BOARD OF DIRECTORS
POLICY AGENDA

Friday, September 12, 2008
→ → 9:30 a.m. to 12 noon ← ←
SANDAG Board Room
401 B Street, 7th Floor
San Diego

AGENDA HIGHLIGHTS

• DISCUSSION OF NEXT FEDERAL SURFACE TRANSPORTATION AUTHORIZATION

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BOARD OF DIRECTORS POLICY AGENDA
Friday, September 12, 2008

ITEM #                    RECOMMENDATION

1. PUBLIC COMMENTS/COMMUNICATIONS/MEMBER COMMENTS

Members of the public shall have the opportunity to address the Board on any issue within the jurisdiction of SANDAG. Anyone desiring to speak shall reserve time by completing a “Request to Speak” form and giving it to the Clerk of the Board prior to speaking. Public speakers should notify the Clerk of the Board if they have a handout for distribution to Board members. Speakers are limited to three minutes. Board members also may provide information and announcements under this agenda item.

CONSENT ITEMS (2)

+2. RATIFICATION OF EMERGENCY ACTION BY THE EXECUTIVE DIRECTOR FOR CAPITAL PROJECT BUDGET TRANSFER (Jim Linthicum) APPROVE

Improperly placed high voltage traction power cables were discovered while excavating for a new San Diego Trolley crossover in C Street. These cables needed to be relocated immediately not only to ensure compliance with the applicable electrical codes, but also to avoid the costs of delaying the contractor. The Executive Director exercised his authority for this work in accordance with Board Policy No. 017: Delegation of Authority. The Board of Directors is asked to ratify the actions of the Executive Director to begin work to relocate the San Diego Trolley underground traction power cables on C Street in the City of San Diego, and authorize the Executive Director to execute an agreement with Metropolitan Transit System (MTS) and make the necessary budget transfer to incorporate $155,000 of MTS Miscellaneous Capital funds into the City College Station Realignment Project in order to pay for this work.

REPORTS (3 through 4)

+3. UPDATE ON NEXT FEDERAL SURFACE TRANSPORTATION AUTHORIZATION INFORMATION (Victoria Stackwick)

With Safe, Accountable, Flexible, Efficient Transportation Equity Act – A Legacy for Users (SAFETEA-LU) set to expire on September 30, 2009, the State of California along with various organizations have formulated and adopted a wide range of principles to use as advocacy tools next year as the federal surface transportation authorization legislation moves through Congress. This report provides a brief background of SAFETEA-LU and an overview of principles that are currently circulating.
4. PANEL DISCUSSION ON NEXT FEDERAL SURFACE TRANSPORTATION AUTHORIZATION

SANDAG has invited a panel of experts to discuss new and emerging transportation policy areas, the Congressional process, and other issues under consideration for the next federal surface transportation authorization. The panel includes Steve Heminger, Metropolitan Transportation Commission Executive Director, a member of the National Surface Transportation Policy and Revenue Study Commission; Emil Frankel, Director of Transportation Policy at the Bipartisan Policy Center; and Peter Peyser, Principal with Blank Rome Government Relations.

5. UPCOMING MEETINGS

The next Business meeting of the Board of Directors is scheduled for Friday, September 26, 2008, at 9 a.m. The next Policy meeting of the Board of Directors is scheduled for Friday, October 10, 2008, at 10 a.m.

6. ADJOURNMENT

+ next to an agenda item indicates an attachment
RATIFICATION OF EMERGENCY ACTION BY THE EXECUTIVE DIRECTOR FOR CAPITAL PROJECT BUDGET TRANSFER

File Number 1049400

Introduction

Improperly buried high voltage traction power cables for the San Diego Trolley were discovered while excavating for the installation of a crossover on C Street at 9th Avenue in the City of San Diego. These cables need to be relocated immediately so they are compliant with electrical codes and to avoid construction delay costs. The Executive Director exercised his authority granted in Policy No. 017: Delegation of Authority to begin the work and adjust the Capital Improvement Program (CIP) budgets accordingly.

