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NATIONAL SURFACE TRANSPORTATION POLICY

6

AND REVENUE STUDY COMMISSION

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CHICAGO FIELD HEARING

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COMMISSIONER JACK SCHENENDORF, CHAIRMAN

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COMMISSIONER FRANK BUSALACCI

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COMMISSIONER FRANK McARDLE

COMMISSIONER STEVE HEMINGER

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April 19, 2007

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8:30 o'clock a.m.

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James R. Thompson

Center Auditorium

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100 West Randolph

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Chicago, Illinois

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CHAIRMAN SCHENENDORF: If we could get started
please. If the first panel would come up.

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Good morning. Welcome to day two of the
hearing in Chicago. Welcome everybody back. This
is a continuation.

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This is actually the very last day of
hearings that we will have for the Commission. The
hearing in Minnesota wrapped up yesterday, so today
is the final day.

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Again we thank all of our hosts and
sponsors who have made this possible. Without their
help we would not have been able to travel out and
hear what's happening throughout the country.

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With that we'll get started. I'd like to
remind the witnesses that we are going to impose a
five-minute rule on the oral statement because it's
really important to the Commission to be able to
interact with you, and the only way we're going to
do that is if everybody wraps things up in five
minutes, so when the five-minute mark hits I will
interrupt you and ask you to wrap up right away.

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Again, if there's anybody who is hearing
impaired, we are able to do signing, so just let

24 someone on the staff know, and we will arrange for
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1 that for you.

2 With that I'd like to see if any of the
3 other Commissioners have a statement they'd like to
4 make.

5 COMMISSIONER McARDLE: Jack, I just want to
6 thank all the staff that made this possible both
7 here and elsewhere, our court reporter, the people
8 handling the sound and everything. It doesn't
9 happen without them. They do deserve all of our
10 thanks.

11 CHAIRMAN SCHENENDORF: Very good point.

12 COMMISSIONER BUSALACCI: I would like to say
13 the Chicago White Sox we keep the town.
14 Congratulations.

15 COMMISSIONER McARDLE: What happened to the
16 other team last night?

17 CHAIRMAN SCHENENDORF: Okay. Let's not
18 digress.

19 Let us start with Pete Rahn, the
20 Secretary from the Missouri Department of
21 Transportation.

22 MR. RAHN: Good morning, Mr. Chairman, members
23 of the Commission.

24 Thank you very much for this opportunity
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1 to testify before the Commission.

2 The topic of safety is obviously critical
3 to the functioning of our transportation system, and
4 we must recognize that for all practical purposes we
5 are at a standstill on significant progress for
6 safety improvements to our system.

7 While you will be hearing from experts
8 here that will be able to go into a great deal of
9 detail, I would like to address a few topics
10 regarding the context with which we must talk about
11 transportation and safety.

12 Clearly funding is a critical issue as it
13 relates to the ability to improve the safety of our
14 infrastructure. The issue of funding I recognize is
15 something that the Commission is obviously involved
16 in in determining a future policy, and I have huge
17 respect for the people involved in this dialogue and
18 debate that is ongoing.

19 We talk about these issues. I have to
20 mention I have a great concern about this concept of
21 devolution of a federal role for transportation not
22 only as it impacts safety but for the entire system.
23 I believe that devolution would not be indicative of
24 a victory of past transportation policy but would

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1 rather be a surrender in the face of a very daunting
2 task that is before this nation as we talk about the
3 future of transportation.

4 I think devolution would be the
5 abandonment of the majority of this nation's

6 citizens and would put us at a disadvantage at
7 exactly the moment that our citizens need a strategy
8 to address our nation's global competitiveness.

9 As we talk about devolution, as that
10 concept has come about, as you are here in the
11 middle of this country, I think it's significant to
12 note that any one of our states could have an
13 enlightened approach, an epiphany as to the
14 importance of transportation and invest billions of
15 dollars in improving our state system. Yet if those
16 improvements represent only an island of efficiency
17 for our system, it is simply that -- it is an
18 island.

19 We know that transportation is a system
20 that is only as good as its weakest component, and
21 that is why we must have a federal approach to a
22 transportation system. No single state that is not
23 adjacent to the coast will be able to take part in a
24 globally competitive economy. We simply cannot do

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1 that on our own.

2 We need a national system. That system I
3 believe needs to be based upon our interstate system
4 which I would add are, the safest roads that we have
5 within our nation is our interstates. I believe we
6 must address our interstates and the success of our
7 interstates as having been phase one and that we
8 must address a phase two which is an expanded
9 interstate system which would clearly address safety
10 concerns.

11 You know, it's my opinion that we have,
12 we have spent our inheritance that we received from
13 our parents and grandparents. We've spent that, and
14 now it's time for us to invest in our children and
15 our grandchildren, and that investment is going to
16 be very difficult.

17 We as an industry, both DOTs and
18 contractors and others, have frankly dropped the
19 ball in explaining to this nation that roads are
20 like cars. You buy them. You use them up, and you
21 have to buy them again, and when you buy them again,
22 they're even more expensive. And we lost that.
23 There's no concept as far as this. We need to
24 reinvest in our system.

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1 Therefore, I think that's why it's
2 extremely important that the Commission address our
3 ability to continue to invest and increase its
4 investment in transportation through the mechanism
5 of a transportation revenue advisory commission
6 which could inject into that system the political
7 courage that's going to be necessary if we're going
8 to reinvest in our future.

9 CHAIRMAN SCHENENDORF: Thank you.

10 Next on our list is Barbara Harsha, the
11 Executive Director of the Governor's Highway Safety
12 Association.

13 MS. HARSHA: Thank you. Good morning. I
14 thank the Commissioners for the opportunity to
15 testify.

16 My association is a non-profit
17 association that represents state highway safety
18 agencies. Its members are appointed by their
19 governors to administer federal behavioral highway
20 safety grant programs and to develop and implement
21 statewide safety plans, and the association focuses
22 on behavioral issues like impaired driving, occupant
23 protection, aggressive driving, et cetera.

24 As Pete Rahn has indicated, we have made
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1 a lot of progress, but over the last decade our
2 progress has really stalled, and we have not seen
3 much in the way of safety improvements for the last
4 decade.

5 AASHTO has recommended, has estimated
6 that if we keep the current fatality rate that
7 exists in this current year, past year, that we
8 would be killing 70,000 people by the year 2025.
9 Clearly that's unacceptable.

10 We've done a very good job in maintaining
11 where we are, holding the line, preventing it from
12 being worse, but if we are going to proceed, we've
13 got to take some bold steps and do a combination of
14 things; and we have some recommendations as to what
15 those would be.

16 First, we recommend strengthening the
17 existing occupant protection on impaired driving
18 programs. We would recommend that strategies be
19 tested for enforcing occupant protection and
20 impaired driving laws between the two national
21 mobilizations that are held every year.

22 We need to concentrate on high risk
23 populations and most importantly focus on closing
24 the gaps in the impaired driving system because in

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1 our view and in the view of others that system is
2 broken, and that's one of the reasons why we haven't
3 made much progress in impaired driving.

4 Second, we recommend focus on speeding.
5 We recognize that speeding is a growing problem
6 throughout this country. Make the issue of speeding
7 a national priority to accompany the national
8 priorities in impaired driving and encourage all
9 three levels of government to address the issue and
10 to take action.

11 At the federal level, for example, we
12 recommend that FHVI and NHTSA, the National Highway
13 Traffic Safety Administration, conduct speed travel
14 studies because we don't really know how fast people
15 are going. We haven't known that since the
16 requirements were terminated for states to collect
17 speed data, so we don't really know how fast people
18 are going but we know they're traveling faster than
19 they have in previous years.

20 We recommend that NHTSA should conduct a
21 national campaign to raise awareness about the
22 consequences of speeding because people don't really
23 realize what the impacts of speeding are, and we
24 recommend that all three federal agencies do

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1 counter-measure research that would indicate the
2 most effective strategies for addressing the speed
3 problem.

4 We also recommend that all three federal
5 administrators of the safety-related agencies use
6 their bully pulpit to talk about speed and to begin
7 that process of raising public awareness about the
8 consequences of speeding.

9 Third, we recommend that congress
10 encourage the states to enact policy changes, and
11 that means that we have to recognize the importance
12 of mentoring motorcycle helmet laws and primary belt
13 laws and authorize large incentive programs to
14 encourage states to pass those laws.

15 Fourth, we recommend utilizing technology
16 such as seat belt minders, ignition interlocks and
17 automated enforcement and encourage development
18 testing and deployment of other advanced
19 technologies.

20 Fifth, we recommend continuing a
21 comprehensive approach to highway safety and
22 continuing and strengthening the strategic highway
23 safety program requirements that are in Safety Blue.

24 Six, we recommend improving the Davis

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1 system, and that would require an infusion of more
2 federal dollars.

3 Seven, we support improvements in state
4 programs through research, training and
5 administrative training, and that would involve
6 increased funding for behavioral and infrastructure
7 related highway safety research, both of which have
8 been very, very underfunded, consolidating safety
9 programs, providing a single grant application and a
10 single deadline and ensuring that all behavioral
11 grant programs start on October 1.

12 Finally, we recommend providing adequate
13 resources to support all of these things and
14 bringing a lot more national attention to the
15 problem of highway safety because there's a real
16 dearth in leadership on this issue.

17 Thank you.

18 CHAIRMAN SCHENENDORF: Thank you.

19 The next witness is Mike Stout, the
20 Director of the Illinois Department of
21 Transportation Division of Traffic Safety.

22 MR. STOUT: Thank you, sir, and thank you,
23 Commissioners, for the opportunity to talk this
24 morning.

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1 Illinois has realized much success in

2 reducing the number of people killed on its highways
3 and roadways in the last four years. The last four
4 years have been four of the ten safest in the
5 history of the State of Illinois. Last year 2006
6 1254 people died on Illinois roadways. This was the
7 lowest since 1924, an 82-year record.

8 Although we've been very successful in
9 lowering the number of people killed on our
10 roadways, we are not realizing the same types of
11 success in impaired driving.

12 The latest data we have is 2005. That
13 number comes from NHTSA. Forty-three percent of our
14 fatalities were alcohol-related; the year before
15 that 45 percent.

16 The national average is somewhere between
17 39 and 40 percent. We are above that number and
18 need to do more.

19 Every year in Illinois 50,000 people are
20 arrested for DUI. Experts tell us that we're only
21 catching 1 out of 200. Do the math. There are a
22 lot of people driving impaired, and people are
23 dying. In 2005 580 people lost their lives because
24 of impaired driving. We need to do more.

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1 We know what strategies work. We know
2 that enforcement, enforcement, enforcement works
3 along with education.

4 We need to get more funding from
5 Washington to help us in our fight against impaired
6 driving. We need to increase the number of roadside
7 safety checks and saturation patrols.

8 We also need to do more with our media
9 and do a better job there to get the education out
10 so that people know if they do drive drunk in
11 Illinois that they will go to jail.

12 We also need to do a lot of work with our
13 prosecutors and DUI court, so we would use funding
14 for more judicial training, law enforcement
15 education and also new technology. This morning I
16 brought a gadget that we're using in Illinois with
17 me which simply looks like a flashlight that police
18 officers use.

19 Whenever they pull somebody over in the
20 evening they turn their light on and they shine in
21 to look at the driver's license and the
22 registration, not knowing that this is a passive
23 alcohol sensor. There is a gauge on the flashlight
24 that will tell the officer if alcohol is present.

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1 This will better establish probable cause, so it is
2 an item that we're using in Illinois.

3 It sells for about \$700. We have
4 purchased 150 of these. We are now doing a study
5 with the Illinois State Police, but we think this is
6 a very good tool that can be used by our law
7 enforcement to increase the number of arrests due to
8 impaired driving.

9 This is the type of new technology
10 Barbara mentioned in her talk that's out there, and
11 we need more money to invest in it to increase the
12 tools that our State Police and local police have in
13 Illinois to get the drunk drivers off the road.

14 In Illinois we partner with MADD, with
15 SADD, with RADD, everybody we can. Impaired driving
16 is a serious problem that we have in Illinois. This
17 is our number one problem.

18 In the last couple years we have gotten
19 increased funding through 410 spending. We hope
20 that we will continue to qualify for this, but one
21 of these days that money will dry up and we need
22 more funding, more ways to fight impaired driving.

23 When we can sit here and say that no
24 drunks are driving on the road and killing people,
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1 we'll be happy.

2 Our belt usage is up in Illinois to 88
3 percent. We are shooting to hit 90 percent this
4 year. It's much easier to get people to wear their
5 belts than it is to not drink and drive.

6 We have the alcohol industry. We have
7 lodging. We have tourism. Everybody is promoting
8 to have a good time, so this is a real difficult
9 battle. We need all the help we can get out of
10 Washington in this battle.

11 Too many people are dying on our
12 roadways. Until we get that down to zero will we be
13 happy.

14 I thank you for the time this morning and
15 appreciate you coming to Illinois. Thank you.

16 CHAIRMAN SCHENENDORF: Thank you. Our next
17 witness is -- how do you pronounce your first name?

18 MR. BIRCH: Glynn.

19 CHAIRMAN SCHENENDORF: -- Mr. Glynn Birch who
20 is the national president of Mothers Against Drunk
21 Driving.

22 MR. BIRCH: Thank you, Mr. Chairman and also
23 members of the Committee for allowing us to submit
24 testimony to be heard today.

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1 I am Glynn Birch. I'm the national
2 President for Mothers Against Drunk Driving.
3 Highlight the point that you don't have to be just
4 mothers to join our organization.

5 You know, looking back, last year MADD
6 launched its campaign to eliminate drunk driving
7 that has four basic plans -- supporting enforcement
8 to deter and apprehend offenders, supporting current
9 technologies to make cars undrivable by drunk
10 driving offenders, supporting the development of new
11 technologies that are small, unobtrusive and
12 inexpensive for wide use and, of course, building
13 public support for all of these.

14 Now we believe that by embracing the four
15 plans of the campaign to eliminate drunk driving a

16 significant amount of death and injury on the
17 surface transportation network can be eliminated.

18 Law enforcement is a critical part of
19 eliminating drunk driving. Sobriety checkpoints
20 have been proven to reduce alcohol-related traffic
21 crashes by an average of 20 percent. A good example
22 is a checkpoint in Tennessee, a state-wide sobriety
23 checkpoint conducted in '94 and '95 in which there
24 was a 20 percent reduction in alcohol-related

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1 traffic crashes extending between a period of about
2 21 months after the program compared to similar
3 states.

4 MADD strongly supports national and state
5 efforts to conduct crackdowns, especially funding
6 for and efforts undertaken by NHTSA for their Labor
7 Day and Christmas crackdowns. These have been very
8 successful, and in 2002 ten states with paid
9 advertising saw belt use increase eight percentage
10 points; that use the earned money.

11 MADD strongly encourages the use of this,
12 the federal money, for paying for paid media
13 campaigns to augment current media efforts that
14 accompany intensive impaired driving and safety belt
15 enforcement efforts.

16 Now once offenders are apprehended every
17 convicted driver needs an alcohol ignition
18 interlock.

19 People have driven drunk with
20 convictions, approximately one-third of the drunk
21 driving problem in America. This means that there
22 are 4,000 lives that could be saved if our criminal
23 justice system could provide those with convicted
24 drunk driving with the interlock so they don't

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1 recommit the offense.

2 Now fortunately we have the technology
3 today. Numerous studies confirm that interlocks
4 reduce recidivism by 50 to 95 percent even among
5 first-time offenders. New Mexico is a good example
6 of this. They require all offenders to install
7 ignition interlocks, and they saw that the
8 alcohol-related fatalities decreased, decreased by
9 12 percent in just one year. Now New Mexico is the
10 only state that has that law.

11 And the problem is, you know, the states
12 have not kept up with the technology, and that is
13 because of Section 164 of the Safety Blue Bill.

14 This currently requires states to have a
15 one-year hard license suspension for repeat
16 offenders followed by interlock or vehicle
17 sanctions.

18 Now we urge congress to allow for a
19 45-day suspension providing that the issuing of a
20 restricted license is also going to be restricted by
21 an ignition interlock.

22 We also urge states to create what is

23 called a compliance-based sanction, sanctions that
24 extend interlock usage for those who try to drive

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1 drunk and early removal for those who change their
2 ways and that's a good thing.

3 Interlocks can stop the drunk drivers.
4 They can stop offenders. We just need the political
5 clout to be able to do that, to have the public
6 trust that is required when you have an ignition
7 interlock placed in the vehicle so they don't drive
8 anymore.

9 The future of technology for eliminating
10 drunk driving is also bright. Advanced breath
11 testing, transdermal measurements, tissue
12 spectroscopy, ocular movement technologies are
13 moving forward toward the day that technology and
14 all of this will not interfere with the sober driver
15 but cause anyone that's driving .08 to be not able
16 to drive.

17 We want it to be inexpensive. Given the
18 technology costs and data, you know, we have the
19 solution. MADD is working with the Blue Ribbon
20 Panel for the development of advanced alcohol
21 detention technology that would create an effective
22 technology that will ultimately eliminate drunk
23 driving, the number of partners that we have
24 including NHTSA, the Insurance Institute of Highway

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1 Safety, the automobile manufacturers and many
2 others.

3 None of this will be possible unless the
4 public is ready for it. Looking at the history of
5 safety innovation we can see the graveyard of
6 solutions that did not pass the public muster.
7 Safety belt ignition interlocks are a good example
8 where the public was not in place prior to the
9 implementation, so we lost a high number of belt
10 use.

11 CHAIRMAN SCHENENDORF: If you could wrap up,
12 Mr. Birch.

13 MR. BIRCH: Sure. As service transportation
14 professionals, it's incumbent for us to take the
15 matters, look at the facts, the enforcement, the
16 technology and avoid the perils and show what works.

17 Eliminating the greatest public health
18 threat of our time is possible by using the four
19 planks of the campaign to eliminate drunk driving,
20 so we hope that you support us in our efforts.

21 Thank you.

22 CHAIRMAN SCHENENDORF: Thank you.

23 Our final witness on the panel is
24 somebody who I've known for many years who has

0021

1 devoted much of her professional career to safety
2 and has really accomplished a great deal. That's
3 Jackie Gillan, the Vice-President for Advocates for
4 Highway Safety.

5 MS. GILLAN: Thank you, Jack. Thank you,
6 Commissioners, for letting me testify.

7 I was going to start out by saying when
8 Jack was with the House Transportation
9 Infrastructure Committee we were involved in many
10 heated discussions about the role of federal
11 government safety, and now that you've been freed
12 from the chains of that position I fully expect
13 you'll embrace all of my recommendations this
14 morning.

15 CHAIRMAN SCHENENDORF: Definitely, without
16 question.

17 MS. GILLAN: I probably didn't even need to
18 fly out to Chicago to present them.

19 CHAIRMAN SCHENENDORF: Without question.

20 MS. GILLAN: Let me start out by saying first
21 making our surface transportation system the best in
22 the world not only requires adequate investment for
23 advancing mobility but also adequate investments in
24 addressing the unacceptable highway

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1 morbidity/mortality toll.

2 Motor vehicle crashes kill, maim and
3 drain our economy and impose really an unacceptable
4 toll on all users. Every year over 43,000 people
5 die. 3,000,000 more are injured, at an annual cost
6 of \$232,000,000.

7 A major contributor to the growing number
8 of highway deaths is the lack of uniform basic
9 traffic safety laws throughout the land. As you
10 drive across the country, you drive on roads and
11 bridges that are built to uniform design standards
12 that contribute to your safety. However, the rules
13 of the road for driving may be completely different
14 from state to state.

15 This past January Advocates released our
16 road map to state highway safety laws which I think
17 is included in all your binders. While I encourage
18 all of you to read our report, it can be summed up
19 in these words: Too few states have essential
20 safety laws, and too many people are needlessly
21 dying because of these gaps.

22 In the past federal leadership has been
23 the primary catalyst for compelling states to enact
24 uniform traffic safety laws. Federal laws that have

0023

1 been enacted with Democratic and Republican support
2 resulted in every state having a 21 drinking age, a
3 zero tolerance for the BAC law and a national .08 in
4 the BAC law.

5 In fact, it was a commission similar to
6 this that recommended a 21 national drinking age
7 under the leadership of Secretary, former Secretary
8 of Transportation Elizabeth Doyle. Guess what? The
9 recommendation was adopted by congress, signed into
10 law by President Reagan and is credited with saving
11 25,000 lives.

12 Two critical highway safety laws that are
13 lacking and are really contributing to the increased
14 deaths and injuries are the lack of primary
15 enforcement seat belt laws in every state and all
16 rider motorcycle helmet laws. If these two laws
17 were adopted, there would be thousands of lives
18 saved and billions of dollars saved.

19 Safety Right Now, Safety Right Now
20 includes an incentive program for states to enact a
21 primary enforcement safety law. About \$500,000,000
22 is available, but only a few states have acted. One
23 state acted last year. It looks like this year not
24 a single state is going to pass that law. At this

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1 rate we can expect every state to have a law maybe
2 by 2035 and we really can't wait that long.

3 We need to have federal leadership to
4 spur state action. Millions of dollars in
5 additional funding has not been an attractive
6 incentive, and now it's time to enact sanctions.
7 Now I know that's not popular, but it will be the
8 way that we could get every state to enact these
9 laws.

10 Guess what? The public is incredibly
11 supportive. Our public opinion polls showed that
12 over 80 percent of the public support tough drunk
13 driving laws, stronger and primary enforcement seat
14 belt laws, teen driving laws and occupant protection
15 laws for children.

16 Another issue I'd like to address this
17 morning is truck safety. Prior testimony has
18 recommended increasing truck size and weights on our
19 national network as a strategy for improving the
20 movement of freight and reducing congestion. Such
21 statements should raise a big caution sign for this
22 Commission.

23 Today truck safety is a major and growing
24 problem and will not improve or be solved by

0025

1 allowing bigger, heavier and longer vehicles on our
2 highways. Again, the public strongly opposes this.

3 Numerous studies conducted by USDOT, GAO
4 and others show big trucks are dangerous. Allowing
5 them to carry more weight causes drastic and
6 dramatic increases in bridge and pavement damage.

7 Bigger trucks do not reduce the number of
8 trucks on our highways. This is a myth. Cost
9 allocation studies by the Federal Highway
10 Administration show that big trucks do not pay their
11 fair share for the destruction of roads and bridges
12 and are being unfairly subsidized by the general
13 public.

14 Let me conclude by saying Advocates
15 believes that significantly increasing financial
16 investments in our nation's surface transportation
17 system is not enough without investing in the safety
18 of its users.

19 The best measure of a first-class surface
20 transportation network is not just if it gets you to
21 your destination on time but also if it gets you
22 there safely.

23 Thank you very much.

24 CHAIRMAN SCHENENDORF: Thank you. I'd like to
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1 thank all of the panelists.

2 I would like you to know that from day
3 one of the Commission meetings safety was identified
4 as one of the most important things that we'll be
5 looking at. It comes up in virtually every meeting
6 that we've had, so it is an area that we are very,
7 very focused on as a Commission.

8 With that let me start the questioning
9 with the Secretary of Transportation of Wisconsin,
10 Commissioner Busalacci.

11 COMMISSIONER BUSALACCI: Thanks, Jack.

12 Good morning, everyone. Great testimony.

13 Much of the challenges that you've talked
14 about, Pete and Mr. Birch, we face in Wisconsin.

15 Mr. Birch spoke to a group of people in
16 Wisconsin not too long ago, and I really commend him
17 for his dedication after a personal tragedy. I
18 think we're very fortunate to have somebody who has
19 walked the walk who is an advocate for what's going
20 on in this country.

21 The problem I think that all of us are
22 having, you know, in the State of Wisconsin
23 certainly is enforcement, enforcement, enforcement.
24 As tough as it is on the public, I don't think we're

0027

1 spending enough dollars on enforcement. We need to
2 spend even more, but we need help in doing that.

3 My question is, what we hear, and we've
4 heard this in other testimony in the past few
5 months, is the public that's out there saying if I
6 don't want to wear a helmet I don't have to wear a
7 helmet. If I don't want to wear a seat belt, I
8 don't have to wear a seat belt. I've got a right to
9 this and you can't take that right away from me
10 irregardless of the carnage that's going on on the
11 highway.

12 I'd like to hear each of your thoughts on
13 this because this is really an issue. I mean I
14 don't think, I think you're probably singing out of
15 the same hymnal that I'm singing out of and a few of
16 our other commissioners are singing out of. But the
17 problem I think we have and the reason that we
18 haven't been able to stop this carnage that we've
19 got on the roads is because we really, we just, we
20 get stopped.

21 I mean in our state we have a very
22 difficult time in getting a mandatory seat belt law.
23 I still don't think we're going to get it. As much
24 as we tried, we don't have it. Harley Davidson is,

0028

1 they're built in Wisconsin, and, of course, we've
2 got a lobby there that people don't want to wear
3 helmets. I know the list goes on and on and on.

4 I'd really like to hear your thoughts
5 because obviously the Commission I believe is going
6 to make safety in this country a big part of our
7 report. But how do we get across the finish line?
8 How do we get this done?

9 Again, you know, in Wisconsin, the state
10 patrol works for my department, and certainly I can
11 see the effects of enforcement and the dollars that
12 we spend on enforcement, and yet we've had to cut
13 back on enforcement. We've taken the planes out of
14 the sky which was very effective in slowing people
15 down, and, you know, people say, what the heck, we
16 can drive 80 in Montana; why can't we drive 80 here.

17 You've heard my homily, but I really need
18 to hear from each and every one of you and your
19 thoughts on this, this freedom philosophy that we
20 have.

21 MS. GILLAN: Well, let me take a stab at that.
22 I do a lot of work in the state legislature on
23 primary enforcement, seat belt laws and motorcycle
24 helmets, and it's clear there are very vocal

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1 opponents to those bills.

2 In fact, there is a group of
3 motorcyclists who don't want to wear helmets, and
4 their mantra is, you know, let those who ride
5 decide. My mantra is let those who pay have a say,
6 and the issue is that all of us are paying for the
7 medical care and the rehabilitation costs.

8 That's why Advocates, you know, you can
9 do so much in state legislatures and then, that's
10 why when you look at the history of the 21 drinking
11 age and zero tolerance BAC and .08 that has happened
12 because you get to a point where you get so many
13 states and then you get the federal government
14 imposing a sanction because these are public health
15 laws.

16 You have to wear your seat belt if you
17 fly in and out of any airport in Wisconsin, so why
18 shouldn't you have to wear a seat belt which is the
19 major source of protection. That's why Advocates
20 supports sanctions. Every time a sanction law has
21 been passed by congress every single state has
22 passed the law and not a single state has lost a
23 single cent of federal aid money.

24 I have a sister who will probably not

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1 like what I'm going to say. She's a state senator
2 in Montana and she will tell you, and Montana just
3 rejected two days ago their primary seat belt law by
4 six votes in the House, they would have never passed
5 .08 if it hadn't been for that sanction; and they
6 probably will not pass a primary seat belt law
7 unless they get a sanction. That is the reality.

8 I know the states don't like it, but I
9 will tell you I have a lot of state DOT secretaries
10 who have come to me and say, Jackie, if it wasn't
11 for that sanction we would have never gotten it
12 through the legislature, and that's real hard money
13 that the states have to face losing if they don't
14 pass the law, so it's a win win for everybody.

15 MR. RAHN: Frank, you probably went through
16 driver's ed. I grew up at a time when driver's
17 ed --

18 COMMISSIONER BUSALACCI: I can't remember.

19 MR. RAHN: And I remember, I mean driver's ed
20 seems to be a fading occurrence in this country, but
21 I remember that driving was presented as a privilege
22 not a right, and we seem to have forgotten that.

23 The argument of personal freedom and
24 individual choice would be an argument that I could

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1 believe in if, in fact, the consequences of the bad
2 decision were being borne by the individual; but the
3 reality is is that a bad decision that results in
4 increased injury from not wearing a seat belt or
5 even fatality, a fatality for not wearing a seat
6 belt, the consequences of that are being borne by us
7 as individuals due to increased insurance premiums
8 that all of us pay to cover these additional more
9 severe injuries. It comes through the form of
10 additional taxes to pay for Medicaid, and certainly
11 the families bear this scar of this, of permanently
12 disabled or death occurring to their loved ones; and
13 so the consequences of a bad decision are not borne
14 by the individual. They are borne by society and,
15 therefore, I do believe that it is society's right
16 to impose certain conditions to the privilege of
17 operating a vehicle.

