

NATIONAL SURFACE TRANSPORTATION  
POLICY AND REVENUE STUDY COMMISSION

LOS ANGELES, CALIFORNIA FIELD HEARING

THURSDAY, FEBRUARY 22, 2007

Reported By: Rosa I. Guzman, CSR No. 12024

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APPEARANCES

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2

3 Commission

4 Chairman Steve Heminger

5 Commissioner Frank McArdle

6 Commissioner Tom Skancke

7 Commissioner Frank Busalacchi

8

9 Oral Testimony

10 Gloria Molina

11 Senator Alan Lowenthal

12

13 Panel 3

14 Gary Gallegos

15 Art Leahy

16 Kent Woodman

17 John Barna

18

19 Panel 4

20 Jim Waltze

21 Roger Snoble

22 Sunne Wright-McPeak

23 Dr. Martin Wachs

24

25

1 APPEARANCES (Continued)

2

3 PUBLIC COMMENT

4 Joshua Golku

5 Sheldon H. Walter

6 Stephanie Molen

7 Andrea Hricko

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1 Thursday, February 22, 2007; Los Angeles, California

2 8:41 A.M.

3

4 MR. HEMINGER: 8:41. The audience can take  
5 their places. This is the National Surface  
6 Transportation Policy & Revenue Study Commission,  
7 Day 2, in Los Angeles.

8 My name is Steve Heminger. I'm Executive  
9 Director of the Metropolitan Transportation  
10 Commission just a few hundred miles up the road in  
11 the San Francisco Bay Area. I am serving as Chair  
12 for our hearing this morning in the absence of  
13 Secretary Peters, who was called away on the Nation's  
14 business to the Nation's border just a few miles down  
15 the road.

16 And Commissioner Rose also was called away  
17 on business. So the four commissioners who are here  
18 today certainly can cause enough trouble to last the  
19 morning. And I'm joined on my left by Frank  
20 Busalacchi and on my right by Tom Skancke and Frank  
21 McArdle.

22 We also have a couple of changes to our  
23 agenda this morning. We are pleased to have Gloria  
24 Molina here, who is the Chair of the Metropolitan  
25 Transportation Authority Board of Directors and a

1 member of the Los Angeles County Board of  
2 Supervisors. She was to have been joined by two  
3 members of the legislature. One of them, Senator  
4 Alan Lowenthal, is on his way. The other assembly  
5 member, Pedro Nava, will not be able to join us.

6           So I believe, Chair Molina, we will begin  
7 with you and look forward to your testimony.

8           I'll remind all the witnesses today that we  
9 are trying to limit testimony to five minutes.

10           But in your case, since you've got one  
11 absence, you got ten.

12           MS. MOLINA: I won't take that long.

13           MR. HEMINGER: So welcome.

14           MS. MOLINA: Thank you. And let me welcome all  
15 of you on behalf of my colleagues that will be coming  
16 in later on today. It's great to see you all here  
17 today. I understand you had a good day yesterday and  
18 had an opportunity to watch our congestion and our  
19 traffic from the area yesterday. I hope it was a  
20 good day for you.

21           But I'm very pleased to welcome all of you  
22 to Metro on behalf of the Board of Directors, our  
23 over 9,000 employees, and certainly the millions of  
24 customers that we serve every single week. We are  
25 honored to have the historic Commission that has

1 chosen to meet here. We are meeting at the MTA here  
2 a little later on in the afternoon after you finish  
3 your important business.

4           But it's particularly fitting that you  
5 visit this year because we recently have been  
6 designated by APTA, and we are very proud to say we  
7 are America's best transit agency. We are very proud  
8 of that. We look forward to sharing our thoughts as  
9 to how to build a better funding framework for the  
10 Nation's transportation needs.

11           I am the current Chair of the Los Angeles  
12 County Metropolitan Transportation -- Metro, as we  
13 call it -- and certainly a member of the Los Angeles  
14 County Board of Supervisors. I've also served on the  
15 Los Angeles City Council, as well as a member of the  
16 California State Assembly. So I bring to this field  
17 here a broad understanding of the term  
18 "transportation" and what it means certainly to my  
19 constituents.

20           Our county's transportation network and, by  
21 extension, our Nation's network should not be viewed  
22 in a vacuum as a stand-alone system of highways, bus,  
23 and rail. Rather, our transportation system should  
24 be considered as a key element in enhancing the  
25 quality of life of all Americans.

1           A great example of what I mean is just  
2 outside this boardroom on the platform here at Union  
3 Station. We are building a bridge across the  
4 101 Freeway that will carry passengers on the East  
5 Side Light Rail Lines into Little Tokyo, then  
6 Boyle Heights, and, ultimately, to East Los Angeles.

7           We must not evaluate the funding and the  
8 construction of this long-awaited and long-delayed  
9 light rail as simply a transportation project and  
10 that alone. Of course, East Side Line will be a  
11 mobility lifeline that is going to serve our County's  
12 most transit-dependent populations, but to the  
13 residents on the East Side, the line is much more  
14 than that. It is an engine for economic growth  
15 because it brings new investment into the community  
16 in the form of creative transit or added development.

17           We already have a new East L.A. County Hall  
18 with a new library and a child care center located  
19 right along the alignment. White Memorial Hospital  
20 has invested significant resources to expand and  
21 overhaul, and L.A. Unified School District is  
22 building a new high school next to the alignment --  
23 the very first in almost 50 years of the East Side.

24           We are revitalizing our older community  
25 into vibrant, more pedestrian-friendly neighborhoods



1 where walking will be more of a way of life. Health  
2 experts contend that with just 15,000 steps a day, we  
3 can live longer, healthier lives. The East Side, as  
4 we know, has one of the highest rates of diabetes in  
5 the County. Finding ways to decrease that risk and  
6 integrating them into our daily lives is certainly  
7 very important.

8           The East Side Project is also part of the  
9 region's answer to global warming. Metro's transit  
10 network produces the amount of air pollution being  
11 spewed into our air by over 76 tons per day.

12           And finally, the East Side Light Rail Line  
13 will improve the quality of life for tens of  
14 thousands of people who will use this line every  
15 single day. So simply by eliminating the long bus  
16 trips to and from work, school, and shopping will  
17 greatly improve the lives of my constituents and many  
18 of the constituents here in Los Angeles County.

