.

2

3 SECRETARY PETERS: Okay. We're going to go
4 again. The topic for the second panel is mobility,
5 congestion and safety. And we have five very
6 qualified individuals who have agreed to participate
7 on this panel.

8 I will, as I did last time, introduce each of
9 you individually right before you speak and ask you to
10 confine your public comments and testimony to about
11 five minutes and then we'll have an opportunity for
12 dialogue with the Commissioners after that.

13 Our first panelist is Eugene Skoropowski.

14 PANELIST SKOROPOWSKI: Skoropowski.

15 SECRETARY PETERS: Thank you, Gene. I'm
16 sorry for mispronouncing it.

17 Gene is now in his eighth year as Managing
18 Director for the Capitol Corridor Joint Powers
19 Authority in Northern California and during Gene's
20 tenure the Capitol Corridor Authority has had major
21 successes, going from eight trains a day to 32 trains
22 a day, tripling ridership -- just some incredible
23 successes that you've achieved there.

24 Gene was well prepared for this hearing,
25 having spent ten years as a Director of Transportation

1 for Fluor. He also worked with SEPTA and the Los
2 Angeles MetroRail construction, as well as other rail
3 projects around the globe in Montreal, Paris, London
4 and Amsterdam.

5 Gene, thank you so much for being here.

6 Please proceed with your testimony.

7 PANELIST SKOROPOWSKI: Thank you, Madam
8 Secretary and Members of the Commission.

9 Although I am the Managing Director of the
10 Capitol Corridor in Northern California I'm really
11 going to be speaking today on behalf of all three of
12 the state supported intercity services in California.

13 These are the Pacific Surfliner here in
14 Southern California, the Capitol Corridor, which is in
15 Northern California, and the San Joaquin, which runs
16 Merced/Central Valley area.

17 We connect with all services across the
18 country with the long distance services, especially
19 Amtrak's long distance trains, so I guess I have to
20 underscore the importance to us of a fiscally sound
21 Amtrak in order to continue the success that we have
22 as our contract operator.

23 In 1990 the voters of California approved the
24 intracity rail program and authorized billions of
25 dollars, state dollars, to fund it. Through December

1 of 2005 the state had invested more than \$1.7 billion
2 of its own capital funds to build the system. It's
3 taken 15 years to get there but we have delivered what
4 the voters mandated.

5 Last November, 2006, the voters reaffirmed
6 that confidence in the system by approving another
7 \$400 million into the system. The results are
8 eye-opening. Today three of Amtrak's top five busiest
9 routes are in California. Pacific Surfliner is No. 2,
10 Capitol Corridor is No. 3 and the San Joaquin's No. 5
11 and California accounts now for 20% of all the riders
12 on the Amtrak system.

13 Now, folks on the East Coast don't understand
14 that and don't know that, but that is fact. We
15 account for 20 percent of the entire Amtrak ridership.

16 Our intercity system exists solely because of
17 the availability of the capital funding provided by
18 our voters. We own our own fleet of passenger cars
19 and locomotives. We operate the cleanest diesels
20 available. We've got a constructive working
21 relationship with the private post railroads over
22 which we operate, primarily the Union Pacific Railroad
23 and the Railway.

24 These investments that have been made by the
25 state have also benefited the freight railroads as

1 well as the ports in California. The state provides
2 \$75 million a year in operating support for these
3 services and that's the same flat rate for the last
4 six years. So we've been able to grow the business
5 while living within a flat state operating support.

6 We've been able to self-finance it through
7 the growth in the passenger ridership. In the case of
8 the Capitol Corridor those 32 trains we operate for
9 the same subsidy that we were receiving for 18 trains,
10 the added frequency again self-financed from passenger
11 growth, but it was possible only because of the
12 initial capital investment made by the state.

13 We've got a goal of achieving 50 percent
14 recovery out of the fare box and now basically all
15 three services are accomplishing that goal.

16 There is also innovative, unique programs to
17 California such as the MetroLink-Amtrak Rail-to-Rail
18 Flexible Ticketing Program, making it easy for people
19 to use any service that runs on the line, and the
20 Transit Transfer program in Northern California where
21 passengers on the system can ask the conductor for a
22 transfer and fare free and transfer free to any of the
23 systems that connect with the services.

24 That service has been delivered. But
25 California, as much as we have put into it, cannot

1 continue to make that 100 percent capital investment.

2 We need a federal funding partner for these capital

3 investments the same way that we have a federal

4 funding partner for other transportation modes.

5 You have asked specifically about

6 recommendations, what it is that we need to continue

7 the success. If there is any message I want to

8 deliver to you today it's to please work to establish

9 a federal capital matching program for intercity

10 passenger rail service. It is the only element of our

11 transportation system which does not have such a

12 program.

13 We would hope that it would be on the same

14 80/20 as for the highway networks. California and our

15 sister states are just waiting for Washington to act

16 on this.

17 Now, I do ask, in saying that, that please

18 don't penalize us and the other states that have done

19 this on our own. When you establish such a program

20 please allow us to utilize the sunk investment that we

21 have already made as state match, because we have

22 invested that money again on our own because the

23 voters said they wanted it.

24 We've debunked the myth that Americans won't

25 ride passenger trains and we've done it in the least

1 likely of places, here in the automobile capital of
2 the planet. If it can happen in California it can
3 happen anywhere.

4 The President has called for a reduction in
5 our dependence on oil. Scientists say that we are
6 polluting the air mostly with exhaust and it is
7 changing the climate.

8 Intercity passenger rail can provide a travel
9 option that simply doesn't exist for many Americans
10 and it is a travel option that is environmentally
11 responsible, improves mobility and helps reduce oil
12 consumption.

13 Two quick examples. A rider of ours, Robert
14 Conhan, an employee up in Sacramento, started riding
15 the train in 2001, and he testified publicly that he
16 was putting 30,000 miles a year on his car in
17 commutation services. When he started taking the
18 train, he puts about 3000 miles a year on to his
19 automobile.

20 So if we're looking for a real world example
21 of how to reduce our dependency on oil, passenger rail
22 is one of those examples.

23 Ann Lawrence, a professor at San Jose State
24 University, came into our office with a gift one day.
25 We didn't know her. She didn't know us. But she

1 said, "I want to thank you. You added a train to San
2 Jose that allows me not to have to fight the traffic
3 on Interstate 880, saved my sanity" and basically
4 saved her from quitting her job.

