

1 could significantly enhance our ability to enforce
2 through the application of technology. There are
3 issues that play in this democracy that make it a
4 little bit more difficult to implement and that is the
5 reason that we see some of these countries around the
6 globe exceeding our safety records.

7 And on the education side I think that public
8 awareness is extremely important in any successful
9 safety campaign and I will cite just one example that
10 I think clearly demonstrates this.

11 We have a very, very active public awareness
12 campaign underway literally permanently. It's called
13 Slow for the Cone Zone. It is designed to protect not
14 only highway maintenance workers, but other drivers
15 and the motorists that are traveling in those
16 construction zones.

17 That program has effectively reduced the
18 number of deaths that we experience in construction
19 zones and we literally are bucking the national trend
20 where we are seeing a decline -- and I'm sorry to
21 report that at least it's starting to inch back up,
22 but we have been experiencing over the past several
23 years a decline where every other state in the country
24 has seen their numbers continue to go up.

25 So I think public awareness campaigns can be

1 a very effective strategy with respect to achieving
2 safety results in the nation.

3 Commissioner SKANCKE: Thank you.

4 Thank you, Madam Secretary.

5 SECRETARY PETERS: We'll go now to
6 Commissioner Rose and then Commissioner Busalacchi.

7 Commissioner ROSE: I've got three easy
8 questions. Gene, I think you guys did a great job on
9 intercity rail out here in California. Why not just
10 raise the state gas tax, state portion of the gas tax,
11 and pay for it yourself?

12 It's for the city -- It's for the community,
13 for the citizens, built for the citizens; citizens use
14 it. Why wait on the feds to --

15 PANELIST SKOROPOWSKI: I think I'm the wrong
16 guy to ask the question but --

17 Commissioner ROSE: Thanks, Gene.

18 PANELIST SKOROPOWSKI: -- as far as -- are
19 you talking the state gasoline tax? Is that what you
20 said?

21 Commissioner ROSE: Yeah.

22 PANELIST SKOROPOWSKI: Well, we have two
23 taxes, Will, do we not? We have a gasoline tax, which
24 is the flat per gallon tax that goes to highways, and
25 then we have a sales tax on gasoline that actually is

1 distributed on a formula basis to a variety of
2 programs.

3 Commissioner ROSE: Raise 'em both.

4 PANELIST SKOROPOWSKI: It's okay by me.

5 PANELIST KEMPTON: I would comment,
6 Commissioner Rose, that in California our gas tax
7 receipts are constitutionally limited to spending on
8 streets and roads with some exceptions for the
9 purchase of fixed guide ways. So there would be some
10 issues there with respect to the constitutionality of
11 that and that would have to be --

12 Commissioner ROSE: Let's take it up a level
13 conceptually. States differentiate their portion of
14 the gas tax. I mean, there's probably at the high and
15 low end of the state gas taxes probably 30 cents a
16 gallon.

17 So states are doing that and my question is
18 is this is really benefitting the community and the
19 citizens of the state? Why not just tax your way into
20 creating more improvements?

21 I mean it's really -- it's a public benefit
22 but why would -- why would you think we're going to
23 wait for the feds to -- you know, manna from heaven
24 again, here we come.

25 PANELIST KEMPTON: Technically your argument

1 really could be made even at the federal level. I
2 mean everybody was talking about oh, my God, a nickle
3 or a dime on the federal gasoline tax would bring
4 the -- you know, the walls crumbling down.

5 Meanwhile the oil companies and the Arabs
6 raise the price a buck, buck and a half, and we still
7 kept going.

8 I mean, we have to decide are we going to
9 invest in ourselves and that's my personal opinion
10 here. This is not my official position on it. But
11 You do have to ask yourself should it not be escalated
12 on some sliding scale.

13 But I was part of the delegation from the
14 Sacramento Metro Chamber that went in to see Mr. Young
15 when he was in charge of the budget in Congress and
16 talked about his indexing for the gasoline tax and he
17 was visited by several folks who said that they would
18 do everything that they could possibly do to kill that
19 concept. Yet here it is. It's -- we are the
20 beneficiaries. If we're not willing to invest in
21 ourselves, who is?

22 Commissioner ROSE: Okay. Well, I mean the
23 federal gas tax has gone from about 18 and a half
24 cents to about 13 cents on an inflation-adjusted
25 basis; right? The trust fund's going to go bankrupt

1 in a couple years so it doesn't look like it's a -- it
2 doesn't look like a lot of new money coming.

3 I mean this is my own personal philosophy in
4 all this stuff. This is from a railroad guy who knows
5 nothing about highways. But, you know, you advocate
6 80/20 and then the investment that the states already
7 made, I would switch it just the opposite way.

8 If I was running this country I would tell
9 every state; As much computer rail, as much computer
10 bus as you can possibly build, I will give you
11 20 percent match, and I won't cause for any
12 environmental -- I won't cause any paperwork. I'm
13 just going to write you a check, and it's going to be
14 the easiest 20 cents on the dollar.

15 And then let the states ferret it out,
16 because they're going to make the right decision
17 because now they're paying 80 percent. They're not
18 going to be making dumb decisions.

19 PANELIST KEMPTON: We're paying 100 percent
20 here.

21 Commissioner ROSE: Well, but that gets back
22 to my point of if you really believe in the system --
23 and I do. I've seen the Amtraks, I've seen the
24 commuter rails, really grow in this state. And I
25 think the citizens ought to be paying for that and

1 they ought to be befitting from it.