18 I think that helmet laws and wearing a
19 seat belt are certainly within the realms of not
20 being overly intrusive and reasonable and produce
21 great public benefit when it occurs.

22 MR. BIRCH: Well, thanks, Frank, for, first of
23 all, acknowledging my loss, and I'll tell you in
24 Wisconsin I had five visits last year in that state,

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1 and I was very encouraged with the invitations of
2 coming there to speak on behalf of MADD.

3 You talked about some problems that other
4 states are also having. I testified in Texas. We
5 talked about what Mike just talked about. The three
6 most effective ways of reducing fatalities is
7 enforcement, enforcement, enforcement.

8 Sobriety checkpoints is definitely a tool
9 to use. The Center for Disease Control clearly
10 shows that it will reduce fatalities by 20 percent.

11 Yes, you know, you talk about freedom of
12 choice. However, it was withheld in the Supreme
13 Court Tradition versus Sykes that that little
14 inconvenience for the efforts of trying to save a

15 life outweigh the issue, so it's a deterrence.
16 That's simply what it is. It's going to stop the
17 drunk driver before he gets into the car to where he
18 makes plans, and that's how you're going to save the
19 lives.

20 Primary belt law is another, you know,
21 fantastic tool out there that we've got to have.
22 But, again, there's an enforcement mechanism that
23 has to kick in.

24 The lives that continually will be saved
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1 because of measures such as that really outweighs
2 that example of freedom of choice.

3 And then there's the states where the
4 belt versus the sobriety checkpoints have the two
5 same reasons, freedom of choice and also
6 differential treatment, and in either case the 38
7 states that have the implementation of sobriety
8 checkpoints that has not been an issue.

9 So I encourage, you know, all the states
10 to enact and have sobriety checkpoints again with
11 the safety belts. Prairie belt law, that's another
12 great law. That's not in my state of Florida that I
13 wish we would implement.

14 We're looking at saving lives, and I
15 think speaking for the hundreds of thousands of
16 people that cannot speak, that's what MADD does,
17 those lives you can't bring back. Safety helmet
18 just seems common sense, but we need to work on that
19 for sure.

20 MS. HARSHA: I had two points, and Peter
21 already made one of them.

22 But I think we've lost sight of the fact
23 that driving is a privilege and not a right. With
24 that privilege come certain conditions. If you get

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1 a driver's license you in exchange agree to wear
2 your seat belt or if you get a motorcycle license
3 you agree to abide by the motorcycle laws of this
4 state. I think we've totally lost sight of that.
5 So part of the challenge is to re-educate people
6 that driving is a privilege and not a right.

7 I think the second thing is that all of
8 the organizations and groups who support both
9 primary belt laws and mandatory motorcycle helmet
10 laws need to band together and speak very forcefully
11 in support of those laws and let the opposition know
12 that they are facing a formidable opponent because I
13 think for too long we have allowed a very vocal
14 minority, particularly on motorcycle helmet laws to
15 set the agenda, and I think we've reached a point
16 where we cannot allow that to happen anymore. We've
17 got to speak up forcefully as a safety community and
18 let them know that we're not going to tolerate this
19 anymore.

20 MR. STOUT: Great question, and since I'm
21 going last it's pretty easy because not much I can

22 add to this except to tell you that passing a
23 primary, a law such as a primary safety belt law
24 works.

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1 In June of 2003 Governor Blagojevich
2 signed the primary seat belt law in Illinois. Three
3 years later 200 fewer people died in Illinois. It
4 works.

5 We still get letters and e-mails from
6 people that don't like it, but, you know what, it
7 works. It saves lives, and that's what, we need
8 more laws like this.

9 We need a helmet law in Illinois. We
10 don't. 135, 150 people a year die in motorcycle
11 crashes in Illinois.

12 We probably won't get one passed any time
13 soon. I wish we did. I wish we could. These laws
14 work, and the bottom line is they save lives.

15 CHAIRMAN SCHENENDORF: Next I'd like to
16 recognize Commissioner Heminger for questioning and
17 also to indicate that he has really been the leader
18 on the Commission in bringing up the safety issue
19 and is definitely holding our feet to the fire.

20 COMMISSIONER HEMINGER: Mr. Chairman, thank
21 you for those words, and with Jackie's help we'll
22 keep holding the feet to the fire I suppose.

23 I did want to start the question with one
24 quotation I'd like to read into the record. "The

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1 mounting traffic deaths on the world's roadways can
2 only be described as a public health crisis of
3 epidemic proportions. Each year more than 1.2
4 million members of our world family lose their lives
5 as a result of road traffic crashes. If we do
6 nothing, the World Health Organization predicts that
7 by the year 2020 traffic crashes will run ahead of
8 malaria, tuberculosis and HIV AIDS among all
9 contributors to the global health burden." That's
10 from Secretary Minetta's farewell address to the
11 Chamber of Commerce when he retired as Secretary of
12 Transportation.

13 You know, I think all of the witnesses in
14 varied degrees indicated that we have sort of
15 stalled out on our progress on safety, and it does
16 strike me that that perhaps means we ought to
17 consider some new approaches.

18 I'd like to ask you all about I think a
19 different idea in the realm of sanctions which I
20 know is controversial to start with, but my
21 impression has been, and I'm just wording this
22 subject, and I'm sure most of you have forgotten
23 more about it than I know, but my impression is that
24 the conventional approach when we did have more

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1 sanctions than we have now is the federal government
2 telling the state pass this law or we'll withhold
3 your money, pass that law or we'll withhold your

4 money. In some cases as with the blood-alcohol
5 requirement it worked. In other cases it didn't.
6 In many cases it backfired, and the congress
7 withdrew that authority essentially taking a weapon
8 away from itself.

9 They have all focused on that legal
10 approach, that the sanctions applied to a law. Now
11 the Commission has been talking in many respects
12 over many fields about a performance-based approach
13 to transportation policy. In other words, we ought
14 to focus on reducing congestion to a certain level,
15 increasing freight through, put to a certain level.

16 What if we applied that thinking to this
17 area, to safety? In particular, let me give you an
18 idea to react to. The national average right now
19 for fatalities per 100,000,000 vehicle miles of
20 travel is about 1.5. There are ten states that are
21 above two. Without naming what those states are,
22 you know, eight of them only have a secondary belt
23 law. Six of them have belt use that's less than 80
24 percent. Eight of them have speed limits greater

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1 than 70 miles an hour. Instead of telling those
2 states we need you to pass this law or that law or
3 that law what if we had a requirement in federal law
4 that applied a sanction if a state had a fatality
5 rate greater than two and we gave them a couple
6 years to meet it. We didn't tell them how to do it.
7 We just gave them a target and said that's the
8 target you've got to meet. If after a few years
9 they don't, the sanction takes place. If we make
10 progress at that level, then we lower it to 1.75 and
11 we keep lowering it until we get the level of
12 progress that we'd like to see in highway safety in
13 the country. In other words, we take an approach
14 where the states are given a performance target but
15 are not told how to meet it.

16 I think many of you have expressed that a
17 lot of the strategies that you need to pursue to
18 reduce fatalities are well-known. What's lacking is
19 the political will to pursue them.

20 So I wonder if that kind of
21 performance-based approach would make sense. So if
22 you could comment on that, first of all.

23 Secondly, in the area of sanctions if we
24 do take such an approach, how much money has to be

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1 at stake? Again, my impression is in the past it's
2 been a fairly small amount of money. The same has
3 been true for our incentive approaches currently.
4 Do we need to have more money at stake for the
5 sanctions to make a difference?

6 MS. GILLAN: If you'd like, let me answer a
7 couple of your questions. One is the sanctions that
8 were in effect on the 21 drinking age and the zero
9 tolerance BAC law are significant. It was five --
10 you had three years to pass a law. Then you had a

11 five percent sanction or a ten percent sanction.
12 The .08 reduced that a little bit and it was a two,
13 four, six, eight were withheld.

14 But as I said, in all three of those
15 cases not a single state ever had to suffer a
16 sanction because by the end of the three years every
17 state had that law.

18 I'm a bit old-fashioned. I still stick
19 with sanctions. I'd like to, you know, think about,
20 a little bit more about your proposal.

21 The issue is as you said from your
22 statement motor vehicle crashes are a public health
23 crisis, and when you have an intervention like
24 wearing your seat belt or wearing a motorcycle

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1 helmet it would be hard to trade that off. For
2 instance, if in the State of Maryland where I live
3 if we did really well because we had a really tough
4 drunk driving law or we were doing a good job on
5 teen driving law and so we, you know, met the
6 threshold and we still didn't have the safety belt
7 law or motorcycle helmet law, I don't know whether I
8 want to make that trade-off when I know that these
9 laws would still, you know, result in even many more
10 people being saved. That one is a little hard
11 because what you're doing is you're sort of doing a
12 Chinese menu where you say, okay, take two from this
13 column or two. If you don't want to do the big
14 things like, you know, wear a seat belt or have a,
15 wear a motorcycle helmet -- and I think that the
16 recent crash of Governor Corzine showed that, you
17 know, you should have a safety belt law even if
18 you're a state that's done a good job in other
19 areas. New Jersey does have a lot of, you know,
20 they are doing a good job on safety. I think that
21 they do really a pretty good job on enforcement.

22 So then you would leave all these people
23 unprotected by not having a law when it could
24 potentially save their lives. It's a little bit

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1 like saying in your car, well, if you have an airbag
2 or if you wear your seat belt maybe you don't need
3 airbags. You know, you need it all.

4 So I'm a little bit hesitant to endorse
5 that without thinking a little bit more about it.

6 MR. RAHN: Commissioner, I think the idea of
7 allowing states their own, the development of their
8 own strategy towards improved safety is a solid
9 concept.

10 Personally I like performance measures.
11 I'm not sure, and I guess I would have to think
12 about this more, how you wed those together with
13 your model. I'm not sure that that system versus,
14 for instance, a bold goal of wanting to reduce our
15 annual fatalities by 10,000 per decade might not be
16 a more tangible, a more tangible goal that people
17 could understand.

18 Of course, I need to state that it's
19 AASHTO's position against sanctions of the states.
20 The incentives that have been provided in the past
21 -- for instance, it was mentioned by Jackie the
22 incentives that are available to states that now
23 pass a primary safety belt law.

24 I'm attempting to have our legislature
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1 pass a primary belt law right now in Missouri. The
2 incentive to the state if we were to pass that is
3 \$16,000,000. It's a one-time incentive. I have to
4 tell you that \$16,000,000 in a statewide effort is
5 frankly not much of an incentive.

6 COMMISSIONER HEMINGER: What would make a
7 difference, 100,000,000?

8 MR. RAHN: Yes. I mean the incentive needs to
9 be enough to truly be an incentive. I don't believe
10 the fact that you make \$500,000,000 available to the
11 entire country to try to serve as a carrot and when
12 it doesn't work you say the incentives have failed.
13 I think we have to start with the firm premise that
14 frankly \$500,000,000 for a national effort doesn't
15 function as an incentive because it's not enough to
16 influence the actions of most states.

17 MS. GILLAN: That's why sanctions work.

18 COMMISSIONER HEMINGER: Well, but the
19 sanctions in the case of what you were mentioning,
20 the five percent of the money, how much money for
21 Missouri was that?

22 MR. RAHN: I've been in Missouri two and a
23 half years currently, so I don't know what those
24 numbers -- we currently have about \$800,000,000 a

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1 year in federal funds allocated to us.

2 COMMISSIONER HEMINGER: How much?

3 MR. RAHN: 800,000,000 allocated, so five
4 percent would be \$40,000,000.

5 COMMISSIONER HEMINGER: Right.

6 MS. GILLAN: Or 80,000,000 for next year at
7 ten percent.

8 CHAIRMAN SCHENENDORF: That's ten percent.

9 COMMISSIONER HEMINGER: Mr. Birch.

10 MR. BIRCH: Coming from a layman, I mean I
11 think that is interesting. First of all, let me say
12 how humbled I was to meet Secretary Minetta, the
13 work that's he's done and the partnership that he's
14 had with our organization.

15 Another experience that I had was dealing
16 with the World Health Organization last year when I
17 went to one of their meetings in Geneva and talked
18 about the 21 law, how here in the United States we
19 do have that law, and since its enactment we've
20 saved about 1,000 lives every single year, as
21 opposed to being able to drink at a much earlier
22 age.

23 To me the ten states that you just talked
24 about, it was as if you kind of described symptoms

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1 of why they're at a high level versus the other
2 states, and those symptoms, I mean when you take a
3 look at it, for example, the sobriety checkpoints or
4 the primary belt law, that would get those deaths
5 down, and that's what we're really talking about is
6 saving lives.

7 Again, the money that you're talking
8 about, you know, it just troubles me when we can't
9 put a price on life. I can't, I can't tell you what
10 a price of life is to really save it, but I do know
11 with the states that we have right now and with the
12 strategies that we've implemented in other states
13 that work it's a real tough question to ask why give
14 them a choice.

15 Again, it is the American way, and I do
16 see that it is an opportunity, and I do see why
17 you're saying allow them a chance and then implement
18 a plan.

19 I just haven't got my hands around that
20 one yet to give you a, you know, a real good answer
21 without checking with a few folks.

22 Again, you just highlighted a lot of the
23 symptoms and why the death issue percentage is
24 higher in those states is what really I'm zooming in

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1 on when you ask that question.

2 COMMISSIONER HEMINGER: Again, I think it was,
3 who was it, Einstein or one of those guys, the
4 definition of insanity is to keep you in the same
5 thing expecting a different result.

6 You know, I make the suggestion and there
7 may be other suggestions because it doesn't seem
8 that what we have been doing lately works, and it
9 also seems that some of the options that were
10 formerly available are politically foreclosed. Now
11 maybe we can change the political climate, but, you
12 know, I am leery about putting goals out there and
13 not putting any muscle or money behind the goal.

14 A lot of organizations say our target
15 ought to be zero fatalities. Well, I don't know why
16 the hell we want to say that if we really don't mean
17 it if we don't put the resources of the country
18 behind it.

19 Before the remaining two let me give you
20 one other idea. Look, I would also very much
21 appreciate your written reaction to these ideas if
22 you want more time to think about it.

23 One of the other things we've done is
24 asked the general counsel for the department what is

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1 the legal authority of the federal government to
2 regulate directly in this area. The answer is there
3 may be some authority. It may be subject to
4 challenge because of our federal system of
5 government.

6 CHAIRMAN SCHENENDORF: The constitution.

7 COMMISSIONER HEMINGER: But the opinion,
8 Mr. Chairman, said that there could be a theory
9 under which that could survive. You know, I know
10 the states object to the notion of sanctions. They
11 can it blackmail or bribery. Well, if they don't
12 like that then what about a direct federal
13 requirement?

14 For the life of me I don't understand why
15 you should have a greater chance of being killed in
16 North Carolina than in New York. That doesn't make
17 any sense at all. From the point of view of
18 constitutional law, I would think there's an equal
19 protection argument there; that the citizen of every
20 state ought to have the right to drive around safely
21 on the nation's roads.

22 I'd also ask for your reactions either
23 now or later in writing to the notion of national
24 standards, national requirements for safety

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1 bypassing the states entirely.

2 Miss Harsha.

3 MS. HARSHA: A couple of issues. If you
4 sanctioned the states that are performing poorly,
5 those are typically mountain states that end up
6 being poor performance on a whole range of
7 indicators. The problem with sanctioning them is
8 that you're not -- they don't need sanctions. They
9 need help because they perform poorly on a whole
10 range of things, and so sanctions, even if you
11 sanctioned them it doesn't necessarily mean they're
12 going to improve their performance.

13 The flip side of that is that the states
14 that have rates below that, at 1.0 or below, are
15 typically New England states. The reason why they
16 have low fatality rates is because of congestion.
17 At least that's a factor contributing to their low
18 fatality rates, so you have, but those states also
19 don't have some of the key laws and some of the key
20 programs, and so you have basically rewarded states
21 that aren't performing well in certain, according to
22 certain indicators, and you've punished states that
23 really need a lot of help. There's real flaws in
24 your approach.

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1 COMMISSIONER HEMINGER: What if it were based
2 upon a measure of improvement over time instead of
3 where you absolutely are?

4 MS. HARSHA: That may work better. The
5 problem, the other thing to think about is there are
6 tremendous problems with using rates alone and the
7 rate -- and it's a problem I think that the federal
8 government is beginning to grapple with because they
9 realize this. The rate will always improve to some
10 extent because if you're measuring, if you're using
11 vehicle miles of travel, your vehicle miles of
12 travel increase by approximately two percent every
13 year, so we're going to see some improvements in the

14 rate just because people are traveling more.

15 You really have to look at total
16 fatalities or you have to look at a range of rates
17 not only BMT but rates per hundred thousand
18 population. You can't look at a rate as a single
19 measure. There's a lot of discussion in the safety
20 community about that very topic and no consensus at
21 the present point.

22 Again, the states are, you know, I
23 represent state organizations. My members work for
24 their governors. The governors do not like

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1 sanctions. States are already sanctioned on seven
2 other safety issues. There has to be a better way
3 to go.

4 I think as Pete said on the primary belt
5 incentive programs for large states or even medium
6 size states the incentive was miniscule, certainly
7 not enough to convince the state legislature to
8 enact the necessary legislation, so you either have
9 to, you have to put -- if you're really serious
10 about safety, you've got to put the resources behind
11 it.

12 MR. STOUT: Without a lot of time to think and
13 research your idea of performance based or merit
14 based funding, I can tell you that I like it. I
15 think it's a good idea.

16 One of the commissioners said the states
17 should set their goal at zero and they do that
18 knowing it's going to probably never happen.

19 In Illinois we have set a goal of
20 reducing our fatalities 100 each year. We did this
21 about three years ago to 1,000 in 2008, and it's
22 going to be difficult. If we had performance-based
23 funding out there, it may make us work harder to get
24 those numbers down. We are down to 1254, and I

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1 think as of yesterday if you took a snapshot of the
2 same time period last year when we set an 82-year
3 record, we're about 15 below that, so we are working
4 very hard.

5 Sanctions, I don't believe they work.
6 We've lost money in '08 because we do not have a
7 helmet law.

8 The number of people each year dying in
9 motorcycle crashes rises. Approximately 11 to 12
10 percent of our fatalities are motorcycle. We're not
11 going to pass a helmet bill in Illinois.

12 We've got to find some way to fund more
13 programming, more enforcement, and we're doing that.
14 We are getting some money on safety for
15 motorcyclists, not enough, but I think it's a good
16 idea, performance-based funding, and would not
17 support sanctions. I just don't think they work for
18 a lot of the reasons that you've heard from Barbara
19 and others.

20 Thank you.

21 COMMISSIONER HEMINGER: Mr. Chairman, thank
22 you.

23 (Brief pause.)

24 CHAIRMAN SCHENENDORF: Go ahead.

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1 MR. RAHN: Mr. Chairman, I just wanted to
2 comment on the fact that some states have these high
3 fatality rates. I previously was the Secretary of
4 Transportation in New Mexico. As was commented on,
5 you see the western states, the mountain states tend
6 to be ones that have higher fatality rates in
7 general, but what you find also is that as poorer
8 states and less population densities your rates
9 increase because, number one, the condition of your
10 infrastructure as a poor state is in poorer
11 condition. You tend to have narrower roads. You
12 don't have the same sort of safety features. You
13 don't have shoulders, you don't have signage and all
14 the kinds of things that you would like to invest
15 in. Then when crashes do occur on those roads, the
16 fact is they occur in more remote areas. The time
17 to medical attention is greater, and, therefore,
18 your fatality rate is higher, so it is not
19 necessarily indicative of poorer performing states.
20 It's a reality of distance and condition of system.

21 I'm not trying to muddy this picture.
22 When you're dealing with human life, you would love
23 to have a simple answer that directs an answer or
24 solution.

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1 COMMISSIONER HEMINGER: Look, I do appreciate
2 those nuances. I made the suggestion because I
3 honestly wanted to get your reaction and would
4 welcome your other ideas, but I also don't think
5 it's a coincidence that as I indicated when I made
6 the question that those 10 states, 80 percent of
7 them only have a secondary belt law. 80 percent of
8 them have speed limits greater than 70 miles an
9 hour, and 60 percent of them have belt use less than
10 80 percent.

11 I don't think you can just attribute it
12 to they're in the south and they're in the mountain
13 states. They also lack the laws that many of you
14 say are so important to have to save lives.

15 MS. HARSHA: If I could also comment. You
16 made the suggestion that one option is to require,
17 make requirements of the states perhaps as a
18 condition of federal grants, and we've thought about
19 all these things as well. But there too, if you
20 make these a requirement, a condition of federal
21 grants, the states, the states that are having
22 difficulty will simply not apply for the grants, and
23 you will have not achieved your objective. In fact,
24 you potentially could make things worse because the

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1 little bit of money that those states get will no
2 longer be available to them to address safety

3 issues, so, you know, again, I would urge caution
4 there as well.

5 MR. BIRCH: Something else I wanted to add
6 which is in New Mexico they did something different.
7 None the same -- it's when they implemented the
8 additional first-time offenders and saw a 12 percent
9 reduction in lives saved, so they knew that they had
10 a problem.

11 That's what MADD is after. We're not
12 after for federal sanctions. We want to go state by
13 state to implement that.

14 The technology is really the future and
15 what we need to base it on is how we can save lives.
16 Enforcement can only save up to a certain point but
17 then you're going to have the current technology.
18 Then there's future technology that's under
19 development, so that's what we're going to do
20 differently.

21 MS. GILLAN: I just wanted to add too, and
22 I'll submit this for the record, that on your
23 performance measure maybe one idea would be if a
24 state didn't meet it then you would be pre-scripted

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1 in saying you had to pass a primary seat belt law
2 and motorcycle helmet law.

3 Now the other feature of that would mean
4 also I think is to continue to move the goal so that
5 we don't get stuck at this 1.5 which is essentially
6 where we have been for the last, you know, 15 years
7 where, you know, we get to a plateau, same thing
8 like drunk driving where we're not making any
9 progress.

10 CHAIRMAN SCHENENDORF: Commissioner McArdle.

11 COMMISSIONER McARDLE: Yes. If I could begin
12 by commending Commissioner Heminger because he has
13 made this a central issue for us in almost every
14 meeting that we have to address. I commend all of
15 you for the work you've done on it.

16 Somebody who has been connected with the
17 disruption in the industry for many years, work zone
18 deaths is a critical issue for every construction
19 company that's out there working on the roads. More
20 and more of the work has to be done under traffic
21 because we simply don't have the redundancy of
22 system to allow many of the urban areas for full
23 road shut-downs, so people are working right
24 alongside, you know, flowing traffic, and people get

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1 killed.

2 We've had people in New York City killed.
3 We had one particularly horrendous death in which a
4 worker on a job that was ahead of schedule making
5 progress was killed by a police commander who was
6 drunk after celebrating his promotion. At the end
7 of the day he got a minimal penalty for what he did
8 to a family, a worker, a company and everybody else
9 who supports everything you're doing.

10 I want to commend you and the words you
11 did say, I think the words that certainly resonated
12 with me and I think with everybody else here, your
13 comments about the need for a federal program, that
14 no one state can stand alone. It really cannot be a
15 beacon of excellence that benefits anybody. It's
16 really got to be everybody meeting those standards,
17 and I appreciated those words.

18 On the safety issue I also should say I'm
19 a frequent visitor to Ireland, and Ireland has much
20 the same issues in a much smaller population, but
21 the issues they deal with are very much the same
22 issues you do and are trying all of the techniques
23 and approaches that you have.

24 One approach that is now emerging that I
0056

1 did not hear you discuss, okay, addresses the
2 hospitality industry. Now, mind you, the Irish
3 hospitality industry got totally shocked when the
4 cabinet adopted a no smoking rule after New York
5 City did it. New York City can do it. In Ireland
6 they did it that next week. All of the business
7 associations never thought this thing would fly.
8 They found it to be a real improvement in what they
9 do in their hospitality industry.

10 Quite frankly, it has reduced the number
11 of people drinking in pubs. If you drink, you smoke
12 at home. That probably has some impact on safety,
13 but people still come out. One of the things
14 they're now doing because enforcement is now coming
15 in on the roads is to, in fact, put on the vendors a
16 responsibility, so to speak, to get their customers
17 home safe at night, and almost everywhere now groups
18 of pub owners are coming together to run mini bus
19 services at night.

20 They really don't spend a lot of time
21 necessarily getting people there. Although they do
22 that in some but at night getting people home,
23 getting them off the road after they're drinking,
24 and it may be something that if you deal with the

0057
1 hospitality industry is something that can work here
2 as well.

3 Without question they think it's the only
4 way they survive as an industry. I suspect that's
5 the kind of, you know, reaction you'll get here.
6 You need something, you need an incentive, a program
7 that can work as well as sanctioning people because
8 as they said with smoking and they're saying with
9 drinking, well, we'll lose all this business. We'll
10 disappear if you discard the smoking and what have
11 you. But no matter what there are these critical
12 things we need to do.

13 Let me suggest one other piece of
14 sanction legislation you need from our experience in
15 New York State and that is active technology for
16 speed enforcement.

17 New York State does not allow speed
18 cameras, and the reason they don't is because of one
19 state legislator who sees this as a differential
20 enforcement tool and will not allow it, and that has
21 blocked the adoption of what we believe is a
22 critical tool to suppressing speed in work zones let
23 alone anywhere else because we know that speed at
24 night when most of the work is done these days is

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1 one of the major sources of work zone intrusion.

2 If you added that to your kickback so
3 that people really could set up the automated speed
4 enforcement technologies that are needed and quickly
5 get, you know, conformance, if you know they're
6 there, you slow down, I think we would be a lot
7 better off without question across the, certainly
8 New York and everywhere else.

9 I mean part of the problem that we have
10 is, again, it's the hour of day of operation. You
11 talk about New England. It's more the density of
12 population in traffic. It's not congestion
13 necessarily. It's just with everything you see.
14 But at night the so-called free flow zone that
15 people see, we get speed plus alcohol, you know,
16 intruding to work zones, and you're out there at
17 night and it scares you when you see how little
18 protection is actually available for workers, not
19 just construction workers, utility workers and
20 everybody else solidly at risk and something you
21 need to do.

22 I think it's really something that we all
23 have to work on. It's certainly going to be central
24 to what we have to say. It's more a set of

0059

1 comments.

2 Perhaps at some point, Jackie, you and I
3 can talk because, in fact, I will tell you in New
4 York City for the construction industry and the
5 commodity moving industries bulk fuel and what have
6 you, bigger trucks are fewer trucks. We have a
7 certain amount of ready mix to move in a day as we
8 do in New York City. If we had to go from what we
9 now run which are 12-yard trucks down to formula
10 7-yard trucks, we'd simply put more trucks on the
11 road. It's not that the product doesn't get used.
12 We bring down the number of yards on the truck, you
13 have a lot more trucks on the road, and those are
14 inherently more problematic in a city like New York.

15 We've looked at it, and we see no way to
16 really deal with that issue. It may not be the case
17 on the over-the-road trucks. I can't speak to that.

18 MS. GILLAN: It's not, and I'm happy to talk
19 with you afterwards.

20 COMMISSIONER McARDLE: Commodity movers of
21 fuel, sand, stone, ready mix and the like, bigger
22 trucks are fewer trucks.

23 MS. GILLAN: Well, every time congress has

24 increased the truck weight, the national truck

0060

1 weights there has been an explosion in trucks on the
2 road, so history doesn't prove that, and there's
3 been studies to show it doesn't.

4 COMMISSIONER McARDLE: I'm just talking global
5 market which is a big place where this is a critical
6 issue.

7 CHAIRMAN SCHENENDORF: Thank you.

8 I guess in my experience I'm kind of in
9 the camp of sanctions don't really work as intended.
10 Even in instances where they, a state will buckle
11 under and pass the law, if they're doing it simply
12 to avoid federal sanctions, I don't think you get
13 the kind of buy-in from the legislators and buy-in
14 from the public that then allows enforcement and
15 everything else to take place. I think they just
16 tend to ignore the law because they never wanted to
17 pass it in the first place.

18 The question I would ask is having
19 watched these bills being passed since the late '70s
20 safety really never gets the funding it needs. It
21 starts off with legislators all trying to do the
22 best they can. There have been increases, but at
23 the end of the day when you've got to make those
24 final cuts it seems like safety is always there, and

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1 it's always one of the things that's being cut in
2 order to get the bill down to whatever size it has
3 to be.