5 So there is a real impact to people for
6 providing these intercity passenger services.

7 In closing, Washington folks need to
8 understand how much intercity passenger rail means to
9 the people of this country and how supportive they are
10 of it. I hope I have conveyed some of that
11 understanding to you here today and put onto the table
12 one thing that the policies in Washington can address,
13 and that is this intercity passenger rail capital
14 funding. Thank you.

15 SECRETARY PETERS: Gene, thank you so much.
16 I cannot resist telling you that you should be very
17 happy with a component of the President's budget for
18 Amtrak that allows \$100 million to match states like
19 California, who have really stepped out and stepped up
20 to the plate and been a partner with passenger rail.

21 And the ridership in states like California
22 who have participated in this is 70 percent greater
23 than any of the ridership in states where there is not
24 state participation. So well done and thank you for
25 your comments today.

1 Our next speaker is Mehdi Morshed. He's the
2 Executive Director of the California High Speed Rail
3 Authority and he's going to speak to us about
4 intercity rail policy and California experience.

5 Mr. Morshed is one of California's leading
6 transportation policy experts and innovators, with
7 over 40 years of experience in policies and laws in
8 the State of California.

9 As I said, he's the Executive Director of the
10 California High Speed Rail Authority and one of the
11 things that he has accomplished there since his
12 appointment in 1997 was preparing a viable financing
13 plan and operational structure for critical new
14 transportation links between California's major
15 cities.

16 Mr. Morshed has served as the principal
17 policy person on transportation issues for the
18 California State Senate for more than twenty years and
19 prior to that he worked for the California Department
20 of Transportation in various capacities, including
21 planning, design and construction of bridges.

22 Mr. Morshed, thank you so much for being
23 here. Look forward to your comments.

24 PANELIST MORSHED: Thank you, Madam Chair and
25 Members of the Commission for inviting me to speak to

1 you about our project, which we are very, very excited
2 in California.

3 And just give you a brief outline of what I'm
4 talking about is basically we in California are
5 following the success of other intercity railroad
6 programs in the state such as Gene talked to you
7 about. Due to the foresight of our Governors -- and
8 I'm talking about three different Governors over a
9 period of time -- and our legislature.

10 They organized and directed us to prepare a
11 intercity high speed rail plan for California and show
12 how to build it. We have done that and basically we
13 have a plan for an intercity high speed rail in
14 California that consists of about 700 miles of the
15 exclusive right-of-way electrically propelled high
16 speed train capable of going about 220 miles per hour
17 which would facilitate the trip from Los Angeles
18 downtown from right here at the Union Station to San
19 Francisco Terminal for about two and a half hours,
20 which would be very competitive with airline and far
21 better than automobile.

22 Our objective in doing this is basically to
23 improve mobility for people in California, the 50-plus
24 million people that are going to occupy this state in
25 2025 or 2030 year and beyond and those are the kinds

1 of things that we have to look at if we are going to
2 maintain our economic viability and mobility and the
3 intercity high speed rail is a component of that.

4 We also have been able to show that the
5 intercity high speed rail is a solution that is safe,
6 it's convenient, it's economical, and it's
7 environmentally friendly.

8 You know, the train can deliver more
9 passengers per dollar than any other mode at the
10 lowest cost to the environment and with the lowest
11 level of energies. And that is the kind of system we
12 are planning and that's the kind of system that exists
13 all throughout the year.

14 Up to this time we have done the initial
15 feasibility studies. We've done -- in cooperation
16 with the Federal Railroad Administration we have
17 certified a program level environmental document for
18 about 90 percent of the alignments where we have
19 selected the route and station location.

20 In this effort we had a great partner that
21 was Federal Railroad Administration. FRA people have
22 been a great assistance and help to us. They showed
23 us a lot of things we didn't know how to do -- how to
24 do those things and how to move about that and that
25 enabled us to do a program level environmental

1 document for a 700-mile system that goes through the
2 whole state of California.

3 And we certified that and to our much
4 pleasant surprise we were not even sued once during
5 that whole project. And it shows that we can do a
6 transportation project that is environmentally
7 friendly and you can work with the environmental
8 community trying to accommodate the needs.

9 As we move forward we are going to continue
10 to move ahead into the project level work. We're
11 going to move into construction. Our philosophy in
12 doing that is to do with the minimum amount of state
13 and public employees, using private sector.

14 Our studies show that the system when it's
15 built will more than pay for its maintenance and
16 operating costs and will generate enough excess
17 revenues to actually fund part of its construction
18 costs.

19 We are going to need as we move forward --
20 and relative to what we need from federal government
21 is we're going to need help from federal government
22 from two areas. One with the planning and the
23 regulatory process that we've been working with. FRA
24 has been very successful and we'd like to continue
25 that.

1 Also we're going to need federal funding.
2 And the reason we need federal funding is not so much
3 that the high speed rail is not capable of handling
4 itself. It's the fact that the federal and state
5 government and various entities heavily subsidize the
6 competitor, the competitor being the airline and the
7 highway.

8 And because of that, we do need to have some
9 public funding in order to make this financially
10 viable. Wasn't for those subsidies I think the high
11 speed train in California would be similar to Japan
12 and Europe and probably self-supporting.

13 Now, what is it that federal government can
14 do in that respect, I'm not necessarily asking you to
15 set aside the federal, you know, programs for high
16 speed rail, but I would recommend in the future the
17 federal funding be based on some kind of a mobility
18 objective, the idea being what can you deliver for the
19 amount of dollar.

20 Give you two quick examples if I finish. In
21 San Francisco and Los Angeles we have two airports
22 that heavily congested that we have -- no amount of
23 money will be able to expand those services. At both
24 of those airports, according to airport statistics,
25 5 percent of the population utilizes about a third of

1 the capacity. And those are the public jobbers who go
2 from local airport to local airport.

3 We can take those off the airport's hands and
4 if we did that increase the airport capacity by a
5 third. So why shouldn't the state, federal monies
6 that would be eligible to build new airport not be
7 able to use for another mode that is more economical
8 way of providing the same level of mobility.

9 Another example give you on the highway side.
10 A high speed -- two high speed tracks that we are
11 talking about is capable or has a capacity of
12 providing 12 lanes of freeway capacity. In some areas
13 where we need to add one or two or three lanes, the
14 high speed rail will actually eliminate those needs.
15 Why couldn't that money been spent for that project,
16 if the dollar per mile of mobility, however we
17 calculate it, results in the better purchase, a better
18 buying power from the public's dollars into providing
19 that service?