2 All right. Second question. How much -- you
3 wrote in your testimony but you didn't talk about it
4 live -- on the high speed rail, how much is it going
5 to cost?

6 PANELIST MORSHED: The total cost of the
7 700-plus high speed rail in today's dollar is just
8 under \$40 billion.

9 Commissioner ROSE: I'm sorry. 40?

10 PANELIST MORSHED: Under \$40 billion.

11 Commissioner ROSE: \$40 billion?

12 PANELIST MORSHED: As I said earlier, a major
13 part or big part is going to come from the users
14 themselves.

15 And if I may just follow up on your earlier
16 question too, in terms of relative to the why didn't
17 we raise the tax on gasoline and fund some of these
18 things, As Gene pointed out, that same question could
19 be addressed at the federal level.

20 And I think that question is -- is -- you
21 know, even needs to be addressed at the more national
22 level in terms of world policy is that for a long
23 period of time -- and I observed this for quite some
24 time -- is that we have continued to follow the policy
25 of underpricing transportation.

1 And we underprice transportation; so
2 everybody overuses it. And we overuse it, then we
3 jump up and down, and say, "Oh, my God, the sky is
4 falling. There is congestion. There is traffic," you
5 know.

6 We don't price it for the cost of the safety,
7 you know, the people who are killed. We don't price
8 it for the environmental issues that -- you know,
9 nobody pays for those. We don't charge people for the
10 land that is occupied by the airport and the highways.

11 We are -- we have had a very, very long-time
12 policy of a low cost energy, which actually has
13 promoted a very inefficient form of transportation.
14 You know, why not have a carbon tax where we actually
15 pay for the cost of the energy we use?

16 If we had a carbon tax my project wouldn't
17 need any federal financing. In fact you'd probably
18 even have a profit at the end of it. The reason is is
19 because the federal government and followed by the
20 state, we underprice it and we don't tax it.

21 In California we're proud of ourselves that
22 now we're finally walking away from the user fees,
23 which used to be gasoline tax, and now we're funding
24 more than half our transportation by sales tax and
25 general obligation bond that has absolutely nothing to

1 do with the amount of use.

2 Commissioner ROSE: All right.

3 PANELIST MORSHED: We're moving further away
4 from --

5 Commissioner ROSE: Well, I agree with a lot
6 of what you said but the fundamental question then is
7 who is most efficient to collect the money? Is it the
8 most efficient system for the federal government to
9 collect these local funds and then redistribute it to
10 the states, or is it more efficient for the states to
11 collect and then implement highly efficient systems
12 like congestion-based pricing and things like that
13 back through their own network?

14 PANELIST MORSHED: If I was answering -- if
15 you're asking me that, I would say certainly it's the
16 state government is more efficient in collecting the
17 users fees, being gas tax or whatever it is, and use
18 it for the transportation system.

19 However, again on the national level and
20 especially when we're talking about global warming and
21 all the issues associated with global warming and
22 carbon use, it's the federal government that has to
23 change its policy relative to energy use and pricing
24 that energy use so --

25 Commissioner ROSE: Fair enough. I think

1 we'll probably save that for another panel next year.

2 Last question, Dr. Giuliano. You mentioned
3 labor productivity. Have you thought about in a
4 perfect world, which we do not live in with labor, but
5 in a perfect world where there were not these
6 impediments to labor issues, how much raw capacity or
7 how much raw stuff could be put through this channel
8 right now without having to increase this raw
9 capacity?

10 PANELIST GIULIANO: I'm hesitant to give you
11 any recommendation specifics because I don't think I'm
12 an expert. But let me just give you the example of
13 port operations. We see a much higher level of
14 automation in other places around the world and we see
15 much higher levels of throughput.

16 And it's pretty obvious that there are
17 techniques and technologies and so on that could
18 improve productivity. And I'm guessing -- I haven't
19 spoken to my colleagues back there from -- from the
20 port -- that the presumption or, you know, the
21 expectation of 40 TEU's, 40 million TEU's a year, an
22 increase in productivity from roughly 5000 to 11,000
23 means technology is going to be there and some changes
24 in labor practices are going to be part of that.

25 Commissioner ROSE: But you would agree the

1 technology is there; it's the labor practices, the
2 labor agreements are not there today --

3 PANELIST GIULIANO: Right.

4 Commissioner ROSE: I mean, if you've been to
5 Shanghai or Singapore --

6 PANELIST GIULIANO: That's across every
7 industry.

8 Commissioner ROSE: -- the technology's
9 already here. It's not like we need to go out
10 and invent this technology.

11 PANELIST GIULIANO: Yes, and it's no
12 different in the transit industry. You know, I don't
13 want to just pick on the ports and certainly not the
14 ILWU but we could make the same arguments in transit,
15 we could make the same arguments in railroad. It's a
16 pervasive issue.

17 Commissioner ROSE: Okay. Thank you. I'm
18 done.

19 SECRETARY PETERS: Mr. Rose, thank you so
20 much.

21 Mr. Busalacchi, please.

22 CO MISSIONER BUSALACCHI: Thank you, Mary.

23 First of all I'd like to say, Will, you and
24 Mehdi and Gene, you guys really -- you need to be
25 complimented. The state of California really is a

1 leader in intercity passenger rail.

2 And I know it hasn't been easy, you know. We
3 talk about this all the time. But certainly with your
4 leadership this state is really -- I mean you're --
5 you're the envy of a lot of us in what you do here and
6 I think you need to be complimented for that.