4 If there were significant increases in
5 funding for safety, for the safety community that
6 they have had for the education, for the campaigns,
7 for the enforcement, would that make your job much
8 easier? I mean you acknowledge that 80 percent of
9 the public supports these things. You know, that
10 ought to translate at some point into the
11 politicians and the legislature passing these laws
12 not because they're being forced to but because the
13 constituents want them to. Would significant
14 increases in funding help?

15 MR. BIRCH: Let me apologize. We went over
16 and I have to catch a flight. If you all don't
17 mind.

18 CHAIRMAN SCHENENDORF: Okay.

19 MS. GILLAN: Let me start. First of all, just
20 for the record, I just want to tell you that
21 whenever there has been a hard sanction it has
22 worked. There's no question about it. I will tell
23 you that it is what gives legislators back bone
24 because the public is already there.

0062

1 In states that I have worked in when they
2 passed a primary seat belt law there has never been
3 any, you know, repealing or revoking of that.

4 I don't want to say that we don't need
5 more money for safety because we do, but I think

6 that we need more money for enforcement. I don't
7 think we need more money for education programs.
8 You know, really the success to getting people to
9 buckle up is to pass a law, educate them and they
10 will do it. Education in and of itself does not do
11 anything. We have years of experience with the
12 drunk driving movement, slogans Friends Don't Let
13 Friends Drive Drunk, you know, and it has not been
14 as effective as getting .08 and other type of tough
15 drunk driving laws.

16 I think if you put more money in safety
17 that it has to be very targeted. I'm really not for
18 more clip art and pamphlets. If I get another
19 refrigerator magnet, I'll scream.

20 But I think if we have money that went
21 into enforcement and we gave it to the states and
22 say, okay, if you pass a primary law, we'll give
23 you, you know, this money now that you get to
24 enforce that law and to educate the public about it.

0063

1 I disagree. I think the public is way
2 ahead of our political leaders on these issues, and
3 I think sanctions, you know, in the Safety Blue Bill
4 we had Senator John Warner, a leading republican,
5 and Senator Hillary Clinton offer a provision on the
6 Safe T movement on the senate floor which would have
7 been a hard sanction similar to the .08. It was a
8 two, four, six, eight, and we lost by eight votes.
9 I think that's pretty good, you know. I'd like to
10 try it again and keep working on it.

11 I mean that's our view; that you're never
12 going to get these significant reductions in lives
13 saved and injuries prevented unless you have the
14 laws on the books.

15 CHAIRMAN SCHENENDORF: I would say though that
16 I think education has been very, very successful
17 with seat belts. I think young people buckle up not
18 because they're afraid somebody is going to come and
19 give them a ticket for not doing it. I think they
20 have basically been educated that, you know, you
21 wear your seat belt when you drive because it's a
22 good thing.

23 MS. GILLAN: Well, they've been educated by
24 their parents not particularly because --

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1 CHAIRMAN SCHENENDORF: But the parents I think
2 have been educated by the campaigns, the educational
3 campaigns.

4 MS. GILLAN: I think publicly Governor
5 Corzine's crash has done more to get people to
6 buckle up than probably any education program.

7 CHAIRMAN SCHENENDORF: They have a seat belt
8 law.

9 MS. GILLAN: Which just shows you what happens
10 when you disobey the law.

11 CHAIRMAN SCHENENDORF: Right.

12 MR. RAHN: Education is a critical part of

13 safety. It has to be a component of an overall
14 broad-based safety program. But the issue of
15 additional earmarked funding for safety I believe
16 would be a positive thing.

17 We have seen in Missouri over the last
18 two years in which we have invested in systematic
19 safety improvements to our major roads in which we
20 have systematically added rumble stripes, not
21 strips, stripes which we brought the rumble strip
22 adjacent to the path and put a stripe in the middle
23 of it to make the stripe brighter at night, so we've
24 combined these features, so a rumble stripe. We've

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1 added ED garden cables to our interstates. It's
2 virtually eliminated crossover crashes. We've got
3 brighter signage. We have a number of things.

4 Last year we saw a 42 percent reduction
5 in fatalities. Year to date cross our fingers we're
6 at 25 percent less than last year.

7 We know that we can invest in safety
8 features to our system and save lives, but as you
9 have pointed out, safety is very much like training
10 dollars when you go through the budget process.
11 It's the first thing that's taken right off the top.

12 Yes, increase funding for safety, earmark
13 for safety but available to the states to choose how
14 they invest those safety dollars within their system
15 I believe is the right solution.

16 CHAIRMAN SCHENENDORF: But do you think some
17 kind of additional funding would also help you to
18 educate without campaigns to bring the public and
19 the legislature to pass some of these laws that
20 you're otherwise having difficulty passing?

21 MR. RAHN: I do, and I don't know what
22 statistics Jackie is referring to that the public is
23 there because at least in Missouri our polling is
24 showing the public is not there. I think if the

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1 public were there our legislators would be there,
2 and so for us we need, we need activities. We need
3 resources to help us make that case.

4 CHAIRMAN SCHENENDORF: Barbara.

5 MS. HARSHA: I concur with Pete. The
6 resources -- right now the states and the federal
7 government are doing two national mobilizations a
8 year. That's four weeks that we are doing high
9 visibility enforcement where the states work with
10 enforcement agencies and they purchase paid media to
11 support the enforcement, 4 weeks out of 52.

12 The additional resources would allow the
13 states to do enforcement in between the two national
14 mobilizations, some kind of sustained enforcement.
15 It would enable them to do paid media to support
16 that sustained enforcement and earned media as well.

17 They could do -- the other thing is we're
18 at the point where we need to reach target
19 populations. It's a lot more complicated when you

20 have to reach different target populations, and it
21 takes a lot more money to do that effectively. It
22 takes a lot more money to even research how to do
23 that effectively, so the additional resources would
24 be very helpful.

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1 In terms of, I just have to put -- Jackie
2 is my neighbor as well as my colleague, and so I
3 just have to, on the sanctions argument which we
4 have been arguing back and forth for years and
5 years, I think some of the sanctions have worked,
6 particularly the ones where there are, there was
7 public support. Those are the ones having to do
8 with drunk driving and young people.

9 The sanctions having to do with speed and
10 motorcycle helmets failed miserably, failed
11 absolutely miserably, and were ultimately repealed
12 by congress, and so, you know, I think you cannot
13 make a blanket statement that sanctions work. They
14 work in certain circumstances where there is public
15 support; and unfortunately we don't have, there may
16 be public support, but there's not decision maker
17 support on the two areas where we concur that there
18 needs to be, and that's mandatory motorcycle helmet
19 laws and primary belt laws, so we've got a lot of
20 work to do on those before I think we can get those
21 laws passed. I think if you pass sanctions, it
22 could backfire tremendously.

23 CHAIRMAN SCHENENDORF: Mike.

24 MR. STOUT: Up until a couple years ago we

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1 basically participated in the two major
2 mobilizations, Click It or Ticket and Labor Day
3 Impaired Driving. In 2006 we added smaller
4 mobilizations for Superbowl, St. Patrick's Day,
5 Cinco de Mayo, Independence Day and the Christmas
6 season. These were where we target the impaired
7 driving campaigns.

8 Although it remains our number one
9 problem in Illinois, impaired driving, we saw a 2
10 percent point drop from 45 percent to 43 percent in
11 '05. We believe we're going to drop a couple more
12 percentage points in 2006.

13 We can use more money to have more
14 impaired driving campaign mobilizations. We have a
15 mobilization of either belt or booze about every six
16 weeks in Illinois, and we're going to continue to do
17 that to get those numbers down.

18 The more funding we have the more work we
19 can do to get impaired drivers off the road, and
20 what we're doing with the hospitality industry in
21 Illinois is working with the designated driver
22 program. We work with the Chicago White Sox, the
23 Chicago Bears and we even work with the St. Louis
24 Cardinals because so many of our Illinoisans go over

0069

1 the see the world champion Cardinals. I'm a big

2 Cardinal fan. Anyway, we are partnering with teams
3 and others, everything we can do in Illinois, to get
4 people to use designated drivers. That's the best
5 planning that they can do, and that's our best
6 weapon in impaired driving, working with the
7 hospitality industry.

8 CHAIRMAN SCHENENDORF: Thank you.

9 COMMISSIONER McARDLE: I have one question.
10 It's something that occurred to me, and you may or
11 may not know the answer. Does every state take the
12 money out of the summons and ticket activity out of
13 impaired driving and put it back into the impaired
14 driving program or does that money kind of flow into
15 a general fund that does not get back into the
16 specific enforcement programs?

17 MS. HARSHA: It varies from state to state.
18 Some states like New York are leaders and Colorado
19 are leaders in taking the money from citations and
20 putting it back into safety programs. Most states
21 do not do that.

22 New York was, happened to be at the right
23 place at the right time probably a couple decades
24 ago when they set up their stop DUI program. Many
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1 states have tried to do that and have been
2 unsuccessful, so it's a strategy that has been
3 tried.

4 MR. RAHN: In Missouri, for instance,
5 penalties from traffic violations go into an
6 education fund, a general education fund for K
7 through 12.

8 I was going to throw out one issue
9 though. When you talk about increasing funding for
10 safety programs and specifically targeting drunk
11 drivers and such is that most of the states are
12 running into a barrier in which the police
13 departments, the normal tool we use is to provide,
14 we will pay for overtime for officers to work in
15 targeted enforcement activities, and there are
16 enough of those programs out there in which the
17 police frankly will pick and choose which they will
18 operate in. We've reached the limit in many
19 instances as to how much overtime a police officer
20 can work, and so we have to be knowledgeable of this
21 as to where we're going to put additional monies
22 when we talk enforcement and safety because we're
23 reaching the limits of what we can ask of our police
24 forces.

0071

1 COMMISSIONER McARDLE: But if you could, in
2 fact, do automated speed enforcement which is coming
3 in place in a number of communities, Washington,
4 D.C., and other places, you actually can suppress
5 the speed and find officer time for what needs to be
6 the face to face with the flashlight approach to
7 this.

8 MR. RAHN: From my experience, again, now this

9 is limited to Missouri, is that it seems to me that
10 the public is already there on automated enforcement
11 for red light running.

12 COMMISSIONER McARDLE: Right.

13 MR. RAHN: Now the laws aren't on the state
14 books yet but the public is there. I think the
15 issue of automated speed enforcement is, they're not
16 there yet. They might be there in pieces, like
17 Illinois has automated enforcement within work
18 zones, but to make the police forces, to leverage
19 those resources I think automated enforcement will
20 be somewhere where we're going to have to go.

21 COMMISSIONER McARDLE: Some communities are
22 more there than others. I suspect if you look at
23 income, certain communities, you know, higher income
24 suburbs and the like tend to adopt this much

0072

1 earlier, want to see the speed suppressed and the
2 like.

3 We need to build on that, but we need to
4 have it as something that states must have on the
5 books. We can never make them do it as you can
6 never make a judge take a license away from
7 somebody. They'll always find a way around taking
8 away a license if somebody argues I'll never work
9 again if I don't have my license which often happens
10 too often in New York State in rural areas
11 particularly.

12 It has to be a tool in the kick bag, and
13 sanctions work. There's no question New York State
14 will not do a lot of things unless there is this
15 ability to focus the legislators on what happens,
16 not that they really -- as you say, the money is not
17 significant. They want to be able to take and say
18 to the local community, you know, I'm with you, but
19 these guys at the federal level, they are the worst
20 human beings because they're making me do it. They
21 don't believe it, but it's a story they can tell and
22 it's one that's important.

23 There's no question, on the other hand,
24 that we will not allow New York State little kids to

0073

1 ride scooters down the street these days without
2 helmets on. I mean it's the most amazing thing to
3 see kids on little tricycles or scooters, you know,
4 these little Razors with their helmets on. Yet, you
5 know, the amount of trouble they're going to get
6 into as opposed to something else. It just boggles
7 my mind when I go to Connecticut and these people
8 are without, you know, helmets on. It's crazy.

9 MS. HARSHA: Just a brief comment. Pete is
10 right that we are reaching the limits on enforcement
11 and that's why you have to look at technology as
12 well because you can only go -- enforcement is not
13 going to solve the problem. You need to continue to
14 do it and to do more where possible, but you have to
15 look at other strategies particularly technology

16 especially over the long term.

17 CHAIRMAN SCHENENDORF: Okay. Well, just one
18 comment on the speed cameras. I do think red light
19 cameras are something different. I mean those are
20 pretty clearly understood. But speed cameras, I
21 think a lot of roads don't have realistic speed
22 limits on them.

23 In Washington, D.C., Rock Creek Parkway
24 is 25 miles an hour, and everybody drives 40, 45

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1 miles an hour including the police down that road.
2 You never get pulled over especially in rush hour.
3 I think that complicates the use of speed cameras
4 because you've got to have a realistic speed on the
5 road.

6 COMMISSIONER McARDLE: Curiously enough, Jack,
7 and we've talked about that in the New York City
8 context, one of the arguments we made to some
9 legislators about speed cameras, it would be the
10 first time for a lot of the roads in New York State
11 where you had reasonable data on what traffic flows
12 were and what created real conflict issues because
13 you could watch it in certain circumstances, and
14 what most people are concerned about, certainly in
15 the construction industry, is not speed per se but
16 it's weaving drivers at speed, and that's what
17 really leaves people. It's the Corzine
18 circumstance. You're going 90 miles an hour and
19 you're forcing people off the road very quickly
20 because you're traveling, the differential is so
21 high. Some persons on that piece of the Garden
22 State are running probably at 55 or 60. You've got
23 somebody coming at 90 who you pick up, you know,
24 maybe 200, 300 yards down the road. Your ability to

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1 avoid them quickly is what created the circumstance,
2 you know, that they faced.

3 People have done more for seat belt
4 wearing I suspect, but that speed was the thing at
5 the end of the day probably produced a very scared
6 driver trying to avoid something. He didn't have a
7 clue as to what it was. Real problem.

8 CHAIRMAN SCHENENDORF: Okay. Well, thank you
9 very much.

10 I'd like to make sure you all realize
11 that this is really the start of the dialogue, and
12 so we'd like to make sure that you keep in touch
13 with the Commission as we move forward. We have a
14 lot of work to do and this is one of the major areas
15 that we have work to do.

16 COMMISSIONER McARDLE: Any thoughts you have.

17 CHAIRMAN SCHENENDORF: With that we'd like to
18 have the second panel come forward.

19 (Brief pause.)

20 This panel is The Role of Interstate and
21 Intercity Passenger Rail in the Surface
22 Transportation Network, and this is a very, very

23 important panel because the definition, the
24 Commission's mandate is to look at the surface

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1 transportation system, and in defining the surface
2 transportation system it specifically includes
3 intercity passenger rail. This is a very important
4 part of what we have to look at and come up with
5 recommendations on, so we welcome you all.

6 We will start with the first person on
7 the list which is John Spring, Mayor of Quincy,
8 Illinois.

9 MR. SPRING: Thank you. Good morning.
10 Commissioners, thank you for this opportunity to
11 speak before you regarding the need for improvements
12 to surface transportation and its infrastructure.

13 I am John Spring, the Mayor of Quincy,
14 Illinois. It's a community of about 41,000 people
15 in the westernmost point of the State of Illinois.

16 Over the past decade or so great strides
17 have been made and are still being made in
18 improvements to our highways in west central
19 Illinois. While we continue to champion these
20 ongoing changes, we have been acutely aware of the
21 need for upgrading our passenger rail service.

22 Last October Amtrak added three of its
23 Illinois routes, three new trains to its Illinois
24 routes. The Quincy, Galesburg, Chicago route was

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1 one of those routes selected to gain a second train.

2 I cannot begin to tell you how excited we
3 were. Ridership between Quincy and Chicago has
4 already been growing prior to the introduction of
5 the second train, but with the second train our
6 ridership continues to increase, and it's
7 approximately at 45 percent over what our numbers
8 were back in February of 2006 with one train.

9 I believe it's all about the convenience
10 and safety of the train ride. I'm a good example.
11 I rode the train here to Chicago last night to
12 eliminate the need for me to miss a full day of work
13 yesterday.

14 All three of the routes that gained
15 another train have colleges and universities along
16 those routes. Students along the Chicago Quincy
17 corridor are no longer forced to ride on just one
18 train and miss classes or other important
19 arrangements. They have taken advantage of the
20 additional train.

21 As a parent I can assure you that not
22 only are the students grateful but so are their
23 families. We breathe a little easier knowing our
24 children are safely on the train rather than driving

0078

1 or riding in a car.

2 High gas prices have made driving less
3 attractive as well as highway systems that are
4 becoming overcrowded in areas with high density

5 populations.

6 Today passenger rail can play a big part
7 in the United States becoming less dependent on
8 foreign oil. Rail is far more fuel efficient as a
9 way to travel.

10 To maintain our ridership and implied
11 safety and convenience we need to invest more
12 dollars. The State of Illinois recently increased
13 funding for Amtrak allowing for additional trains.
14 I'm very grateful to Governor Blagojevich for that.

15 However, this is not going to be enough.
16 We need permanent funding from the federal
17 government similar to the way we fund highways and
18 airports.

19 State and local communities want and need
20 to invest in continuing to provide an even better
21 rail service, but the lack of federal matching
22 programs hinders real growth in this area.

23 I believe we can increase ridership even
24 more once we can consistently achieve the quality of

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1 service our passengers deserve.

2 Signalization must be modernized and
3 track capacity increased to eliminate delays.
4 Ideally we need to remove a number of rail crossings
5 by creating either a rail or road bridge allowing
6 for higher train speeds and the best crossing
7 safety. This will also help to reduce freight
8 congestion as freight business in Illinois is
9 booming.

10 Our current rail infrastructure cannot
11 handle the freight traffic and passenger service
12 volume today. We want to see people have more
13 choices for passenger rail in our state.

14 Mayors from Rockford and Galena and the
15 Quad Cities, Peoria, Decatur have noted the ease and
16 safety of rail travel and the economic development
17 possibilities. Presently none of these Illinois
18 communities have Amtrak service. They are demanding
19 that rail service be expanded in their communities,
20 and I can certainly understand why.

21 I realize that we're talking about
22 millions and millions of dollars, but that is what
23 will be necessary to achieve high quality, reliable
24 rail service throughout the State of Illinois. This

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1 is a challenge we need to accept and meet.

2 The traveling public is demanding
3 transportation alternatives that are affordable,
4 convenient and safe. Rail transportation answers to
5 all those demands.

6 Illinois has demonstrated a willingness
7 to invest operating funds and passenger trains. The
8 next thing on the agenda is capital investment to
9 infrastructure that will achieve quality and
10 reliability in rail service.

11 In closing, I would like to thank the

12 Commission for this opportunity to speak to you
13 today.

14 My community of Quincy has been one of
15 the fortunate ones since our passenger rail service
16 via Amtrak has survived since its origination in the
17 early 1970s.

18 It's hard to believe that in the late
19 1970s and early 1980s there was a general feeling
20 that trains both freight and passenger were on their
21 way out. Air travel and interstate highways were
22 pulling more and more customers away from trains.

23 However, those companies and cities that
24 were able to keep rail service and survive the 1980s

0081

1 are now operating at capacity, and with the need
2 greater than ever before to relieve our
3 self-dependency on foreign oil, passenger rail is
4 our future. We must make it happen.

5 Thank you very much.

6 CHAIRMAN SCHENENDORF: Thank you.

7 The next witness is David Cieslewicz --

8 COMMISSIONER BUSALACCI: Cieslewicz.

9 CHAIRMAN SCHENENDORF: -- Cieslewicz, Mayor of
10 Madison, Wisconsin.

11 MR. CIESLEWICZ: Thank you. Thank you,
12 Secretary Busalacci, for getting it absolutely
13 right.

14 Thanks for the opportunity to speak in
15 support of intercity passenger rail service and the
16 important role that the federal government can have
17 in advancing the development of new passenger rail
18 services in the United States.

19 I feel it's critically important to the
20 economy of Wisconsin's growing metropolitan areas
21 and the entire State of Wisconsin that a federal
22 capital matching program for states be established
23 in order to develop, expand and improve intercity
24 passenger rail.

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1 I believe that a federal intercity
2 passenger rail program similar to that for highways
3 with an 80 percent federal, 20 percent state and
4 local share will generate the development of better
5 travel alternatives for the citizens of our region.

6 Intercity passenger rail can provide a
7 travel option that does not currently exist for many
8 American travelers. Passenger rail is a travel
9 alternative that's environmentally responsible,
10 improves mobility and economic development and helps
11 reduce our dependence on foreign oil.

12 With regard to operational and economic
13 benefits, there are many reasons why intercity
14 passenger rail can be highly competitive with other
15 travel modes.

16 First, rail can go directly to business
17 centers. Total travel time can be competitive with
18 travel by either air or auto especially in highly

19 congested corridors. Price for rail travel is
20 competitive, and business people can be more
21 productive during their journey.

22 There's strong evidence that where public
23 investments are made in passenger rail
24 infrastructure and equipment, operational and
0083 financial dividends are realized.

2 The added mobility and development
3 opportunities associated with passenger rail
4 investments can benefit local economies with new
5 employment, increased property values and higher
6 incomes.

7 In fact, a new report issued by the
8 sponsoring states of the Midwest Regional Rail
9 System indicates that enhanced passenger rail
10 services provides substantial economic benefits to
11 users, communities and states.

12 Several communities throughout the nine
13 state region are already making plans to expand
14 their stations and provide multi-modal connections
15 with buses, taxis and other modes.

16 These improvements encourage development
17 of nearby properties. Resulting increase in nearby
18 property values is referred to as joint development
19 potential.

20 For example, the Milwaukee downtown
21 Amtrak station is currently undergoing a \$15,000,000
22 renovation. This intermodal station project will
23 also house Greyhound and other intercity bus
24 operations and provide connections to local bus and
0084

1 taxi services. Anticipated development around that
2 station as a result of enhanced passenger rail
3 service is expected to provide increases in property
4 values between 152 and \$227,000,000. Joint
5 development potential estimates for Madison are
6 between 65 and \$97,000,000.

7 With regard to energy and environmental
8 benefits, the President and members of congress have
9 called for reducing our dependence on foreign oil,
10 and the American public needs mobility alternatives
11 to congested highways and airports.

12 In addition, the days of cheap energy in
13 this country are gone, and we face an uncertain
14 energy future.

15 As prices for gasoline continue to march
16 steadily upward, the public's demand for energy
17 efficient rail service will continue to increase.

18 From an environmental standpoint, an
19 argument can be made that for every passenger who
20 boards a train another vehicle is taken off the
21 road, and that vehicle's emissions are taken out of
22 the global warming equation.

23 There is a growing demand for passenger
24 rail service across America, and there's an
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1 opportunity in congress to pass legislation that
2 will help meet that demand.

3 Our goal should be the enactment of a
4 comprehensive federal program that provides
5 sufficient capital funding needed to implement
6 intercity passenger rail corridor improvements that
7 are already planned throughout the country.

8 It's important that the President and
9 members of congress understand the extent Americans
10 desire passenger rail and how supportive they are of
11 its development, expansion and improvement.

12 At this time a reliable federal funding
13 partner like we have for highways and airports is
14 sorely needed.

15 Passenger rail is the only U.S. intercity
16 transportation mode without some kind of dedicated
17 federal or state capital funding program.

18 I believe our federal programs for
19 highways and airports can be models for
20 congressional action on intercity passenger rail.

21 In the midwest our Midwest Regional Rail
22 initiative plan calls for a 3,000 mile Chicago hub
23 system serving nine states with corridor services
24 between Chicago and major cities such as

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1 Minneapolis, St. Paul, St. Louis, Detroit, Cleveland
2 and Cincinnati, and, of course, Madison would be in
3 that mix as well. Many of these plans could be
4 implemented in the near future if they were fully
5 funded.

6 In Wisconsin efforts are well under way
7 to establish a high speed passenger rail connection
8 between Madison and Milwaukee. Hiawatha services
9 between Milwaukee and Chicago --

10 CHAIRMAN SCHENENDORF: If you could wrap up,
11 please.

12 MR. CIESLEWICZ: -- supported by the states of
13 Wisconsin and Illinois has set an all-time record
14 with over 500,000 riders last year.

15 Wisconsin's two largest cities, the
16 creation of a high speed passenger rail connection
17 between Milwaukee and Madison, will be one of the
18 centerpieces of a new initiative that Mayor Barrett
19 and I have called again to collaborate.

20 Thank you very much.

21 CHAIRMAN SCHENENDORF: Thank you.

22 Our next witness is Tom Barrett, the
23 Mayor of Milwaukee, Wisconsin.

24 MR. BARRETT: Thank you very much,

0087

1 Commissioner. It's an honor to be here before you.

2 I'm the Mayor of Milwaukee, a city of just
3 under 600,000 people on what I'd like to call
4 America's fresh coast along with Chicago and
5 Cleveland. We are on the Great Lakes, and we're the
6 fresh water supply on this planet.

7 We are a city that believes very much in

8 regionalism. We've worked closely with Madison and
9 other parts of the State of Wisconsin. In fact, we
10 feel so strongly about regionalism earlier this
11 month we were the home of the Cleveland Indians when
12 their baseball games were snowed out. We walk the
13 walk as well as talk the talk.

14 As southeastern Wisconsin continues to
15 grow its economy and invest in supporting
16 infrastructure, it is important to consider the
17 significant impact the return of quality high speed
18 passenger rail service between Milwaukee and Madison
19 would have on our region.

20 Adding modern state-of-the-art rail to
21 the conventional highway travel system would
22 increase traffic without congestion and would spur
23 economic investment along the entire route.

24 I think we all know how successful the

0088

1 Hiawatha Line has been for this corridor. In 2006
2 more than 588,000 riders traveled between Milwaukee
3 and Chicago on the Amtrak train, a new record. I
4 took the Hiawatha this morning to be with you here
5 today. Left at 8 a.m. and I was here by 9:45. It's
6 a tremendous service. Both cities benefit
7 enormously from this service as do the communities
8 along the route.

9 A connecting link between Madison, home
10 to the state's largest university and the Wisconsin
11 state government, and Milwaukee, the largest city in
12 Wisconsin and the state's economic engine, would
13 create countless economic opportunities for hundreds
14 of thousands of people.

15 The Madison/Milwaukee connection would
16 also be the bridge of the inevitable route that
17 would connect Minneapolis through LaCrosse through
18 Madison through Milwaukee to Chicago linking
19 millions of people across the heart of the midwest.
20 Such a route would open limitless opportunities for
21 growth along the region.

22 The benefits of high speed passenger rail
23 are well-known. It is competitive to the automobile
24 and environmentally beneficial. Transportational

0089

1 alternatives have proven time and time again in many
2 places across the country to be critical components
3 to successful regional growth.

4 Furthermore, I've adopted a regional
5 vision for Milwaukee. As mayor, I have entered into
6 a regional economic partnership with our six
7 neighboring counties called Milwaukee 7.

8 However, we have learned that regions and
9 their boundaries are fluid. For example, through
10 the Hiawatha Line we have strengthened our ties to
11 Chicago by linking airport service and business
12 relationships between the two cities. In fact, in
13 Milwaukee we have the closest Amtrak station to an
14 airport in the country. We believe in connecting

15 the different forms of transportation.

16 Likewise, a Milwaukee/Madison connection
17 would further our academic and research partnerships
18 with our respective institutions of higher education
19 industry as well as create new employment
20 opportunities for residents of both cities.

21 In light of the exciting news that
22 Chicago will be the United States candidate to host
23 the 2016 summer olympic games, a truly regional rail
24 service will not only make that application more

0090

1 appealing to the International Olympic Committee
2 making the final decision, it will help Chicago
3 implement a comprehensive plan to make those games a
4 smashing success.

5 I want to emphasize this point. I was in
6 Beijing in October of 2005 and they were preparing
7 for the 2008 Olympics in Beijing, and they were
8 doing everything they could to clean up the
9 environment and to improve the transportation routes
10 in that community. Dressing up our transportation
11 systems and significantly improving the
12 transportation system, the rail transportation
13 system around and through Chicago for the 2016
14 Olympics I think is imperative for the success of
15 those games.

16 However, this incredible opportunity will
17 not be realized without federal support and a
18 stronger commitment to passenger rail as a viable
19 transportation mode.

20 Highways are critical to our
21 infrastructure but they cannot be our sole
22 transportation investment or strategy. Mass transit
23 and passenger rail must be a part of the federal
24 transportation strategy and be funded accordingly.