20 Our objective is mobility. We want to move
21 people. And we ought to figure out which is the best
22 way we can move people at lowest cost, both
23 economically as well as environmentally. And that's
24 the kind of thing I think you, the Commission, should
25 be looking at and that would be my recommendation to

1 you if I had one, which I do, is to look into that.

2 Thank you very much and thank you again for
3 opportunity to talk to you.

4 SECRETARY PETERS: Thank you, Mehdi. Thank
5 you very much for your comment.

6 Our next speaker is Pete Speer, President of
7 the American Traffic Safety Services Association.
8 He's going to speak to us about new technologies and
9 options to enhance mobility and safety options to
10 achieve zero deaths.

11 Peter, I was in front of a committee with
12 Senator Patty Murray recently and she really
13 challenged us on doing a better job in saving lives.
14 So I very much look forward to your comments.

15 Pete became the twentieth president of the
16 American Traffic Safety Services Association on
17 March 5 of 2006. He is currently the Vice-President
18 of sales for Filtrona Extrusion in Tacoma, Washington,
19 and has been with that company since 1984, where he
20 began as a technical representative for the new
21 highway division, today Filtrona Traffic Control
22 Products -- I'm sorry -- today known as Filtrona
23 Extrusion Traffic Control Products.

24 ATSSA members have led the roadway safety
25 industry in manufacturing and installing the majority

1 of roadway safety features found on America's roadways
2 today. These include signs, striping, guardrails,
3 crash cushions and lighting.

4 ATSSA also has a heavy emphasis on worker
5 safety and training in roadway work zones. ATSSA's
6 1600 members will celebrate 40 years of advancing
7 roadway safety in 2009.

8 Peter, welcome. We look forward to your
9 comments.

10 PANELIST SPEER: Thank you very much.

11 Madam Secretary and Members of the
12 Commission, thank you for holding this hearing. I'm
13 president of American Traffic Safety Services
14 Association and I am here today to talk about roadway
15 safety solutions.

16 ATSSA proposes the vision of Towards Zero
17 Fatalities be the focus of reauthorization of
18 SAFETEA-LU. Government at all levels must unite with
19 private industry toward a single over-arching goal:
20 Reduce fatalities until there are no deaths on
21 America's roadways.

22 Americans travel almost 3 billion vehicle
23 miles a year. Unfortunately, in 2005 over 43,000 were
24 killed in roadway crashes. Automobile deaths are the
25 leading cause of death for children -- in fact for all

1 people from ages 3 to 33.

2 Madam Secretary, I've heard you describe
3 roadway deaths in terms of losing an entire city in
4 one year. Imagine if the entire population of Palm
5 Springs, California, was lost. Or imagine if 82 747's
6 crashed in one year. There would be a massive hue and
7 cry and a massive effort to improve safety.

8 In California, to bring it home here, over
9 43,000 people died in road crashes in 2005. The
10 national economic cost is staggering \$231 billion per
11 year. It's easy to overlook the human side of this
12 issue so I bring to you today two real life stories.

13 First, Dustin and Courtney Muse were killed
14 in Virginia on December 6th of last year. 16-year old
15 Dustin was driving south on Route 15 in Leesburg when
16 his vehicle veered off the road. 13-year old Courtney
17 was in the passenger seat. Both were wearing
18 seatbelts; Dustin was not impaired by drugs or
19 alcohol.

20 Their Jeep hit the base of a tree roughly
21 50 feet from the road and police said speed was not a
22 factor. It was an accident. Here's where the vehicle
23 came to rest.

24 The following January a 700-foot section of
25 guardrail was installed to prevent further fatalities

1 and run-off-the-road accidents. It's a shame that it
2 took a loss of life before this stretch of road was
3 made safer.

4 The second story I want to tell you involves
5 a former ATSSA member and my good friend, Chuck
6 Bailey. Chuck died when a large object on the road
7 was projected into his vehicle after being struck by a
8 passing truck.

9 After this occurred Chuck's car crossed the
10 median and struck another vehicle head on. Both Chuck
11 and the driver of the other car were killed.

12 This accident is so tragic not simply because
13 my good friend was killed but because Chuck's car
14 crossed the median and killed an innocent driver. Had
15 a low-cost cable barrier been installed in the median,
16 Chuck's car would not have crossed the oncoming
17 traffic and a life would have been saved.

18 I'm going to try and run you a video here but
19 it's not running, and I apologize. The video here we
20 have is from a traffic camera in Minnesota and it
21 shows a vehicle spinning out of control and crashing
22 into the median but being held from going into the
23 opposing traffic by the low-cost cable median bar.
24 The driver of that vehicle returned home to their
25 family that evening.

1 How do we prevent tragedies like these from
2 occurring in the future? In 2002 ATSSA presented our
3 Roadway Safety Program to then Secretary of
4 Transportation Norman Mineta. As we developed our
5 roadway safety plan we focused on areas where people
6 were dying or being hurt the most, for example,
7 run-off-the-road crashes, intersections and pedestrian
8 safety.

9 Many of the areas ATSSA focused on in its
10 roadway safety plan were included as part of
11 SAFETEA-LU's Highway Safety Improvement Program and
12 states have also included these in their own strategic
13 highway safety plans.

14 ATSSA believes that the best way to improve
15 safety is through low cost safety solutions. With
16 this in mind we commissioned the Texas Transportation
17 Institute to develop a series of case studies
18 published in a booklet called "Low Cost Local Road
19 Safety Solutions." We have distributed over 15,000
20 copies free of charge so far. Let's quickly look at a
21 few examples in this booklet.

22 The first example is from here in California
23 in Mendocino County. Officials there introduced a
24 sign and pavement marking installation program that
25 greatly reduces crashes and fatalities.

1 The county calculated its return on
2 investment at an astounding ratio of 159 to 1 from an
3 investment of less than \$80,000. Rumble strips placed
4 on the edge line or shoulder are used to alert drivers
5 that they are leaving the travel lane. On freeways
6 these low cost safety solutions reduce
7 run-off-the-road crashes between 15 and 80 percent.

8 Horizontal signings consist of symbols or
9 words on the pavement directly in the driver's line of
10 sight. A study has proved that such signage placed in
11 advance of a curve directly resulted in significant
12 reductions in speed.

13 Chevron payment markings can also be used to
14 reduce speed. In 1999 the State of Wisconsin used
15 this low-cost solution on one of their interstate exit
16 ramps. 20 months after installation exit speeds
17 dropped 24 percent and the number of crashes fell by
18 43 percent.