19           Currently it takes a student living in the  
20 East Side two hours -- and I say two hours -- each  
21 way to commute to U.C.L.A. Once the East Side and  
22 the Expo Lines Are completed, this commute is going  
23 to be reduced to a much more manageable one hour.

24           My concern with respect to our Federal  
25 Transportation Policy is twofold. First, your

1 Federal Transportation Policy framework does not  
2 adequately consider the beneficial impacts that  
3 transit projects like the East Side Line have on  
4 local neighborhoods.

5           In a dense metropolitan area like L.A,  
6 expanding our highway network is not often an option,  
7 nor is it desirable. Our Federal Government has to  
8 have a better way to measure how its modest  
9 transportation funding can be best used to move  
10 people faster while enhancing the quality of life.

11           Secondly, I'm deeply concerned that our  
12 Nation's resolve to fund the next generation of our  
13 transportation network has been seriously eroded.  
14 The idea that we can continue funding our Nation's  
15 bus, rail, and highway system with budget dust is  
16 truly an illusion.

17           Here in Los Angeles County, we need real  
18 federal leadership in transportation funding. We  
19 need the type of leadership that the Federal  
20 Government demonstrated in the 1950's when Congress  
21 adopted the Federal Aid Highway Act of 1956. The  
22 leadership cannot be relegated to just bus, rail, and  
23 highway funding alone because we also need federal  
24 leadership on goods movement.

25           L.A. County, as you saw yesterday, is home

1 to the Twin Ports of Los Angeles and Long Beach that  
2 manage 40 percent -- and this is 40 percent -- of all  
3 of the seaborne cargo that enters the United States  
4 every single year; yet the Federal Government has  
5 done very little to support the transportation of  
6 goods across L.A. County or America, for that matter.

7           We are hopeful that, as this Commission  
8 carries out its work and as it goes and concludes its  
9 findings, that it's going to lead to tangible  
10 outcomes for all of us here locally but also across  
11 the country.

12           So we welcome you. We understand you have  
13 important work to do, but more importantly, we hope  
14 that you take into consideration many of the issues  
15 that we've raised. And certainly, we have our staff  
16 people here. Roger Snoble, the C.E.O. of the MTA is  
17 here and many others that will be happy to answer any  
18 questions that you may have. Thank you so much, and  
19 welcome.

20           MR. HEMINGER: Supervisor, thank you. I know  
21 you do need to move on to other business; so we'll  
22 dispense with questions for you. And let me, just as  
23 you leave, thank you for all the work that your staff  
24 has done. The MTA has been a marvelous host to us,  
25 and we look forward to your continued efforts with us

1 as we proceed toward a December, 2007, report to  
2 Congress. Thank you.

3 MS. MOLINA: Very good. Thank you so much.

4 MR. HEMINGER: If I could, I'd like to call the  
5 third panel up. That would be Gary Gallegos, Art  
6 Leahy, Kent Woodman, and John Barna.

7 Gentlemen, it looks like we got two of you  
8 at least, which is good news. And I'd also like to  
9 beg your forbearance. We're awaiting the arrival of  
10 Senator Lowenthal, and I think, to accommodate his  
11 schedule, we'll try to hear from him as soon as he  
12 arrives.

13 But in the meantime, we do want to make the  
14 best use of our time, and so I think we should  
15 proceed with your presentations.

16 And let me just mention that, my  
17 colleagues, I can personally attest to the fact that  
18 this will be a very good panel because the four  
19 gentlemen are really leading plights here in  
20 California in what we're doing.

21 And if I could introduce all four of them.  
22 And I'm hoping that Kent and Art will be along  
23 shortly. There's Kent. So we are three out of four,  
24 and I'll go in the in order of the agenda.

25 Gary Gallegos is Executive Director of the

1 San Diego Association of Governments. He is my  
2 counterpart in San Diego and is in charge of an  
3 agency that is transforming itself into more of a  
4 mobility organization than simply a planning entity.  
5 It's in charge of a local self-help sales tax, which  
6 many of our local agencies administer here in  
7 California. Gary also has a career background at  
8 Caltrans. So he really brings a tremendous portfolio  
9 of skills to the work that he does.

10           Art Leahy, who I hope will be along  
11 shortly, is Gary's counterpart at the Orange County  
12 Transportation Authority. Art also has a lengthy  
13 background in public transit and OCTA.

14           For my colleagues on the Commission, we  
15 have heard quite a bit about the State Route 91 toll  
16 road, the road that was built originally by the  
17 private sector and then purchased by the public  
18 sector -- there's Art -- and Art was in the middle of  
19 all of that and, I'm sure, can answer our questions  
20 about that subject.

21           Kent Woodman is Vice Chair of his firm's  
22 Transportation and International Commerce Group. His  
23 experience includes considerable service, I believe,  
24 at the federal level, including with the Federal  
25 Transit Administration as Chief Counsel.

1           And I know Commissioner Skancke is  
2 constantly asking about what's broken, and I believe  
3 that Mr. Woodman has some answers for you today, as  
4 well as how to fix it.

5           And John Barna does not look the worse for  
6 wear after what must have been a very exciting week  
7 so far. John runs the California Transportation  
8 Commission and, as such, is in charge of the process  
9 that is unfolding on all of our cell phones down here  
10 in Los Angeles. So for the past few days of  
11 expending the first 4 1/2 billion dollars' worth of  
12 bond funds from the Infrastructure Measure that the  
13 voters approved last November. And John's Commission  
14 will be acting on that, finally, next week under an  
15 extremely aggressive time line that the legislature  
16 has given us.

17           John has a very strong background in state  
18 government, having served in the Wilson  
19 Administration and now serving in the Schwarzenegger  
20 Administration. John also serves with me and Will  
21 Kempton, who you heard from yesterday, as a  
22 free-person Oversight Committee for construction of  
23 the new East Band of the Bay Bridge in San Francisco,  
24 which we are working mightily to avoid becoming Big  
25 Dig West. So that is our panel.

1           And you each have five minutes. If you  
2 could stick to that initially so that we can have  
3 ample time for questions because we will have plenty  
4 of them.

5           And Gary, I believe you have the floor.

6           MR. GALLEGOS: Thank you, Mr. Chairman and  
7 Commissioners. Thank you for this opportunity to  
8 come before you today.

9           Partnering and project delivery, which are  
10 the two subjects you have asked us to talk about, are  
11 both key to our Transportation Program in California.  
12 And I think you heard a lot yesterday about all the  
13 different colors of money, and one only has to follow  
14 the money to understand both the challenges and  
15 changes that we're seeing in our Transportation  
16 Program today.