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1 The City of Milwaukee is leading the way
2 as an investment partner in a modern transportation
3 system. We are currently remodeling the Amtrak
4 station into a new intermodal transit system station
5 with the use of a tax incremental financing district
6 along with help from the state and federal
7 government.

8 This dynamic new structure will welcome
9 travelers on trains, buses and the proposed KRM
10 commuter rail and serve as a gateway to attractions
11 and businesses downtown and throughout the region.
12 It will also serve as the nerve center of a new
13 comprehensive transit strategy for Milwaukee that I
14 recently unveiled.

15 My vision utilizes bus, rapid transit and
16 a downtown rail circulator to connect workers to
17 jobs across the city and make all of Milwaukee
18 easily accessible to every resident. A
19 Madison/Milwaukee high speed rail line would merge
20 seamlessly --

21 CHAIRMAN SCHENENDORF: If you could wrap it up

22 please.

23 MR. BARRETT: -- opening economic and
24 recreational doors for people of both cities.

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1 We have a special opportunity right now
2 to propel the upper midwest deep into the 21st
3 century.

4 I urge the members of the National
5 Service Transportation Policy and Revenue Study
6 Commission to advocate strongly for increased
7 federal support and partnership in passenger rail
8 service expansion.

9 There is no doubt that the long term
10 health and growth of the entire country will benefit
11 greatly if those investments are made.

12 Thank you.

13 CHAIRMAN SCHENENDORF: Thank you.

14 Our next witness will be Alexander
15 Kummant, the CEO of Amtrak.

16 MR. KUMMANT: Thank you for the opportunity to
17 address you this morning.

18 As you've clearly heard from the first
19 three panelists this morning, passenger rail is a
20 viable, energy efficient way to move people, and I
21 fully expect we'll be moving an increasing share of
22 the traveling public in the near future.

23 Where the states and the federal
24 government have invested in passenger rail there are

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1 proven market results.

2 As I travel our system, I'm also struck
3 by the economic development and community building
4 benefits rail improvements have in local
5 communities. The future holds great hope and
6 promise.

7 We need to have an enlightened approach
8 to solving our transportation problems, and rail
9 passenger service is part of the solution of a
10 healthy transportation system.

11 However, the potential of the mode to
12 alleviate congestion, to reduce our country's
13 reliance on foreign oil and to play a role in a
14 cleaner environment will not be fully realized until
15 there's a federal funding source for states to
16 determine where to invest in increased passenger
17 rail capital investments.

18 Operating a network that extends 21,000
19 miles, Amtrak serves over 500 stations in 46 states
20 and Washington, D.C., carries more than 67,000
21 passengers a day and carried 24.3 million passengers
22 in the fiscal year 2006.

23 Ridership on our system is almost equally
24 split between the northeast corridor and the rest of

0094

1 the country.

2 For the first six months of this fiscal
3 year, October through March, several states within

4 intercity corridors are seeing sustained ridership
5 gains including those in Illinois, Wisconsin,
6 Michigan, Pennsylvania, Maine and California.

7 Amtrak serves more than 50 percent of the
8 air/rail market between Washington and New York and
9 one-third of the air/rail market between New York
10 and Boston.

11 An additional 800,000 people each day use
12 commuter rail that either uses our infrastructure or
13 that has some other shared operating agreement with
14 Amtrak between many of the nation's largest cities.

15 Passenger rail often serves as a catalyst
16 for economic development, frequently playing a
17 significant role in the rejuvenation of urban
18 centers in small and mid-sized cities.

19 According to Okerage National
20 Laboratories Amtrak is considerably more efficient
21 than either highway or air travel. The 2006 Okerage
22 National Laboratories Transportation Energy Book
23 reports that Amtrak consumed 18 percent less energy
24 per passenger mile than commercial aviation and 17

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1 percent less than automobiles.

2 In areas of the country where states have
3 invested in short distance corridors, these
4 corridors continue to grow. In the last year we've
5 seen a marked expansion of corridor services in many
6 parts of the country. It is important to understand
7 that these successes, and they have been notable,
8 were paid for entirely by state funds. True, in
9 some cases Amtrak funds were used, but I mention
10 this because it took tremendous support of various
11 state legislators and the political will of many
12 individual governors to get this done. Imagine
13 where we would be today if there had been matching
14 funds just ten years ago. Higher fuel prices and
15 other societal trends are spurring this growth.

16 Many of these services connect
17 communities that are growing rapidly. The growth in
18 corridor service is one response to addressing
19 society's changing transportation needs. In fact,
20 our intercity corridor ridership is up six percent
21 year to date.

22 Several specific examples include the
23 following: In California on the capital corridor
24 between Oakland and Sacramento we now operate 16

0096

1 daily round trip trains. That's 32 train movements
2 a day or more than one passenger train every hour.

3 As you've heard testified here earlier,
4 last October in Illinois in partnership with the
5 state we more than doubled our service on three
6 different corridors out of Chicago. Illinois
7 residents have responded. Ridership increased by
8 over 150,000 for the first five months of the fiscal
9 year over the same period last year.

10

In Pennsylvania we have added frequencies

11 and dramatically reduced travel times on the
12 Keystone corridor between Harrisburgh and
13 Philadelphia. Ridership is up 17 percent this year.
14 There was also an additional frequency added on the
15 very successful Cascade service in the pacific
16 northwest, and we hope to add another frequency on
17 that corridor shortly.

18 In addition to what was done last year,
19 we anticipate frequency additions on existing
20 corridors in Maine, Wisconsin and perhaps even
21 Michigan and North Carolina in the near future.

22 Again, these successes have been achieved
23 despite the lack of a federal capital matching
24 program and despite our aging and increasingly

0097

1 stretched fleet.

2 Passenger rail enjoys a number of
3 public/private partnerships with regard to station
4 redevelopment and other capital investments. The
5 majority of the passenger rail network operates over
6 private railroads' rights of way where congestion
7 mitigation investments will be required to expand
8 successful shorter distance corridors.

9 There are opportunities for increased
10 public/private ventures --

11 CHAIRMAN SCHENENDORF: If you could wrap it up
12 please. Appreciate it.

13 MR. KUMMANT: There are opportunities for
14 increased public/private ventures especially in
15 passenger rail especially with regard to equipment,
16 but the mode requires an additional federal funding
17 and policy commitment to expand to its full
18 potential.

19 A federal/state capital matching program
20 allows policy makers to make transportation
21 investment decisions in a similar way regardless of
22 the modal options under consideration.

23 Currently states investing in passenger
24 rail do not have a federal funding partner, and,

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1 therefore, investments have been hampered.

2 Again, our future is at stake for state
3 growth and capital associated from the federal
4 sources for both infrastructure development and
5 equipment.

6 Thanks for the opportunity to testify
7 this morning.

8 CHAIRMAN SCHENENDORF: Thank you.

9 Now I'd like to recognize Laura -- is it
10 Kliewer?

11 MS. KLIEWER: Kliewer.

12 CHAIRMAN SCHENENDORF: Kliewer.

13 MS. KLIEWER: Kliewer.

14 CHAIRMAN SCHENENDORF: -- Kliewer, Director of
15 the Midwest Interstate Passenger Rail Commission.

16 MS. KLIEWER: Thank you very much.

17 I wanted to tell you all at the beginning

18 that I had prepared to do a power point presentation
19 which isn't available, so I think you have it in
20 your packets, and you might want to follow along
21 just because I had some visual aids that I was
22 hoping to utilize for this, so it might take a
23 little bit longer.

24 I appreciate the opportunity to talk to
0099

1 you today about why passenger rail development is
2 important to the midwest and to the nation.

3 As I'm sure you know, passenger rail has
4 for many years been regarded as a negligible
5 solution to passenger transportation problems.

6 But states have begun to understand how
7 the development of an efficient, modern passenger
8 rail system can ease stress on other modes of
9 transportation and provide their citizens with an
10 additional and necessary way to travel.

11 Twenty-nine states are now developing or
12 implementing significant regional passenger and
13 freight rail plans. Many others view the
14 continuance of what passenger rail service they do
15 have as a vital concern. All of these are looking
16 to the federal government to become a true partner
17 in this endeavor.

18 There are many reasons to build a modern,
19 efficient passenger rail system as part of a truly
20 intermodal transportation system for our country,
21 reasons that are very important to our nation's
22 future health and vitality.

23 Passenger rail development will, for
24 example, save transportation dollars. One railroad
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1 track can carry the same number of people as a
2 ten-lane highway at a fraction of the cost.

3 Many of the current plans call for
4 incremental high speed rail development, making
5 improvements to existing tracks making it even more
6 of a bargain.

7 Secondly, congestion relief. According
8 to the U.S. Census Bureau, the nation's population
9 is projected to grow by 39 percent between now and
10 2050.

11 Building highways at the rate our
12 population will need them in the next 50 years will
13 be unsustainable. According to Transportation
14 Secretary Mary Peters, congestion also costs us 200
15 billion dollars a year.

16 The closest equivalent to passenger rail
17 transportation on the roads is bus transportation.
18 While the capacity of a typical bus is 40 people,
19 one train set carrying 4 cars could carry more than
20 10 times that many people.

21 Passenger rail also compliments other
22 modes of transportation. It's an ideal compliment.
23 While commuter rail or driving is ideal for
24 distances up to 100 miles and airplanes best justify

0101

1 their energy and take-off and landing time in long
2 distance travel, intercity passenger rail is ideal
3 for travel between 100 and 500 or 600 miles.

4 Passenger rail can also play a
5 significant role in decreasing our dependence on
6 foreign oil while decreasing transportation's
7 environmental impact.

8 According to the Okerage National
9 Laboratory, based on energy consumed per mile Amtrak
10 is 18 percent more efficient than commercial
11 airlines and 17 percent more efficient than
12 automobiles.

13 High speed train sets, especially if they
14 use electric locomotives, would bring even more
15 energy efficiencies. Also using biodiesel blends
16 would be helpful for the trains.

17 The Rail Runner Express Commuter line in
18 New Mexico has been using a blend of the cleaner
19 burning fuel B20 and has experienced the same
20 performance as using conventional old diesel fuel.

21 It will also increase our nation's
22 capacity to respond to emergencies. Rail can prove
23 a vital resource when disaster strikes and is
24 crucial to managing traffic from other modes of

0102

1 transportation that may be shut down.

2 Rail is safe in many kinds of weather,
3 disasters with plans when vehicles aren't an option.
4 It can carry hundreds of people in relative comfort
5 when roads are gridlocked. MIPRC developed a study
6 on emergency response in how passenger rail could
7 help on that, and I think you have copies of that,
8 and it's also available on our web site.

9 Lastly, passenger rail brings jobs and
10 economic growth to the regions. Two multi-state
11 projects in our region illustrate the principle.

12 First, the Midwest Regional Rail
13 Initiative as was mentioned by some others. It's a
14 plan for a 3,000 mile network using a hub system
15 based in Chicago and nine states.

16 Yesterday the MWRRRI released an updated
17 economic analysis of the benefits a fully
18 implemented plan would bring to the region, and the
19 new projections show a benefits to cost ratio of 1.8
20 which is \$1.80 in return for every dollar invested,
21 one of the highest for any regional rail system in
22 the U.S.

23 In addition to generating 23 billion
24 dollars in overall benefits, the system would

0103

1 generate nearly 58,000 permanent new jobs and 5.3
2 billion dollars of increased earnings over the
3 construction period.

4 CHAIRMAN SCHENENDORF: Could you please wrap
5 up?

6 MS. KLIEWER: Sure.

7 CHAIRMAN SCHENENDORF: Thank you.

8 MS. KLIEWER: The Ohio Rail Development
9 Commission has the Ohio hub, and they're ready to
10 move forward into the federal required environmental
11 impact study process, and they're expected to create
12 more than 6,000 construction jobs, 1500 permanent
13 railroad jobs and another 16,500 permanent jobs tied
14 to development along the rail corridors.

15 These two plans together will include
16 17.4 million annual train miles, providing an
17 additional 67 train sets and connect more than 150
18 communities across the midwest.

19 Both of these plans fully built out are
20 not projected to require operating assistance, but
21 capital funding is needed to build these systems.

22 CHAIRMAN SCHENENDORF: Thank you. That's all
23 the time we have at this point.

24 MS. KLIEWER: Can I tell you my

0104

1 recommendations?

2 CHAIRMAN SCHENENDORF: Very quickly because
3 we're trying to limit everybody to five minutes.

4 MS. KLIEWER: Sure. As I said, I was using a
5 power point before, so sorry.

6 As you consider the future of
7 transportation systems on behalf of the midwestern
8 states and many others, I ask that you include
9 passenger rail development as an integral part of
10 the solution to our nation's pressing transportation
11 needs.

12 Secondly, we recommend the creation with
13 state and local input of a comprehensive national
14 plan for passenger rail development.

15 Third, that you find a way to provide
16 passenger rail with the substantive dedicated source
17 of federal funding for passenger rail improvements
18 with similar cost sharing between federal and state
19 sources as other major modes of transportation.

20 Thank you very much.

21 CHAIRMAN SCHENENDORF: Thank you. I want to
22 thank you all.

23 We'll start the questioning this round
24 with Commissioner Heminger.

0105

1 COMMISSIONER HEMINGER: Thank you,
2 Mr. Chairman.

3 If I could acknowledge, just as I've been
4 sort of the pain in the rear about highway safety,
5 Commissioner Busalacci has been our champion of
6 intercity passenger rail at every single meeting. I
7 appreciate his doing that and appreciate this panel.

8 I was really intrigued, Mr. Kummant, with
9 the map you had in your testimony which talks about
10 -- and I don't know if the rest of you have seen it,
11 but let me describe it. It's a map of the United
12 States and it shows six mega regions that are
13 characterized as poised for rail corridor

14 development, one of them being the one you just
15 finished describing here but another one in the gulf
16 coast, the northeast, the southeast, the far
17 northwest and then my own state of California.

18 I'd like to ask the panel, maybe this
19 side of the panel one question and this side of the
20 panel the other, the mayors the other. The first
21 question is has there been any analysis, I know
22 we've got it here in front of us for the midwest
23 corridor, of the cost in ridership and freight
24 consequences of a significant improvement in the

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1 corridors that you outline?

2 For the mayors really the question is
3 about the local match, the local component, state
4 and local support for these services. In my own
5 state we have invested considerable sums in
6 California in our Amtrak routes without any federal
7 matching program at all, so I would certainly like
8 to challenge other states if not to meet that
9 example perhaps to do better than the conventional
10 80/20 relationship that we're accustomed to with the
11 federal government, and something perhaps more on
12 the order of 50/50 might be in my opinion more
13 reasonable.

14 Now that would require in the case of
15 this midwest corridor a pretty big chunk of money
16 because your cost estimate I think is close to eight
17 billion dollars in capital investment.

18 If you could, the two of you who have
19 worked more at the operational level, if you could
20 characterize what we know about what it would take
21 to upgrade these corridors and if the mayors could
22 comment on the question of the financial partnership
23 between the federal and state, local governments to
24 make that happen.

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1 MR. KUMMANT: Sure. First let me say there
2 are a lot of well-developed state programs out
3 there, so we know a lot about what it would take to
4 develop those corridors. Now obviously that varies
5 in degrees of robustness.

6 Your state is a great example. You've
7 spent between 1.8 and 1.9 billion in infrastructure.
8 Since 1990 Amtrak has contributed about 400,000,000
9 to that. Not every state has as well-developed
10 obviously a rail program as you do, but if you look
11 around the clusters, we've given examples obviously,
12 Washington and Oregon have a well-developed
13 infrastructure and program.

14 The northeast corridor obviously falls
15 into one of the other circles, and there is a great
16 deal of activity there, everywhere from Maine to
17 Pennsylvania through to D.C. Again, a lot of
18 knowledge, a lot of development.

19 I think if you look at the southeastern
20 sea boards, North Carolina has a wonderful rail

21 program and, in fact, has been working on a state
22 owned right of way for quite some time and closed
23 some, over 100 rail crossings. They are very well
24 poised to, in fact, reach out to a vision of what

0108

1 might be an eastern corridor at some point rather
2 than a northeastern corridor.

3 I would say there's a lot of knowledge,
4 and there's been a lot of work done on the state
5 corridor, intercity corridor.

6 COMMISSIONER HEMINGER: I think the one you
7 didn't mention is the gulf cost. Is that sort of
8 behind in terms of --

9 MR. KUMMANT: I wouldn't necessarily
10 characterize it as such. There's a good
11 organization of the gulf coast state. There's the
12 Southern Rapid Rail Transit Commission. I think
13 they've done a lot of work, and certainly within
14 Texas there's a high speed group that's looked at
15 the fundamental triangle.

16 I think all that work is translatable
17 either into a high speed vision or what in my view
18 is most important is an incremental look at what can
19 be done with 80 to 100 mile an hour programs around
20 existing right of ways, so there's a lot of
21 development I think in all of those clusters.

22 COMMISSIONER HEMINGER: Would you be able to
23 assemble that information for us so that we could
24 have a better national picture --

0109

1 MR. KUMMANT: Certainly.

2 COMMISSIONER HEMINGER: -- just as we've got a
3 fairly detailed picture here in the midwest?

4 MR. KUMMANT: Sure. I mean we routinely put
5 large pieces of information together for
6 congressional subcommittees. We can give you the
7 same information.

8 MS. KLIEWER: The two midwestern plans, the
9 midwestern general initiative and the Ohio hub once
10 they're developed are expected to have as much
11 ridership as the current Amtrak service nationwide
12 now, so it is a significant increase in ridership.

13 Those states have been planning for about
14 ten years now, and so they have put, they have put
15 money in it. They have put a lot of time in it, and
16 they are right now at the phase in the Midwest
17 Regional Rail Initiative is at the phase one
18 implementation stage.

19 As far as a different cost sharing
20 between 80/20 and other percentages, certainly I'm
21 sure the states would be open to talk about that,
22 but right now rail receives one percent of the
23 funding for, the national transportation funding,
24 and so there's some equity issues there that this

0110

1 will bring decreased congestion and all the other
2 things that we talked about today that would really

3 help the states.

4 COMMISSIONER HEMINGER: Well, that's why I
5 want to ask the politicians that question.

6 You know, in the federal rail starts, New
7 Starts Program, even though the matching ratio is
8 still the legally required 80/20 most of the areas
9 that are competing in that program have now moved up
10 more to the 50/50 relationship given how competitive
11 it is, and one of our colleagues Matt Rose who runs
12 the B&S Railroad makes the point, and I think it's a
13 good one, it's a pretty good test of somebody's
14 desire to have a service or a product if they're
15 willing to put half the money on the table versus 20
16 percent. I really would appreciate your reaction to
17 that question and how willing and able local
18 communities here in the midwest and elsewhere might
19 be.

20 MR. SPRING: I'm not sure how able, but I'll
21 tell you that any match is better than zero match.
22 So if we could get a 50/50 or 70/30, 60/40, any of
23 that is going to help the growth in this country to
24 provide passenger rail.

0111

1 As I stated in my comments, this is the
2 future. We're kidding ourselves if we think that
3 the future is highways and aircraft. It's not.

4 We operate an airport as well. We have a
5 lot of unfunded mandates at that airport. The one
6 here so far with the exception of safety and
7 infrastructure and certainly upgrading equipment for
8 Amtrak. We don't have the same call from the
9 federal government in regards to mandates that are
10 not funded, so I'm in favor of any type of match.

11 The State of Illinois stepped forward.
12 Our own Governor doubled the amount of money for
13 these three new routes that was in his budget. That
14 wasn't easy for him to do in a state that has five
15 billion dollars in debt service, so I think that
16 definitely would be open to certainly myself as a
17 mayor. I could see a local component, a state
18 component.

19 MR. CIESLEWICZ: Wisconsin has been ready to
20 go with our local share for probably 15 years. I
21 worked for a state legislator probably 15 years ago
22 when we put \$50,000,000 in bond authority into the
23 state budget to provide passenger rail service
24 between Milwaukee and Madison. That has been

0112

1 waiting for the federal support ever since.

2 Under the leadership of Secretary
3 Busalacci and Governor Doyle in Wisconsin, that
4 would be increased, Governor's Doyle budget, current
5 budget, to \$80,000,000 to make sure that that keeps
6 up with the cost of the program.

7 But I have to tell you with regard to the
8 state local share we ought to have equity with
9 highways, so whatever we do with highways we ought

10 to do the same for railroads.

11 In fact, given the benefits to our
12 environment, the impacts on global climate change,
13 to our dependency on foreign oil, if anything, the
14 federal government has an interest in funding this
15 kind of transportation, mass transportation, rail
16 transportation, more than it funds highways.

17 MR. BARRETT: I think Secretary Busalacci can
18 give you more details of the commitment that has
19 been made in Wisconsin. The commitment has been
20 made there.

21 I understand your point, and I think it's
22 a valid point; that the more you're willing to belly
23 up to the bar the more serious you are about having
24 something done.

0113

1 I think as you see we're ready to do
2 this. We're ready to be involved in this. We need
3 the partnership. We've been waiting at the altar
4 for a long time, so we're just waiting for the groom
5 or the bride to show up.

6 CHAIRMAN SCHENENDORF: Commissioner McArdle.

7 COMMISSIONER McARDLE: Yes, I think you've got
8 a set of commissioners here who are all very much
9 supportive of the further development of intercity
10 rail.

11 I think you've all put your finger on
12 what is a kind of a major element that has to be
13 there if you envision a future 50 years out. But it
14 would seem to me as somebody who grew up in Boston,
15 Massachusetts who knows, you know, intercity rail
16 over all my life the question always comes down to
17 how do you generate the money to support the initial
18 investment? At the end of the day both for the
19 highways and for aviation there's a user-fee
20 approach to the financing that does not seem to work
21 on a passenger rail. I mean you can't really raise
22 ticket prices enough to generate the capital
23 internally. If you could, who knows -- the private
24 railroads might still be in the market.

0114

1 Have you given any thought to what
2 alternative ways we can capture the value that's
3 provided by adding these services? I mean you're
4 really adding them to capture value in some fashion
5 for individuals who use the services. How do we
6 capture a portion of that for the service? Because
7 at the end of the day one can argue about user fees,
8 but one can also argue, and it was originally done
9 for the New York City subway system, about capturing
10 certain values that emerge from the initial
11 investment.

12 You build a subway system and suddenly
13 property becomes very valuable in New York City. If
14 you can capture that value in taxes and dedicate
15 that -- you know, you talk about tax increment
16 financing, but that tends to be thought about in

17 very small pieces. There are ways we can really
18 capture that.

19 The other question specifically for you:
20 Are the hostage New York State train centers going
21 to be set free to be used to all of them?

22 MR. KUMMANT: Well, I think that's up to New
23 York as well. But first let me address your first
24 question which is the fundamentally rejected premise
0115

1 of your question. There are some three billion
2 dollars that flow to waterways. There are a lot of
3 general fund transfers that are associated with the
4 highway fund. The interest piece is a general fund
5 transfer.

6 The FAA has something like 2.7 billion in
7 its current projected budget that comes out of the
8 general fund. Ten percent of the air traffic
9 control is done by the military which is a direct
10 subsidy. The federal, nine billion of the federal
11 transit dollars comes from user fees that have
12 nothing to do with transit users, so to suggest that
13 we should be ashamed of asking for general funds or
14 some sort of fund structure for passenger rail I
15 think is simply --

16 COMMISSIONER McARDLE: That's not the question
17 I asked. I asked --

18 MR. KUMMANT: I know the question you asked.
19 But the premise is that somehow highways and
20 everything function perfectly.

21 COMMISSIONER McARDLE: No, I didn't suggest
22 that.

23 MR. KUMMANT: That simply isn't the case.

24 COMMISSIONER McARDLE: How do you capture the
0116

1 value? You run the northeast corridor. You provide
2 an extraordinary service between Washington and
3 Boston for people across that corridor. How do you
4 capture some of that value that's added by what you
5 do over and above the prices you charge to the
6 customers so that it can go back into maintaining
7 the service? Because at the prices you now charge
8 you really can't recover enough to maintain the
9 system.

10 MR. KUMMANT: Well, again, I would say your
11 premise is that you have to do that to justify the
12 service. I reject that premise.

13 The same is true on truck transportation
14 which only covers perhaps half of the damage done to
15 the highways. You're creating a premise that tries
16 to back us into a corner of saying you have to have
17 a mechanism to "capture" value. I don't think
18 that's necessarily the case.

19 MR. BARRETT: If I may respond. I don't
20 consider it necessarily a negative or a hostile
21 question. Quite frankly, I think it would be very
22 difficult.

23 We have done it as I indicated at the

24 micro level. The state had planned to make some
0117

1 renovations to the Amtrak station in Milwaukee. We
2 had a spirited debate as to whether they were
3 extensive enough, and we finally sat down, the
4 Secretary and the city officials, and said, all
5 right, we're willing to make an investment so we can
6 create a tax incremental financing district which
7 raised the cost of the renovations, and we think now
8 we are going to give us a beautiful intermodal
9 station.

10 I think the concept that you're looking
11 at, we were able to do it at small incremental
12 changes. I think it would be much more difficult to
13 do it if you were trying to do it on a massive
14 scale.

15 Where I would agree with the
16 representative from Amtrak, I think it really uses
17 that concept. Then we would be saying, well, let's
18 look at freeway exits and the value of property
19 around freeway exits and raise taxes for the people
20 there.

21 If we're going to start doing that for
22 rail, then I think we should be doing it for
23 highways as well.

24 But I just, as I sat here, how could the
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1 federal government interject itself, if you will, in
2 trying to capture local property tax revenues? That
3 seems to me to be a pretty difficult challenge to
4 undertake.

5 I'd love to say that I had a way to do
6 it, but I think it would be difficult to do. I
7 think you can do it again on a micro thing, but I
8 think in terms of the entire system I think it's
9 much more difficult to have that interaction between
10 the federal government and really the local property
11 tax.

12 MS. KLIEWER: I do think there's a difference,
13 of course, between the operating and the capital
14 costs because these systems, at least the ones in
15 the midwest, the projection is once they're fully
16 built out they will be operating in a
17 self-sufficient manner, so that's great news, and
18 that is a bit of a shift from what we've seen.

19 So what we're saying to the states is
20 that we need to get the capital improvements in, and
21 tax credit bonding program has been the way that
22 most of the states have looked at doing that because
23 it would not only provide the multi-year substantive
24 source of funding that we need but it wouldn't

0119
1 compete for other transportation dollars, so that's
2 what we've looked at. Although there might be some
3 really creative things on the horizon.

4 MR. SPRING: I think you have to look at the
5 other side of it, the cost ratio benefit. You're

6 going to see less highway congestion. You're going
7 to see a savings in energy, and you're certainly
8 going to see a savings in lives. That adds up to
9 real money that could be, you know, a benefit to a
10 provider like Amtrak.

11 MR. CIESLEWICZ: There will be benefits that
12 aren't easily quantifiable, benefits to the
13 environment, benefits of folks being able to work on
14 the train as they get to a destination. That's not
15 easy to put a number to.

16 CHAIRMAN SCHENENDORF: I want to echo what
17 Commissioner Heminger said at every meeting.
18 Commissioner Busalacci raises this issue of
19 intercity rail to make sure that it does not fall
20 through the cracks, and we're all very grateful for
21 that, and I'm sure that this will be one of the
22 important pieces of the Commission's recommendations
23 on what to do about intercity rail.

24 So Commissioner Busalacci.

0120

1 COMMISSIONER BUSALACCI: Thank you, Jack.

2 I want to thank all the panelists for
3 coming here today, but I especially want to thank
4 the three mayors. The fact that you took the time
5 out of your very, very busy days to come here and
6 give this testimony I think is very important, so on
7 behalf of the Commission we want to thank you
8 because we really do feel that this is important
9 stuff.

10 The time is right. All the moons are
11 starting to align, but as we have seen in Europe,
12 you know, putting these initiatives together are
13 very, very costly.

14 My personal opinion is is that the state
15 has a responsibility here. I don't know that we can
16 ask the local communities.

17 In Milwaukee, for example, the Mayor,
18 Mayor Barrett is correct. They stepped up on the
19 Amtrak station. I'm sure if we had extended it to
20 Madison, the City of Madison would step up.

21 A big chunk of this stuff has got to be
22 with the state, and we've got to get the federal
23 government. I guess that's what I really, I want to
24 get back to your thoughts on this, on this federal

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1 responsibility as this thing proceeds.

2 I mean we know that the clock is ticking
3 and that we need to have this federal partnership
4 and this partnership needs to be substantial.