19 Channelizers have been show to reduce gate
20 violations at highway rail crossings by an average of
21 75 percent.

22 Studies confirm that older drivers are
23 driving more into a later age. Over the next two
24 decades the population of older drivers, those over 65
25 years old, will increase dramatically.

1 California has established a program to
2 increase the size of road signs, making it easier for
3 older drivers to read them. In fact, California
4 published a new traffic manual recommending that on
5 multilane roadways larger signs should be used. ATSSA
6 believes that Towards Zero Fatalities should be a
7 national objective.

8 We think that some improvements can be made
9 to the Highway Safety Improvement Program and we've
10 included some recommendations in our written
11 testimony.

12 Finally, ATSSA suggests that 10 percent of
13 transportation funding be used for saving lives.

14 Madam Secretary and Commissioners, thank you
15 very much for the opportunity to speak with you today.
16 I'm happy to answer questions at the conclusion of
17 this. Thank you.

18 SECRETARY PETERS: Peter, thank you so much
19 for your testimony. Appreciate that.

20 Our next speaker is Dr. Genevieve Giuliano,
21 Senior Associate Dean with Research and Technology,
22 the School of Policy Planning and Development here in
23 California at the University of Southern California.

24 Dr. Giuliano is also Director of METRANS
25 Transportation Center and she's going to talk to us

1 about new technologies to enhance mobility.

2 Also highly qualified to serve on this panel,
3 Dr. Giuliano is professor, as I said, at Southern
4 California University, as well as METRANS. METRANS is
5 a joint USC/California State University at Long Beach
6 Transportation Center funded by U.S. D.O.T. and
7 California Department of Transportation.

8 Her research focuses on areas such as
9 relationships between land use and transportation,
10 transportation policy analysis and information
11 technology applications in transportation.

12 She is a past member and Chair of the
13 Executive Committee of the Transportation Research
14 Board and was named a National Associate at the
15 National Academy of Sciences in 2003.

16 Dr. Giuliano was recently appointed Chair of
17 the California Research and Technology Advisory Panel,
18 which will advise both CalTrans and the Department of
19 Business, Housing and Transportation on the
20 implementation of the strategic growth management
21 plan.

22 Dr. Giuliano, welcome and we look forward to
23 your comments.

24 PANELIST GIULIANO: Thank you, Madam
25 Secretary and Commissioners. I feel very honored to

1 be here this afternoon. I notice there are not lots
2 of professors on the agenda so I feel truly honored.

3 I am going to talk fast and I only have five
4 slides so I should get there before the bell rings.
5 My topic is New Technologies to Advance Mobility and
6 basically because I only have five minutes I'm only
7 going to talk about a few things and focus
8 particularly on freight flows in metropolitan areas,
9 on the surface transportation system.

10 And that, of course, is the big problem in
11 metropolitan areas as a result of rising international
12 trade. I'm only going to make two points, if I can
13 make this work. Can I make it work? And that is that
14 we have significant potential for technology
15 solutions.

16 There is a huge amount of technology out
17 there. The progress in technology investment is
18 accelerating so on the technology side there is huge
19 promise. On the other hand we have big challenges in
20 terms of organizational and institutional constraints.

21 I want to give you just a couple of examples.
22 The first is for monitoring and management and I'm
23 going to make a case for saying that despite all of
24 the stuff you hear about how we're all going to have
25 GPS everywhere and we're all going to be connected,

1 I'm going to make a case for passive monitoring as
2 well.

3 We have technology in terms of sensor
4 development, something called sensor networks and so
5 on that are capable of communicating with each other
6 with data processing, integrating data and so on, and
7 that will allow us to track vehicles and manage
8 vehicles even if they aren't identifying themselves,
9 which I think is a important issue, especially for
10 freight.

11 Secondly, you have all heard about, I am
12 sure, vehicle infrastructure integration or VII, which
13 is what the technology people are sort of promoting as
14 the next wave of technology. And that's based on the
15 concept of two-way communication and active real time
16 system management.

17 In other words, we'd be able to tell you when
18 you're upstream from an accident that there is one
19 ahead and slow you down and so on. And conceptually
20 we could generate tremendous reductions in congestion
21 as a result.

22 In terms of the truck monitoring
23 enforcement -- I'm sorry. I went too fast. I'm going
24 to give you one example. You know that we have lots
25 of trucks on the road of Southern California. We're

1 running out of places to be able to monitor and
2 conduct enforcement activity on those trucks.

3 And one of the things that the technology can
4 do for us is to basically replace those physical
5 facilities with virtual facilities. And CalTrans is
6 busy thinking about so-called virtual weight and
7 compliance system which is essentially a combination
8 of sensors, communication systems, and data
9 integration, that actually can add to support the
10 Highway Patrol out on the road.

11 Going a little bit further into the future
12 there are certainly many opportunities for automated
13 vehicle type applications. Hybrid concepts. If you
14 think about the trucks of today you could easily think
15 of automated trucks of tomorrow. If we had automated
16 trucks we could control them better.

17 We could put them on truck only facilities,
18 where they could operate in an automated mode that
19 would allow for a much higher capacity use of
20 facilities and so on. So there's lots of
21 opportunities maybe a decade away in terms of those
22 types of concepts.

23 We hear a lot in California about alternative
24 propulsion systems and one example is a lot of
25 discussion being held on the concept of Mag-Lev for

1 free. Could we imagine a Mag-Lev system that would
2 whoosh the containers from the ports to, say, an
3 inland distribution center and get the trucks off the
4 road?

5 Those kinds of investments, I think, are a
6 little more dicey in terms of tremendously high costs,
7 high risks associated with new technology, and the
8 anticipation that we'll see the development and the
9 availability of substitutes that would compete with
10 such systems.

11 Okay. Now let's get to the constraints. We
12 have lots of opportunities and you might ask: So why
13 don't we have a lot of technology implementation out
14 there on the system right now? And my answer is that
15 the constraints are primarily institutional or
16 organizational in nature; that is to say, there are
17 often times when the system would benefit from the
18 technology advancement but that would add cost to
19 individual players within the system -- I missed my
20 mark here -- and therefore it's a hard sell.

21 Secondly, sometimes there are net benefits
22 but there's nobody to take the lead and to enforce the
23 cooperation.

24 Thirdly, we have labor constraints and
25 agreements. Sometimes jobs are perceived to be

1 threatened and therefore technology is opposed.