17           In the early 80's, all of our surface  
18 transportation funding came pretty much exclusively  
19 from the State and Federal Government. By the late  
20 80's and early 90's, we were finding, at least in  
21 California, that state and federal funds were  
22 insufficient to keep up with the demands, and we saw  
23 counties throughout California start passing sales  
24 tax initiatives to augment their transportation  
25 revenues.

1           San Diego County is one of these counties.  
2 We call them self-help counties in California. We  
3 have a half-cent sales tax for express purpose of  
4 transportation investment. We recently, by the  
5 narrowest of two-thirds margin, extended our sales  
6 tax measure for an unprecedented 40 years. And as we  
7 look at our most recently adopted transportation  
8 plan, I think it's important to note that 66 percent  
9 of the transportation revenues for San Diego County  
10 are coming from local sources, 22 percent from the  
11 state, and about 12 percent from the federal sources.

12           This dramatic change in transportation  
13 funding has required stronger partnerships and really  
14 improved project-delivery methods. Our success in  
15 raising these local funds has been tied to being able  
16 to leverage both state and federal dollars. And as  
17 you can see, there's no longer a single funding  
18 source, and projects are delivered with many  
19 different colors of money.

20           But as the golden rule goes, when you use  
21 other people's gold, you got to play by their rules.  
22 And this means that with all the various colors and  
23 sources of funding, they all have their own set of  
24 rules and requirements, and I think we are really  
25 wrapped around an axle in a maze of rules at the



1 federal, state, and even local level.

2           So I would argue that we must work to  
3 streamline various rules and regulations to make  
4 funds more flexible and easier to leverage with our  
5 local dollars. As we develop projects, we must also  
6 look beyond just projects and really look to quarters  
7 and networks. And I want to argue for the fact that  
8 I think we need a new vision for transportation that  
9 will provide us with a more flexible system, one that  
10 provides more choices and one that really improves  
11 mobility for all Americans.

12           I would argue that we must stop pitting the  
13 various transportation modes against one another and  
14 look for ways to marry the various modes. We must  
15 look beyond the need to just move vehicles and really  
16 look towards moving people and goods.

17           In San Diego we're developing and  
18 constructing a system of what we call "managed  
19 lanes." In essence, we are building a new freeway  
20 system, "a freeway within a freeway" as we call it.  
21 The new freeway is being equipped with movable  
22 barrier rails that will allow us to reconfigure the  
23 freeway to meet changing demands of the day.  
24 Arguably, while our system has served us well for the  
25 many years, it's a pretty rigid system that doesn't

1 allow for much flexibility.

2           We are using pricing as a way to manage the  
3 system and not only manage the system but to help  
4 fund a rapid transit system that will provide  
5 San Diegans with more competitive choices. So our  
6 vision for the future is that this system will be  
7 used as a priority to move workers during the peak  
8 period, but during the nonpeak period, the priority  
9 would be to move goods.

10           And we're pretty excited about this system  
11 because we think it offers some sort of a new kind of  
12 transportation system that we haven't seen, and we're  
13 scheduled to open the first section early next year  
14 and put our fury to the test here. I also want to  
15 highlight that this new system has required for us to  
16 sort of re-tool our project delivery team. Managing  
17 these multibillion-dollar quarters really requires a  
18 different skill set than managing the typical  
19 transportation project.

20           At SANDAG, we are partnered with Caltrans  
21 to put together a multidisciplinary team of  
22 engineers, planners, and consultants. Employees from  
23 their various government agencies are part of the  
24 team. The team is managed by what we have put  
25 together and called a "quarter director." This

1 employee happens to be a Caltrans employee but who  
2 reports directly to both Caltrans and SANDAG. So  
3 this is government trying to figure out how to share  
4 and get the most of what we have.

5           By sharing responsibilities and  
6 consolidating the efforts under this single point of  
7 contact, we have been able to streamline our delivery  
8 services in what we believe is a cost-effective  
9 manner. In the past, each agency would have put  
10 their own manager, and decisions would have been  
11 fragmented. So far, this re-tool of project delivery  
12 team is producing positive results and may represent  
13 a new way of delivering quarter improvements.

14           One of our frustrations in working with all  
15 of the federal agencies and the many rules and  
16 regulations -- for example, even though FHWA and FTA  
17 are both part of the Department of Transportation --  
18 I'm sorry. I see the secretary is not here this  
19 morning to hear this -- they approach product  
20 delivery in a very different fashion.

21           To add to this, we have various federal  
22 regulatory agencies and, in our case, on the border,  
23 many border-enforcement agencies. And I think that  
24 there's plenty opportunities to do better partnering  
25 at the federal level.

1           I want to close -- I think the Commission  
2 has asked -- I got a chance to sit in the audience  
3 yesterday -- asked really good questions, and I think  
4 Commissioner Skancke asked, "What do you guys want  
5 this to look like in the future?" And I'd like to  
6 close with telling you that I think that we need a  
7 new vision for transportation in the country. We  
8 don't have that. I would argue that the last time we  
9 had that was when we wanted to build the interstate  
10 system. And I think we should take pride in  
11 recognizing that we built an interstate system that  
12 is probably the envy of the world.

13           But the last few transportation bills have  
14 evolved into a grab bag of who gets more money for  
15 what project with no comprehensive vision of where we  
16 should go. And I'd like to leave the Commission with  
17 a thought, at least of what I think the vision should  
18 be, and it would be one of economic competitiveness.

19           If you look at these last transportation  
20 bills, we get into arguments on whether California is  
21 getting their fair share or if we're doing better  
22 than New York or Texas when the reality is that we  
23 ought to be collaborating as 50 states in one country  
24 because the real competition is abroad. And we're  
25 competing against the Europeans. We're competing

1 against the emerging economy of China and what's  
2 happening in Asia in general.

3           I think we need a new vision, and a new  
4 vision ought to be about economic competitiveness.  
5 And the role of the Federal Government is to help  
6 frame this vision, to put the pieces in place. Let's  
7 figure out what we want to do; then we'll figure out  
8 how we want to pay for it. And we'll figure out how  
9 to do that in an equitable way so that Californians  
10 and Texans and New Yorkers can come together.

11           But right now we're fighting against each  
12 other, and while we fight, the rest of the world is  
13 figuring out how to make us go from number one to  
14 number two, three, four and maybe ten.