5 We had this conversation early on with
6 Secretary Minetta, and, you know, they were talking
7 in terms of 50/50, and I'm not so sure that that's
8 really where we've got to go.

9 I think it's got to be a substantial
10 federal responsibility because if we get the power
11 of the federal government and the dollars of the
12 federal government in that commitment behind this it

13 will happen. It will happen.

14 I really want to hear your thoughts. I
15 want to hear Alex's thoughts. Obviously we've
16 talked about this a number of times. I want to just
17 go back to that if we could about this federal
18 commitment because it's going to be very important
19 when we submit this recommendation to congress that
20 we have this solid backing of the federal government
21 to do this. Why don't you just quickly get back
22 into this for us again?

23 MR. SPRING: From my opinion it's probably the
24 easiest year for Amtrak because of the continuing

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1 appropriations resolution in D.C. This is the first
2 time that Alex probably hasn't had to start from
3 zero because of the current administration, and that
4 hasn't changed. Their attitude, all of our
5 attitudes has to change.

6 I think that the states are willing to be
7 partners with the federal government and our
8 communities that are served by rail transportation
9 and those that eagerly await that would also be a
10 part of that, but I agree with the Mayor sitting
11 next to me here that we shouldn't be shorted either.
12 I mean this is important. We should be treated as
13 the other entities, modes of transportation in the
14 United States.

15 MR. CIESLEWICZ: First of all, I want to thank
16 Secretary Busalacci for his leadership on this issue
17 not just here but in the State of Wisconsin backed
18 up, of course, by Governor Doyle on this.

19 I think that we have shown in Wisconsin
20 that we're ready, willing and able to put out our
21 share. We're eager to do that. We've been waiting
22 for the federal government.

23 I feel very strongly that whatever
24 funding proportions we have for highway we ought to

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1 have the same for rail. I do not understand why
2 rail should be treated any differently, why we
3 should get into some sort of bidding war where one
4 community will fund 60 percent and another community
5 will fund 70 percent and another community will fund
6 40 percent. Why should we have that system for rail
7 option which is arguably better for the environment,
8 better for the economy, better for productivity,
9 better for lessening our reliance on foreign oil but
10 for roads we're going to get 80/20? That just does
11 not make any sense to me whatsoever.

12 MS. KLIEWER: Also, as we were talking about a
13 lot less money needed, I mean in 2002 the AASHTO
14 Standing Rail Committee looked at the next 20 years
15 at least of what was needed for rail development.
16 It was projected to be 60 billion dollars. Now
17 that's basically two years of the amount of federal
18 grants to states and local governments for highways
19 based on the 2001 figures.

20 So there is, we do need a substantive
21 dedicated source of funding, but we're really not
22 talking about the same amount of funding. We're
23 just talking about a similar mechanism.

24 MR. BARRETT: Last year as we were getting
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1 closer to the elections as the summer went to fall
2 and we saw each week, every other week the gas
3 prices drop, I started to predict gas would be free
4 by election day. Now we are six months past the
5 election and gas prices have gone back up.

6 I think for the federal government to
7 ignore this issue puts us at further peril in a
8 security sense as we ship dollars to countries that
9 are openly hostile to us, and I think we are just
10 kidding ourselves from a security standpoint to
11 think that we can continue to be as dependent upon
12 foreign oil as we have become. If there is no other
13 reason, then that is reason alone to try to wean
14 ourselves off this very dangerous foreign dependency
15 upon oil.

16 And I think that would be, the argument
17 that I would be making is that this is imperative
18 for us to do for national security reasons.

19 If you look at the dollars that are
20 flowing out of this country to the middle east right
21 now, think how those dollars could benefit the
22 transportation system in this country and reduce our
23 dependency upon foreign oil which I think in the
24 long run would be the greatest security measure we

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1 could take in terms of those dollars.

2 I also think that this is a rare
3 opportunity in a much different arena and that is,
4 again, the Olympics. I think that the 2016
5 Olympics, this is an opportunity to showcase this
6 part of the country and to show the federal
7 government's partnership with state governments to
8 improve transportation, and it's going to be needed.

9 I think that there are two very powerful
10 arguments that exist right now why this partnership
11 should be stronger than it is now.

12 MR. KUMMANT: Frank, I'd also like to commend
13 you on your leadership. I know you're one of the
14 first folks I got to know when I walked through the
15 door and really enjoyed a lot of the thought
16 process.

17 Three fundamental points I guess I'd like
18 to make. In a sense they've been made, but we can't
19 have this discussion about how do you grow
20 corridors, how do you grow passengers with rail
21 outside of the context of what is the state and
22 capacity of the total network today. There has to
23 be some discussion of how is this going to grow by
24 perhaps 50 percent in the next 10 or 15 years even

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1 on the basis of freight volumes. That's a huge

2 question -- how is that funded; can the private
3 sector really do that entirely. I mean I think
4 that's open to some interesting and serious debate
5 about whether or not investment tax credits are
6 necessary or any other mechanism frankly even just
7 to manage the freight piece.

8 As has been said many times before, we're
9 the canary on passenger rail. When our numbers go
10 down, clearly something is going on with the freight
11 system, so that discussion has to be had.

12 The other one, when we get into the
13 question of how do you pay for it in value, and
14 there's only so many riders today. Let's not forget
15 there's always a fallacy on initial conditions.

16 Had we had an Eisenhower program 50 years
17 ago for passenger rail we'd be having a very
18 different discussion today. We wouldn't have, I
19 don't know, five percent of the total share of the
20 transportation market. We'd have 20 or 30 percent
21 like Japan does, so that's one of the things we need
22 to remember.

23 Whenever we talked about funding
24 mechanisms and taxing and capturing value, it's an

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1 initial conditions situation. Had there not been an
2 Eisenhower program for highways you'd also have a
3 very different profile, and it goes on on the
4 highways today, so let's not forget that piece.

5 Finally, it's more of a, something we
6 need to reflect on I think culturally and in terms
7 of what the demographics are and what society is
8 doing today.

9 I think that passenger rail service is
10 very well aligned with what we see in terms of the
11 rejuvenation of communities, of walking
12 neighborhoods, of a certain reconcentration. It's
13 not a dig at highways, but highways have been a
14 mechanism for societal dispersion in the last 50
15 years. That's not good or that's not bad. It's
16 simply that society is choosing to go in different
17 directions today, and we see that palpably in the
18 developments around stations. In fact, passenger
19 rail is very much a vehicle that's aligned with that
20 demographic and cultural shift.

21 CHAIRMAN SCHENENDORF: Thank you.

22 I guess I'd like to start with a comment
23 before I have a couple of questions.

24
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1 important -- and first I want to thank you all for
2 your testimony. I think it's extraordinarily
3 important for us to realize that we have a huge,
4 huge transportation challenge, and I think all of
5 the modes have really got to work together.

6 I mean even if we do everything that you
7 would like us to do, even if we increase transit
8 significantly, we still need significant highway

9 improvements to be able to carry the freight and
10 intercity travel that's going to go on in the
11 future.

12 I've always been a proponent of we need
13 all of the above, so I think we need to find a way
14 to work together to make all of this happen in a
15 coordinated sense.

16 My first question deals with a suggestion
17 that has been made to the Commission. Some have
18 suggested that really it's time for the federal
19 government to really get out of transportation in a
20 big way, really a devolution-type of approach and
21 across the board. It would be for all modes of
22 transportation.

23 Essentially we evolve this back to the
24 state and local governments and the private sector.

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1 They can take care of the financing of the system in
2 the future since we have a lot of the system out
3 there already. How would you react to that? They'd
4 be treated the same as highways. There wouldn't be,
5 in fact, a program anymore. Can state and local
6 governments and the private sector in your opinion
7 get the job done the way it needs to be done over
8 the next 30 or 40 years?

9 MR. KUMMANT: I'll give you one quick reaction
10 which is if you take the analogy of electric high
11 powered transmission, we have big problems in that
12 system for exactly the problem of crossing state
13 lines and going across networks. So what I would
14 suggest is that if you first stipulate that having a
15 network is important then you have to have federal
16 involvement because otherwise when you cross state
17 lines it gets to be a very difficult question. Then
18 when you cross regional lines you have to have a
19 regional thought process, so it simply becomes much
20 more difficult to self-organize in regions and
21 across regions, so I think that's something one
22 would have to consider.

23 CHAIRMAN SCHENENDORF: In addition to
24 organization can you raise the money that's

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1 necessary and the resources at the state and local
2 and private sector to get the job done?

3 MR. CIESLEWICZ: No, that suggestion would be
4 disastrous. It would be just disastrous.

5 Let me give you an example from my own
6 community. In the last four years we have spent
7 \$156,000,000 on building and rebuilding local
8 streets, and we're not keeping up. We're not
9 keeping up at all. The rebuilding cycle for street
10 mass should be about 20 years. It's twice that or
11 more. So we can't even keep up with the 750 miles
12 of local street we have in the City of Madison.

13 We're rebuilding a major corridor in the
14 City of Madison, East Washington Avenue with Highway
15 151, with the help of federal aid. We could not do

16 that \$70,000,000 project without the help of the
17 federal government, so, no, the federal government
18 has a very strong role to play here. I think a
19 withdrawal from that role would be absolutely
20 disastrous.

21 MR. BARRETT: I look at it a little
22 differently. I don't think that there is any way
23 that the highway lobby would ever allow the federal
24 government to get out of this. I'm serious.

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1 Then the question becomes, well, are we
2 going to then do it to the other forms of
3 transportation that don't have a strong lobby. I
4 think that becomes pretty much a moral question as
5 to why you would allow one group that I think we all
6 would acknowledge has a lot of strength to stay in
7 the game. I don't think it's realistic to think
8 that it's going to happen except if it happens to
9 those that are considered the weaker sisters, if you
10 will.

11 CHAIRMAN SCHENENDORF: But putting that aside,
12 I mean we're looking at this from a transportation
13 perspective. From a transportation perspective,
14 could state and local governments, the private
15 sector get the job done in your opinion?

16 MR. BARRETT: If you're going to abolish the
17 federal gasoline tax, for example, and then allow
18 states and local governments to just pick it up,
19 again, I don't think it's realistic, so it's
20 difficult for me to imagine that happening.

21 If you get to that point, then I think
22 you have to start asking questions as to, for those
23 parts of the country that don't have the income
24 what's going to happen. There are places right here

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1 in Chicago, for example, having that bridge become a
2 private bridge, it can happen in small areas, so
3 it's not inconceivable, but it could happen in some
4 areas. It's the same question I suppose that the
5 post office faces. Do we stop serving rural areas
6 because of densities? I just don't think it's going
7 to happen. I would rather have us concentrate our
8 energies on saying how can we do the most good for
9 the most amount of people.

10 MR. SPRING: It would be very difficult to
11 see. I live in a community that borders two states,
12 so it's a tri-state region, Missouri, Iowa,
13 Illinois.

14 Now if you want to give us money, that
15 might be a different story. I mean all the dollars
16 that the states send to the federal government --

17 CHAIRMAN SCHENENDORF: Some of the devolution
18 approaches are that, that you just give the --

19 MR. SPRING: But I think only the stronger
20 ones survive. The stronger states are going to
21 survive, and the stronger communities are going to
22 survive, so it would leave out those that, you know,

23 wouldn't be able to fend for themselves.

24 CHAIRMAN SCHENENDORF: My second question is

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1 one that I am personally struggling with and that
2 is: If we did go forward and recommend significant
3 federal aid for all of the various modes including
4 intercity rail, is that -- one of the messages that
5 we've heard, one of the problems with the existing
6 program is so-called the funding silos, that there's
7 funding for this, there's funding for that. You've
8 got to work within these silos, and state and local
9 government sometimes can't make the best
10 transportation decision. There's been quite a bit
11 of discussion on the Commission of the idea of
12 having performance standards and then having the
13 various modes compete for that, you know, whether or
14 not the right choice is to expand the highway or
15 whether the right choice is more mass transit in
16 that corridor, whether the right choice is intercity
17 rail in that corridor; that state and local
18 governments would be able to come up with a plan
19 that would vary from area to area and then funding
20 could be used on whatever was in that plan to
21 provide the mobility that was necessary, so it would
22 be more performance based with flexibility for the
23 mode of travel.

24 Contrast that with what I think you're

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1 asking and a number of other people which is kind of
2 to have programs that are targeted to intercity rail
3 with a significant amount of funding with 80/20 or
4 50/50, whatever it is, to get the intercity rail
5 piece of this up and running and follow through
6 which is the way the interstate was built --
7 targeted funding to get the interstate program
8 fixed. Do you have any comments on that?

9 We have heard a lot of problems with
10 silos pending these different funding programs and
11 much better if we let transportation decisions
12 dictate how the money was spent.

13 MR. KUMMANT: Probably just some general
14 observations. I'd have to think about the
15 fundamental dilemma.

16 I guess we do, we generally support the
17 notion that the states themselves are the best at
18 really thinking through what's best for us. I mean
19 our most successful programs are working with state
20 rail guys that really know their local situation.

21 I guess I get nervous when I hear the
22 word competition between the various modes because
23 the question is does that then, and it's not a
24 cynical statement, but does that simply devolve to

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1 who has the best lobbying power in order to get the
2 dollars earmarked to a certain mode. I guess that
3 would concern me.

4 In the end I think, I'll just give you an

5 example of a process that I think works fairly well,
6 and that, the FRA, you know, in our case gets
7 involved fairly heavily in any sort of
8 infrastructure improvement work that's done with the
9 states. They approve that. They say, hey, that's a
10 good program.

11 I mean I think it is possible to have a
12 blend of federal oversight with local choice, but
13 the funding mechanism itself is something that I
14 probably don't have something particularly thrifty
15 to say about.

16 MR. CIESLEWICZ: I'd be nervous about that as
17 well. The problem for rail is that many of the
18 benefits of rail are intangible or difficult to put
19 a number on.

20 One of the advantages that highways have
21 always had is highway engineers can, they can count
22 and they can project and they can say, well, if we
23 add that lane it's going to give us the capacity and
24 this number of vehicles can use it, and that's

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1 always been an advantage that roads have had.

2 Whereas rail transit, whether it's
3 intercity or within a city, has all kinds of
4 benefits that are much more difficult to put a
5 number on.

6 The land use benefits alone of rail
7 systems are very positive but very difficult to
8 quantify, so that's what would make me nervous about
9 that.

10 MS. KLIEWER: I would say that I think we've
11 seen as you've heard from the mayors today and from
12 Mr. Kummant that when states have put money into
13 increasing the frequencies that the ridership has
14 been there, but there does need to be that capital
15 funding, and so I guess I would say if we can get
16 that funding to develop what we need to over the
17 next 20 years then maybe we can, and there's a
18 strong intercity passenger rail system for our
19 country, then maybe we could talk about some of the,
20 you know, some of these different standards because
21 people would be more accustomed to understanding the
22 role that intercity passenger rail can play.

23 Right now we're seeing that when you
24 build the frequencies they come, but there needs to

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1 be improvements to the rail system that just can't
2 be overlooked by investments that haven't been there
3 over the last 25 years.

4 CHAIRMAN SCHENENDORF: This would allow the
5 investment to be made. It's just that you'd be
6 looking at these corridors. If you had a
7 performance standard, congestion had to be reduced
8 in the corridor each year, whatever the performance
9 standard was, you'd basically then be leaving it up
10 to the state and local governments to decide in that
11 corridor are they going to add highway capacity or

12 are they going to add intercity rail capacity, you
13 know, how to get there and let the decision making
14 really just give flexibility in how it would be used
15 for any mode. We've heard a lot about that, about
16 the silos hurt the program because highway money has
17 to be used on X. You get this kind of money. It's
18 got to be used on Y, and there's not that a bill to
19 shift and do the right transportation decision which
20 is going to vary from state to state and locality to
21 locality.

22 Anyway, it's something we're wrestling
23 with. If you have thoughts about it, let us know as
24 we proceed.

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1 I want to thank this panel and ask the
2 next panel to come up.

3 We are going to take about a five-minute
4 break just so that people can use the restroom
5 facilities and then we'll start in five minutes.

6 (WHEREUPON, a short recess
7 was taken.)

8 Okay. Our next panel is the
9 Socio-Economic Changes That Will Impact the Future
10 of the Surface Transportation Network.

11 Our first witness is Frank Beal, the
12 Executive Director of Chicago Metropolis 2020.

13 MR. BEAL: Thank you very much, Mr. Chairman.
14 I am the Executive Director of Chicago Metropolis
15 2020. It's a business-based organization that was
16 created to improve the quality of life in
17 metropolitan Chicago, and much of our work is
18 related to transportation in metropolitan Chicago.

19 Prior to taking this assignment I was
20 vice-president of the Inland Steel Corporation and
21 in that capacity was in charge of purchasing and
22 purchased transportation for a billion dollars of
23 incoming goods and transportation for four billion
24 dollars of outgoing steel products. It's a global

0139

1 supply and delivery chain, and my remarks reflect
2 both my civic responsibilities of today as well as
3 my responsibilities with the steel corporation.

4 I'd like to make four quick points, the
5 first of which is that I believe that the national
6 debate on transportation policy is dominated by the
7 producers of transportation assets and services.

8 You are to be complimented for reaching
9 out to consumers for this set of hearings but let's
10 not kid ourselves. If past practice is any guide,
11 when the new legislation is considered in
12 Washington, the debate will be dominated by the
13 suppliers, consultants, contractors and their pay
14 associations. Anything you can do to break that
15 pattern would be most welcome.

16 The second point is I do not think that
17 our national policies have effectively responded to
18 the reality that we are part of a global economy in

19 the middle of the information age. These changes
20 were modest, of modest consequence in the 1950s when
21 we were doing the interstate system and just a
22 glimmer of an idea when Ice Tea was written.

23 The consequence of these changes is that
24 we are moving more things more frequently and moving

0140

1 them longer distances.

2 Business has embraced global supply
3 chains and inventory reduction with a vengeance.
4 They have shifted the cost of storing inventory to
5 the transportation system, and the transportation
6 system is not keeping up.

7 When I was in charge of purchasing for
8 the steel company, I was periodically tempted to
9 weigh in on federal transportation policy. I
10 usually became disenchanted quickly for two reasons.
11 First, the debate was always about modes, and I was
12 agnostic about modes. I didn't care how it came. I
13 wanted the most efficient, effective way to get
14 here.

15 Second, it often got bogged down in silly
16 debates about devolution. This was a decade ago. I
17 take it that debate is still with us.

18 Congress and the Administration need to
19 think comprehensively and globally about the issue
20 of goods movement. Federal policy needs to address
21 all modes of transportation for goods in an
22 integrated and a multi-modal fashion.

23 It needs to stop being afraid to lead
24 where it is appropriate to lead. It needs to go

0141

1 beyond the timid foray of projects of national
2 significance.

3 My third point is derivative of this
4 second point, and that is because the federal
5 government has been reluctant or afraid to lead
6 congress has stepped in with its addiction to
7 earmarks.

8 In business we know that capital
9 investments are what defines your future. By
10 succumbing to the narcotic of earmarks, we are
11 guaranteeing we have no future.

12 My final point is that within our great
13 metropolitan areas we must stop talking about
14 transportation policy and start talking about
15 community building policy.

16 Regions are the new units of global
17 competition. It is here we have to build
18 communities that attract investment but also attract
19 the people that can turn investment dollars into
20 wealth and income.

21 Federal policy that has all of us chasing
22 earmarks and formula changes in order to build
23 projects leads us down the wrong path. Therefore,
24 the revolution that was begun with the enactment of

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1 Ice Tea has to be completed.

2 Thank you very much.

3 CHAIRMAN SCHENENDORF: Thank you.

4 Next witness is John Norquist, President
5 and CEO of Congress for the New Urbanism.

6 MR. NORQUIST: Thank you, Mr. Chairman, and
7 thank you members of the Commission, especially my
8 former fellow Wisconsin resident Frank Busalacci.

9 My name is John Norquist. I'm the
10 president and CEO of the Congress for New Urbanism,
11 a Chicago-based organization which promotes a
12 watchful neighborhood based development as an
13 alternative to small (inaudible).

14 CNU has over 3,000 members who are
15 planners, developers, architects, engineers and
16 other participants in the building industry.

17 We've been working on a number of
18 projects, including with the Institute for
19 Transportation Engineers and the Federal Highway
20 Administration, to produce new guidelines for the
21 context, for context sensitive solutions. I brought
22 a copy of the manual to put in your record if you
23 don't already have one.

24 Formerly I was mayor of Milwaukee,

0143

1 Wisconsin, and I also served on the Amtrak Reform
2 Council.

3 40 years ago the highway designers in the
4 State of Wisconsin decided to build a loop freeway
5 around the central business district in Milwaukee.

6 We decided to remove it for a couple of
7 reasons. One is it would have cost \$100,000,000 to
8 replace the segment we removed and it only costs
9 25,000,000 to remove it and replace it with a
10 boulevard.

11 Also, property values near the freeway
12 have become depressed. By removing it the property
13 values have rebounded, about 180 percent in five
14 years since the freeway was torn down, while the
15 city-wide average increase was 25 percent.

16 This gets to Frank's point about adding
17 value to the community. It's becoming increasingly
18 clear that large grade separated roads actually
19 reduce the value of cities and reduce the efficiency
20 of the traffic distribution. Other cities,
21 Portland, San Francisco, New York City and most
22 recently Seoul, South Korea have all removed freeway
23 segments and have good property and economic
24 development as a result.

0144

1 The United States occasionally makes
2 mistakes great as our country is. The Army Corps of
3 Engineers, the Bureau of Reclamation made a mistake
4 when they decided it was important to drain wetlands
5 and channelize water into concrete projects. The
6 Army Corps of Engineers has recognized that that was
7 a mistake. In 1999 they actually apologized for it.

8 So we now value wetlands. We know they
9 slow down water. They help habitat. They help the
10 economy, and so we don't drain them as much anymore.

11 The same thing can be learned from road
12 building. Norman Velgettis, the revisionary who
13 thought of the idea of the interstate highway
14 system, first shared the idea with Franklin
15 Roosevelt back in the '30s, 20 years before
16 Eisenhower signed the bill, said don't build large
17 grade separated roads in large metropolitan areas.
18 It will create more congestion than it resolves.

19 San Francisco has removed the central
20 freeways. Traffic distribution has improved. The
21 traffic has gone to the nearby streets. It's
22 disappeared into the grid. The same thing in Seoul,
23 South Korea. With 160,000 vehicles the Chong A.
24 Chong Expressway was removed, and the result has

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1 been a revitalization of the central part of Seoul,
2 South Korea.

3 Learning from the Embarcadero Freeway in
4 San Francisco, borders on Seattle, about a month ago
5 they decided that they can live without their
6 elevated freeway and replaced it with boulevards, an
7 improvement to transit.

8 It is time to rethink the basic goals of
9 our national transportation policy. The single
10 minded pursuit of congestion reduction has failed.

11 Take a look at Detroit. No big city in
12 the world has been more successful at reducing
13 congestion. They've built every freeway that
14 everybody could ever have imagined, and Detroit has
15 ended up being one of the cities in America that's
16 actually reduced in value over the last 40 years.

17 Cities need to have traffic. Detroit
18 doesn't have enough traffic. Traffic is like
19 cholesterol. There's good cholesterol and bad
20 cholesterol. There's also good traffic and bad
21 traffic. It's important for the federal government
22 to take a more thoughtful approach.

23 Smaller scale investments like boulevards
24 and avenues actually can work better to move

0146

1 traffic. Connecticut Avenue moves more traffic at
2 rush hour when it's needed the most than the Potomac
3 Freeway in Washington, D.C.

4 San Francisco, Portland, New York and
5 Milwaukee have all deconstructed freeways. All four
6 cities are reacting to damage that was done.

7 CHAIRMAN SCHENENDORF: If you could wrap up.

8 MR. NORQUIST: With property values
9 skyrocketing near these demolished freeways, it's a
10 good lesson. How do you add the most value to the
11 American economy?

12 Perhaps in order to keep the interest
13 groups that Frank was talking about happy we need to
14 look at this not as reducing our investment in roads

15 but rather investing in more smaller roads, streets
16 and boulevards and transit and less money in giant
17 roads that concentrate traffic and actually create
18 congestion.

19 CHAIRMAN SCHENENDORF: Thank you.

20 The next witness is Scott Bernstein,
21 President of the Center for Neighborhood Technology.

22 MR. BERNSTEIN: Thank you, Mr. Chairman and
23 members.

24 I'm Scott Bernstein, president of a

0147

1 Chicago-based innovations laboratory, and it's also
2 my privilege to serve currently as the chairman of
3 the Surface Transportation Policy Partnership, a
4 17-year old network of some 800 organizations in
5 over 40 states that came together to help figure out
6 how to promote better transportation as a means to a
7 better economy and a sustainable environment that
8 works for everyone.

9 We are at a point now in America where 83
10 percent, the Census Bureau tells us, of Americans
11 live in metropolitan statistical areas, another 10.3
12 percent in rural cities called micropolitan areas,
13 only 6.7 percent of Americans living in truly low
14 density rural areas.

15 Between that and the changes in
16 demographics we have a population that's now more
17 urban and suburban, living in smaller households, an
18 average of about 2.3 people per household, more
19 diverse than ever before and unfortunately more
20 financially strapped and more susceptible
21 unfortunately to the health impact of not having
22 grown effectively.

23 The growth in small particulate matter
24 and respiratory disease comes from concentrating too

0148

1 much traffic on high capacity highways is a pretty
2 good example of this.

3 At the same time that we made the choice
4 finally that was just referred to to build out the
5 interstate system and focus almost exclusively for
6 several decades on those high capacity highways,
7 nations in Europe and Japan with our help voted to,
8 instead of just accommodating traffic, take a
9 balanced approach that would also try and affect
10 land use and reduce the traffic.

11 As a result, today you can sort of show
12 two trends of the growth in the percentage of
13 household income in Europe and in Japan is
14 different.

15 In the United States around the time that
16 was just referred to in the '30s we were looking at
17 five to seven percent of household income spent for
18 transportation. After World War II it jumped to ten
19 percent. The average is 20 percent today, but for
20 households earning less than \$50,000 a year which is
21 the median income now in the U.S. living in the

22 suburbs it's easily 30 percent today. In fact, it
23 could exceed the cost of housing and does in too
24 many areas.

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1 Well, there's at least two front and
2 center issues facing the country that the Commission
3 we want to urge exclusively acknowledge and start
4 wrestling with policies on.

5 One is climate change, and the second is
6 household economic security. Since we couldn't do a
7 power point I gave you each a chart. It's a map.
8 It's two maps of Chicago.

9 The map on the left says suppose you look
10 at emissions as a function of area and you measure
11 it as emissions per square mile. In that particular
12 map red is bad and blue is good, so emissions are
13 very high per square mile in the center of Chicago
14 because there's a lot of activity and a lot of
15 people.

16 The map on the right says what if you
17 measure emissions per household from transportation.
18 I'm talking about carbon dioxide emissions now. The
19 colors are reversed because the higher the density
20 the lower the travel demand, the lower the vehicle
21 miles traveled per household per year, the lower the
22 car ownership and, therefore, cities and the
23 urbanization I was talking about may be the best
24 assets that we have.

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1 So clearly complimenting a focus on
2 better technology and better fuels and better
3 transportation systems with things that reduce
4 travel is going to be an essential part to meeting
5 our very heavy lift on climate change and on
6 economy.

7 I want to suggest that the federal
8 government in light of finding -- and that was peer
9 reviewed by the National Academy of Sciences. By
10 the way, I'll be happy to put that study in the
11 record. But there's four things that the federal
12 government could do.

13 The first is that we can work to make the
14 whole system a lot more transparent so that we know
15 who is paying for what part of it, what the economic
16 impacts are on end users. There's no such
17 requirement in Ice Tea or any other successor
18 legislation right now, so people don't know how to
19 shop for all these cost solutions. They don't know
20 what the climate impacts are explicitly, so it's
21 hard to search for the best solution.

22 The second recommendation is that we
23 continue as Ice Tea started to make the system more
24 place-based. If the economy is increasingly

0151

1 metropolitan, well so should the locus of decision
2 making. If we make it more metropolitan as several
3 people have suggested, there's more opportunities

4 for creative value capture which is what cities do
5 well which is why we choose to live closer to each
6 other.