2 A big issue in the public's side is the
3 ownership of information and the sharing of
4 information.

5 And then finally there's the human technical
6 capacity question.

7 In terms of solutions, my suggestions are,
8 first of all, to think about demonstrations,
9 technology demonstrations that actually don't focus so
10 much on showing that technology works but showing that
11 the institutional structures work.

12 How about a DARPA challenge for technology
13 applications? How about developing strong incentives
14 for multiparty cooperation maybe in the form of ties
15 to funding? You have to show that you have an
16 organization, a cooperative agreement, in order to get
17 the funds.

18 On the national side I think the
19 inter-operability question is clearly a national
20 question and that's something that the federal
21 government is going to have to solve.

22 And finally we really do need to educate and
23 train our future work force to be technology-savvy.

24 Thank you.

25 SECRETARY PETERS: Dr. Giuliano, thank you so

1 much for your comments and also for your strong
2 history of supporting transportation.

3 Our next speaker is Will Kempton, Director of
4 the California Department of Transportation. His
5 discussion topic is California's approach to solutions
6 for mobility and congestion, which is a issue that may
7 be pretty relevant in California.

8 And Will Kempton was appointed by Governor
9 Schwarzenegger in November of 2004 and is responsible
10 for managing the day-to-day operations of the
11 California state transportation system, including more
12 than 50,000 lane miles of state highway stretching
13 from Mexico to Oregon and from the Pacific Ocean to
14 Nevada and Arizona.

15 As a leader of CalTrans he oversees an annual
16 operating budget of more than \$11 billion, 22,000
17 employees and \$9 billion worth of transportation
18 improvements under construction.

19 Mr. Kempton began his career in
20 transportation with CalTrans in 1973 and held
21 management positions in the area of finance and in the
22 Director's office prior to being appointed as an
23 Assistant Director in charge of Legislative and
24 Congressional affairs.

25 Prior to joining CalTrans Mr. Kempton served

1 as Executive Director of the Santa Clara County
2 Traffic Authority and as Assistant City Manager in the
3 City of Folsom.

4 So, Will, welcome and we look forward to your
5 comments.

6 PANELIST KEMPTON: Thank you, Madam
7 Secretary. I did have prepared testimony and of
8 course I submitted some white papers on a variety of
9 subjects, including a white paper that deals with the
10 situation with the Highway Trust Fund transit funding
11 in my role as Chair of the Standing Committee on
12 Finance and Administration for the American
13 Association of State Highway and Transportation
14 Officials.

15 However I'm going to depart from that
16 prepared testimony because I am going to react to
17 Commissioner Skancke's challenge.

18 Someone whose advice I value said if we're
19 waiting for the federal government to save us, then
20 we're in trouble. And so I am going to resist saying
21 what any red-blooded, well-intentioned State Director
22 of Transportation would say, and that is: Give us
23 more money.

24 I do think, however, that on the funding
25 question that we do need a national policy and the

1 funding to back it up, to recognize state
2 contributions to the national economy.

3 You've heard a lot of discussion and
4 testimony today relative to the important role that
5 our transportation system plays in goods movement and
6 the protection and development of this nation's
7 economy and so there needs to be a federal policy that
8 recognizes that and provides support for our efforts
9 in that regard not just in California, but in those
10 other states that share the same kinds of issues.

11 We need to set a national intercity rail
12 policy that provides for capital investment program.
13 To that end most of the states or a good number of the
14 states under the leadership of Commissioner Busalacchi
15 and others who are in support of legislation that is
16 before the Congress that in fact does establish a
17 capital investment program for intercity rail -- and
18 we think that that has some benefit but we also think
19 that that legislation should be modified to reflect or
20 to reward those states that have made significant
21 contributions to intercity rail within their own
22 jurisdictions.

23 And I think most importantly on this funding
24 question is that we do need a stable and growing
25 source of funding. Now, whether that continues to be

1 the gasoline tax or whether it's another source of
2 funding, if there is going to be a federal role in
3 transportation we need to have a stable and growing
4 source of funding to provide for those federal
5 programs and I look forward to working with this
6 Commission and with the Congress as a member of the
7 American Association of State Highway and
8 Transportation Officials and as Chair of the Standing
9 Committee on Finance and Information to provide
10 information on that.

11 We need to receive or be rewarded for helping
12 ourselves. And I want to -- I think Commissioner
13 Heminger brought this up and I want to elaborate on
14 that.

15 In this state of California our voters
16 approved Proposition 1 A and 1 B which confirmed the
17 dedication of the sales tax on gasoline to
18 transportation. Proposition 1 B provided for nearly
19 \$20 billion in general obligation bond investment for
20 our transportation infrastructure, and we have 18
21 self-help counties, representing 85 percent of the
22 state's population, that will produce \$7 billion
23 through a local sales tax increment in support of
24 transportation.

25 And without these innovative self-help

1 measures we would not be able to begin to address the
2 needs that we have in California. And we need to
3 provide more flexibility. We don't need to restrict
4 our ability to spend the dollars that we have and
5 there are several things that we need to be innovative
6 about.

7 I'll give you two examples. One is an effort
8 to implement grow logo, an approach that would allow
9 us to do plantings along the landscaping in our
10 roadways and on the intersections that would provide
11 money to pay for the maintenance of those facilities.
12 We cannot do that because we are restricted by federal
13 rules and regulations.

14 Another opportunity is to privatize our
15 roadside rest operations. That is the only way we're
16 going to be able to provide for roadside rest in the
17 state of California and we have federal restrictions
18 that prevent us from doing that.

19 Allow the maximum use of public/private
20 partnership. Let us do whatever we can to attract
21 private investment in this state.

22 Improve efficiency. Don't review each single
23 project submittal that we send, every bit of paperwork
24 that we have to process in order to take advantage of
25 federal money when in many instances the federal money

1 is a small piece of the project cost.

2 Don't require us to adjust our regional
3 transportation plans and federal transportation
4 improvement programs every time a project funding mix
5 changes.

6 Work with us to streamline the delivery
7 process and encourage us to collaborate, not to
8 compete. Promote system performance. And that is
9 very, very important. You should base funding on
10 performance results. We should be looking to target
11 investments to achieve specific outcomes and reward
12 good decisions.

13 We are in the process of trying to practice
14 what we preach in term of time, land use and
15 transportation -- and I'll be through in just a
16 moment -- and that is to say where local agencies will
17 make the appropriate land use decisions that reduce
18 demand on our transportation systems there should be
19 rewards for that effort.