Discussion

While excavating for the installation of a new crossover on C Street at 9th Avenue in the City of San Diego, the contractor discovered San Diego Trolley high voltage traction power cables buried less than one foot below the roadway surface. Although the cables were encased in concrete, they are not to code and present a potential hazard to anyone excavating nearby. The new crossover is part of the City College Station Realignment Project.

The cost to excavate, place a new conduit “duct bank,” backfill, pull and splice new cables and remove the existing cables is estimated to be between $125,000 and $155,000. Given the cumulative value of other changes on the project, Board approval is required to increase the CIP project budget. However, this work needed to be done as soon as possible not only to ensure compliance with the applicable electrical codes, but also to avoid the costs of delaying the contractor.

Policy No. 017 states in part:

In the event of emergency or an urgent need, the Executive Director is authorized to take all necessary actions to prevent significant unnecessary loss to SANDAG, a shut-down of public services, or to address a situation threatening the health or safety of persons or property, including, but not limited to, authorization to contract with a contractor or consultant on a sole source basis, consistent with applicable state or federal law without prior approval from the Board. In the event such an emergency or urgent need occurs, the

Recommendation

The Board of Directors is asked to ratify the actions of the Executive Director to begin work to relocate the San Diego Trolley underground traction power cables on C Street in the City of San Diego, and authorize the Executive Director to execute an agreement with Metropolitan Transit System (MTS) and make the necessary budget transfer to incorporate $155,000 of MTS Miscellaneous Capital funds into the City College Station Realignment Project in order to pay for this work.
Executive Director will consult with the Chair of the Board, promptly communicate all actions taken to the Board members, and submit a report to the Board at its next regular meeting in order to obtain ratification for those actions.

In accordance with Policy No. 017, the Chair was notified of the event and concurred with this action. Board members also were notified by e-mail.

Rather than defer an existing CIP project to pay for this work, MTS has indicated that it will transfer $155,000 from its Miscellaneous Capital fund into the SANDAG City College Station Realignment Project. Authorization from MTS for this budget transfer and execution of an agreement with SANDAG is expected in September.

Staff is investigating when and why these cables were placed this way. The original construction was done per code, but sometime during the subsequent 27 years, the cables were relocated to their current position.

GARY L. GALLEGOS
Executive Director

Key Staff Contact: Jim Linthicum, (619) 699-1970, jlin@sandag.org
Introduction

On August 10, 2005, the President signed into law SAFETEA-LU, the Safe, Accountable, Flexible, Efficient Transportation Equity Act: A Legacy for Users (Public Law 109-59). The measure provides $244.1 billion in guaranteed funding over five years (FY 2005-FY 2009) for highways, highway safety, and public transportation. It is the current federal law that establishes the authority to appropriate general revenues and to spend trust fund monies for highways and transit. It is set to expire September 30, 2009.

With SAFETEA-LU set to expire next year, discussions have begun at the state and federal levels about the next federal surface transportation authorization. During the past year, the California Business, Transportation, and Housing Agency (BT&H) and Caltrans have led the development of a set of consensus principles for California. In addition, various associations, including the National Association of Regional Councils (NARC), and California Transit Association (CTA), have developed a wide range of principles to use as advocacy tools for the next transportation authorization. This report provides an overview of these various principles and summarizes the main themes.

Discussion

Background

Prior to SAFETEA-LU, the federal government enacted several other surface transportation authorization measures. The Surface Transportation and Uniform Relocation Assistance Act of 1987 (also called the Federal-Aid Highway Act of 1987) most notably gave power to apportion money to the Secretary of Transportation. The Intermodal Surface Transportation Efficiency Act of 1991 (ISTEA), passed December 18, 1991, provided a six-year authorization to restructure the U.S. Department of Transportation (USDOT) highway, highway safety, and transit programs. The Transportation Equity Act for the 21st Century (TEA-21), enacted June 9, 1998, authorized federal surface transportation programs for the six-year period 1998-2003. These multi-year authorization measures shaped the federal transportation program to meet the nation's changing transportation and economic needs. SAFETEA-LU built on this foundation, and at $244.1 billion, it became the largest surface transportation investment in our nation's history.