15           So, Commissioners, those are my views. I  
16 thought you asked excellent questions yesterday. I  
17 wanted to take an opportunity to try to answer your  
18 questions straight up.

19           MR. HEMINGER: Gary, thank you. And you'll be  
20 getting a Valentine from Commissioner Skancke, I  
21 believe, later on.

22           Art, the floor is yours.

23           MR. LEAHY: Good morning. It's a pleasure to be  
24 here with you. Welcome to Southern California.  
25 Obviously L.A. is a great place. We're glad to have

1 you out here. We hope you have a chance also to look  
2 at Orange County. We think of ourselves as the  
3 economic engine of Southern California, and so we're  
4 really pleased to have a chance to talk to you about  
5 our investments in transportation in Orange County.

6           Today there are 3 million people in Orange  
7 County and about a billion and half jobs -- a lot of  
8 activity, a lot of movement. We just passed a  
9 \$12 billion sales tax in November. The residents of  
10 Orange County are taxing themselves to make sure they  
11 can deliver projects to keep our economy moving. We  
12 are a very business-friendly county.

13           I would note for you we are very much in  
14 favor of private partnerships. Our bus ridership is  
15 the 12th highest in the country. Interestingly,  
16 about two thirds of it is operated in-house; about a  
17 third of it is contracted out.

18           I want to comment on other aspects of  
19 public-private partnerships. We use design build to  
20 widen the State Road 22 Garden Grove Freeway in  
21 Orange County. It's a ten-mile-long project, 40-lane  
22 miles, 35-bridges rebuild, and a major freeway, the  
23 5-22 Interchange rebuild -- all done via design  
24 build -- the first time that a freeway, an operating  
25 freeway, has been widened in California history using

1 design build.

2           Why did we do that? The original  
3 projections from Caltrans -- by the way, we did it in  
4 partnership with Caltrans. We really functioned as  
5 their agent. The OCTA managed this project because  
6 we had design-build authority, which unfortunately  
7 Caltrans did not have.

8           The original estimate from Caltrans back in  
9 2001 was that they could complete the project between  
10 2009 and 2011. Our board was not happy with that  
11 time table given that we had extreme congestion.

12 Therefore, when they asked us to investigate ways to  
13 speed it up, we ended up looking at design and build.

14           Our original contract for this project was  
15 to do the entire piece of work, \$390 million, in 800  
16 days. Since construction was started, about 900 days  
17 ago, we added \$50 million of change order. The size  
18 and extent were changed after we had gotten orders to  
19 proceed. A bridge-widening project was changed late  
20 in the project -- actually changed last November --  
21 as we were nearing completion.

22           We are going to end up completing about  
23 \$440 million of construction in around 950 days. We  
24 are a little bit off schedule, but part of that is  
25 because the scope of the project has changed

1 significantly after construction began. I would just  
2 compare that with the widening of the I-5 in Orange  
3 County, which is currently underway. That's about a  
4 \$240 million construction project that is scheduled  
5 to take more than 1,500 days. So we are going to do  
6 \$440 million worth of construction, 950 days, as  
7 compared to \$240 million and about 1,500 days.

8           We think that the SR-22 project proves that  
9 design build is a flexible way of implementing  
10 rapidly public works projects. So we hope that the  
11 Federal Government would encourage the use of design  
12 build to speed up project delivery in the future.

13           I'd also like to comment on the 91 Express  
14 Lanes, the toll lanes. It's an odd kind of a model  
15 to be using when discussing private partnership, as  
16 the Chair and I discussed, because, actually, the  
17 roads were built by a private firm which the OCTA  
18 bought out about five years ago.

19           The reason we bought out the private firm  
20 was not that the lanes were in trouble or that there  
21 was any defect with the project. It was that we had  
22 a privately owned road in Orange County, but in order  
23 for one to use it, they had to get on the freeway in  
24 Riverside.

25           As a consequence, it was quite



1 controversial. People in Riverside were very unhappy  
2 about paying a toll to a private toll-road operator.  
3 They perceived that the private owner was profiting  
4 due to the congestion on the lanes, on the free  
5 parallel lanes.

6           What really led this to be volatile was  
7 that the private firm had what was called a  
8 non-compete clause that protected them from  
9 improvements in the parallel lanes. The non-compete  
10 clause ran into the year 2030. It ran from Orange  
11 and L.A. county lines all the way to the I-15, deep  
12 into Riverside County, even though there was no toll  
13 lane there. It was so complete that Caltrans could  
14 not sit in a restaurant and draw a map on a napkin as  
15 to how they might improve the parallel lanes. This  
16 led to lawsuits from Riverside, Corona, and  
17 counterlawsuits -- a great deal of controversy.

18           The lawsuits, on top of the non-compete  
19 clause and the toll lanes, led to both legal as well  
20 as traffic gridlock. The OCTA stepped in. Even  
21 though we were not a party of that controversy, we  
22 stepped in to buy out the toll lanes five years ago.  
23 We bought them using debt which we totally repaid  
24 using the profits from the toll lanes.

25           Under our ownership, we have been able to

1 get rid of the non-compete clause. As a consequence,  
2 the controversy surrounding it has completely  
3 dissipated. We now have a very cordial relationship  
4 with Riverside. We are working together. We can now  
5 improve the 91 without any restrictions from a  
6 non-compete clause.

7           Under our ownership, we have achieved the  
8 highest average speeds on the toll lanes during peak  
9 hours during its tenure in history. We have the  
10 highest traffic volumes in history. We have the  
11 highest revenue in history, and we have the highest  
12 averaged vehicle occupancy in history -- that because  
13 we give a discount or free passage to car pools.

14           Well, in addition to that, we have taken  
15 the profits, which are fairly significant, from the  
16 toll lanes. We now have used those profits to pay  
17 for improvements in the free lanes. So there's  
18 really a win-win here for the traveling public.

19           So why are we using it as an example of  
20 public-private partnership? Well, clearly the  
21 private sector paid for it. It was a great  
22 investment. Clearly the public is paying significant  
23 tolls. We are using those tolls to maintain and  
24 improve the parallel lanes. We think the real lesson  
25 learned from this whole controversy is that a lack of

1 community acceptance -- in this case in Riverside --  
2 created a great deal of controversy despite whatever  
3 the merits of the project may have been.

4           That was principally because of the issue  
5 of the non-compete clause. We think that's bad. We  
6 think the Federal Government should discourage that.  
7 We think toll lanes are good. We think they generate  
8 revenue to have capacity, and that's always a good  
9 thing. We believe our road establishes very  
10 effectively that congestion pricing works.