7 If you got up tomorrow morning and Mary
8 called you and she said, "Okay. You're going to have
9 a federal role. You name it. How we going to -- how
10 is the federal government going to help you fund
11 passenger rail?" What would it be?

12 And then I have a follow-up, Mary.

13 What would it be? What would it look like?
14 Would it look like the FHWA role right now? Would it
15 be, you know, what we're doing with the airports?

16 PANELIST SKOROPOWSKI: I like that idea of
17 the 20 percent with no strings attached. I mean that
18 was --

19 CO MISSIONER BUSALACCHI: Well, you know, I
20 think if this were to happen -- and, you know, this
21 Commission is going to make a recommendation to
22 Congress. All right? And I don't know what it's
23 going to say. But obviously if we were to go to
24 Congress they're going to make the changes.

25 If there's going to be changes, what do you

1 think it should be? You're the experts.

2 PANELIST KEMPTON: Well, I'll comment first
3 and then Gene can talk specifically. With respect to
4 the role we think makes sense we think the California
5 model provides the vision for how the federal program
6 should be conducted.

7 We support an 80/20 capital program.
8 Obviously we think that there's a couple things that
9 need to happen with respect to the long haul passenger
10 rail, there will probably have to be a continuing role
11 in that, but from an operating perspective we don't
12 need the operating money. We can do fine, thank you
13 very much, with our own money which we do collect
14 through sales tax on gasoline and for other purposes.

15 But that capital investment is vital for us
16 to continue our operations and to be able to expand
17 that service. We also recognize there's going to have
18 to be a need to amortize the investment that's been
19 made in the Northeast Corridor. We think that's going
20 to have to occur over a period of time. We're willing
21 to wait for some adjustment period for that to happen.

22 But with respect to continuing operating
23 support for Amtrak intercity passenger rail in
24 particular, we think the California model provides a
25 good way to go and we've been very successful with it.

1 PANELIST SKOROPOWSKI: I would add to that
2 the capital funds we invest are all invested, with
3 only a few exceptions, in the private freight
4 railroad. So there is a double benefit and we don't
5 just make these benefits.

6 In the case of the Capitol Corridor we have a
7 joint capacity study that was done with the Union
8 Pacific railroad. We agree on what the scope is for
9 the investments. We also build into our public
10 investment a capacity growth for the freight service
11 as part of the money that we provide in funding a
12 project.

13 We do not own the ties. We don't own the
14 rails. What the public owns in this state is an
15 intangible right, a perpetual right of access to the
16 railroad for a specific number of trains that operate
17 on a given level of maintained track to a certain
18 standard of on time performance.

19 Now, we're still kind of working on the last
20 one but we are well down the road on the others and it
21 has been a cooperative working relationship.

22 In the case of the Union Pacific we've even
23 gone into such detail -- and it's addressing issues
24 like safety and development -- when we encountered
25 some communities along our route approving housing

1 construction eight inches from the right-of-way line
2 of the railroad we went to them and said, "You people
3 are building in a nightmare for yourselves. You're
4 going to have people move in here eight inches away
5 from the active railroad whether it's passenger trains
6 or freight trains." The freights go through, a lot of
7 them, in the middle of the night.

8 So on the Union Pacific side what we've got
9 is when we go to the communities who come for any kind
10 of improvements on the right of way they provide a
11 sound wall. The sound wall has to have an evergreen
12 growth on it that is irrigated so that you don't end
13 up making a graffiti for 150 miles or whatever it is.

14 You then have to have a 30-foot bumper strip
15 on both sides of that sound wall. They can plant
16 trees, make it a lineal park, then put your
17 circulation roadway and then build whatever it is
18 you're going to build -- housing, commercial
19 development.

20 It's the only way you're going to have in a
21 urbanized environment, an increasingly urbanizing
22 environment, a good neighbor relationship between a
23 transportation service that has to operate for the
24 economy, as well as development for residents who are
25 living in close to that service.

1 PANELIST KEMPTON: Commissioner Busalacchi,
2 could I just make one amendment to what I said before
3 you go on to Mr. Morshed?

4 CO MISSIONER BUSALACCHI: Sure, sure.

5 PANELIST KEMPTON: I did want to add that --
6 and this is a rather than parochial comment but I'll
7 make it anyway -- we also feel that any rail policy
8 along the lines I describe would include a credit for
9 previous investments made by the states.

10 Since 1976 we've invested over \$1.8 billion
11 in capital improvement for the rail system here in
12 California and we would like to see as part of that
13 policy some credit for that investment.

14 PANELIST SKOROPOWSKI: Can I make a comment
15 back on the safety component that was raised? I'd
16 like to -- we are doing some things along the railroad
17 that we operate on and we are obviously -- we're
18 starting with cameras on the front of locomotives that
19 record events so we have documentation of what happens
20 at a grade crossing.

21 But the whole issue of grade crossings and
22 grade crossing separation needs to be reviewed by the
23 federal -- on the federal government side because it's
24 traditionally been viewed as a railroad project.

25 To eliminate a grade crossing is really very

1 little benefit to the railroad. The beneficiaries are
2 the automobile users. They're the people who are at
3 the road crossings. And it really needs to be a
4 highway project, not a railroad project.

5 Commissioner ROSE: Speak on. Keep going.
6 You got plenty of time.

7 PANELIST SKORPOWSKI: In the overall scheme
8 of things we get crumbs for passenger rail in the
9 country and the freight rail, whatever falls out,
10 they're so small that, you know, we might do one or
11 two grade crossings a year in the State of California.
12 Now we've increased dramatically our funding here. I
13 think we're up to \$250 million.