20 Foster innovation. Help us with alternative
21 fuel development. Support research and development
22 that Dr. Giuliano and others are so very much
23 involved with and make it easy to apply new
24 technology.

25 I'll expand on these points, Commissioner

1 Skancke, with more specific recommendations in writing
2 and I recognize and accept our responsibility to make
3 these kinds of innovative suggestions as to how we
4 should fashion future transportation policy in this
5 country.

6 Commissioner SKANCKE: Bravo.

7 SECRETARY PETERS: Well done. Thank you so
8 much for your comments and your experience in this
9 area as well.

10 We will now open this up and we have just
11 about an hour for questions from the Commissioners and
12 dialogue, hopefully, with our panelists. Thank you
13 very much for your very important comments.

14 Start with Commissioner Heminger, if you
15 would like to start with questions?

16 Commissioner HEMINGER: Thank you, Madam
17 Secretary. Maybe a comment and a question.

18 The comment in terms of the theme I think
19 that emerged in this panel from especially Will and
20 Mehdi is that, you know, trying to answer Tom's
21 question about what's the federal role, what should
22 the federal program do.

23 I think two very important points that were
24 made is, first of all, we ought to have a federal
25 program that rewards system performance and improved

1 system performance. I think too long we've been
2 asking our constituents and our citizens just to
3 settle for, you know, trying to have the slide towards
4 worse performance go a little bit more slowly.

5 And that clearly has not been a rallying cry
6 for the kind of reinvestment we need. And I think we
7 need to set aggressive targets that would improve
8 performance of the system across the modes and reward
9 the states and local areas that do the best in meeting
10 them.

11 And I think the other is rewarding financial
12 performance and rewarding those communities that
13 across the country that are willing to invest and are
14 willing to meet the federal government more than the
15 20 percent share.

16 I know here in California we are
17 over-matching just about each stick of money we get
18 from the federal government.

19 Commissioner Rose and I were talking earlier
20 today that when you put out 80 percent money very
21 often you get some bad ideas. If you put out
22 50 percent money you're going to get some better ideas
23 because then somebody else has to come up with their
24 50.

25 And I think that's a fair -- that's a fair

1 challenge to make. So I certainly hope we as a
2 Commission can explore both of those subjects as we
3 fashion our recommendations for the next federal
4 program. And I'd be happy to hear the panel expound
5 on that a little further.

6 The other question I wanted to ask, though,
7 about -- to take advantage of Mr. Speer and Professor
8 Giuliano a bit as well is about safety. And we
9 haven't spent a lot of time on safety.

10 And, Mr. Speer, you mentioned a number of
11 fairly low-cost generally engineering-oriented
12 solutions, which we certainly ought to pursue, but
13 everything I have read on the subject suggests that
14 that's the low hanging fruit, that what continues to
15 insure that 40,000 people die each year -- we are not
16 tackling the higher hanging fruit on the tree, which
17 is, namely, driver behavior -- seatbelt use and drunk
18 driving.

19 And I would appreciate the panel's comment on
20 either of those subjects, either the question of how
21 we structure the program to reward system and
22 financial performance and also how can we break out
23 of -- if we're ever in a box on any subject it's
24 highway safety. How can we break out of the box of
25 40,000 deaths year in and year out.

1 PANELIST SPEER: I guess I can try and take a
2 stab at that one. First of all, I think if 100
3 percent of drivers wore their seatbelts 100 of the
4 time we would still have tens of thousands of
5 fatalities nationwide each year. The --

6 Commissioner HEMINGER: Wouldn't have 40,000,
7 though.

8 PANELIST SPEER: That may be. I think
9 probably the number that we -- we anticipated that
10 question. We thought the number would probably be
11 around 30,000 and I think states will tell you that is
12 not the entire solution. We need more forgiving
13 roadways, like in the instance of the Muse children or
14 Chuck Bailey, that would protect the drivers even when
15 they've done everything right and they're behaving
16 properly.

17 In the area of, you know, rewarding system
18 performance and SAFETEA-LU the states have a pretty
19 good incentive to come up with a strategic highway
20 safety plan by a certain deadline and implement that
21 or risk losing growing funds.

22 That kind of reward is, you know, I think
23 laudable. You may also want to look at rewarding
24 reductions in fatalities and major injuries and take a
25 look at programs that would really put an incentive

1 out there for the states that are using their safety
2 dollars in the HSIP in the most effective manner and
3 take a look at incentives in that regard. That would
4 certainly reward performance in the system on those
5 highways.

6 Commissioner HEMINGER: I mean one idea that
7 I've been thinking about myself is, you know, we've
8 got all of these factors and formulas that allocate
9 money to the states, which are ultimately rendered
10 meaningless because of the minimum guarantee; but if
11 we could ever get beyond that, one of those factors
12 could be if your fatality rate exceeds the national
13 average you get less and if you make improvement you
14 get more. Is that what you're thinking?

15 PANELIST SPEER: It sounds like a great idea.

16 Commissioner HEMINGER: Now, just to follow
17 up with you, if seatbelts maybe is a quarter of the
18 improvement we need to make towards your zero
19 fatalities how do you evaluate the strategies you're
20 recommending on the road itself? Could they give us
21 another quarter or -- or more?

22 PANELIST SPEER: Boy, I wish I had a
23 clear-cut answer to that and unfortunately I don't.
24 There is -- a lot of focus has been spent on
25 enforcement and identification and I think very --

1 relatively little towards the engineering side of
2 things. And there are lots of solutions out there.

3 We're not talking about significant expenses.
4 Like in Mendocino county, you know, an incredible
5 return on investment for spending \$80,000.

6 One of the concerns that we have as an
7 association is the amount of funds that the states --
8 their safety dollars that are actually being
9 obligated, and that might be one area to look at as
10 well. We're in the process of taking a look at what
11 percentage of funds under SAFETEA-LU are being
12 obligated and so far it looks like the numbers coming
13 in around 70 percent.

14 It may be beneficial to establish a floor
15 under that, 85 or 99 percent, that would encourage
16 those states to spend more dollars and then also could
17 create a report card that -- where the federal
18 government is reporting back to the public on exactly
19 how each state is doing.

20 The AAA Foundation for Traffic Safety is
21 investigating our -- is rolling out the U.S. RAP,
22 Roadway Assessment Program, and they are going to be
23 looking at, you know, green light/red light,
24 color-coded roadways in each state that will be
25 publically available information on where the most

1 hazardous roads are and there will be a lot of
2 questions on what's being done to address those
3 dangers on those roadways state by state by state.