11           You have a table that shows what the tolls  
12 are. They vary by hour, by direction, by day of  
13 week. We know that our customers manage their travel  
14 times in order to minimize the tolls they pay. We  
15 are happy to see that. And we think that having the  
16 profits that emerge from that paying for the public  
17 road is a good thing.

18           I'd like to comment real quickly on two  
19 other issues. First of all, goods movement. I know  
20 you heard a great deal about that. Orange County is  
21 a very business-friendly area. We like business. We  
22 like prosperity. We want that to continue.

23           We're worried about adding capacity,  
24 however, in Orange County. We understand that needs  
25 to happen, but we also need to manage the impact of

1 those capacity enhancements on local residents in  
2 Orange County. The railroad and the freeway across  
3 Northern Orange County and the 5 in the middle of  
4 Orange County are already highly congested.

5           We believe that there should be exploration  
6 of ways of generating revenue from those goods  
7 movements, container fees for trucks. We would be  
8 willing to discuss all these sources and approaches.  
9 We understand the reasonable requirements, the need  
10 of the shippers to want to make sure that that  
11 revenue would be dedicated towards improvements in  
12 the transportation system. That makes a great deal  
13 of sense.

14           We would just note that goods movement is  
15 not a local issue. It's a function of international  
16 trade. That's a good thing, but local funds and  
17 local funds intended for local projects should not be  
18 paid for -- used to pay for mitigation.

19           One last comment on the Los An Corridor.  
20 There are three railroads that currently run between  
21 San Diego and Los Angeles: The Metrolink System in  
22 L.A. County and Orange County, the Coaster in  
23 San Diego, and, of course, Amtrak. We think that  
24 steps should be taken to better coordinate the Amtrak  
25 services, particularly in a place like the East Coast

1 but also Southern California to ensure we have  
2 coordination of schedules and services of station  
3 stops and the like along that entire corridor and  
4 indeed, through the rest of Southern California.

5           With that I'll close. I appreciate the  
6 time to talk with you about a few of our issues and  
7 wish you the best of luck in your work. We'll be  
8 pleased to work with you in the future.

9           MR. HEMINGER: Thank you, Art.

10           Mr. Woodman, please proceed.

11           MR. WOODMAN: Mr. Chairman, Members of the  
12 Commission, the focus of my testimony is on one of  
13 the most important programs of the U.S. Department of  
14 Transportation, and that is the Federal Government's  
15 program for the funding of new fixed guideway transit  
16 systems -- by that we mean commuter rail, light rail  
17 systems, subways -- which is collectively referred to  
18 as "New Starts."

19           Thirty years ago there were only a handful  
20 of New Starts around the country. That began to  
21 change dramatically in the early 1980's, and since  
22 that time the Nationwide interest in New Start  
23 Projects has virtually exploded. By 2004, there were  
24 almost 80 projects in the New Starts pipeline.

25           If you look at the safety legislation,

1 there are over 250 projects authorized for  
2 alternatives analysis and preliminary engineering in  
3 that legislation. The State of California may be the  
4 most striking example of this phenomena. Projects  
5 have literally been built in the last 20 to 25 years  
6 from one end of this state to the other.

7           Even with the Federal Government providing  
8 about \$1.5 billion in New Start funding each year,  
9 there are simply too many New Start Projects chasing  
10 too few federal dollars. This has led to intense  
11 competition for federal funds, but more importantly,  
12 it's led to critical policy decision at the federal  
13 level, and that is "Who gets the money?" Or perhaps  
14 better stated, "How do we decide who gets the money?"

15           The answer from the Federal Government has  
16 an admirable as a matter of public policy. We will  
17 subject projects to a rigorous evaluation process,  
18 and we'll select the best projects for funding. For  
19 several years the Administration and the Congress  
20 have wrestled with establishing a framework and  
21 system for evaluation of projects to determine which  
22 deserve to be funded.

23           In concept, the resulting New Starts  
24 Program represents an exemplary and even unique model  
25 of selecting public investments on the basis of

1 merit. In practice, although we got here with the  
2 best of intentions, the New Starts System has become  
3 so complicated, so replete with reports and analysis,  
4 so fraught with delays, that it's impeding FTA's  
5 basic mission of helping build projects Nationwide.

6           Just to give a quick synopsis of what's  
7 involved in the Federal New Starts Program right now,  
8 first, based on detailed submittals made on an annual  
9 basis by grantees wanting to build the project, FTA  
10 evaluates and rates those projects under two  
11 criteria: Project justification, which involves  
12 cost-effectiveness, environmental benefits, land use,  
13 mobility improvements, and things of that type; local  
14 financial commitment, which evaluates the stability  
15 and reliability of the local funds and the extent of  
16 the overmatch.

17           A complicated and controversial element of  
18 this evaluation is FTA's ability to measure  
19 cost-effectiveness quantitatively through the use of  
20 what's called a "Transportation System User Benefit  
21 Number," or "TSUB," which is intended to show the  
22 incremental user benefit per dollar of the transit  
23 investment.

24           Second main element of the project is that  
25 New Start Projects proceed in stages and FTA acts as

1 a gatekeeper so that a project cannot advance from  
2 one stage to the next, such as from alternatives  
3 analysis to preliminary engineering, without  
4 receiving the green light from FTA.

5           Third, almost all New Start Projects  
6 receive full NEPA clearance. That means development  
7 of a draft and final EIS and issuance of a record of  
8 decision by FTA are clearly justified as public  
9 policy, and the EIS process, as administered by FTA,  
10 is quite time-consuming and creates schedule  
11 uncertainties.

12           Finally, in order to be eligible for  
13 construction financing, a grantee must develop a  
14 lengthy list of project reports and documents,  
15 provide detailed budget scope and schedule revenue  
16 information to FTA, which is subject to exhaustive  
17 review and risk analysis, and then negotiate and  
18 execute a full-funding grant agreement which is the  
19 multi-year grant document for projects being  
20 constructed.

21           There are over 20 steps in FTA's checklist  
22 to obtain an FFGA and the required documents that it  
23 must generate, review, refine, and finalize. In a  
24 nutshell, FTA due diligence structure has created  
25 substantial schedule and cost problems for grantees.



1 As stated by one transit general manager, the biggest  
2 risk factor in the New Starts process has become the  
3 Federal Government.

