

## Supplemental Views of Commissioner Francis X. McArdle

Let me begin by affirming my support for the work of the Commission and the staff that supported our efforts over the past two years. I accept with only one exception the findings and recommendations of the Commission. I believe that the document ably frames the choices that lay before the nation in surface transportation and makes a series of recommendations that, if adopted, will provide the most robust underpinnings possible for the American economy over the next fifty years.

I take only one exception to the recommendations of the Commission. I believe that the issue of energy security requires that we move as a nation much more rapidly to the use of centrally-generated power in transportation and non-petroleum fuels and away from our reliance on petroleum based fuels for transportation. We now rely on petroleum fuels for 97% of our transportation power. I believe that leaves the nation much too vulnerable to disruptions in supply and volatility in price over the next fifty years. Central generation of electricity gives us choices in fueling that we don't now have with our dependence on petroleum. In addition to the provisions of the Commission's recommendations in this area, I would urge the Congress to consider raising the federal share for state and local investments in electrified mass transit to 95%, from the 80% share recommended in our report for communities willing to create the land use patterns that will support such investments. I believe that a higher federal share will lead more communities to make the choice for electrified mass transit in their pursuit of mobility and growth objectives and will thus contribute to both better mobility and a higher degree of energy independence.

I would also urge the Congress to fully address the issue of what it will take to turn the additional dollars recommended by the Commission

into productive investments, a task which is beyond the work done by the Commission. The Commission is recommending that the nation almost triple the amount now being invested in surface transportation. I concur with the recommendation. But I am also acutely aware that it is not enough to just make more money available. We must also create the additional capacity in the public agencies, design community and the construction community to make certain that these additional funds buy us the vitally needed additional surface transportation capacity at the lowest possible cost and as quickly as possible.

The market alone will not take care of the supply of heavy construction companies and workers to match the newly available funds. We will need to systematically increase the numbers of professional engineers that our schools and universities produce and we must stimulate the development of both the entrepreneurs and the skilled craftsmen and women that will build the projects that the engineers design. We are asking every level of government to transform the way they think about surface transportation systems and performance. We also need to make sure that the human resources and professional tools are in place to allow those levels of government to carry out the new missions that we wish them to assume.

I urge the Congress to task the National Academy of Engineering to review the demands created by our recommendations on the heavy construction industry in the United States and the infrastructure agencies of our nation and to make recommendations on what will be needed in the way of additional research, education, scholarships, and financial support to assure that the facilities that the Commission knows are needed over the next fifty years are there when the demand for them is there.



## Supplemental Views of Commissioner Matthew K. Rose

The work of this Commission shows that infrastructure capacity for all modes is now maximized and must be expanded in anticipation of future goods movement demand and to maintain U.S. competitiveness. I am pleased that, in an effort to assist the Commission's analysis, the freight rail sector has more formally analyzed its capacity in key corridors and projected its capacity requirements in the years to come. In my discussions with policy makers over the years, I invariably ask them to weigh policy proposals against whether implementation of the proposals will result in facilitating more freight capacity, or less. The study undertaken by the industry puts empirical context around how much freight rail capacity needs to be created, if the country will continue to realize the economic and environmental benefits of the national freight rail network. Understanding the future capacity needs of freight rail will also help policy makers evaluate whether public policy proposals relating to passenger rail, public-private partnerships and economic and other regulation help achieve needed freight rail capacity expansion, the vast majority of which has been, and will continue to be, privately funded, financed and maintained by the railroads.

I share the conclusion of the Commission's report that passenger rail--intercity and commuter--will need to grow in order to supplant VMTs and give Americans more affordable, sustainable choices in light of higher fuel prices, growing transportation congestion and related environmental concerns. The report specifically recognizes that the future of passenger rail is in shorter haul corridors, where there exists a track record of increasing demand and success by states in meeting it. The Commission's report clearly asserts that expanding passenger rail cannot be achieved at the expense of freight rail operations--the most fuel efficient and sustainable mode of freight transportation--as freight volumes are expected to grow. It also recognizes that separating freight and passenger rights of way, in dense corridors and at higher

passenger speeds, allows freight and passenger rail achieve their full potential, consistent with passenger rail networks in other countries.