14 Well, that's like, you know, the rebuilding
15 of two highway interchanges for a little faster flow
16 through them. So the order of magnitude, if you're
17 looking at safety, there's a real issue that needs to
18 be looked at. That needs to be a highway program.
19 It's same contractors that build the roads that build
20 all the grade crossing projects. It shouldn't be a
21 railroad project. That's number one.

22 SECRETARY PETERS: Gene, let me -- I cannot
23 pass up a comment here. Certainly railroad crossings
24 are important; in fact, in the creation of highway
25 safety improvement program, which is a new important

1 program in SAFETEA-LU, a state, if the data shows them
2 that's where the fatalities and injuries are
3 occurring, can spend every dime of that on highway
4 rail grade crossings. That is their decision.

5 PANELIST SKOROPOWSKI: Thank you.

6 PANELIST MORSHED: Actually I gave you my
7 answer in short form earlier and I just repeat it.

8 One, obviously on the safety side is the fact
9 the federal government has a role in improving the
10 safety of freight and passenger rail and we would ask
11 the FRA and federal government to actually adopt a
12 policy that any high speed intercity passenger train,
13 as well as the train operating equipment and systems
14 and all of that, if it's been working safely somewhere
15 else in the world that we should be able to utilize it
16 here.

17 And I give you a two quick examples. In
18 Japan the Shinkansen train has been operating since
19 1966. It carries billions of passengers, hasn't had a
20 single fatality on that train. The French TGV
21 system's been operating since 1991. Again not a
22 single fatality.

23 But neither, you know, today as a high speed
24 authority who are going to go out there and buy those
25 trains in the system to use in California, it will not

1 qualify under the safety regulation.

2 And so that I think is the area we need to --
3 at safety level we need to address it and modernize
4 our regulation.

5 Second thing is, as I said earlier, the only
6 thing I would ask is if the federal government as long
7 as you have a role in modes such as highways and
8 airports, they allow the intercity rail, be it high
9 speed rail or others, to equally compete -- whether
10 it's 20/60, 20/80 or 40/50, whatever it is -- compete
11 for those funds if it shows that it can actually be
12 more effective than building the highways or the
13 airport and put it to -- you know, basically try to
14 get the most for your dollars in terms of getting
15 mobility improvement.

16 And I think if you do that we'll be happy
17 camper. I think California will do very well because
18 many of our intercity rail, whether it's Gene's, you
19 know, service as currently operating, or whether it's
20 our high speed train going to move forward, will do
21 very well competing with other modes as long as they
22 are treated equally.

23 And, finally, if on the federal level you're
24 going to have a role, please don't tell us what to
25 choose. There is a federal government right now you

1 have a policy and you have a program for intercity
2 rail is for it's one specific type of a high speed
3 rail and another one cannot compete.

4 And again as long as the train goes 200 miles
5 an hour why should the federal government care whether
6 it's on wheels or whether it's float above the
7 ground -- I am referring to the federal program
8 specifically assigned to MAG-LEV -- if you want to
9 build MAG-LEV, you get federal dollars. If you want
10 to build a high speed train, you don't get it. I'm
11 talking about the existing situation.

12 CO MISSIONER BUSALACCHI: One last one.

13 Pete, this is for you. You know, coming from
14 a state that's involved in safety on a daily basis,
15 this report that we're going to write, as I said
16 earlier, is going to go to Congress and do you think
17 that the federal role insofar as safety should
18 increase or is the federal role currently okay.

19 And the reason I say this is because, you
20 know, there are really people that say we shouldn't
21 get in anybody's lives. If somebody wants to go out
22 there and drunk drive that's their problem. If they
23 want to ride a motorcycle without a helmet that's
24 their problem.

25 Now, you know, I mean that's their right.

1 And speed is another issue we talk about. You know,
2 we talk about -- we haven't talked about -- really
3 about speed but you got speed limits at 80 miles an
4 hour in Montana, 75 miles an hour, I think, Mary, in
5 Texas, and other states.

6 Should the federal government control some of
7 these things or should it just stay out of this
8 completely?

9 You know, you talked about these barriers and
10 they do work. We've used them in our state. We've
11 had some miserable, miserable accidents with
12 cross-overs, but, you know, they do work.

13 We have found out that improving the roads,
14 four-lane highways with medians, worked very, very
15 well. But again these are huge dollars to do this.

16 So I guess quickly do you think that there
17 should be -- the federal government should insert
18 themselves into this? Because obviously we all feel
19 the same way. I don't think you could talk to anybody
20 in here that wouldn't say, you know, 45,000 deaths a
21 year, Americans, is not acceptable, not counting the
22 carnage it causes in the family and, you know, the job
23 loss and everything else that goes with it.

24 PANELIST SPEER: I think an appropriate role
25 for the federal government in the leadership of our

1 country is to help create a vision and promulgate the
2 vision Toward Zero Fatalities. To make the statement
3 that that level of death on our nation's highways is
4 not acceptable. Dr. Giuliano referred to that in her
5 testimony.

6 My daughter's dating a Swedish boy, young
7 man. You know, he comes from Sweden. Can't believe
8 what we accept as normal here in the United States.

9 Creating that vision Towards Zero Fatalities
10 and encouraging the states to adopt the policies and
11 encourage them to use the practices that will help us
12 to achieve that, funding aside. We can all argue six
13 different ways about the funding, but I think that's
14 an appropriate role for the federal government to help
15 create that vision for our country.