7 The third recommendation is that the
8 federal government should reframe the concept of a
9 fiscally constrained plan so that it's --

10 CHAIRMAN SCHENENDORF: Wrap up, please.

11 MR. BERNSTEIN: -- more productive and
12 stimulative, again, from an end user and a community
13 point of view not just from a system.

14 And the fourth is that we should refine the
15 statement of national purpose, the federal
16 investment in transportation, so that we end up with
17 a goal that's worth everybody working together.

18 Thank you very much for the opportunity
19 to testify today.

20 CHAIRMAN SCHENENDORF: Thank you.

21 Our next witness is Conrad Egan,
22 President and CEO of the National Housing
23 Conference.

24 MR. EGAN: Thank you, Mr. Chairman.

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1 It's a privilege and an honor to be here
2 today representing the National Housing Conference
3 which includes representatives from virtually all
4 involved in developing and preserving and supporting
5 affordable and work force housing in this nation.

6 I also want to add that I had the
7 privilege of serving a few years ago as the
8 executive director of the Millennium Housing
9 Commission also appointed by congress, so I have
10 some empathy and maybe some sympathy with the job
11 that this Commission has undertaken.

12 We too held a hearing in Chicago back in
13 2001 and benefited greatly from the new perspectives
14 and ideas and thoughts and options that were
15 presented to us.

16 I certainly have been sitting here
17 listening to the presentations that you're hearing.
18 Certainly you're getting the same added value here
19 in this city.

20 For 75 years the National Housing
21 Conference has promoted and supported as I said
22 increased supplies in affordable and work force
23 housing.

24 Recently in conjunction with our friends

0153

1 with the Center for Neighborhood Technology we've
2 also begun to focus on the combined cost of
3 transportation and housing. In fact, we recently
4 produced a report called Heavy Load which I think
5 you have copies of, and with your permission,
6 Mr. Chairman, I'd like to ask that it be placed in
7 the record.

8 Two major findings in the report. First
9 of all, we looked at almost 30 major metropolitan
10 areas. This is on Page 3. The combined cost of

11 transportation and housing are virtually the same in
12 all of those areas, right around 60 percent. That
13 takes a big chunk out of incomes.

14 The second major finding on Page 5 shows
15 that if you think you can drive to affordability at
16 some point we would suggest maybe 10, 15 miles or
17 so, the costs of transportation begin to come back
18 and bite, and you're actually in a worse off
19 position when you combine the cost of transportation
20 and housing.

21 So what does this mean? I would suggest
22 that it means three things that this Commission may
23 wish to focus on.

24 First of all, to encourage linkages at

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1 the state and local level between transportation
2 planning and policy, housing planning and policy and
3 economic development planning and policy; and the
4 federal government can and should play a big role in
5 making sure that those linkages are encouraged and
6 supported.

7 I find it ironic, I served for many years
8 at the Department of Housing and Urban Development,
9 some of them in Washington, D.C., and I find it
10 ironic that the HUD building was literally across
11 the street from the DOT building and yet you could
12 probably count on the fingers of less than one hand
13 the times that the secretaries walked across 7th
14 Avenue and talked to each other about these kinds of
15 issues. I think we're in a new era now where we
16 need to change that kind of separation and bring
17 those agencies and others together.

18 I also would note as again I know you
19 know three of the four appropriating and authorizing
20 committees, subcommittees in congress have housing
21 and transportation in their name, and yet those
22 leaders I think need some encouragement from the
23 Commission I would expect to bring those elements
24 closer together.

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1 I would also suggest that we have
2 opportunities here as we combine these resources to
3 think more about promoting and supporting where
4 appropriate on an optional basis more compact and
5 dense development, particularly but not exclusively
6 in conjunction with transportation systems something
7 that's commonly called transit oriented development.

8 Let me give you a quick example. I also
9 chair the redevelopment and housing authority
10 committee in Fairfax County, Virginia, and recently
11 the county rezoned the site around the Vienna Metro
12 Station at the end of the Orange Line in our system,
13 our rail system. A site which previously had 65
14 homes on it now has 2200 homes, well designed.
15 Traffic has been well-handled. The additional
16 traffic has been well-handled, and that's an example
17 of what increasingly needs to happen across this

18 nation.

19 Then finally and related to that I would
20 hope that the Commission could through its findings
21 and recommendations encourage a long-range view.
22 Long-range planning is necessary so that we can look
23 back 20 years, 50 years from now and say, yes, we
24 are glad that we did that, but if we're going to be

0156

1 that pleased we're going to have to start now and
2 think on a forward going basis with a long-range
3 vision.

4 Thank you, Mr. Chairman.

5 CHAIRMAN SCHENENDORF: Thank you.

6 The last witness is Leo Estrada, a member
7 of the AARP board of directors.

8 MR. ESTRADA: I appreciate the opportunity to
9 share with the Commission AARP's views on the future
10 needs of the transportation system.

11 A well-integrated transportation network
12 that supports all modes is central to ensuring a
13 decent quality of life for all Americans. It is
14 especially important to mid life and older Americans
15 including AARP's 38,000,000 members.

16 We thank the Commission for inviting our
17 consumer voice to be part of this discussion.

18 Much has been said about the aging of the
19 population as the baby boom generation reaches
20 maturity. In fact, by 2030 one in five Americans
21 will be age 65 and older. This has profound
22 implications for the planning, design and operation
23 of our roads, transit systems and pedestrian
24 facilities.

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1 Our research shows us that nearly 90
2 percent of persons age 50 and above prefer to remain
3 in their homes as they age and 85 percent prefer to
4 remain in their communities.

5 In recognition of this AARP has placed a
6 special emphasis on the need to create livable
7 communities; that is, places that offer affordable,
8 appropriate housing and a full range of
9 transportation options.

10 Along with other supportive community
11 features and services the foundation of housing and
12 transportation choices will enable older people to
13 stay independent and remain engaged in civil and
14 social life.

15 Given the preference of mid life and
16 older persons to remain in their communities, the
17 fact that baby boomers made up 31 percent of the
18 suburban population in the 2000 census takes on
19 added significance.

20 Planners and policy makers clearly need
21 to grapple with the consequences of this aging in
22 places and suburbs where fewer transportation
23 options now exist to meet the needs of those who
24 have "retired" from driving.

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1 AARP is not a lone voice calling
2 attention to this need. The 1200 delegates to the
3 2005 White House Conference on Aging lacked as third
4 highest priority in a resolution calling on congress
5 to ensure that older Americans have transportation
6 options to retain their mobility and independence.

7 The Commission has heard a great deal of
8 testimony about the problem of congestion on our
9 highways.

10 There's another situation that leaves
11 people stuck not in traffic but in their homes. It
12 occurs most seriously as one would expect when there
13 is a mismatch between where people live and work and
14 where there are alternative modes of transportation.

15 A 2004 study by the Service
16 Transportation Policy Project found that there are
17 nearly 7,000,000 non-drivers age 65 and above, over
18 half of whom do not leave home on a given day. Yet
19 those who live in the most dense neighborhoods are
20 20 percent less likely to stay home on a given day
21 compared to those who live in less dense
22 neighborhoods. Those in denser neighborhoods are
23 also more likely to walk and take advantage of
24 public transportation.

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1 There are public as well as private costs
2 associated with a downward spiral that can result
3 from an inability to move about and engage in
4 community.

5 Prolonged social isolation can lead to
6 depression, alcoholism, obesity and related
7 diseases. Medicare and Medicaid bear a substantial
8 portion of the cost of treating these diseases.

9 Conversely, communities designed to
10 arrange in transportation modes; that is, that have
11 complete street policies, for example, enable better
12 access for all users, encourage walking and good
13 health in the process.

14 A recent study in the American Journal of
15 Public Health identified neighborhood
16 characteristics associated with increased walking
17 among older people. Physical activities such as
18 walking has been shown to have both physical and
19 mental health benefits.

20 The study concluded that the ideal
21 walkable community would have a balance of retail
22 and residential spaces with small block sizes.

23 AARP has traditionally encouraged civic
24 engagement, and now with our enhanced attention to

0160

1 livable communities through our offices in our 50
2 states, we are beginning to participate in
3 activities related to transportation planning at the
4 metropolitan planning organization level.

5 We see much room for improvement in the
6 public participation process in many states and

7 FTOs. We also believe regrettably the public is too
8 often left in the dark about how the federal
9 transportation program dollars are being spent. The
10 federal transportation program is a crossroads both
11 in terms of policy and finance.

12 As the Commission deliberates on its
13 recommendations to congress, we urge you to support
14 a balanced transportation network that does not rely
15 too heavily on any one mode and that gives
16 individuals a choice of how to get to their
17 destination.

18 With respect to recommendations about how
19 to meet future revenue needs, we urge you to base
20 them on clear policy choices that are in the broader
21 public interest and which incorporate a clear road
22 for public oversight.

23 Transportation has the power to
24 influence, to build environment and to shape how

0161

1 Americans live, making it all the more important
2 that citizens including our AARP members be involved
3 in decisions about how the transportation dollars
4 are spent. Thank you.

5 CHAIRMAN SCHENENDORF: Thank you.

6 I want to thank all the panelists for
7 coming. This is a very, very helpful perspective
8 for us to have as we undertake our deliberations on
9 the Commission's mandate.

10 I'd like to start the questioning with
11 Commissioner Busalacci.

12 COMMISSIONER BUSALACCI: Mr. Estrada, what
13 were you talking about in terms of oversight on how
14 we spend transportation dollars? I mean isn't that
15 something that's done through legislation and
16 through your legislators? I mean what are you
17 proposing? I lost track of what you were asking
18 for.

19 MR. ESTRADA: Well, I think it speaks partly
20 to the issues of transparency that were discussed
21 earlier but also just the idea that so much of what
22 happens in transportation seems to occur outside of
23 the public purview, so AARP is very interested in
24 having these decisions where members are more in the

0162

1 public venue.

2 COMMISSIONER BUSALACCI: But how would you
3 achieve that, sir? I guess how would, in your view
4 of this, how would that happen?

5 MR. ESTRADA: At the moment we're focusing
6 upon our local metropolitan planning organizations
7 and having discussions with them, but, once again, I
8 think the idea is just more public hearings, more
9 public venues, more opportunities to participate in
10 the discussion.

11 COMMISSIONER BUSALACCI: I'd just like to say
12 something real quickly about John. You know, both
13 of us coming from Milwaukee. John brings a very

14 unique perspective to transportation, and I think
15 it's one that the Commission has really got to look
16 at.

17 The reason I say this is because a lot of
18 what John did when he was the mayor has been very,
19 very positive. It has come to pass. I mean he's
20 talking about taking that freeway down, that Park
21 East Freeway. This is something that John wanted to
22 do, and he's proven a lot of people wrong. I mean
23 what was done there needed to be done, and I commend
24 him for that.

0163

1 I also commend him for intercity
2 passenger rail. A long time ago John stood up and
3 said, look, this is what to do, and I think the
4 perspective that John brings is something that the
5 Commission really needs to look at because it's
6 really not all about highways and it's not, you
7 know, always that way.

8 We've been talking a lot, John, about the
9 federal role and increasing the federal role,
10 decreasing the federal role, should we go to
11 devolution and just take all this money and give it
12 back to the states and not have a gas tax. I mean
13 what are your thoughts on that?

14 MR. NORQUIST: Well, Canada doesn't have a
15 national highway program or a national transit
16 program. Somehow the trans Canadian highways are
17 now hooked up and managed to make it all the way
18 across the country. They don't stop. You don't
19 have to get out of your car and buy a new car and
20 keep going, so, you know, you could do it. In terms
21 of it working, it would actually, it would probably
22 work.

23 I thought Mayor Barrett made a good point
24 though, that it's unlikely that the politics for all

0164

1 of that would come true very soon.

2 One point I really wanted to emphasize
3 was that you can build, you can lay pavement that
4 actually adds value. It adds lots of value.

5 If you look at the west side highway on
6 Manhattan, it came down in 1975. It fell down 39
7 years after it was built, and now it's a surface
8 street. Real estate markets, Chelsey, Tribeca,
9 Battery Park, it's all been, you know, it's a
10 fabulous real estate story. If you're a realtor six
11 percent of billions and billions of dollars has been
12 good for New York, and I think that there's a lot to
13 be learned from that.

14 Not having these rigid standards that
15 work really well in Wyoming and Montana but don't
16 work in places like New York, Chicago, Milwaukee or
17 whatever, I think there needs to be a bigger play
18 book and more choices for consumers and for local
19 governments in terms of what kind of transportation
20 investments are made.

21 I think Connecticut Avenue is much more
22 valuable to the D.C. area economy than the Potomac
23 Freeway, for example, especially at rush hour.

24 CHAIRMAN SCHENENDORF: Commissioner Heminger.
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1 COMMISSIONER HEMINGER: Thank you,
2 Mr. Chairman.

3 Before getting to my question I do want
4 to acknowledge the reference by Mr. Norquist to San
5 Francisco where I live, and I would point out though
6 a little bit of a dark under belly of tearing down
7 freeways, and that is the drivers pretend like you
8 haven't done that, and they continue to use city
9 streets like they are grade separated freeways.
10 It's really posed in San Francisco a safety
11 challenge. Pedestrian fatalities have increased and
12 so I think that -- you know, the fundamental point
13 you're making I tend to agree with, but it also
14 imposes an obligation on the cities and communities
15 where that occurs to take the safety steps they need
16 to to remind the drivers that they're now on a city
17 street.

18 MR. NORQUIST: It's a great opportunity to
19 issue tickets.

20 COMMISSIONER HEMINGER: We've got red light
21 running. We've got all of that, but tickets don't
22 prove a lot of solace for the people who lose their
23 loved ones.

24 MR. NORQUIST: I'd love to look at those
0166

1 safety statistics because actually there's a much
2 higher correlation between high speed roads and
3 fatality, automobile and pedestrian, than there are
4 at lower speeds. The cut-off point for 90 percent
5 chance of death is at 37 miles per hour and above,
6 so if you have slower roads the chances of fatality
7 actually go down.

8 COMMISSIONER HEMINGER: Yeah, and so the
9 challenge is to make the road slower because the
10 drivers as our Chairman indicated usually aren't
11 paying much attention to the speed limit. That's a
12 side light.

13 What I really wanted to get back to with
14 my questions is the last line of Mr. Beal's
15 testimony -- the revolution begun with the enactment
16 of Ice Tea has to be completed. In a way that's one
17 of the large questions looming before our
18 Commission.

19 You know, the interstate era ended sort
20 of in the early '90s with that horrible hang-over in
21 Boston, and the Ice Tea era I think is drawing to a
22 close now and I think will have lasted about 20
23 years. What comes next?

24 What I'd like you to focus on in addition
0167

1 to your own thoughts are three things that I think
2 at least were missing from Ice Tea that perhaps

3 ought to be integrated in the next approach.

4 The first one is that there was not a
5 focus on freight, and we've talked a lot about goods
6 movement, and it's sort of easy to pretend that
7 goods movement is sort of an intercity problem, but,
8 you know, the ten largest container ports in the
9 country handle 80 percent of the commerce, and
10 they're in metropolitan areas.

11 I can tell you that the ports of Los
12 Angeles and Long Beach and the impact of goods
13 movement through that port is causing horrendous
14 problems for not just the communities immediately
15 nearby but throughout the LA basin. I think that's
16 one area that we need, we have some unfinished
17 business, and I'd appreciate your thoughts from a
18 metropolitan perspective about that question.

19 The second is accountability, and I think
20 many of us are strong supporters of the flexibility
21 that Ice Tea conferred on both state and local
22 officials, but in my view there was insufficient
23 attention to results, you know, what would that
24 account, what would that flexibility produce; and

0168

1 you've made the point, some of you, that we're not
2 measuring all the right things, but in my view we're
3 not measuring hardly anything, whether it's
4 congestion or whether it's emissions. Emissions we
5 do measure in the Air Act but Co2 we do not.
6 Safety, we just watch the numbers float up, but
7 there doesn't seem to be accountability for results.

8 The third is a question of focus on what
9 I would call the major metropolitan areas, the
10 megalopoluses. That term is evolving. You know, in
11 Ice Tea we focused on these transportation
12 management areas, and I think there are over 100 of
13 them around the country.

14 When you look at the data, you know, 25,
15 the 25 largest metropolitan areas produce half the
16 nation's GDP, so there's an argument I think to make
17 that maybe we focused on too many metropolitan areas
18 in Ice Tea and would it make more sense to focus on
19 fewer of them but more intensibly given their
20 relationship to the national economy and given the
21 fact that I think even if you focus on the top dozen
22 metropolitan areas you're getting about 75 percent
23 of the traffic congestion and ground level
24 emissions.

0169

1 You may have other thoughts about what
2 Ice Tea lacked, but it seems to me it lacked at
3 least those three things, and I'd appreciate your
4 reaction now and later about that.

5 MR. BEAL: Just quickly I would agree with you
6 on the freight. We did some modeling of freight
7 movement in metropolitan Chicago, and it is apparent
8 to us that in the next 25 years two-thirds of the
9 demand for new lane miles will be driven by freight

10 not by autos, and so the lack of attention to
11 freight nationally, state and regionally is very
12 real, and it is a very real metropolitan issue.
13 It's not simply an intercity issue.

14 It is apparent that the capacity to deal
15 with it is not in place. I don't know about at the
16 federal level, but clearly at the state and regional
17 level there is no capacity, no effective capacity
18 comparable to auto, to personal transportation
19 movement, so I would certainly agree with that.

20 I certainly agree with the issue of
21 accountability. It's hard to find accountability in
22 the system, anywhere in the system, and it's
23 distressing.

24 I certainly would agree on the issue of,
0170

1 it's the pressure is always on congress to be fair
2 to everybody, and yet there are, distinctions do
3 need to be made.

4 As you pointed out, we are not all the
5 same. Mr. Norquist pointed out Wyoming is not the
6 same as Manhattan in terms of the needs. I think
7 focusing on some of the mega regions does make sense
8 to me.

9 COMMISSIONER HEMINGER: Mr. Norquist.

10 MR. NORQUIST: I think it's really important
11 to focus on what adds value, what adds value to the
12 economy. I made the analogy to Detroit. A really
13 good comparison is Toronto and Detroit. Toronto
14 does have some big highway investments around the
15 outer edge of the city in particular, but they're
16 now contemplating tearing down the Gardener
17 Expressway and replacing it with a surface boulevard
18 because many people feel it will add more value.

19 I really think the federal government
20 should be encouraged. I actually praise the Federal
21 Highway Administration for the study they're
22 cooperating with right now with the Institute of
23 Transportation Engineers, and I hope everybody
24 follows up on it.

0171

1 What we're talking about is really more
2 choice, not saying you could never build a big
3 freeway again; it's going to always be a part of the
4 playground but to open things up to things that add
5 more value.

6 I think if it goes away from the thing
7 Frank was referring to, you know, how do you feed
8 the suppliers of transportation, if I was a road
9 contractor, I'd be very interested in where does my
10 income come from, how does my business thrive.
11 That's a legitimate concern that they have.

12 But that doesn't mean that we have to
13 build things that add less value or reduce value,
14 and so I think it will be more interesting to
15 consumers, more fun.

16 I think the end beast, you know, the

17 opponents of projects will be less likely to oppose
18 projects if things are built that they like and
19 function well, they add value.

20 I mean look at it in reverse. If you
21 were in charge of Paris, would you put a freeway,
22 elevated freeway on the Chaunx al le Zay (phonetic).
23 If you were in New York City today, would you build
24 across Manhattan an expressway that Robert Moses

0172

1 wanted to build right through Soho and through
2 Washington Square and New York University? No, I
3 don't think anybody would really do that today. Yet
4 our play book is sort of focused on doing those very
5 things. To stop them you have to go to
6 enormous efforts. People have to organize. There's
7 a lot of bitterness.

8 I think if the pallet was bigger, if
9 there was more variety, even road builders would
10 enjoy it more. They would build other kinds of
11 roads, you know, asphalt contractors in particular,
12 they're the ones who build the small roads, the
13 alleys, the streets, they would have fun cashing
14 those checks, building those smaller streets.

15 So I think everybody, whether they're a
16 participant, a consumer, a city person, somebody who
17 lives in the suburbs, whatever, create more variety,
18 more choice, and I think the outcomes will be
19 happier.

20 MR. BERNSTEIN: I had the privilege once of
21 helping frame some policies that promoted greater
22 transparency where the banking industries, financial
23 services invested their money. The study showed
24 that the money was generated where people lived and

0173

1 where the economy was. It was getting not
2 reinvested back in those same places. It was going
3 out in the back, feeling sprawl.

4 Eventually congress passed a disclosure
5 act on the origins and destinations of consumer
6 deposits, and those studies look very much like the
7 donor/donee studies that get done around the states
8 and the Federal Highway Trust Fund right now,
9 followed up with the Community Reinvestment Act that
10 the banking industry kicked and screamed about, that
11 brags about now and has been fueling the
12 reinvestment for over two decades now all across
13 America, both in urban America and in small
14 metropolitan areas.

15 So on your accountability question,
16 Steve, I think it's very important that the tracking
17 of financial resources expended on transportation be
18 broadened to include both public and private
19 resources; that it be done on a business-like basis
20 which means both a balance sheet of the assets and
21 the flow of funds from those assets and as has been
22 said across.

23 Now if you do that which is sort of done

24 every few years by the Foundation for Transportation
0174

1 updated any day now, and we've sort of replicated
2 their methodology, you will find that we're spending
3 about two trillion dollars a year in the United
4 States on things called transportation. Ten percent
5 of that or 200 billion dollars is what the sum total
6 of federal, state and local dollars and one-third of
7 that is federal. That's the long-term average too,
8 by the way, for the last three decades. It hasn't
9 actually changed that much. Ice Tea bumped it up a
10 little bit the last aviation bill. That bumped it
11 up a little bit. Three percent is what we're
12 talking about right now.

13 The rest of it is spent mostly in the
14 private sector, mostly by you and me having to own
15 too many cars and using them too often, mostly like
16 businesses whether they're large like Inland Steel
17 or the very small ones having to ship things too
18 often too far because we've designed a system that
19 makes itself, so we've got some choices in the
20 matter.

21 I think that on the mega regions
22 proposition I think you raise a really intriguing
23 proposition that's worth giving some study.

24 It is possible to organize forms of

0175

1 economic and social organizations whether they're
2 investment banks or new forms of demand networks in
3 metropolitan areas that it would be impossible to
4 organize in very small areas.

5 Perhaps states have a greater obligation
6 to do what they know how to do which is to serve
7 those smaller areas well, and we should continue
8 devolution in the direction that we started in 1991
9 with Ice Tea, and we should not pretend that all
10 metropolitan areas finally and all states performed
11 equally. They just didn't. A few MPOs learned how
12 to do things well and a few states learned how to do
13 things well. They all learned some good lessons,
14 and we shouldn't be afraid of learning the good
15 lessons and repackaging them. We don't have
16 performance measures.

17 Finally, Ice Tea was really good as you
18 know at stressing maintenance and enhancement of our
19 existing systems and communities and building new
20 things second. It's written into the statement of
21 purpose.

22 Well, the system has been getting old,
23 and as we've just heard America has been getting
24 older too. What do we reinvest in, more of the same

0176

1 or something different?

2 Those demographic figures that several
3 have put out there are fundamentally driving the
4 changes in the economy right now.

5 If we keep building out as if we have

6 growing family size, growing housing size needs,
7 growing lot size needs and the figures are all
8 moving in the other direction, we will be
9 non-productive in our use of capital. I think we
10 know this.

11 I think we can give incentives to the
12 operating administrations to get rid of perverse
13 incentives that are in the law or in regulation that
14 prevent us from doing the right thing.
15 Apportionment formulas that reward growth and BMT
16 make no sense. We're trying to reduce BMT in
17 triplicate.

18 We could do something about that right
19 now. That can be done this year with congress if
20 you guys choose to help elevate that as an issue.

21 Requirements that every little streetcar
22 that gets built has to go through a two-year federal
23 EIS, well, I don't think that makes a lot of sense
24 but they're there right now.

0177

1 Requirements that all local transit
2 systems compete in volumes with regional congestion
3 management, that scale doesn't make a lot of sense,
4 and if we had a better metropolitan scale both large
5 and small I think we, and better transparency, we
6 could see these things.

7 Then to your point on what the measure --
8 I'll repeat. What adds value which is what John was
9 talking about on the investment side and what adds
10 value in terms of reducing the cost of living are
11 the two things that are driving the economy right
12 now. People pay attention to that. Over half of
13 Americans now regularly seek financial counseling,
14 and there's zero information going in on how to
15 reduce the cost of transportation. We can do
16 something about those things.

17 The other one is climate. I mean the
18 world has changed. 500 mayors so far have signed on
19 to Mayor Keoto's (phonetic) resolution and growing.
20 The U.S. Conference of Mayors has just announced the
21 climate change to help them.

22 We're missing the bandwagon here.
23 There's a ten trillion dollar market right now with
24 emissions trading with Co2 according to Goldman

0178

1 Sachs in Europe, and we're not part of it at all
2 because we haven't made the choice.

3 Transportation is roughly one-third of
4 those emissions, and we're missing our chance to get
5 our piece of one-third of ten trillion dollars
6 because we haven't built it into law. Those are
7 some of the things that aren't there.

8 I think that, I think if we get the
9 national goals right and build the intent that makes
10 transportation serve the economy as it's developing
11 then I think what a more urbanized type of
12 investment, a more place-based focus complimenting

13 the national and international networks so they're
14 there, what it will do is it will stimulate,
15 motivate and align much larger capital flows that we
16 need to actually produce quality investments; but if
17 we continue to sort of tighten up and keep it kind
18 of an insider's game which it is from the private
19 market's point of view we're swimming upstream.
20 We're not going to manage the traffic.

21 I agree totally with what Frank said
22 about (inaudible). I won't say anything about that.

23 MR. EGAN: Two quick comments on the
24 accountability issue.

0179

1 I would encourage those who will be
2 establishing the performance measurements, the bench
3 marks to not just look at short-term results but to
4 look at long-term results also.

5 I think we have a number of instances
6 cited here and I'm sure we're aware of others where
7 things look really good in the short term but turned
8 out to have some, I think the phrase that's often
9 used is unintended consequences over the long term.

10 And I also want to emphasize John's
11 comment on value added as one of the key performance
12 measurements and suggest that some of the proposals
13 that we've made here today including encouraging
14 more dense and compact development and reducing
15 transportation costs and reducing housing costs can
16 lead to value added in terms of household incomes
17 which will enable families to better grow wealth and
18 assets and also increase opportunities for municipal
19 revenue.

20 The example I cited in Fairfax going from
21 65 little bitty homes on really big lot to 2200
22 units, when you think of the additional revenue that
23 comes into the county you can spend on schools and
24 other public improvements, that's the kind of

0180

1 results we need to think about.

2 Just one additional point that you might
3 want to consider adding to your list. We've heard a
4 lot of talk about the intermodal approach. I would
5 encourage, and my testimony dwelled on this, but we
6 also talked about an inter-silo approach and,
7 therefore, encourage the transportation policy at
8 the national, state and local level be joined up
9 with other policy and strategy setting mechanisms
10 including housing and economic development.

11 MR. ESTRADA: Let me just say a few words
12 about the question you asked about goods movement.
13 In my day job I'm a professor of urban planning at
14 UCLA, so I'm well aware of the issues that arise in
15 regard to the ports and the congestion that occurs.

16 There have been fixes on the edges as you
17 know, for example, limiting the amount of truck
18 traffic during peak hours. There's also been some
19 large fixes such as the Alameda Corridor which is a

20 below surface rail that runs from the ports to the
21 downtown area.

22 The key to this is that these goods
23 movements are moving to a warehouse, and the
24 warehouse district used to surround the ports and it

0181
1 no longer does. Today's port warehouse district is
2 really in East County Los Angeles overflowing into
3 Pomona and areas of Riverside County, and so the
4 trucks are taking goods to a warehouse for the most
5 part before they get distributed to other places,
6 and it's the location, it's the difference between
7 where they're starting from and where they're going
8 to that creates most of this.

9 They went there because land was
10 inexpensive and plentiful, and so that's really
11 what's causing the issue because the warehouse
12 district no longer surrounds the port area but has
13 moved out, and, therefore, the traffic has to go a
14 lot longer.

15 I don't think there's any simple
16 solutions to it. They talk about dedicating lanes
17 to the trucks on freeways which everybody kind of
18 rolls their eyes about, but something in the end
19 will have to be done because the ports are too
20 important not to find a solution.