In order to obtain my support for the Commission's vision for passenger rail, it had to include the principle that access by passenger providers to freight rail networks, where reasonable, must be negotiated at an arm's length with freight railroads, and the impact on present and future corridor capacity must be mitigated to ensure that rail freight capacity is not reduced, but enhanced. This recognizes that speed differences between passenger and freight trains and certain well-defined passenger service requirements must be taken into account. There must be a fair assignment of costs based on the ongoing cost of passenger services, including the cost of upgrading and maintaining track, signals and structures to support joint freight and passenger operations and the cost of maintaining and improving the safety and reliability of highway/railroad intersections in joint use corridors. Finally, it goes without saying that all host railroads must be adequately and comprehensively protected through indemnification and insurance for all risks associated with passenger rail service. The Commission's vision is intended to fully address the need for expanding needed rail infrastructure capacity to provide for growth in demand for freight and passenger rail. It recognizes that in order to be a true transportation alternative for Americans, passenger rail cannot be achieved on the cheap, as it has been to date.

I support the Commission report's strong recommendations about a national commitment to transportation safety. I believe that the Section 130 grade crossing program is consistent with that commitment. Since 1974, this dedicated program to target funding of grade crossing protective devices and separations has saved thousands of lives and greatly increased the safety of motorists at public crossings. Considering the thousands of public crossings that remain without protective devices, it is important to retain the historic

Section 130 funding levels to continue this important work.

Finally, the Commission makes groundbreaking recommendations relating to a freight program intended to fund projects which increase freight volumes through freight origins, such as ports, key corridors and megapolitan terminal destinations. The Commission's recommendations sketch broad outlines of a program and proposals to fund it. There should be robust debate among private and public stakeholders to determine whether and how to implement these recommendations in a way that does not impede commerce, tax freight providers (who must continue to fund underlying capacity expansion) and direct funding to worthy projects that serve national freight mobility goals.

The Commission's recommendations recognize several key principles that are essential to Congress' consideration of a federal freight program. The first is that public benefits should be paid for by public entities and any private benefits by private beneficiaries. There are many freight projects that entail extensive public benefits--such as environmental enhancements and improved national freight efficiency--which a private railroad would not otherwise fund, due to the constraints of capital budgets, the requirement that rail investment must be directed at network expansion and return on investment, or the overwhelmingly public benefits presented by a project. Public funding in these instances is appropriate and does not represent a public subsidy of private beneficiaries, since a rail carrier will contribute financially commensurate with its benefit, if any.

With regard to the assessment of a freight fee, I believe it is essential to recognize that any freight fee is the shipper's money--private funding--which should be invested in ways that result in increased freight velocity, capacity and additional reliability, which are private and public benefits. Projects should be part of an integrated goods-movement strategy which will improve national competitiveness in conjunction with world trade and goods movement, while also positively

affecting regional safety, road congestion, environment, and air quality. The investments that address broader public interests--such as, but not limited to, reducing VMTs on the nation's highways, grade separations, improving air quality in many of our nation's metropolitan areas, energy security, and urban mobility--are valid public policy objectives and ought to be funded by a variety of public funding sources, including the National Highway Trust Fund, other federal sources, and contributions by the state and local sector.

The integrity of a freight fee collection process is vital. The Commission did not define the details of the freight fee, a task better handled by a broader set of constituents before Congress. However, the Commission recognized several principles upon which I would like to expand. First, it is key that any freight fee is paid by the beneficial cargo owner, not transportation intermediaries such as steamship, trucking, or rail companies. An issue with fees assessed against carriers is their inability to pass these fees on in a competitive marketplace, which will result in reducing their ability to reinvest. Should Congress consider a freight fee, it should not put the burden on the private sector to bill and administer the fee. Third, a national freight fee is preferred to individual state fee initiatives that are now emerging in several states which may inadvertently distort global trade flows, and only result in diverting congestion from one port region to another. Any national fee should preempt local fees, which is the best way of keeping a level playing field across national freight networks.

In conclusion, there is risk in moving forward with a freight program--a freight assessment could burden commerce, and projects could be funded which do not facilitate increased freight throughput. However, if done consistent with the principles of accountability broadly outlined in the Commission's report, there is an opportunity for the next surface transportation bill to benefit all transportation users.