16 SECRETARY PETERS: I'm going to take off on
17 that point then, because we want to get to public
18 comment right quickly, so I'm going to make more of a
19 statement than a question. But I would ask as you
20 search for the question in here, if the panelists
21 would get back to us later on this.

22 Commissioner Skancke and Commissioner Rose,
23 many of the other Commissioners, Busalacchi as well,
24 have talked to you about that we are headed to a point
25 where we have to, by its very nature, because of the

1 Highway Trust Fund, the balance will be in the Highway
2 Trust fund -- or more accurately, the deficit that
3 will exist there as of 2009 -- people may quibble
4 about the order of magnitude of that deficit, but,
5 make no mistake, there will be a deficit -- so we have
6 the opportunity and the obligation to substantially
7 rethink what we are doing in the terms of surface
8 transportation in this country.

9 And that is exactly the task this Commission
10 has been tasked with doing and reporting to Congress
11 and to the President. So I would ask you with this
12 nexus of having to look very differently at our
13 program -- and I've been a state transportation
14 official Will, just like you; I've been in the private
15 sector and I'm a fed right now and have been in the
16 past as well -- I would ask you as I am asking myself:
17 What is it that is absolutely in the national interest
18 for the federal government to do in terms of surface
19 transportation? And no more.

20 So if we were to hypothetically take that
21 18.4 cents federal gas tax right now and say to state
22 governments: You can collect this and you can make
23 the rules and there wouldn't be any federal
24 obligation -- but I suspect that there are some
25 things, albeit a few things, that the federal

1 government should withhold some portion of that tax or
2 another type of tax -- I'm not even sure that a fuel
3 tax ought to be the way for funding transportation in
4 the future -- but what are the things that are
5 absolutely urgent?

6 It goes to the question, Frank, that you just
7 asked on safety. What are the things that are
8 absolutely the responsibility of the federal
9 government and in the federal interest for us to do?

10 And that would help this Commission
11 tremendously as we go forward with our work.

12 Please join me in thanking the panelists for
13 your time and we'll follow up. Also at the panel's
14 discretion we may have some follow-up questions that
15 we didn't get to. If we may, we'll get those in
16 writing and ask for a response in writing.

17 We will now move to the public comment
18 portion of our session and I will ask first Wendy
19 Greuel, City of Los Angeles, Canal District 2.

20 Wendy, there's a podium here in front and I
21 believe a microphone as well, if we may invite you to
22 testify. Wendy will be followed by Brynn Kernagan and
23 then by Jessie Marquez.

24 Wendy, thank you so much.

25 MS. GREUEL: Thank you very much for allowing

1 me to be here and thank you, Secretary Peters,
2 appreciate you being there at the WTS last night. It
3 was a very inspiring evening. And those of you that I
4 had a chance to meet last night at the reception.

5 I'm President Pro Tem of the City Council and
6 Chairman of the Transportation Committee.

7 One theme that I hope has resonated from
8 today's testimony is that the problems that we face
9 and the issues here in Los Angeles are a microcosm of
10 what you've seen across the nation. We have the worse
11 congestion in the nation. We have the busiest ports
12 in the nation and we have some of the worst air
13 pollution.

14 We are very concerned about the depleting gas
15 tax revenues and our ability to fund desperately
16 needed infrastructure and transit improvements. As
17 you've seen in the paper for the last couple of days
18 we've been going up to Sacramento to lobby very hard
19 for the fair share for our region from the recent bond
20 measure that passed last November.

21 I also hope that our region's committing to
22 finding solutions has shown through. I can assure you
23 we are 100 percent committed to finding solutions to
24 the traffic crisis that faces our region.

25 We need to look ahead on the issue of

1 transportation in a manner that insures we're prepared
2 to compete, grow and prosper together in an
3 increasingly global marketplace.

4 But improving transportation is not just
5 about moving people. It's also not improving our
6 economy. As the gateway for nation's trade we must
7 focus on good movement and how it impacts our daily
8 lives.

9 Nearly 50 percent of the goods purchased
10 through our county come through the ports of Long
11 Beach and Los Angeles and before they are distributed
12 out to Denver and Phoenix and Omaha they travel on our
13 freeways and through our neighborhoods.

14 It is estimated that global trade produced
15 nearly \$256 billion in fees for our government in
16 2005. That is nearly a 200 percent increase over the
17 past decade. This national gain came at a local cost
18 that included increased traffic congestion, air
19 pollution and a greater security risk at our ports.

20 I want to be clear we value our ports and
21 their role as an economic engine for our region and
22 the nation. I want to see our ports grow in a
23 responsible manner. But if Los Angeles is going to
24 continue to be the gateway to the world for trade we
25 must insure that we get our fair share of resources to

1 invest in our goods movement infrastructure.

2 We need to think of solutions in terms of the
3 size and scale that are unprecedented, because the
4 crisis we face has never been seen before. I
5 ultimately believe that to find those solutions
6 requires us to have greater collaboration between
7 local, state and federal agencies to insure that
8 today's decisions meet tomorrow's needs.

9 I believe that this Commission and the role
10 that you play is a important step in creating that
11 collaboration. We need every idea to be at the
12 stakeholders' table. It's going to require better
13 planning, better communication, and a better
14 understanding of long-term priorities on all of our
15 parts.

16 Take, for example, the proposed trade
17 agreement between United States and Korea. While it
18 is vital to our economy that we maintain strong ties
19 with our trading partners we need to study the
20 proposed impact on the already crowded 110 and 710
21 freeways.