4 There are some very good things going on and
5 we appreciate your attention to that and concern and
6 support.

7 Commissioner HEMINGER: Dr. Giuliano, if you
8 could especially touch on VII. I mean I've often
9 heard it touted as a safety savior, perhaps a mobility
10 savior. Which one is it? Or is it a savior at all?

11 PANELIST GIULIANO: Let me first -- truth in
12 advertising. I'm not an engineer. Some of you know
13 that.

14 VII is about being able to manage the system.
15 And if you can manage the system, that is to say, if
16 you could in this sort of -- imagine an accident, for
17 example. And if you could manage the flow upstream of
18 that accident, then you're going to reduce the
19 likelihood of secondary accidents, for example.

20 So there are potentially significant safety
21 savings from that type of technology. Probably more
22 important is collision avoidance, and that's not very
23 far away. So once we have smarter vehicles they will
24 tell us when we are about to hit something and stop
25 us. So the vehicle technology itself is going to

1 become safer and safer through time.

2 Commissioner HEMINGER: You know, if I could
3 lead us back to the question about the federal role,
4 one of the issues I've heard that may be a barrier to
5 deploying VII, you need somebody -- you need two
6 things talking to each other and before the auto
7 makers are going to spend a lot of money putting it
8 into a car, they want to know that there's roads all
9 over America that it can talk to. And that does seem
10 to lead you towards some kind of national role.

11 PANELIST GIULIANO: Exactly. That's why I
12 had the bullet about inter-operability and standards.
13 It's been a recommendation in intelligent
14 transportation generally to be able to develop
15 standards that everybody is willing to live with.

16 Just for example, we have two completely
17 different types of passes for our toll roads. On the
18 West Coast we use one and on the East another one is
19 used. And that's fine as long as the markets are
20 totally separate. But if you start thinking about
21 freight, you need to have one system, and that's a
22 clear responsibility, I think, of the federal level.

23 Can I go back to the driver behavior for just
24 a minute?

25 Commissioner HEMINGER: Please.

1 PANELIST GIULIANO: Some of you are probably
2 aware we have lost our first place position in the
3 world. Some European countries and New Zealand
4 actually have lower fatality rates now than the United
5 States and when looking at what they're doing they're
6 actually going after that higher fruit, which is
7 politically controversial fruit, that is to say,
8 they're making headway by enforcing more aggressively
9 with cameras, with passive devices and so on that
10 we've had a little bit more trouble accepting as a
11 public.

12 But again technology actually has a role to
13 play if we want to go there in terms of enforcement in
14 terms of driver behavior.

15 The last point I would make is that all of us
16 gray heads in this room are going to be a problem very
17 soon to our children, and this is a huge problem. We
18 haven't even thought about the aging driver population
19 and I think we're going to need federal leadership to
20 bring that onto the table and start discussing how we
21 deal with them.

22 PANELIST SPEER: Let me add one more point.

23 Commissioner HEMINGER: Ask the chair.

24 SECRETARY PETERS: Let's take one more point
25 and then I want to go to Commissioner McArdle so we

1 give every Commissioner an opportunity for questions.

2 PANELIST SPEER: Thank you. I appreciate
3 that.

4 ATSSA is contracting with Texas
5 Transportation Institute to recalculate return on
6 investment for safety devices that we did before we
7 prepared our Roadway Safety Program and presented it
8 to Secretary Mineta.

9 At that time the American Economics Group in
10 Washington, D.C., did a study for us. And their
11 conclusion was a \$3 billion investment would save
12 5,500 lives annually and that the economic benefit to
13 the country would be about \$32 billion.

14 That investment represents about 10 percent
15 of the highway program, and that was the basis for our
16 10 percent request. We are in the process of
17 revalidating that, using current figures with current
18 technologies, and we would hope that when we're done
19 with that we actually feel like we can return a higher
20 investment -- return on investment and save even more
21 lives with current technology.

22 Commissioner HEMINGER: Are you going to be
23 done with that by December of this year?

24 PANELIST SPEER: I will let you know.

25 Commissioner HEMINGER: That would be a nice

1 bit of timing if you could.

2 SECRETARY PETERS: Thank you so much.

3 Mr. McArdle.

4 Commissioner MC ARDLE: Secretary Kempton,
5 you opened up an issue that kind of answers the
6 question that Tom keeps asking, but let me pursue it
7 further.

8 You've worked in the business for a very long
9 time; you've worked in it before there were EIS
10 requirements and afterwards. And the question I would
11 ask you about the FHWA reviews and EIS's and the like
12 is: What do you learn from those reviews?

13 You send every project with federal financing
14 through an FHWA review. Because you're a good manager
15 I presume everything that you learn from that becomes
16 an opportunity to re-educate your staff about what
17 they should be doing better. Okay? Because they are
18 reviewing it and they're giving you the QA/QC in the
19 same way, EIS's should do the same thing, presumably,
20 through the public participation process.

21 Can you tell us what you actually learned
22 from those experiences? And others who've gone
23 through federal financing programs elsewhere perhaps
24 could take a shot at the same answer. Do they really
25 add value in terms of feedback loops and the like or

1 are they simply added burdens that don't teach you
2 anything?

3 PANELIST KEMPTON: Well, I can respond to
4 that, Commissioner McArdle, and I'm sorry that my face
5 or my appearance must indicate that I have been around
6 a long time. But nonetheless --

7 Commissioner MC ARDLE: She told us you'd
8 been around a long time.

9 PANELIST KEMPTON: There you go.

10 I think this allows me also to deal with the
11 issue of the federal delegation of NEPA
12 responsibilities which was provided for in SAFETEA-LU,
13 which was a process that was available to five states,
14 including California.

15 That process has now gone through its final
16 rulemaking. The State of California will be seeking
17 full delegation and I do want to make the point before
18 I answer your question specifically that we think that
19 that delegation needs to be extended. It has a time
20 limit on it and we want to make sure that we have an
21 opportunity to demonstrate the viability of that
22 delegation.

23 We do learn things from federal review of our
24 environmental documents, but in California we are
25 somewhat unique because we also in addition to the

1 National Environmental Protection Act have the
2 California Environmental Quality Act and it is a very
3 rigorous process that matches even the requirements of
4 NEPA.

5 And so, having to live with that requirement,
6 which we recognize as an appropriate requirement, does
7 in fact, I think, give us a leg up in terms of dealing
8 with the NEPA process.