4           Here are four specific recommendations for  
5 change: Streamline and simplify the New Starts  
6 evaluation and grading process. FTA has  
7 overemphasized the quantitative analysis through its  
8 heavy reliance on the TSUB number and overly precise  
9 distinctions among projects. As the LAMTA has said,  
10 analytical precision should not be the goal. Just  
11 identify the best and worse projects.

12           Besides simplifying cost-effectiveness, FTA  
13 should give equal weight to the other statutory  
14 criterion, more subjective factors such as  
15 environmental benefits, land use and mobility -- some  
16 of the things that Supervisor Molina was mentioning  
17 regarding the East Side. These elements, which are  
18 the subject of extensive submittals to the Federal  
19 Government, are currently not scored in the rating  
20 process.

21           Finally, FTA should take into account all  
22 the grantees' new fixed guideway projects and capital  
23 investments, not just its share of the subject at  
24 issue. In L.A., for example, Metro has constructed  
25 five non-federal New Start Projects at a cost of over

1 3.2 billion, and that number goes totally  
2 unrecognized in the FTA rating system.

3           Second, establish a bilateral commitment to  
4 time frames. The Federal Government is the only  
5 participant in the New Start process that makes no  
6 commitments regarding schedule. Everyone else -- the  
7 grantee, other local governments, design firms,  
8 construction firms -- must agree to and comply with a  
9 schedule. There would be significant benefits if FTA  
10 would just adopt a more disciplined and  
11 time-sensitive approach and agree to a schedule for  
12 the documents, including any of the documents that  
13 need to be produced in the process.

14           Third, adopt an alternative approach to due  
15 diligence and risk allocation. Enormous time and  
16 resources are expended at the federal level and risk  
17 assessment and financial reviews of New Start  
18 Projects. This fails to take into account that under  
19 a full-funding grant agreement, FTA places a cap on  
20 the amount of federal funding available and shifts  
21 all risks for cost increases, scheduled delays and  
22 overruns to the grantee.

23           The current federal model is  
24 counterintuitive in that it requires extensive  
25 federal due diligence and risk analysis but places no

1 financial risk on the Federal Government. A more  
2 appropriate approach would be to place the primary  
3 burden for risk assessment on the party actually  
4 bearing the financial risk, the local grantee, and  
5 limit the extent of the FTA role.

6           Fourth and last, another key project --  
7 allow key project activities to proceed after the  
8 record of decision. Without the Federal Government,  
9 when a record of decision is issued at the end of the  
10 need for process, underlying action can proceed.  
11 That's not true for New Start Projects.

12           There are additional and time-consuming  
13 steps, particularly obtaining authority, to enter  
14 final design and the detailed and lengthy process of  
15 getting an FFGA that have to occur in the FTA process  
16 after the record of decision. This can take as long  
17 as two years and mean that the actual construction of  
18 the project can be delayed for that period of time.

19           FTA would provide considerable savings and  
20 time and money if it would seek to accelerate this  
21 process. I'm sure that most federal grantees would  
22 accept or put up with these burdens easier if there  
23 was enough federal money to fund all of the projects  
24 Nationwide. Since that's unlikely, please help us  
25 streamline the process and design and build these

1 projects more efficiently. Thank you, and I  
2 appreciate the opportunity to be here.

3 MR. HEMINGER: Mr. Woodman, another Valentine  
4 being issued by Commissioner Skancke.

5 I think you've all heard the beep somewhere  
6 in your testimony. That's the five minutes. So I'm  
7 sure Mr. Barna will be more disciplined than the  
8 other three. Although I hate to insist because,  
9 after all, the rest of you have broken the rule, so  
10 why shouldn't he?

11 MR. BARNA: Mr. Chair, I'll try to do that.  
12 It's an honor and privilege to represent the  
13 California Transportation Commission before this  
14 Federal Commission. You are indeed tackling the most  
15 salient issues in transportation today, and you have  
16 our Commission's support and best wishes, or perhaps  
17 condolences for your efforts.

18 You have my testimony. I'm not going to  
19 repeat it verbatim, but I'd like to hone in on, I  
20 think, some key points.

21 With Proposition 1B, which the Chair  
22 referenced, it's a \$19.9 billion general obligation  
23 bond for transportation that California's voters  
24 approved in November. The state's voters and  
25 travellers are challenging the transportation

1 community to change business as usual to provide real  
2 congestion relief, mobile choice, and connectivity  
3 throughout the state.

4           The Commission's view is that the funds and  
5 programs created through Proposition 1B create an  
6 opportunity to move beyond -- and I want to emphasize  
7 this point -- programming projects to programming  
8 benefits -- real mobility, accessibility, and  
9 reliability benefits for all elements of the  
10 traveling public.

11           In its focus on benefits, the Commission is  
12 also looking at sustainability. For example, what  
13 are the system preservation and operation strategies  
14 that will ensure that today's infrastructure  
15 investments will continue to yield mobility,  
16 congestion relief, and safety benefits 5, 10, and 20  
17 years into the future?

18           Proposition 1B also places a premium on  
19 accountability for early project delivery and  
20 timeliness of funds. Large states, such as  
21 California, have mature Transportation Programs that  
22 tap into multiple revenue streams, such as we heard  
23 already from Gary and Art and Kent. In many of our  
24 urban counties, the federal dollar is as little as  
25 20 percent of the overall program. In many respects

1 the dynamic California has with the Federal  
2 Government is replicated between the state and  
3 regional agencies, many of whom have been represented  
4 at this hearing yesterday and today. The size of the  
5 Los Angeles Metro Transportation Program or that in  
6 the Bay Area or that in San Diego rivals that of many  
7 states.

8           The Commission, especially as result of  
9 Proposition 1B, is increasingly responsible for  
10 developing guidelines for how the state and regional  
11 agencies interact with one another. The Federal  
12 Government needs to be keenly aware, as we are, of  
13 the implications of placing conditions on funding and  
14 establishing processes for complying with those  
15 conditions.

16           With annual increases in the construction  
17 cost index at least in the last two or three years  
18 exceeding 20 percent in some states, one of the  
19 biggest funding contributions that our federal  
20 partners can make is avoidance of delay in the  
21 project-approval process. And I think that Kent's  
22 comments to that are enlightening.

23           Perhaps cooperative partnership is a better  
24 expression to synthesize the concepts of  
25 streamlining, integration, and delegation. At the

1 state level the Commission shares the intent of  
2 Caltrans and regional agencies to provide real  
3 congestion relief, real benefits, real outcomes.