22 In this case it is important that the U.S.
23 Trade Representative work with the federal and state
24 Departments of Transportation to insure that we are
25 planning and preparing for the influx of goods that

1 will enter our ports.

2 It also means taking a substantial portion of
3 that \$256 billion that the government has made and
4 investing it back into our transportation
5 infrastructure.

6 The silver lining in all of this is I believe
7 that we have reached, I think, a perfect storm here in
8 Los Angeles and the State of California. As I
9 mentioned, we passed a \$20 billion transportation
10 bond. We are a self-help city and county as far as
11 taxing ourselves for transportation needs but we also
12 need the federal government to play a role.

13 And I know there was a discussion earlier
14 about the role of the federal government. With the
15 percentage that we have, 46 percent of the entire
16 goods movement goes through L.A. and Long Beach, we
17 are bearing a great amount of the burden of goods
18 movement for the entire country and there is a role
19 for the federal government to play in that.

20 We also need to as legislators not to offer
21 just band-aid solutions that are unsustainable or
22 shift the burden from one level of government to
23 another or one community to another. We need to do
24 what's practical here and not political to get the job
25 done.

1 So I want to thank you. We have, as you
2 know, Miss Peters, a wonderful head of our Department
3 of Transportation in Gloria Jeff, who is here and has
4 a national prominence and we're lucky to have her to
5 be part of our solution-driven activities.

6 But I think we see Los Angeles as ground zero
7 for innovation and an opportunity to work with the
8 federal government but we do believe very strongly
9 that the federal government has a role to play.

10 SECRETARY PETERS: Miss Greuel, thank you so
11 much for your testimony and for your public service.

12 Questions or comments from the Commission?

13 Thank you so much and I would be interested
14 in you answering the question that I posed to the last
15 panel as well. What exactly is that federal role that
16 you think is most important for us to fulfill?

17 MS. GREUEL: Well, I think obviously
18 financial and when you look at a city like ours that
19 is an international city that benefits the entire
20 country, we think it's about financial support. It's
21 also about the importance of commitment and
22 coordination between our regions and other states with
23 the federal government instructing us to have that
24 partnership.

25 It's also about insuring on environmental

1 issues that it's not just the state of California but
2 other states that relate to traffic mitigation and
3 transportation issues on the federal level.

4 SECRETARY PETERS: Thank you so much.

5 MS. GREUEL: Thank you.

6 SECRETARY PETERS: I should have mentioned
7 this at the onset of our public testimony. We will
8 ask those who are commenting publicly to the
9 Commission to refrain, as we ask each of the
10 panelists, to five minutes of comment.

11 Our next speaker is Brynn Kernagan and Brynn
12 will be followed by Jessie Marquez.

13 MS. KERNAGAN: Thank you, Madam Secretary,
14 Members of the Commission. I'm Brynn Kernagan with
15 Long Beach Transit. Long Beach Transit is one of the
16 municipal transit operators in Los Angeles County. We
17 serve 11 cities and 27 million annual boarding
18 customers. And we appreciate your coming to the Los
19 Angeles area.

20 To answer the question briefly what can the
21 federal government do we would like to see federal
22 government continue the transit programs that are in
23 SAFETEA-LU and particularly as a bus operator and
24 ferry boat operator to continue those specific
25 problems.

1 While the federal programs only provide 15
2 percent of our annual budget they do provide most of
3 our capital budget each year and they are essential to
4 that so we can continue the service to those who are
5 limited in their mobility, to reduce the congestion,
6 and improve air quality.

7 We're one of the groups in the United States
8 that is purchasing hybrid gasoline electric buses,
9 which were the lowest emission buses right now, in the
10 40-foot size and we do need the additional federal
11 funds to be able to continue to purchase those.

12 And in the area of technology, which has been
13 mentioned a lot today, we are moving ahead using GPS
14 for vehicle location searches, which improve the
15 security on our buses as well as on time performance
16 and our customer service for people to be able to use
17 real time information when their buses will arrive at
18 stops.

19 So the federal program is critical in those
20 types of services. And we would also like the federal
21 government to continue supporting research in new
22 ideas and collaboration and partnerships, which will
23 be discussed a little more tomorrow.

24 Whether it's partnerships with private groups
25 to provide our actual service for us under contract or

1 as in the example in Southern California we have a
2 Southern California Regional Transit Training
3 Consortium, which was a local idea of our local
4 transit systems, and we now have 14 transit systems in
5 several counties and 16 community colleges involved,
6 And the concept is to use our professional educators
7 from community colleges to develop consistent,
8 available and lower cost training right now for our
9 mechanics and maintenance people.

10 And as buses become more complex and they are
11 computerized and we are using all this technology, the
12 need for mechanics and their types of training are
13 changing. And by putting this consortium together
14 we'll be reducing the costs as we train people through
15 our community colleges. We would like continued
16 support for programs like that.

17 And a third thought, which was mentioned
18 before too, was for flexibility in federal funds that
19 are available, whether it would be to be able to use
20 more for training than what we can right now or
21 possibly even -- and if I know this is a little
22 risky -- but in the area of operations there are
23 programs like JARC and SEAMAP, which provide some
24 funding initially for operations.

25 And operation dollars are the hardest for us

1 to get. Even though we have taxed ourselves locally
2 and statewide for transit, operational dollars are the
3 toughest, and so any flexibility that way would be
4 helpful as well. Thank you very much.