9 We estimate that through the delegation
10 that's been provided in SAFETEA-LU that on major
11 projects we will save between 120 and 180 days in the
12 environmental review simply by not having to go to the
13 Federal Highway Administration for the reviews they
14 would normally accomplish and not having to go to them
15 if we have to deal with other federal regulatory
16 agencies.

17 Now, we've gotten good support from our
18 California Division Administrator on this process and
19 again we value the input of the Federal Highway
20 Administration in the oversight. But they will still
21 under this delegation retain that oversight. They
22 will still be able to make comments, to offer input,
23 but we will not have the requirement of sending every
24 draft environmental document to the FHWA for review,
25 every final Environmental Impact Statement to the FHWA

1 for review and we'll be able to initiate contacts with
2 the other federal regulatory agencies without having
3 to go through our federal partners.

4 We think it is a very, very plausible
5 approach. We think, as I indicated, that it will save
6 significant amounts of time. We support the
7 delegation and look forward to a time when that can be
8 made permanent and obviously we would support
9 extending the timeframe for consideration of that kind
10 of delegation.

11 Commissioner MC ARDLE: I don't think you're
12 answering. Perhaps I didn't ask the question
13 correctly.

14 Initially the thrust with NEPA and other
15 requirements came out of the fact that states and
16 other localities did not in fact equally present
17 information or do things consistently.

18 We have now had a number of years, a couple
19 of decades, in which what's required can now be part
20 of a learning process of staff development, and
21 project development should come closer and closer each
22 time to being right first time out of the box.

23 And the question I ask: Is that the way you
24 find it or is there something we need to better
25 understand about it? Because it's clearly impacting

1 the time it takes to deliver projects out to the
2 ultimate user.

3 Most of the capacity we depend on in the
4 United States was not built under these rules,
5 probably could not be built today under those rules.
6 I can speak to the New York City subway system from
7 which I come. You know, you simply wouldn't have it.

8 And the question I ask is out of this whole
9 process what -- you know, do we need still to do that,
10 to teach people to do the initial project presentation
11 and development better? Or is it, you know, still
12 needed in that regard to teach us things?

13 PANELIST GIULIANO: Well, I think we are
14 doing it better, so to answer your question
15 specifically absolutely we're doing it better because
16 of those guidelines and that framework.

17 I suspect I would say we do need a framework
18 in place that would govern the kinds of public policy
19 decisions we make in the development of infrastructure
20 improvements. But in California, again, we do have
21 our own system. And so we do not necessarily need the
22 overlay of a federal process to tell us how we need to
23 consider the impacts of capital projects.

24 And so aside from delegation that I had
25 talked about there certainly is an issue of

1 self-certification that could be involved here. We do
2 not necessarily need the federal process to tell us
3 what we need to consider with respect to project
4 impact, and that process is well-established.

5 I will tell you from having been in the
6 business as long as I have we do not build
7 transportation facilities the same way we used to
8 build them years ago.

9 We didn't care particularly what a community
10 thought. We were going to build a freeway and we were
11 going to build it that way and in that location. That
12 doesn't happen today.

13 And I'm not sure that without or without CEQA
14 or NEPA that we would still be approaching project
15 construction the same way we did 30 years.
16 Communities have become much more sophisticated,
17 people have a real sense of involvement in their
18 government, and we would have to take into account
19 community input in the development of any project we
20 proceeded with.

21 So I hope that's a little bit better answer
22 to your question. We do not need that framework
23 continuing necessarily here in California because we
24 do have own framework and because we have learned from
25 the process and because times have changed.

1 People will not stand for somebody just
2 running a project over the community in a way that
3 doesn't take into account impacts and considerations.

4 SECRETARY PETERS: And I would add nor should
5 they stand for that any longer but --

6 Right now let's move to Commissioner Skancke,
7 please, questions.

8 Commissioner SKANCKE: Will, thank you very
9 much for outlining that to us. I think that is very
10 helpful and it's a great start and I'm looking forward
11 to additional comments and ask you that in your
12 comments you submit to us or to me or whomever if
13 you're going to give it to the entire Commission,
14 please let us know what you would eliminate in the
15 process.

16 What happens when a state D.O.T. gets one
17 federal dollar? What -- how much slowdown that
18 occurs? A lot of states don't do that. They use
19 state dollars and try not to use federal dollars
20 because it slows down the process.

21 And then a concept -- I'm going to get to my
22 question real quickly -- but I would also like to know
23 in that written document if it would be possible or
24 even worthwhile to have an automatic approval if
25 Federal Highways or Federal Rail or Federal Transit or

1 the Division of Forestry or whomever does not approve
2 your submittal within 90 or 120 days if that would be
3 considered approved?

4 Oftentimes departments don't talk to each
5 other because each department thinks that they are
6 more important than the other and so the BLM or the
7 Department of Interior just takes their time reviewing
8 that process and it slows down projects significantly.
9 And I think that is a policy discussion that we need
10 to have.

11 My question is relating to the safety issue
12 and it's very simple. I was very intrigued by the new
13 signage, that you are encouraging larger signs and I
14 just wanted to know, those signs, is that helping the
15 State of California by increasing those signs? Would
16 it be worth our while to have a national policy from a
17 safety perspective to increase the size of signs for
18 onramps and off ramps and that type of thing?

19 PANELIST KEMPTON: From our perspective,
20 Commissioner Skancke, I think the jury is still out on
21 that point. We think there are some benefits to be
22 derived from the larger signs. There are already
23 standards, as Peter can tell, you in terms of
24 proliferation of signage, other aspects of placement
25 of signs, et cetera, that provide some general

1 framework from a safety perspective.

2 So we will -- we will wait to gain a little
3 bit more experience before we would provide comments.
4 Let me tell you where we have had some significant
5 benefits from a safety perspective and that is by
6 using our electronic signs for safety purposes.

7 These are our changeable message signs that
8 are located -- we have something like 586 changeable
9 message signs throughout our state highway system and
10 we now use those to deliver safety messages in
11 addition to simply providing traffic condition
12 information.

13 There was a concern on the part of our
14 traffic operations people we would be distracting
15 drivers by virtue of having that information posted on
16 those signs and we find that providing safety
17 information has been helpful and we think has
18 contributed to reducing accidents, particularly during
19 holiday periods and situations where there is heavier
20 traffic.

21 I wanted to touch on the issue of safety on
22 the question of education and enforcement. I did want
23 to underscore what Dr. Giuliano said with respect to
24 enforcement.

25 I think we have a technology in place that