21 The only other item I have to talk about
22 is the issue mentioned about all metropolitan areas
23 being treated equally. I think one of the most
24 important things is that it's probably due to the

0182
1 dynamics of the congress. The way bills get passed
2 is by spreading the wealth.

3 Therefore, it's really hard to
4 concentrate or target in ways in which you can
5 receive the votes, and I think the dynamics of that
6 have led to this sort of, you know, what we see in
7 terms of things being treated more equally than they
8 should, and I see no simple solution to that one
9 either.

10 MR. NORQUIST: On the freight issue I just
11 have a very quick comment. There's a very
12 inexpensive way, it wouldn't cost the federal
13 government a dime, that would improve transportation
14 efficiency very quickly, and that is just to repeal
15 the Jones Act and all its related amendments. Get
16 rid of it, and the economy would grow faster.
17 Everything would be fine, and there would be a
18 handful of, a tiny little handful of people that
19 would be hurt by that shrinking monopoly that's
20 involved in that business.

21 CHAIRMAN SCHENENDORF: Commissioner McArdle.

22 COMMISSIONER McARDLE: It's fascinating that
23 you talk about the deconstruction of arterials
24 because the one you cite in New York, Miller Highway

0183
1 on the west side, was actually one of the first

2 major public/private partnerships you may know by
3 history that actually was referred to at a time when
4 it was a working waterfront as death alley because
5 they ran trains down 12th Avenue and they would kill
6 people on a quite regular basis, and the road was
7 created much like the Garden as a separation between
8 working waterfronts and travel.

9 In the case of the Garden at the time it
10 was built there really was no life in Toronto, so to
11 speak, you know, south of Front Street. You went
12 down to the station and that was it. Below that was
13 track and the working waterfront. All of that has
14 changed. Okay. It's fascinating to see it.

15 Part of the other side of that problem is
16 that where we do have bottlenecks that require
17 massive highway investment, so to speak, to solve
18 them, and we have a couple there across the Bronx,
19 they're not getting made, and so we are really
20 impacting neighborhoods very much like the 710 in
21 southern California with lots of freight that backs
22 up all the time, and it's devastating some very
23 vulnerable communities because we're not making the
24 investments and alternatives.

0184

1 But the other piece of the problem that
2 we have in New York City, okay, and we are perhaps
3 the quintessential, you know, development community.
4 I lived on a block until I sold a co-op in July
5 that, basically as most city blocks in New York City
6 are zoned for 600 housing units per block. Think of
7 just what that means, 20 blocks to the mile, you
8 know, when you see that kind of density, but the
9 problem we are seeing is particularly in the outer
10 burrows the communities will not support the higher
11 densities. They're actually down zoning, and areas
12 that were zoned at the time the subways were
13 initially created and thought through are now
14 suppressing growth so that housing prices are rising
15 in response and you're actually seeing people pushed
16 out because of the housing cost that's developing in
17 New York City, and they're not allowing the
18 development of the greater densities to occur that
19 could, in fact, make more housing available.

20 Every time they down zone a community
21 whether it's Forest Hills or what have you prices go
22 up pricing people further and further out. It's a
23 no win situation unless there's going to be some way
24 to motivate communities to allow that growth to

0185

1 occur.

2 MR. NORQUIST: Our 3200 members would agree
3 with your enthusiasm for density. From an
4 environmental standpoint I completely agree with
5 you. From an environmental standpoint, New York
6 City is a great gift to the United States. You have
7 people consuming energy 25 percent the rate of the
8 rest of the country on average, so encouraging

9 densities is an important thing, and I think that's
10 the connected argument.

11 If the transportation policies can help to
12 make it easier for developers to develop -- for
13 example, Metra, the commuter suburban railroad right
14 here in Chicago, has a policy of having vast surface
15 parking lots near their stations instead of allowing
16 development right up against the station. Frank
17 Beal and others in the business community have been
18 trying hard to get Metra to change that policy. If
19 they did, then people would start to experience what
20 I would call good density like Lake Forest. The
21 area around, the beautiful area around the station
22 in Lake Forest has about 26 units per acre right in
23 the immediate vicinity of the station. It's
24 beautiful.

0186

1 People out in suburbs like Kane County
2 say we want a station like they have in Lake Forest
3 on the Kenosha line, and that's really what all this
4 is about. It's a design issue. It's a policy
5 issue. It all comes together.

6 I think Americans can appreciate that
7 eventually. I mean a lot of people love places
8 that, the dense neighborhoods of San Francisco. You
9 can tell they love it because the prices are so damn
10 high.

11 COMMISSIONER McARDLE: If I could suggest, New
12 Jersey has addressed this issue very well.

13 MR. NORQUIST: It has.

14 COMMISSIONER McARDLE: Alternatives to parking
15 are small shuttle bus services that feed the
16 stations, and most people are much happier with that
17 than the driving and parking.

18 MR. NORQUIST: And pricing. If you hold a
19 hearing in Los Angeles, Don Schue, a professor at
20 Southern California, wrote the book The High Cost of
21 Free Parking. Command him to come before you and
22 testify. If you raise parking rates you can create
23 a market for real estate, dense real estate
24 development.

0187

1 COMMISSIONER McARDLE: One point where you
2 really are going to have to watch this work, I just
3 suggest this to you, is with development of the New
4 York East Side Access Project because on the basis
5 of the number of seats created either they double
6 the amount of station parking on Long Island which
7 is totally unacceptable to the communities or they
8 find ways to again capture value to pay for the loop
9 systems on Long Island which doesn't have really any
10 kind of a coherent bus program at this point at all.

11 MR. BERNSTEIN: Just a quick comment. Conrad
12 made a reference to Fairfax. The five stations that
13 arise on the Orange and the Blue Line there, the
14 development around them occupies seven percent of
15 the county's land. They generate 33 percent of the

16 value now. They will never give up doing more of
17 that because of it.

18 The equation there is that good transit,
19 transit oriented means better schools, I'm going to
20 vote for it. This is starting to get picked up by
21 suburban America, so I would add to your list,
22 Steve, that targeting who gets the information on
23 the value created by good transportation investment
24 is the key to sustainable politics, and in the

0188

1 bigger pie I think you're all pushing for that.

2 If you can add enough value, it's worth
3 raising the taxes to create the initial starting
4 point that all these panels have been talking about.
5 We can make the connections.

6 You know, there's a crave going up in all
7 these high density suburbs right now everywhere
8 around metro where the mayor has understood that's
9 the key to staying re-elected. I mean who do you
10 target that message to?

11 That message means nothing unfortunately
12 to a state DOT director who is being given a more
13 limited set of goals, and you can't make this work
14 without the local shares and being told that you as
15 a local mayor only have available a very tiny piece
16 of the pie maybe at the end of a multi-year process.
17 It doesn't exactly inspire you to do the right
18 thing.

19 So it's easy to get the push-back on
20 density. He talked about 26 units to the acre. You
21 can guarantee headways on the Metra with 7 to 12
22 units per acre that really work for everybody if you
23 build those circulating moves on fixed guide ways.
24 With streetcar technology it changes.

0189

1 Finally, I'm actually a transit operator.
2 We run a car sharing program here in Chicago, a
3 modest little experience, 140 cars, 5,000 members.
4 We get 20 to 40 families worth of use for each car
5 we put out there. They're paying \$125 a month for
6 the privilege. They're saving a net of 300 because
7 they're selling a car. That's the typical user
8 within a year of joining, and so we're taking, when
9 you do the math, we've measured this, 17 cars worth
10 of emissions off of the road and 17 cars worth of
11 traffic off the road for every one car that we put
12 out there.

13 If you look at these systems as systems,
14 multiple transportation systems, multiple real
15 estate, multiple value creation, it's complex, but
16 that's what cities are. That's why they work well.
17 That's why the idea is intriguing about an extra
18 metropolitan --

19 MR. NORQUIST: The next thing he's going to do
20 is tell you he's a member of NASCAR.

21 MR. BERNSTEIN: No. But if you want I'll sell
22 you one of the Smart Cards. Just like in San

23 Francisco it will get you on the CTA and the RTA
24 here because the only thing that stands between

0190

1 merging all these services together is agreement to
2 coach you. I mean if you can do it between here and
3 rail and buses why can't you do it for local
4 services too.

5 I really think that you're on to
6 something with the general question on what else,
7 and I think you're asking the right question. What
8 do you do about the push-back? Well, you do a fair
9 fight. The transparency and the accountability that
10 we were talking about allows people to see that, in
11 fact, the benefits in some of these cases exceed the
12 cost and then you can do something with that. But
13 if you hide that information from people you can't
14 do it. The market can't work.

15 CHAIRMAN SCHENENDORF: Well, thank you very
16 much. It has been a very informative panel.

17 I think you're all telling us we need to
18 do things smarter. I do think that we also need to
19 take into account that we have an enormous challenge
20 ahead of us as a country. I mean we are facing the
21 perfect storm. We have lived off of the
22 transportation system that our parents and
23 grandparents put in place.

24 We have a huge job ahead of us. I think

0191

1 we have it in all areas of the country. All due
2 deference to the metropolitan areas, we've heard a
3 lot of testimony on the problems of rural area and
4 being able to move an aging population as we move
5 forward.

6 One of the great things about the United
7 States is we have tried to do things as a nation and
8 tie the nation together, and I think we need to find
9 a way to do that in the future, and we hope to
10 continue the dialogue with you as we move forward.

11 We are going to break for lunch now. We
12 are going to start the afternoon program half an
13 hour early, so instead of 1:45 we will be starting
14 at 1:15, so the next panel will start at 1:15.

15 Thank you.

16 (WHEREUPON, a lunch recess
17 was taken.)

18 We'd like to start with our final panel.

19 This is a panel entitled Vision and Funding
20 Strategies to Address the Future Needs of the
21 Surface Transportation Network.

22 We'd like to start with a very
23 distinguished gentleman, Gary Ridley who is the
24 Director of the Oklahoma Department of

0192

1 Transportation. Gary.

2 MR. RIDLEY: Thank you, Mr. Chairman, members
3 of the Commission.

4 We all appreciate the work that the

5 Committee and staff is trying to get their arms
6 around -- the magnitude of the problem concerning
7 the future surface transportation in our country.

8 I realize my colleagues and others have
9 testified before the Committee on privatization of
10 all modes of transportation. These lead to
11 well-documented, accurate (inaudible), critical to
12 our nation's vitality.

13 The same situation confronted our nation
14 not long after World War II in the late '40s and
15 '50s. It was then decided as it should be now that
16 bold initiatives need to be implemented to provide a
17 long-term financial solution for our critical
18 transportation needs.

19 There have been many suggestions dealing
20 with innovative findings to build a new
21 infrastructure. However, good as these proposals
22 are, they will not satisfy the current future needs
23 of the national highway system.

24 States and local units of government have
0193

1 and continue to make major investments into our
2 system but cannot do this alone. If we are to have
3 a world-class national transportation network, the
4 federal government must play an important part in
5 both providing revenue and direction.

6 I'd like to discuss three proposals. The
7 first two would be for short-term solutions and then
8 one for long-term.

9 The first is the volumetric taxation of
10 gas and diesel have served us well in developing our
11 current system. However, in the future these
12 revenue generating methods become an antiquated
13 system of funding our transportation needs.

14 But in order to solve our short-term
15 critical needs I would recommend that we increase
16 the federal taxation on gas and diesel by 8 cents,
17 with 25 percent or approximately 3.8 billion
18 annually of this revenue going to improve our
19 ever-increasing demands on mass transit.

20 The remaining 6 cents or 11.4 billion
21 annually should be distributed by a formula to the
22 major categories excluding the Interstate
23 Maintenance Fund.

24 These new revenues would increase in real
0194

1 dollars into these categories over 40 percent. Our
2 interstate system when originally developed and
3 built was the crown jewel of transportation
4 worldwide. It has provided us with the economic
5 vitality that our nation enjoys today.

6 The system as we all know is outliving
7 its useful life and becoming more and more a
8 liability rather than an asset.

9 Because it is the nation's highway, our
10 national leaders must take ownership to its
11 problems.

12 The financial solution to increase the
13 capacity, rehabilitate and/or replace this 47,000
14 mile system must include an ever-increasing revenue
15 stream. I believe this can be accomplished by a
16 user fee system that would create a national
17 interstate toll road that could be and must be
18 rebuilt over the next 20 years.

19 A less than modest user fee of just 1.5
20 cents per mile for light vehicles and 3 cents per
21 mile for trucks would generate over 12.3 billion
22 annually. This coupled with our current interstate
23 maintenance formula funds would more than triple our
24 annual investment into the system.

0195

1 Three, future movement of freight in this
2 country and in the North American continent will be
3 staggering. We must set as our vision of the future
4 a system that will connect our cultural ports with
5 our markets in major metropolitan areas as well as
6 our connections with our neighboring countries.

7 We must have in the future, 20 years and
8 beyond, a reliable system that will allow the
9 freedom of movement of freight both on rail and
10 highway. It must be separated from our current
11 system.

12 These freight corridors should allow
13 trucks to move at very high speeds and with super
14 divisible loads of 250 to 300,000 pounds.

15 These corridors must also have a rail
16 component that would allow railroads to move across
17 the country at the highest speed possible. These
18 freight corridors should interconnect at decision
19 points with our current system and to provide for
20 the last mile delivery of the divisible load.

21 These truck trains and rail trains should
22 be separated from all other traffic and be financed
23 with user fees that would pay for the system's
24 construction and maintenance.

0196

1 The location of these corridors needs to
2 be determined based solely on the critical need and
3 expanded only with demands that make it necessary.

4 In addition, by providing an alternative
5 to addressing the ever-increasing freight volumes
6 and to remove such vehicles from our current system,
7 we cannot only decrease congestion but also increase
8 the life cycle cost of our current facility.

9 We as transportation professionals are in
10 the problem solving business, and we should not come
11 to the Commission with problems without bringing
12 possible solutions.

13 The recommendations that I've mentioned
14 should be fully debated, but they are solutions
15 nonetheless and should be open for discussion.

16 We cannot over-emphasize the fact that
17 individual states and local communities cannot
18 provide a national highway system. This is a feat

19 made possible only by the federal government.

20 Thank you, Mr. Chairman.

21 CHAIRMAN SCHENENDORF: Thank you very much.

22 Our next witness is Tim Martin, Senior
23 vice-president for CTE and AECOM.

24 MR. MARTIN: Good afternoon, Mr. Chairman,

0197

1 members of the Commission and honored guests.

2 There are many out there that dream and
3 pine for those good old days when life was simple.
4 Everyone had a clear direction of where their life
5 was headed. Milk and bread came from the local
6 grocery store down the street. There was no
7 congestion, and our biggest problem and biggest
8 threat was the cold war.

9 Productivity, efficiency and disposable
10 income all have happened to those good old days.
11 Without improved productivity and efficiency we
12 would not have the disposable income that we have
13 today nor would we be enjoying the lifestyle that
14 many of us have.

15 It's improvements in these areas that has
16 brought the global economy to the United States over
17 the last few years. If we're not cautious, it's
18 going to be global competition that will overtake
19 the United States economy.

20 Over the last few months you have heard
21 numerous times about the explosion in freight.
22 There are charts and maps which show the convergence
23 of the interstate system in Illinois. There are
24 charts and maps which show the convergence of the

0198

1 rail system in Illinois, and there are charts and
2 maps which show the explosion of air freight
3 shipments through O'Hare.

4 But right now here in Chicago, and
5 unfortunately you didn't see it yesterday, everybody
6 is seeing the Dan Ryan having to be rebuilt and that
7 bridge from 13th Street to 31st Street being rebuilt
8 after 15 years. Was it the result of bad
9 workmanship or poor design? No. Truck traffic is
10 150 percent over the projections that were made in
11 1980. That's what led to this deterioration.

12 Go down to the Kingery, 80/94. That
13 capacity improvement will come on line this summer.
14 Unfortunately in a few years it will be, all that
15 capacity will be used up.

16 What does this have to do with
17 transportation in the United States? Why should you
18 care about it? What does this have to do with the
19 price of Starbucks in China? These factors are all
20 linked, and if the United States doesn't deal with
21 these issues head on and soon we will certainly find
22 ourselves on the precipus of a declining economy.

23 This past year we saw the first time that net
24 fuel revenues going into the Highway Trust Fund

0199

1 decreased.
2 In 2005 the cost of logistics as it
3 relates to the gross domestic product increased for
4 the first time since 1979. It's the reduction in
5 the logistics cost that has allowed us to keep the
6 productivity going and kept costs down. It's what
7 brought a group of business professionals to
8 Washington to say something needs to be done about
9 freight transportation in the country. Worse, in
10 2009 we will see the Highway Trust Fund go into
11 deficit.

12 I'm not here to advocate tolling all new
13 roads. I'm not here to advocate new fuel taxes.
14 I'm not here to suggest the devolution of the
15 federal aid system. I'm not here to advocate GPS
16 receivers in all vehicles.

17 I'm here to say if you don't do some
18 parts of all of these something will fail somewhere.
19 Someone will get hurt. Something will collapse. We
20 need to do it, and we need to do it now.

21 Whatever is developed has to be
22 broad-based. It has to address the needs of the
23 existing infrastructure and focus on that. It has
24 to bring back the buying power that's been lost in

0200
1 the last few years.

2 We have to tell the states so that they
3 can manage and get some gap funding in place before
4 the Highway Trust Fund goes into deficit status.

5 We need to develop strategies that bring
6 together the transportation professionals, that
7 bring together the logistics professionals, the
8 DOTs, the designers, the contractors and financiers
9 to focus on those constraint points, to focus on
10 those areas and develop solutions that are fundable
11 and easily implementable.

12 We have not done a good job as
13 transportation professionals to explain the cost of
14 the fuel taxes.

15 Back in 1994 gas taxes were 18.4 cents.
16 Today they're 18.4 cents. Our buying power has
17 decreased by 38 percent. That is something that we
18 need to do. We need to tell people.

19 We react to events in this country. We
20 don't react to processes. We would know what to do
21 if this were a hurricane. We would know what to do
22 if this were a tsunami. We would know what to do if
23 this was a catastrophe. But the slow strangulation
24 of our transportation network, we don't know what to

0201
1 do.

2 I ask that you take a look at what the
3 Clay Commission did back in the 1950s. They all got
4 together. They put down politics, and they did what
5 was good for the country, and that's what we're
6 asking for the Commission and the politicians to do
7 throughout this country.

8 Thank you very much.

9 CHAIRMAN SCHENENDORF: Thank you. Appreciate
10 it.

11 The next witness is Bill Grams, the
12 Executive Director of the Illinois Road and
13 Transportation Builders.

14 MR. GRAMS: Thank you, Mr. Chairman.

15 Unlike the previous speakers to the
16 right, I also come in representing not just
17 government but the private sector.

18 As executive director of the largest
19 association of transportation professionals and
20 design and construction in the state, I've also had
21 the privilege of working as an ex-city manager and
22 as the director of a regional planning group. I
23 bring 30 years of grappling with congestion and the
24 view towards the interstate. While you have my

0202
1 testimony, I'm going to just highlight three or four
2 items.

3 I think as the speakers have talked
4 probably unending over the last two days, you've
5 heard the need for a new vision, not one that's
6 rooted in national defense, not one that's rooted in
7 the communist menace but one that recognizes that
8 the appropriate federal role may not be defense but
9 that our strongest defense is defending our economy,
10 defending our ability to compete in the world market
11 and looking at trucking and the movement of the
12 goods both to harbors and back from them as
13 critical.

14 So we support fully a concept of a new
15 system which is tethered on the issue of moving
16 goods and services to marketplace.

17 I think the issue of global
18 competitiveness as was remarked earlier mandates
19 that. I think that new system which is similar I
20 think in context to something American road
21 transportation builders have brought out is the
22 critical corridors of commerce would allow trucking
23 and truck only lanes to achieve what I think is the
24 single most important aspect of this new system and

0203
1 that is system reliability.

2 Every day you can turn on the radio in
3 the Chicagoland area and realize that millions of
4 dollars of investments in major urban areas goes
5 unutilized because we have an accident, we have
6 trucks competing against cars for space, badly
7 needed space.

8 We in the Chicago area have freight that,
9 have hundreds of freight crossings where we have the
10 only area where you have five class railroads coming
11 together, and when we make expenditures to widen
12 roadways and get more capacity all is naught when
13 they're all sitting there waiting for the freight
14 train to go by.

15 We have to look at critical freight
16 movements and say they have to be separated from the
17 system, actually the vehicular system that we see
18 daily.

19 This is going to call for a whole new
20 user fee space system. It should be tethered we
21 believe on a combination, and I think Tim, as he
22 said, he didn't advocate any one of those. He's
23 advocating all of them. We likewise would do that.

24 I have to disagree with my colleague from
0204

1 Oklahoma. I do believe we need 10 cents of
2 additional gas tax in the short term divided
3 between, along the traditional lines of 80/20 where
4 that 20 percent is earmarked towards mass transit
5 needs. I think the feature of the federal role
6 needs to be focused on this and that is these
7 critical corridors.

8 States cannot be expected to try to
9 always work together to achieve what may be
10 different policy goals, and so this is where the
11 national government needs to place its focus on, and
12 appropriately that's in research, that's technology,
13 that's in standardization of the system, that's
14 ensuring that there's a national transponder in
15 usage, that's making sure that the American auto
16 makers and those people who import cars will have
17 the necessary technology to move to the second realm
18 which would be the long-term solution I believe
19 which is as was indicated earlier GPS technology and
20 potentially some form of bill of lading tax.

21 We also finally on behalf of the private
22 sector want to maintain that it's the low bid
23 competitive market based system that has made our
24 transportation system what it is today. It is

0205
1 decaying. It is broken. It is time to fix it.

2 We stand ready to assist this Commission
3 as it moves toward a very difficult decision and
4 that is what it's going to recommend in the short
5 term and what it needs to recommend for the long
6 term in order to retain our place in the global
7 economy.

8 Thank you.

9 CHAIRMAN SCHENENDORF: Thank you very much.

10 Our next witness is Tom Walker, Director
11 of Government Affairs for the Wisconsin
12 Transportation Builders Association.

13 MR. WALKER: Thank you, Mr. Chairman.

14 I feel very privileged to sit here on the
15 last panel of the last field hearing of what I'm
16 confident will be the very historic Commission
17 recommendation, and I appreciate the opportunity to
18 come before you.

19 As previous speakers have indicated, I
20 think that the core issue that we face is to try to
21 figure out what is the major federal priority, and I

22 do think it's the economy.

23 When it all comes down to it are we going
24 to be able to compete while other countries are

0206

1 making multi, multi billion dollar investments in
2 transportation infrastructure and we're relying on a
3 system that was designed 50 some odd years ago and
4 it is falling apart.

5 The real challenge when you get down to
6 it beyond that is to figure out how to move freight,
7 and I use the word freight and goods, cost
8 effectively across multiple systems with the kind of
9 reliability that shippers demand, reliability,
10 reliability, reliability, predictability in the
11 context of staggering projections, you're probably
12 more familiar with them than I am, in GDP growth and
13 the consequent freight, generic freight outlook.

14 Without a strong federal role there will
15 be no system cohesion. States will be overwhelmed
16 by these fiscal costs, and they will struggle with
17 competing transportation priorities. That's why you
18 really do need that federal role.

19 I will argue for a new national highway
20 system. I use that term in the very generic sense.
21 We haven't focused on what that really means, but my
22 definition is not talking about a whole bunch of new
23 roads. I don't think you can build those kinds of
24 corridors in this nation. People will not tolerate

0207

1 it.

2 And so we have to build in productivity
3 and improvements into our existing system with the
4 ability to add selectively new routes where they
5 make sense and that includes the interstate plus.
6 I'm not sure what that plus really is, but my sense
7 is it's about 100,000 miles nationally that we're
8 talking about that really is carrying the commercial
9 power of this country.

10 I also want to emphasize that the midwest
11 is, in fact, the nation's center of commodity
12 production and manufacturing, very parochial here,
13 more so than the service sector dominated economies
14 of the coast. The midwest output must be robustly
15 connected to the system and international markets.
16 Production growth is at least as important as
17 population growth.

18 I believe that the primary challenge that
19 you need to face is how to develop mechanisms that
20 assure performance and reliability that commerce can
21 really depend on, and at the same time the funding
22 that is generated to do that goal must be fair to
23 those who are paying the bill, combination of
24 performance and fairness.

0208

1 There must be an ironclad commitment to
2 the freight community that it will receive what it
3 is paying for and that it will be not charged

4 excessively for improvements to the system or have
5 those fees diverted.

6 This morning we heard about the terms
7 accountability and results, and those are very
8 important terms. I don't know how you can get there
9 without a strong federal role.

10 For example, FHWA in consultation with
11 AASHTO and maybe some other stakeholders could and
12 probably should develop clear performance standards
13 for this new national highway system that are
14 appropriate to its unique freight functions. What
15 are they? What is the standard that we're going to
16 try to achieve?

17 Congress could then require states in
18 order to get the money to develop detailed 30-year
19 plans that would just roll forward endlessly and
20 maintain those federally performance standards.

21 Each state would have to have a plan, and
22 FHWA would actually have to approve it, and that's a
23 pretty bold step, and it shouldn't be done all over
24 the place. It's just for this system.

0209

1 I'm suggesting that the federal
2 government provide its share of needed funding in
3 three ways and really the two primary ones are, in
4 fact, the national bill of lading taxes, something
5 that I believe for 20 years is the right answer, and
6 it's, you know, whatever you want to call it, it's
7 basically a percentage tax on freight bills.

8 Those revenues could be divided among the
9 modes carrying the freight so that there is revenue
10 streams created for highway, rail, port, whatever.
11 The highway revenue yield from this source can make
12 a substantial contribution to a viable competitive
13 national highway system. Revenues would grow with
14 the economy and freight shipments requiring no
15 further action by congress. You don't have to raise
16 the rates every year. This powerful revenue stream,
17 and it is powerful, must be strictly dedicated.

18 Finally, states could be permitted,
19 emphasis permitted, to levy tolls on --

20 CHAIRMAN SCHENENDORF: If you could wrap up in
21 a few minutes.

22 MR. WALKER: Sure.

23 The key thing that I want to just very
24 briefly do is that there has to be a very tight

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1 opening of a door here called tolls and freight, and
2 what we are missing to me is the obvious. Why not
3 have a hybrid that combines federal funding support
4 through a bill of lading tax or whatever the
5 mechanism you gentlemen feel is appropriate and
6 combine that with the opportunity to level tolls so
7 that the whole national highway system could, in
8 effect, be a hybrid, and we don't have to worry
9 about whether the tolls will pay for the entire
10 cost.

11 You would add a stream of revenues that
12 is again extremely robust and will get the job done.
13 You have to protect it. You have to make sure that
14 the performance is achieved, and you have to make
15 sure that the users that are paying these variety of
16 costs are basically not being ripped off. That's
17 what it really comes down to.

18 With that, I'll stop. Thank you very
19 much.

20 CHAIRMAN SCHENENDORF: Thank you.

21 Our final witness is Michael Stanczak --

22 MR. STANCZAK: Close enough. Stanczak.

23 CHAIRMAN SCHENENDORF: Stanczak, President of
24 Hanson Material Service. He's the first Vice-Chair

0211
1 of the National Stone, Sand & Gravel Association.

2 MR. STANCZAK: Thank you, Mr. Chairman,
3 Commissioners.

4 Unlike my colleague to the right, I feel
5 like Mr. Irrelevant in these proceedings which is
6 the nickname given to the last gentleman drafted in
7 the NFL draft being the last testimony at the last
8 Field Commission hearing.

9 Anyways, thank you for the opportunity to
10 testify before you on behalf of the National Stone,
11 Sand & Gravel Association.

12 The task before the Revenue Commission is
13 critically important because of the growth of the
14 nation's economy. The country's national security,
15 Americans' personal safety and the way of life they
16 enjoy is linked to the state of our national surface
17 transportation infrastructure.

18 We concur that all stakeholders need to
19 work together to develop a bold and innovative
20 vision for the transportation system for the 21st
21 century.

22 While the Commission has heard a great
23 deal about the current problems facing the surface
24 transportation system and possible funding

0212
1 alternatives to fill the funding gap that only
2 promises to increase, the NSSGA believes one issue
3 that has received little attention is the
4 availability of the natural resources necessary for
5 the construction and completion of a 21st century
6 vision.

7 The National Stone Sand & Gravel
8 Association represents the construction aggregates
9 industries. More than three billion tons of
10 aggregates were produced in 2006 at the approximate
11 value of 21 billion dollars.