5 SECRETARY PETERS: Miss Kernagan, thank you
6 very much for your testimony.

7 Comments from the Commissioners, please?

8 Commissioner SKANCKE: Is there anything in
9 the federal programs that you feel constrain the
10 choice of vehicles that you make? Would you buy
11 different vehicles, operate differently, if the
12 federal regulations and requirements were not in place
13 as they are today?

14 MS. KERNAGAN: I would say we're more
15 constrained by our own local regulations that we have
16 here than the federal.

17 SECRETARY PETERS: Comments from any of the
18 other Commissioners?

19 Again, thank you so much for your comments.

20 Our next and last request for the opportunity
21 to speak to the Commission is Jesse Marquez of
22 Coalition for a Safe Environment.

23 Jesse, five minutes, please. Thank you.

24 MR. MARQUEZ: Yes. I want to thank you for
25 this opportunity to speak before your Commission but I

1 also on behalf of the general public wish to express
2 my concern at the failure of the public to even know
3 about this public hearing. There was no newspaper
4 article, advertisement to notify the public of this
5 public hearing. I saw no flyer, no brochure, no
6 newsletter, no poster notifying the public of this
7 hearing.

8 Yet I comprehend and understand the
9 importance of it.. I network with over 50
10 organizations every single month and I did not find
11 out about this hearing until yesterday. At two
12 meetings I was at today I brought up the hearing.
13 Only one other organization knew about this meeting.

14 Here in Los Angeles there are at least 15
15 community-based organizations who have knowledge,
16 experience and have public-commented to various
17 agencies regarding public transportation as well as
18 goods and freight movement.

19 So at the minimum there should have been some
20 type of public outreach to notify organizations that
21 there was going to be these hearings; otherwise this
22 room could be filled with the public.

23 I do want to address some basic issues
24 regarding policy in the revenue. The best thing you
25 can do policy-wise is to listen to the public.' In the

1 five years of existence of my organization, we have
2 learned that the best, the most economical and the
3 most innovative ideas have come from the public. Not
4 from any government or regulatory agency, not from any
5 other government agency but from the public and the
6 nonprofit organizations that have researched the
7 issues.

8 And I will give you some examples of some
9 things that are good, great ideas that go astray.
10 You've all heard of the Alameda Corridor project. The
11 public absolutely supported the project because they
12 saw the need to move the freight. They saw the need
13 to get the trains off the street. They recognized the
14 need that if there is not train stops it does not stop
15 public traffic. We recognize all that.

16 The public asked for two things: That the
17 Alameda Corridor train be electric and that the
18 Alameda Corridor have four truck lanes so the trucks
19 would be down there. That's what the public asked
20 for. That's what the public supported. But that's
21 not what happened.

22 The actual board chose upon their own
23 responsibility with no support from the public to be
24 lobbied by the railroad industry, by the freight
25 industry, by their lobbyists and consultants, to not

1 make the train electric because they did not want to
2 change their locomotive diesel engines to electric.

3 So today we, the public residents, are
4 sometime faced with the diesel exhaust, which is your
5 particulate matter, which is classified as a
6 carcinogenic chemical. It kills people. It makes
7 people sick. That should never have happened.

8 We are a complicated with the truck traffic
9 still on the freeways because the trucks were not put
10 down in there. So here we have a great idea, totally
11 backed by the public. We didn't care if it was 2.1
12 billion, 2.5 billion when your -- that amount of
13 money, the public can accept it.

14 So what I'm asking is that in any decisions
15 you're going to make let the public vote on it. Not a
16 Commission, not a board, not a committee. Let we the
17 public look at the options, let us make the best
18 decisions.

19 Today you heard some of the consultants speak
20 about some of the technology. One mentions MAG-LEV.
21 Our organization for two years have been looking into
22 alternative public transportation and good movement
23 freight intermodal transportation. We have discovered
24 six technologies, new and emerging, that are out
25 there. Now why is it I can't find any government

1 agency that has found these same six, that is moving
2 forward to look into them.

3 It took community organization and pressure
4 attending port of L.A., port of long Beach, Sag
5 meetings, Metro's meetings, the goods movement
6 meetings to bring to attention these that these
7 technologies are there and that given funding via R&D
8 via prototype building the public will support that.

9 If, have to wait one or two years for a
10 prototype to be built, then fine. We the public can
11 do that. We don't mind investing half a million, on
12 million, five million if we know that at the end of
13 this research and r&d time period that we'll see three
14 or four prototypes. And let us see how good they are.

15 I've heard of them, you know, kickback on the
16 MAG-LEV saying it's not that great, it's too
17 expensive, it takes electricity, la-la-la.

18 It's been mostly the industries that oppose
19 it that have said that. We the public want to see
20 that move forward. And we support solar energy. So
21 it doesn't have to be more co-power plants. We can be
22 solarly-paneled networks all along the track. And
23 I'll be more than happy to make a copy of one of the
24 reports where we teamed up with some USC students in
25 the engineering department where they did a

1 comparative study of some of these six technologies.

2 I'll be more than happy to provide that for you.

3 But I would like to also ask that you hold
4 possibly another subcommittee where you invite the
5 public to come and present recommendations. We are
6 there. We are willing to do it.

7 In terms of revenue the public has no problem
8 paying for public transportation. But the public will
9 no longer subsidize private industry goods and ports
10 movement and give them a free ride.