4           We would recommend that the Federal  
5 Government and California develop and share a similar  
6 vision. If we are all on the same page, then the  
7 issues of streamlining, integration, and delegation  
8 are not who gains or loses control, but rather how we  
9 work together to deliver on our responsibility to  
10 communities and businesses who depend on our Nation's  
11 transportation systems.

12           This cooperative partnership needs to be  
13 developed with an eye toward ensuring that the level  
14 of government best suited for implementing a project  
15 can meet its mission successfully. The traveling  
16 public is unconcerned with who is responsible for the  
17 project. They are concerned with seeing improvements  
18 made and congestion reduced. For the public,  
19 coordination should be transparent, and they're  
20 right.

21           I think in sum, before going to Q & A, what  
22 I'd like to underscore is that we in California,  
23 because of our size, are going through the same  
24 issues the Federal Government is going through in  
25 terms of trying to determine what the transportation

1 future is.

2           And I think some of Gary's comments are  
3 insightful. And with Proposition 1B, all the  
4 transportation partners in California are taking a  
5 step towards developing that vision and communicating  
6 it with voters, communicating it with the traveling  
7 public, and being held to the much different  
8 standard. It's no longer about projects; it's about  
9 mobility. It's no longer about who wins or loses;  
10 it's about trying to develop solutions that work, not  
11 only on a regional basis but on a state basis.

12           And to the extent that we are a laboratory  
13 to show how strategies might or might not work, we  
14 think that we can offer some good examples to the  
15 Federal Government, as well as to your efforts, in  
16 developing an approach and moving forward. And I  
17 thank you for the opportunity to be here this  
18 morning.

19           MR. HEMINGER: Well done, John. No buzzer.

20           I would like to beg the indulgence of my  
21 colleagues in the panel and rearrange the schedule a  
22 bit here and perhaps add a fifth member to this panel  
23 because we are very delighted to have been joined by  
24 Senator Alan Lowenthal, who chairs the Senate  
25 Transportation and Housing Committee in Sacramento



1 and represents the district that we flew over  
2 yesterday in helicopters as we inspected the port  
3 complex.

4           Senator, would you join the panel, perhaps  
5 either at the podium or I'm sure one of these nice  
6 gentlemen will give you his seat. And then if you're  
7 able to, you could stay -- I am sure that they would  
8 all give you their seat. Senator, welcome, and if  
9 you are able to stay for questions, we would very  
10 much appreciate it.

11       MR. LOWENTHAL: I am.

12       MR. HEMINGER: The witnesses have been speaking  
13 for about five minutes. And then we can get to the  
14 questions. So the floor is yours.

15       MR. LOWENTHAL: Thank you.

16           First, I'm pleased that the Commission has  
17 been able to visit Los Angeles and hear a view of  
18 Californians on transportation funding. I  
19 participated this past week on a college, and I can  
20 report there's a tremendous amount of frustration in  
21 what people perceive as poor investments in  
22 transportation, and establishing new sources of  
23 funding for transportation is critically important.  
24 But it's also, in California, politically sensitive,  
25 and I appreciate your efforts, and I thank you for

1 coming today.

2 California is in the midst of the same  
3 struggle that the Federal Government is in.  
4 California has not raised its gas tax since 1994, and  
5 the value of the tax has eroded substantially due to  
6 inflation and rising construction costs. At the same  
7 time, the state expects tremendous population growth  
8 with the number of vehicle miles travelled growing at  
9 an even faster rate. People are driving increasingly  
10 more, placing more demands upon our transportation  
11 system, and as a result, the state has been in the  
12 uncomfortable position of underinvesting in its  
13 transportation infrastructure, and now we have some  
14 of the worst congestion in the Nation.

15 As you know, in November, the voters of  
16 California passed a historic bond measure,  
17 Proposition 1B, which would provide nearly \$20  
18 billion for investment in transportation. This  
19 funding is critical in helping the state catch up on  
20 needed transportation projects.

21 However, if we do not develop a reliable  
22 way of funding transportation, the great potential of  
23 this investment will not be realized. Roads will  
24 become congested once more, and the state will be  
25 right back where it's now in only a few years' time.

1           To ensure we uphold the trust that has been  
2 placed on us, we must find a reliable, sustainable  
3 source of funding. To this end, I and other members  
4 of the legislature have been examining users' fees  
5 and public-private partnerships as potential means to  
6 provide funding for transportation.

7           With regard to users' fees, I have been  
8 working on legislation that would authorize that the  
9 ports charge a modest container fee to cargo owners.  
10 Revenues from the fees would be used to fund  
11 transportation projects to facilitate the transport  
12 of goods in California. In addition, last year we  
13 passed legislation AB1467 from Assembly Member and  
14 Speaker Nunez that authorized the development of  
15 high-occupancy toll lanes and the use of congestion  
16 pricing.

17           Public-private partnerships, we are moving  
18 forward, but we are moving forward cautiously. Our  
19 mind is open -- especially mine is, I believe there's  
20 something in there -- and I believe that there is  
21 tremendous potential. But California will need  
22 assurances that the profit motive and the public  
23 interest can co-exist peacefully without litigation.  
24 We need to understand the impact of public-private  
25 partnership facilities on individual users: What are

1 the motorists and the users, as well as the state,  
2 getting for their money?

3 I believe two things should guide  
4 California's investment in transportation. First,  
5 while expanding capacity is necessary to improve  
6 mobility, we must find ways to achieve higher  
7 performance from our existing system.

8 One way to do this is to manage demand  
9 better using such tools as congestion pricing. I  
10 personally have worked to implement what's called now  
11 "Pier Pass," which are incentives for port operations  
12 to occur after traditional business hours in order to  
13 encourage truckers to use the roads during off-peak  
14 times. We must manage our transportation  
15 infrastructure more efficiently.

16 Second, we must expand transportation  
17 choices, such as transit. These two strategies,  
18 finding ways to gain more from our existing system  
19 and increasing transportation options, are keys to  
20 keeping California moving.

21 To close, I'd like to share some brief  
22 thoughts concerning financing mechanism. I believe  
23 in California that we will see a mix of funding  
24 strategies. It is my hope that the mix will include  
25 indexing the gas tax. I prefer that it be indexed

1 according to construction-cost inflation because a  
2 good portion of gas tax revenue is spent on  
3 infrastructure.