12 Every one million dollars in aggregate
13 sales creates 19.5 jobs, and every dollar of
14 industry output returns \$1.58 to the economy.

15 Every small town or big city and every
16 road connecting them were built with aggregate. 94
17 percent of asphalt pavement is aggregates. 80

18 percent of concrete is aggregates. In every lane
19 mile of interstate there is 38,000 tons of
20 aggregates. In other words, we must have a natural
21 resource to build, maintain and improve the nation's
22 surface transportation system.

23 Natural aggregates are the foundation of
24 America's surface transportation infrastructure and

0213

1 will be the foundation of the surface transportation
2 infrastructure of the future.

3 Considered in their entirety, aggregate
4 reserves exist in abundance and should be sufficient
5 to meet our future needs.

6 On a local level, however, aggregate
7 resource shortages can pose a problem. Such
8 shortages result primarily due to geography,
9 environmental regulation and land development which
10 precludes access to the resource deposit or as we
11 call it resources sterilization.

12 Geography is one limit on the supply of
13 natural aggregates. Aggregates occur according to
14 the dictates of nature which is often fickle in
15 failing to deposit the resources in the most
16 convenient places, so accessible aggregate resources
17 must be used effectively.

18 Another obstacle to the supply of
19 aggregates is overly restrictive environmental
20 zoning and operational regulations. The industry is
21 legitimately subject to environmental regulation
22 because aggregates must be extracted from the land
23 potentially impacting the environment.

24 Aggregate plants operate responsibly,

0214

1 however, mitigate much of the impact on the
2 environment. Nevertheless, unnecessary environment
3 regulations may often be imposed to hinder
4 development and prevent the expansion of aggregate
5 operations.

6 In many areas shortages result in the
7 lack of a will to confront the protection of
8 aggregate resources. Perhaps California most
9 vividly illustrates the problem. In that state the
10 media has chronicled how Californians are unwilling
11 to develop the resources that the state economy
12 consumes. Instead, the state imports aggregates
13 from British Columbia or Mexico.

14 A report issued in February of 2007 by
15 the California Department of Conservation warns
16 local planners that even though the state sits on 74
17 billion tons of aggregates permanent reserves are
18 dwindling. A report found that only one-third of
19 the supply of permanent aggregates is allowed to be
20 produced in the state because the deposits are
21 located near residential areas. Other deposits
22 include some in rural areas inhabited by endangered
23 species.

24 In closing, aggregates are essential to

0215

1 America's growth and development. Because the
2 demand for aggregates will continue and will grow
3 into the future, provisions to assure adequate
4 supplies will have to be made.

5 As the Revenue Commission goes about its
6 deliberations developing a provision for our
7 nation's surface transportation infrastructure in
8 the 21st century, protection of and access to the
9 nation's aggregate resources must be factored into
10 the ultimate vision.

11 Thank you for your time.

12 CHAIRMAN SCHENENDORF: Thank you. Thank all
13 the panelists for your testimony. We'll start the
14 questioning with Commissioner Busalacci.

15 COMMISSIONER BUSALACCI: Thank you, Jack.

16 My obvious question, being that I'm the
17 train geek here, is, I guess I'd like to hear from
18 each of the panelists what your views on intercity
19 passenger rail are, the importance that you place on
20 it and the importance you think the Commission
21 should place on it and do you think there should be
22 a substantial federal role in either, you know,
23 doing it or not doing it.

24 Gary. Thanks for coming too, Gary. I

0216

1 really appreciate it.

2 MR. RIDLEY: Certainly.

3 The only two things we move in
4 transportation are people and goods. Those are the
5 only two things we move. We move people by private
6 vehicle or mass transit of some kind. That mass
7 transit can certainly be on rubber or on steel.
8 Moving goods you have the same transportation modes,
9 rubber or steel, so I certainly think they're all
10 interconnected.

11 I think that you have to have the ability
12 to be able and states ought to have the ability to
13 be able to use their funds how they best serve
14 themselves as far as moving people.

15 I think there has to be a mass transit
16 component, whether that's intercity rail, bus, rural
17 bus, whatever it may be, but it has to be a
18 component.

19 Absolutely, the federal government needs
20 to take a hand in that. That's part of our national
21 system and part of the national transportation
22 network.

23 MR. MARTIN: Well, Mr. Secretary, I think the
24 key thing in Illinois, they have done a great deal

0217

1 to invest and operating subsidies. I believe
2 Illinois is now second behind California in terms of
3 operating subsidies towards Amtrak, but I think one
4 of the things that you can look at is the
5 cooperation between rail freight and Amtrak.

6 Here with the CREATE program I think as

7 you heard last night at a presentation, improvements
8 to rail freight with the CREATE program also benefit
9 Amtrak.

10 Right now Amtrak trains coming into
11 Chicago have to stop no matter what. Even if there
12 is no freight traffic they have to stop at a few
13 critical points, and that delays Amtrak service.

14 People talk about high speed rail. There
15 is no way you're going to get a high speed rail in
16 and out of Chicago north of Joliet and within the
17 Chicago terminal. It's just not possible with
18 everything.

19 So I think bringing rail freight into the
20 whole focus will be extremely helpful but making
21 sure that everybody cooperates to allow for
22 intercity passenger rail where it's applicable.

23 Do we need cross-country passenger rail?
24 I'm not sure, but if you talk to some of the small

0218

1 towns in North Dakota, Wyoming, Utah, the only way
2 for some of those people to move from city to city
3 during some of the winter months is by intercity
4 passenger rail, so there is a need. Is it thousands
5 of people? No, but it's some.

6 MR. GRAMS: I think we have, and I put in my
7 testimony I think the need to rethink the competing
8 modes.

9 I view that our air traffic system is
10 being strained to its max and yet the private sector
11 has come up with the hub and spoke wheel. I would
12 suggest that where you have outlying areas such as
13 you have in Illinois feeding into major airports is
14 an appropriate role for intercity rail as opposed to
15 trying to have smaller airports around the region
16 all kind of converging in on O'Hare and causing
17 great flight issues in and around O'Hare traffic, so
18 I think the ability to serve where people are going.
19 They're not going from downtown to downtown.
20 They're going from small towns to try to get to an
21 airport to go to someplace else.

22 I think that underscores the fact that
23 you need a national, you need trains going from New
24 York to California. It probably isn't the best use

0219

1 of your money.

2 On the same point do you need trains that
3 will connect Bloomington with Chicago O'Hare?
4 Definitely. Do you need Milwaukee connected to
5 Chicago O'Hare? Most likely. Those are the cases
6 where you're using your system and your
7 intermodalism is actually accentuating one another.

8 You're not bringing in the small 16
9 passenger flight from Milwaukee to land at O'Hare.
10 You're bringing those people in by rail where it's,
11 where, you know, and you have to build the other
12 pieces of the system that work with that. That is
13 security clearances. That is the baggages moving

14 across. You have to truly connect those two types
15 of modes not bringing them into downtown Chicago and
16 hope they take the "el" and trek back out to O'Hare.
17 That's not an effective use, and no one is going to
18 do it.

19 COMMISSIONER BUSALACCI: Tom.

20 MR. WALKER: I think there has been a lot of
21 discussion about what is the federal responsibility,
22 and I think the answer to that question where there
23 is a direct federal responsibility has to do with
24 the notion of corridors.

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1 You know, the interstate is a corridor
2 system by definition. It connects, but the same is
3 absolutely true about intercity rail. Intercity
4 passenger rail performs precisely the same function
5 but through a different mode.

6 I don't know that it's the responsibility
7 of local governments a bit to pay for intercity
8 passenger rail, just as I wouldn't expect the local
9 governments to pay for the interstate system that
10 runs through major regional areas. I think that's a
11 state and federal responsibility.

12 Local government should probably pay for
13 the stations, but the partnership between state and
14 local governments is what will or will not make
15 passenger rail that's been described today happen,
16 and if we don't do that we're just missing the
17 obvious.

18 We spend too much time worrying about
19 modal trade-offs and not enough time recognizing
20 that given the population growth and the aging, the
21 whole notion of demographic change, the resulting
22 economic change. We're going to need all of it.
23 There is no one solution. There is a multiplex of
24 solutions, and this is one of those multiplexes.

0221

1 From a purely Wisconsin perspective, I
2 live in Madison, the Secretary lives in the
3 Milwaukee area, and these are two cities that people
4 have talked for 30 years about connecting passenger
5 rail. We've never done it. Here and now we have an
6 opportunity with midway high speed rail to take the
7 two largest metroplexes in the upper midwest,
8 Minneapolis and Chicago, and connect them with a
9 high quality, fast, business class service stopping
10 at the nation's, Wisconsin's two premiere
11 communities -- Madison and Milwaukee. I look at
12 that and I say, wow, what a deal that would be for
13 Wisconsin to have those connections. That is
14 replicated in all of these systems that people are
15 talking about all over the country, and they're not
16 happening because the federal partner has not come
17 forward. If they came forward with the northeast
18 corridor -- you know, and California has done a
19 great job on its own and I salute them for it. But,
20 you know, I think to make it happen in these other

21 parts of the country you're going to have to have a
22 strong federal partner.

23 Given the fact that the interstate as a
24 new system was built 90 percent of the federal money

0222

1 I think it's perfectly appropriate to have at least
2 80 percent for the federal share to get this thing
3 going, to get it built.

4 We have a great wonderful argument about,
5 well, should we have a trust fund. You know, to me
6 trust funds are absolutely critical for systems that
7 can be supported by user fees, whether those are
8 highway trust funds or freight rail trust funds or
9 airport trust funds or port trust funds or waterway
10 trust funds. That's how we should pay for those
11 things because it forces economic decisions when you
12 do it that way that wouldn't otherwise occur.

13 But you also have this thing called
14 passenger rail and urban transit. Neither one of
15 them will ever be self-sufficient. And so what?
16 So? In fact, they have user fees. They're called
17 fare boxes. The users are paying into that system,
18 but those fare boxes will never cover the full cost.
19 So what is wrong with creating a federal trust fund
20 for passenger rail that is essentially a certain
21 level of GPR investment that is not user-fee based?
22 It's not the gas tax. It's not anything else. It's
23 just user-fee based, but it's a dedicated trust fund
24 so that these systems can have an opportunity to

0223

1 develop.

2 So, you know, I think that would help the
3 whole transit debate. We spend too much time
4 arguing about transit versus highways. Every time I
5 look at it you need both. You know, there is no one
6 solution.

7 Those are my thoughts on it,
8 Mr. Secretary.

9 COMMISSIONER BUSALACCI: Thank you.

10 MR. STANCZAK: My thoughts parallel the
11 previous comments. I don't think you can separate
12 the two issues, the rail transit and the highway
13 development, as it pertains to particularly
14 congestion.

15 If congestion is a focus of what the
16 vision is which I believe it should be and that it
17 will be is that you need the efficient
18 transportation of the passengers, residents of the
19 different municipalities via the rail systems.

20 I don't think that you can -- in major
21 cities where there are congestions building new
22 expressways or expanding expressways isn't the sole
23 answer. You have to -- if all you do is get people
24 down to an area faster, the grid locking in the

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1 urban centers will be just as bad.

2 Any way of being able to transport

3 passengers via the rail system efficiently and as
4 Tom was saying in some way that the federal
5 government has a buy-in to make certain because it
6 is part of the overall package of a transportation
7 system and that the two of them cannot be separated.

8 So I think it has to be looked at, and
9 also the federal government has to be involved in
10 it.

11 COMMISSIONER BUSALACCI: Thank you, Jack.

12 CHAIRMAN SCHENENDORF: Commissioner Heminger.

13 COMMISSIONER HEMINGER: Mr. Chairman, I'm out
14 of questions for the day.

15 I would like to thank the panel for their
16 testimony.

17 Mr. Chairman, I'd like to thank you for
18 presiding over the hearing today with your usual
19 courtesy.

20 CHAIRMAN SCHENENDORF: Thank you.

21 I guess I would like to start off with a
22 question. I think in the discussions that many of
23 us have had there seems to be a consensus that
24 business as usual isn't going to work.

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1 The federal level, if you look at the
2 federal program, there really isn't a clear sense of
3 what the federal mission is, and the overall level
4 of funding at the federal, state and local levels is
5 insufficient because the system has been declining
6 in performance over time, so we need to do something
7 different.

8 I guess, you know, you can look at it and
9 say there are kind of two ways to go. I think both
10 of these have been suggested to us. One is for the
11 federal government to step up as it did in the 1950s
12 and play a major leadership role in defining the
13 transportation system for the future and then
14 backing that up with financial resources to help
15 make it happen and make it become a reality.

16 I think there's another approach that has
17 been suggested to us and maybe the system is there
18 in place and the federal government doesn't need to
19 play a role. You almost have to have devolution of
20 the system where the federal government really gets
21 out of the business especially in providing
22 financial resources and really that state and local
23 governments and the private sector can step in and
24 bring private equity into the equation and that they

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1 can get the job done and it doesn't really need
2 federal resources as we've had in the past.

3 As between those two choices I'd like for
4 each of you to comment on which way you think we
5 need to go and whichever way, what is the problem
6 with the other approach that, whichever one you
7 don't choose.

8 MR. RIDLEY: Mr. Chairman, to me there are
9 only three ways to finance highways or

10 transportation. One is by a general tax which can
11 be on the volumetric consumption of gasoline. It
12 can be an indexing of sales tax but it has to be a
13 general tax of some kind.

14 The other is user fees. Tolls are very
15 common in this country, have been even in the 1800s.
16 Turnpikes by definition were a private facility that
17 someone built, and they literally moved the pike out
18 of the way to allow you to pass.

19 And the third is a combination of both.

20 Oklahoma has been in the public/private
21 partnership since 1947 when we built our first toll
22 roads. We have some 900 miles of toll roads in the
23 State of Oklahoma, 600 miles of toll roads in the
24 State of Oklahoma; some 260 are on the interstate.

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1 13 percent of all toll roads in the nation reside in
2 Oklahoma.

3 So we've used those public/private
4 partnerships. As the Commissioner made comment
5 earlier today, you can have a private company run
6 the concessions and provide the financing and pay
7 off the debt and get a profit or the state can do
8 the same thing by private financing, of selling
9 bonds, get the private sector money involved in it
10 and then pay them back at a reasonable interest rate
11 and run the concessions themselves. That's been
12 around for a long time.

13 The idea that public/private partnership
14 is the panacea that will solve our problems is to me
15 not possible.

16 I think you have to have a, if you're
17 going to have a national, and just by the simple
18 definition, a national transportation system, then
19 the federal government and our national leaders need
20 to take ownership of the problem and be part of the
21 solution.

22 CHAIRMAN SCHENENDORF: Mr. Martin.

23 MR. MARTIN: At the risk of perturbing any
24 local clients that my company may have, the federal

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1 government needs to focus on that interstate
2 commerce that does take place. You don't want a
3 series of differences as you cross state lines, so
4 you need that continuity.

5 Should the federal government worry about
6 local streets? Probably not. That should be the
7 responsibility of the local government who knows
8 what those streets are. Again, perhaps that will
9 help with the land use, stimulating different types
10 of land use discussions.

11 I think right now -- because there is the
12 potential for using federal funds almost on any road
13 with a bit of creativity. That's why you get urban
14 sprawl. That's why people keep moving out and
15 moving out and there is no disincentive for that.

16 So I think it's a combination of both.

17 You need a good strong federal presence to move
18 goods and services because as it's coming in from
19 the pacific rim or Europe or Mexico or wherever it's
20 coming in from, it's going throughout the country,
21 so you need that continuity.

22 MR. GRAMS: Mr. Chairman, members of the
23 Commission, I have to concur that there is a strong
24 federal role, and it is a national system as we've

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1 articulated for goods and commerce.

2 I think if left up to individual states
3 you will find obviously the individual states coming
4 together with their own agendas and their own
5 priorities which may not interconnect and,
6 therefore, we've lost the advantage.

7 The commerce clause of the constitution
8 said there's a federal role, and I think this is an
9 extension of that role.

10 I agree with the Secretary that the
11 devolution of monies on to local streets is probably
12 not good use of that and it needs to be focused.

13 I think the second piece here that I find
14 always interesting with the federal government is
15 they can use a carrot stick approach if they have
16 the money that functions as a carrot. You get a lot
17 of organization and uniformity and organization in
18 the system by saying here's the money if you follow
19 these set of rules, and then often that's what
20 happens. Take the money away and everybody will go
21 in their own direction.

22 If you leave the system totally to be
23 financed by the private sector and owned by the
24 private sector, I think it will look at only those

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1 market forces that are going to be able to reward
2 it. That means there will be roads in areas that
3 will never be built because they just can't
4 financially function in that way.

5 I think we have an obligation to all the
6 citizens of this country. We need to provide a
7 national transportation system that allows the
8 person in South Dakota to get to Florida in some
9 way, shape or form.

10 CHAIRMAN SCHENENDORF: Mr. Walker.

11 MR. WALKER: You know, the devolution argument
12 has been around for quite some time. You know, it's
13 interesting. It sounds simple to say our job is
14 done. You guys take care of it. And I know all the
15 arguments about privatization.

16 However, if you told the states that they
17 had 18 cents per gallon or whatever it is you took
18 off, if you took off 15 of the 18 for the sake of
19 argument as it's been suggested, and you said, okay,
20 states you can do what you want, well, first of all,
21 I would say the average pick-up would be half. It
22 would vary all over the place in terms of what they
23 do and don't do, and the allocation of resources

24 will not match federal interstate commerce issues

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1 that we've been talking about -- can the states meet
2 their own political and media priorities? Of
3 course. You know, they should be able to do that.

4 But if you want to achieve a national
5 system that works for a global economy you're not
6 going to get it that way. There are states with
7 constitutional distribution of fuel tax revenues
8 that were never conceived for this purpose, and so
9 they'd have to go back and amend their constitutions
10 in order to get the right allocation of resources
11 which is also unrealistic.

12 One of the reasons that I wrote the paper
13 the way I did was I had to convince myself that, in
14 fact, you could fund a system without having
15 privatized. There are people that said unless you
16 privatize the money will never be there.

17 I think it is capable to reach those
18 dollars, and I think it's a political issue for
19 sure, but I don't think it's impossible. I
20 absolutely believe it's the lowest cost option.
21 It's the most effective way to get it done.

22 You know, the last thing that you need is
23 to go across some hybrid of national highways that,
24 you know, well, we'll have tolls in these three

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1 miles and we won't have tolls on the next six. You
2 know, it's insane.

3 I was privileged probably, well, you were
4 here too yesterday, to listen to the discussion with
5 the gentleman from Indiana. You almost had to feel
6 sorry for him.

7 In point of fact, what I heard from the
8 Commission, I could have sat here for days and tried
9 to capture the arguments as well as you did. I
10 think you put your finger on every issue, and, you
11 know, you can get money any way you want to but, you
12 know, the cost of money matters because somebody is
13 going to have to pay that cost.

14 I find it very bothersome to take a
15 public asset that the public has paid for and then
16 to basically liquidate it, create capital upfront
17 and basically have to repay it. You already built
18 it. Why are you going to repay it now? Never mind
19 whether there are going to be improvements to the
20 system now but you have to repay it because you're
21 buying it out. You know, that's like why would I
22 ever do that, you know.

23 And so I think that the issue, the more,
24 you know, I've heard over the last of the discussion

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1 I think the pendulum is clearly swinging against
2 privatization as the solution.

3 And I'll argue passionately don't put the
4 burden on the states. It's not because states won't
5 want to get it done. I think they will want to get

6 it done, but they can only do so much. They will
7 not have the resources if they have to raise
8 independently political processes. The 50 states
9 will not allow that. First question in every state
10 legislature -- what's the gas tax in that state,
11 first question, and from there it goes downhill.
12 Don't do that, please.

13 MR. STANCZAK: This morning Commissioner
14 Heminger gave the definition of insanity and that
15 was repeating the same behavior and expecting
16 different results, so then I guess sanity would be
17 repeat successful behavior.

18 The approach back in 1956 was one where
19 the federal government came up with a vision, a
20 strategy and went through and oversaw that it was
21 implemented. What was wrong with that strategy? I
22 think it was very successful.

23 What's happened now? Times are a little
24 different. It's time for another vision. Why not

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1 take the same approach?

2 The revenue issue, you can't be overcome
3 in some way, shape or form. Someone just has to
4 stand up and say this is what we need.

5 I liken the thoughts of returning the
6 responsibility to our interstate transportation
7 system over to the states as taking 50 of your
8 brightest students that there are in a particular
9 school, put them in a room their freshman year and
10 say, okay, in four years we want you to graduate.
11 You won't have a teacher. It's not going to happen
12 because everybody is going to have their own
13 interests, agendas, whatever and not just from the
14 legislative section but also if you bring in the
15 private industry to partner in and expect that to be
16 done 100 percent.

17 I'm not saying that public/private
18 partnerships don't have a place, but they're not the
19 silver bullet in the overall funding scheme.

20 The thought of returning the
21 responsibility over to the states is, you know, one
22 of the beauties of the Federal Highway Trust Fund is
23 the fire walls that have been put in to protect
24 against diversions. Why? Just in case somebody

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1 gets a silly thought of taking user fees to use them
2 for something else. That's commonplace in the
3 state's highway trust funds. Diversions are
4 ordinary. They're not unusual. It happens here in
5 the State of Illinois to some significant tunes.

6 So if we have a behavior where people
7 are, I call it stealing because I'm Catholic, it's
8 not diversion, it's stealing of highway user fees
9 for other purposes, you know, how can we expect that
10 to change going into the future? I think the
11 federal government is important in providing
12 oversight and the control over the 50 bright

13 students that we have here.

14 CHAIRMAN SCHENENDORF: Well, I thank you very,
15 very much. This has been very, very helpful to us.

16 I would like to also congratulate you
17 all. You did come forward with concrete
18 suggestions, proposals, ways of financing. That's
19 been very, very helpful.

20 We've had a tremendous amount of
21 testimony on the problems. We've had a lot less
22 testimony on really well thought out solutions, and
23 you all gave us some well thought out solutions, so
24 we really appreciate that.

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1 With that, that is the end of our final
2 panel, but we do have the ability for the public to
3 come forward.

4 I guess we have two people, Robert Cole
5 and Antonio Perez. If they would like to come
6 forward. You each have two minutes.

7 We'll start with Mr. Cole.

8 MR. COLE: Good afternoon, Mr. Chairman,
9 members of the Commission. My name is Robert Cole,
10 and I am the assistant to the village manager for
11 the Village of Oak Park.

12 Oak Park is a suburb of Chicago,
13 approximately 52,000 residents, 4.7 square miles.

14 In the past several years our village
15 government has been heavily involved in local and
16 regional transportation issues, and our activities
17 have focused on the I-290 transportation corridor
18 specifically which runs directly through our
19 village.

20 I-290 which is also known as the
21 Eisenhower Expressway or the Ike lies in a ditch
22 that was cut directly through Oak Park in the early
23 1950s. When the freeway was built, it split about
24 one-third of the village off from the rest. The

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1 social and economic development of the isolated
2 portion has since been a recurring concern.

3 Since that time and especially in the
4 recent years we've done a lot of work with the RTA
5 and have become engaged in their corridor study
6 which is a performance-based assessment of some of
7 the mobility and enhancement options that we have
8 available to us in the corridor.

9 We feel that there has been a lot of
10 progress made through our participation in that
11 particular study. However, we also feel there's a
12 lot of things that remain to be done, and our
13 experience to date suggests several ways, in fact,
14 that the Commission's upcoming report could be
15 helpful in advancing transportation goals.

16 I'd like to name a few of those.
17 Emphasize full and meaningful compliance with
18 federal planning and study objectives or
19 requirements, firmly endorse contact sensitive

20 solutions that consider local community needs and
21 impacts and emphasize and examine innovative needs
22 of finance, complex solutions as well as the larger
23 transportation system, for instance.

24 We feel that with only a little bit of
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1 work the option of utilizing air rights and selling
2 air rights for private development may provide
3 fertile ground for funding contact sensitive
4 solutions as well as some of the other
5 transportation improvements that are necessary.

6 We'd like the Committee to explore or the
7 Commission rather to explore fare networks. That's
8 a relatively new concept to us and we're not
9 prepared to endorse it necessarily but it certainly
10 sounds as though it has promise and that it has
11 congestion pricing on all lanes with funding that is
12 received through that mechanism going toward
13 improving transit options, subsidizing fare cards
14 for disadvantaged populations and even improving
15 arterial routes that may perhaps get diverted
16 traffic when those types of tolls are implemented on
17 a major thoroughfare such as I-290.

18 CHAIRMAN SCHENENDORF: Thank you.

19 Mr. Perez.

20 MR. PEREZ: Thank you very much.

21 My name is Antonio Perez, and I'm the
22 president and CEO of Talgo in the USA.
23 Our company has been manufacturing and maintaining
24 trains since 1942.

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1 I would like to highlight three points.
2 First, I thank the Commission for making sure that
3 rail transportation is included in the report as one
4 of the key components of the solid transportation
5 system in the country.

6 Second, we encourage the Commission to
7 recommend that regulating agency oversees the
8 development and acquisition of rail equipment are
9 open to the knowledge that have to be safe, reliable
10 and efficient all over the world.

11 Third, Talgo trains have been running in
12 the pacific northwest since 1994. Amtrak operates
13 those trains in the cascades corridor. This
14 corridor is a good example that can be seen as a
15 model as to how the states, Amtrak and the freight
16 railroad are working together, and also with the
17 right equipment can work together to successfully
18 provide another choice of transportation to the
19 public at a reasonable level of investment.

20 The State of Washington has plans to
21 expand this very successful corridor, but this
22 cannot happen without funding, federal funding.
23 Many other states are in the same situation, and we
24 are talking to them but we hear this limitation.

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1 All developed economies in the world

2 except the USA, number one economy in the world,
3 invest in transportation budget as they invest in
4 other transportation modes.

5 Thank you very much.

6 CHAIRMAN SCHENENDORF: Thank you.

7 Start the questions with Commissioner
8 Busalacci.

9 COMMISSIONER BUSALACCI: Thank you, Jack.

10 Antonio, real quickly just kind of tell
11 the Commission how using Spain as an example because
12 Talgo, I think Steve and I are very familiar with
13 Talgo, but explain to the Commission how Spain in
14 particular, Europe in general was able to advance so
15 far ahead of this country in passenger rail. What
16 was really the impetus that caused this to happen?

17 MR. PEREZ: Spain as an example was, at the
18 end of the '70s was way behind Europe in surface
19 transportation. In the '80s Spain was committed to
20 bringing the level of transportation, surface
21 transportation to a level comparable to the rest of
22 Europe.

23 In the first place the Spanish government
24 developed the highways, so there was a network

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1 developed for the whole country. In the '80s, late
2 '80s and especially in the '90s the Spanish
3 government decided there was a key element, there
4 was just some capacity, some that couldn't be
5 expanded, so they said, they decided that the next
6 step was to heavily invest in the rail
7 transportation system. 40 percent of the nation's
8 transportation budget goes to this, to rail, and
9 this is something that's coming up now.

10 There was a political will, political
11 decision that was made and then that was
12 implemented. The idea is to connect certain cities
13 within a certain time and time frame -- four hours.
14 Spain is a peninsula, so from Madrid to other cities
15 around Madrid the particular decision is to connect
16 them with rail in four hours or less.

17 CHAIRMAN SCHENENDORF: Commissioner Heminger.

18 COMMISSIONER HEMINGER: No.

19 CHAIRMAN SCHENENDORF: Thank you both very,
20 very much. We appreciate your addition to the event
21 today.

22

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24 With that, the final hearing of the

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1 Commission is closed.

2 (Which were all of the
3 proceedings had in the
4 above-entitled cause this
5 date.)

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1 STATE OF ILLINOIS)
2) SS.
3 COUNTY OF C O O K)

4 KELLY A. BRICHETTO, being first duly
5 sworn, on oath says that she is a Certified
6 Shorthand Reporter doing business in the City of
7 Chicago, County of Cook and the State of Illinois;
8 That she reported in shorthand the
9 proceedings had at the hearing of the above-entitled
10 cause;

11 And that the foregoing is a true and
12 correct transcript of her shorthand notes so taken
13 as aforesaid and contains all the proceedings had at
14 said hearing.

15
16
17

KELLY A. BRICHETTO

18
19 SUBSCRIBED AND SWORN TO
before me this day
20 of April, A.D. 2007.

21

NOTARY PUBLIC

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