11 SECRETARY PETERS: Mr. Marquez, if you could
12 wrap up, please. The five minutes is up.

13 MR. MARQUEZ: So, like I said, we ask if
14 there is a public comment period there be a broad
15 notification of that ending of that public comment
16 period. If it's -- I don't even know what it is, but
17 if it's like within a week or two then I ask on behalf
18 of public it be extended for 60 days to allow us to
19 come forward and present our research, our studies of
20 experts in the technologies.

21 I would also ask that you sponsor one other
22 thing: An alternative transportation technologies
23 forum or symposium so that you can sit back and let
24 these different alternative technology come forward
25 and present to you a 30, 40 minute to an hour

1 presentation so you see that they are new, they are
2 emerging and we do support them. And I thank you.

3. SECRETARY PETERS: Mr. Marquez, thank you so
4 much. Comments from the Commissioners?

5 If I could, Mr. Marquette, i think you have
6 echoed something that a number of the Commissioners
7 have been concerned about, which is in fact the
8 absence of a public outreach and communications
9 program that would in fact have better informed the
10 public, you know, in the meetings we've had to date.

11 Commissioner MC ARDLE: Whether they were in
12 Dallas, New York, Memphis or today in Los Angeles, and
13 I know this is something we'll be working on.

14 Because you make the most important point of
15 all which is you have to connect with the public, and
16 you have heard from all the panelists today, to make
17 projects possible. You know, an informed public
18 knowing what you want and why you want it and how it
19 at the end of the day benefits them, their children
20 and grandchildren are much more likely to buy into a
21 project than in fact if it's simply thrust at them
22 with no preparation whatsoever and I think that's a
23 critical piece.

24 And the other suggestion you've made is a
25 very intriguing one, which is the whole question of

1 alternatives because we've had a number of
2 presentations and perhaps that's one we really should
3 add to our mix just to see what we can in fact learn
4 from the technologies that are emerging.

5 If we had been here 50 years ago, not one
6 person working on the Clay Commission would have
7 possibly contemplated the kind of export from China to
8 the United States that we see today and the
9 methodologies, the size of the ships or anything.

10 MR. MARQUEZ: So you know, where I live in
11 Wilmington I live four blocks from the Port of Los
12 Angeles Tra Pac Terminal. I live about 20 blocks from
13 the port Long Beach. I'm about 15 blocks from Alameda
14 Corridor and there is four oil refineries in
15 Wilmington.

16 So I'm a living person what has gone through
17 all of that. I ride the bus to the Blue Line train to
18 get here to downtown L.A. for meetings. So I know my
19 experiences from that. But I know the experiences
20 from having talked with some of these technologies
21 that we see them as a viable thing.

22 So that you do know, the port of L.A. and
23 Port of Long Beach last August issued an RFP for
24 alternative intermodal transportation systems. They
25 got eight responses. In the clean air action plan

1 that was just adopted we had to fight and argue for
2 years for them to include now 3 million a year for 5
3 years in their budget to support R&D and technologies.

4 SECRETARY PETERS: I understand.

5 Mr. Marquez, if I may refer to Commissioner Skancke.

6 Commissioner SKANCKE: First of all, thank
7 you for coming down here today and I'm very pleased
8 that you were able to receive information however you
9 received it, and you took the time out of your personal
10 schedule to come down here and give your testimony in
11 the public comment portion.

12 I would be very interested in a list of some
13 of those organizations that you mentioned. If you
14 want to provide them to our Commission staff I would
15 be happy to take a look at some of those
16 organizations. I spend a lot of time here. So
17 whether or not we get a forum or there's a public
18 outreach to them, at least we will have that contact
19 information and we would have the opportunity to reach
20 out and ask our own personal questions. So again
21 thank you if you could provide the staff or any of us
22 with that.

23 MR. MARQUEZ: And there's free media
24 available everywhere. There are numerous talk shows,
25 LIFE AND TIMES, CALIFORNIA CONNECTED. Every cable

1 station has a public access. It's free. It's free.
2 It's just a matter of your public relations
3 communications people coming to those and inviting,
4 you know, the technology people to speak with you on
5 it.

6 SECRETARY PETERS: Mr. Marquez --

7 MR. MARQUEZ: Who should I talk to as part of
8 your staff --

9 SECRETARY PETERS: We'll refer a staff member
10 to you if you don't mind again staying just right in
11 that area.

12 MR. MARQUEZ: Yes.

13 SECRETARY PETERS: And again thank up so much
14 for taking your time to come down and speak to the
15 Commission today. We do appreciate that as well.

16 MR. MARQUEZ: Okay.

17 SECRETARY PETERS: I have no more public
18 comment cards so Commissioners unless there is further
19 business from any member of the Commission we'll stand
20 adjourned for today.

21 I do want to before we adjourn though thank
22 several people. I want to thank Norman Fassler-Katz
23 for the coordination of this hearing. Tremendous,
24 tremendous effort for coordinating this and we very
25 much appreciate that.

1 I also wanted to acknowledge the three
2 members of the D.O.T. staff who are here today, John
3 Hill from the Federal Motor Carrier Administration,
4 Julie Nelson from the MARAD or the Maritime
5 Administration and Cliff Eby from the Federal Rail
6 Administration, who have joined us here today to
7 listen to the testimony, as well as the comment.

8 And last thanks to our stenographer, who I
9 know has had a busy afternoon. Thank you all.

10 (Hearing adjourned)

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6 I, LINDA L. JACKSON, Certified Shorthand
7 Reporter No. 2985, do hereby certify:

8 That the foregoing proceedings were recorded
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12 In Witness Whereof, I have subscribed my name
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