4           That said, I believe the state and the  
5 country should move away from petroleum-based fuels  
6 in the coming decades. This is a long-term  
7 proposition. It nonetheless raises questions  
8 concerning how much we want to rely on gas tax as a  
9 source of transportation funding.

10           On public-private partnerships, I ask that  
11 the Commission move forward but with caution. The  
12 investment community has been promoting these  
13 arrangements heavily, and I think many questions  
14 still remain concerning the long-term implications of  
15 these deals.

16           I also ask the Commission to consider a  
17 national container fee, the revenues from which could  
18 be used to support infrastructure improvements that  
19 facilitate the movement of goods in and around the  
20 ports.

21           Finally, I understand that the Commission  
22 has been considering a mileage-based tax. A VMT tax  
23 has merit, but a major drawback is that it does not  
24 differentiate vehicles according to their fuel  
25 economy. An SUV would be taxed to the same extent as

1 a hybrid; yet in reality, the two types of vehicles  
2 have very different impacts. Hybrids consume less  
3 energy, are lower-pollution emitting, and put less  
4 wear on the roads. We need to encourage the use of  
5 low-emitting, clean vehicles and discourage the use  
6 of polluting vehicles.

7           Thank you very much for your attention, and  
8 I wish you good luck in the difficult task ahead of  
9 you.

10         MR. HEMINGER: Thank you, Senator. Thank you  
11 very much for your leadership on so many of the  
12 subjects that we're dealing with here in California,  
13 and I'm sure we could help each other in those  
14 objectives.

15           We've now reached question time. John, I  
16 don't know if you could come up to the podium and  
17 join the panel so we could have all five of you  
18 before us.

19           We are very fortunate today, really for the  
20 last two days, to have maybe the two best state  
21 transportation secretaries in America right here, and  
22 let me call on one of them who is our colleague,  
23 frank Busalacchi, to begin the questioning.

24         MR. BUSALACCHI: Gary, you talked about a couple  
25 of federal agencies and how they deal with these

1 issues. Can you give me some ideas as to where you  
2 think the disconnect is, where you think it's working  
3 or not working? You gave a real broad statement  
4 there, but can you get more specific.

5 MR. GALLEGOS: I think Kent touched on all the  
6 points. If we'd built the freeway system with the  
7 Federal Government's help the way FTA is building the  
8 transit system, we wouldn't have a freeway system.  
9 And in my opinion, the FTA process has gotten to  
10 almost a paralysis by analysis. And there's just so  
11 much analysis, and we're so careful in making sure we  
12 don't make the wrong decisions, but yet all the  
13 responsibility lies on the local guys that, for us,  
14 it's been very frustrating that way.

15 And I would prefer that FTA operate  
16 probably a lot more similar to FHWA. I think that  
17 the role in FHWA -- and from my Caltrans history,  
18 where I spent almost 20 years, we saw FHWA's role  
19 change from when I first started, in the early 80's,  
20 in this business. FHWA took a pretty extensive role.  
21 They would come out and measure whether the girder  
22 was exactly 12 inches on a bridge or not, and then  
23 they went through stewardships when they started  
24 looking at the things that were important and doing  
25 the audits.

1           So my advice would be that we need to make  
2 FTA look and operate more like FHWA. But working on  
3 the border, I could tell you that those are only two  
4 examples. If you look at the myriad of agencies that  
5 we work with on the border, just on how every one of  
6 those agencies interprets NEPA. And you go to every  
7 one of these federal agencies, and they all have  
8 attorneys, and every one of them is going to give you  
9 a different interpretation of what that law says and  
10 what their responsibilities are for mitigating. And  
11 it's hard for us to understand because FHWA sees it  
12 one way; GSA sees it another way.

13           And so Mr. Secretary, I hope that answers  
14 your question, but more specifically, I think more  
15 delegation -- and I think I appreciate some of the  
16 analysis that's being done, but I think we have taken  
17 it to a level that's causing us to really not build  
18 projects.

19           MR. BUSALACCHI: Okay. Senator, you touched on  
20 one of my favorite topics, public-private  
21 partnerships. I too have been, you know, very vocal  
22 and very cautious about public-private partnerships  
23 and my concern over the fact that the private sector  
24 obviously is out there to make money, and of course,  
25 guys like you and I are there to protect the



1 taxpayer.

2           I mean, you touched on it a little bit, but  
3 really, I mean, what do you think the Commission can  
4 really do? I mean, we're going to make  
5 recommendations back to Congress. You know, you had  
6 said we need to be cautious, but you know, in what  
7 way?

8           The concern that I have is, you know,  
9 again, the private sector, they want to make money.  
10 And there's nothing wrong with that. That's a good  
11 thing. But exactly how are we going to, you know,  
12 get to where you want to get to, is a question that I  
13 think we've got to recommend back to Congress. As  
14 you know, they have been holding hearings on the  
15 three piers, and we're going to need to deal with  
16 this when we make our recommendations back to  
17 Congress.

18       MR. LOWENTHAL: I'm not sure. I recently  
19 attended the White House Summit on Financing, which  
20 really the focus was on public-private partnerships.  
21 And while I am cautiously optimistic and I think  
22 within our toolbox we need, as I pointed out, a wide  
23 array of tools of funding mechanisms, I couldn't help  
24 but feeling, when I left there, that I was  
25 participating, at least in part, in those pyramid

1 schemes: Everybody was going to do and make out  
2 well. The public sector was going to make out well.  
3 The private sector was going to make out well. It  
4 was going to enhance our capacity, fix the roads.

5           And I kept saying where? What's wrong with  
6 this picture? While I agree with that, who is paying  
7 for all of this? What is the poor driver who's out  
8 there now going to be thinking?

9           And I will tell you California will not be  
10 moving in the model of Indiana, Pennsylvania, now  
11 probably New Jersey, Chicago. We're not going to be  
12 leasing our long-term assets to the private sector.  
13 We're not going in that direction. We're going to  
14 look at -- that is not the public-private  
15 partnerships that we're really talking about in this  
16 state. At least the legislature is not going to be  
17 moving -- and we've made it real clear we do not wish  
18 to move in that direction.

19           If we need to toll, which we may need to  
20 do -- we're really talking about funding -- we need  
21 to first look at whether the public-private sector  
22 can be doing that. We are not against raising  
23 revenues in different ways, but we first must make  
24 sure that assets are not given away to the private  
25 sector.