The National Surface Transportation and Revenue Study Commission

As part of SAFETEA-LU, Congress recognized the need to evaluate the policy and funding issues for the nation’s surface transportation system. Congress created the National Surface Transportation Policy and Revenue Study Commission under Section 1909 of SAFETEA-LU (1909 Commission). The
12-member Commission examined existing conditions and future needs of the transportation system as well as short and long-term alternatives to replace or supplement the fuel tax as the principal revenue source to support the Highway Trust Fund over the next 30 years. On January 15, 2008, the Commission released its final report, “Transportation for Tomorrow: Report of the National Surface Transportation Policy and Revenue Study Commission.”

Key recommendations of the report include:

• Significantly increase investment in surface transportation, including investing at least $225 billion annually from all sources (federal, state, local, and private) for the next 50 years to upgrade to an advanced surface transportation system capable of sustaining strong economic growth;

• Retain a strong federal role in transportation, tying investment decisions to outcome-based, performance driven programs supported by cost/benefit evaluations;

• Consolidate the 108 federal transportation programs under SAFETEA-LU into 10 focused programs\(^1\) that are outcome- rather than modally based;

• Create a new National Surface Transportation Commission (NASTRAC) to develop national strategic plans for each of the program areas, in consultation with diverse stakeholders. NASTRAC also would recommend a federal funding mechanism to fund the federal share, subject to Congressional action;

• Increase the federal gas tax between 25-40 cents (5-8 cents per gallon, per year), with the rate increase indexed and phased in over time to fund the necessary investment. Over the longer term, consider alternative user fee revenue measures, such as a vehicle miles traveled fee, provided that substantial privacy and collection cost issues can be addressed;

• Expand other user-based revenue sources to address the investment shortfall, such as congestion pricing, freight fees, passenger rail ticket taxes, and public-private partnerships; and

• Accelerate the time between conception and delivery of major transportation projects to reduce costs while still addressing environmental concerns;

Members of the 1909 Commission unanimously agreed that an efficient surface transportation system is vital to the future economic growth, international competitiveness, and social well-being of the nation. They also agreed that major overhauls of current federal surface transportation programs will be essential to achieve such a system. However, USDOT Secretary Mary Peters (1909

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\(^1\) Proposed programs include (1) Rebuilding America: A National Asset Management Program; (2) Freight Transportation: A Program to Enhance Global Competitiveness; (3) Congestion Relief: A Program of Improved Mobility; (4) Saving Lives: A National Safe Mobility Program; (5) Connecting America: A National Access Program for Smaller Cities and Rural Areas; (6) Intercity Passenger Rail: A Program to Serve High-Growth Corridors by Rail; (7) Environmental Stewardship: Transportation Investment Program to support a healthy environment; (8) Energy Security: A Program to Accelerate the Development of Environmentally-Friendly Replacement Fuels; (9) Federal Lands: A Program for Providing Public Access; and (10) Research, Development, and Technology: A Coherent Transportation Research Program for the Nation. A complete copy of the Transportation for Tomorrow: Report of the National Surface Transportation Policy and Revenue Study Commission report is available at [http://www.transportationfortomorrow.org](http://www.transportationfortomorrow.org/).
Commission Chair) and Commissioners Maria Cino and Rick Geddes provided a minority view, disagreeing with the report’s recommendations for increasing the federal fuel taxes and the Commission’s vision of the broad federal role in future surface transportation policy. Steve Heminger, a member of the 1909 Commission, and Executive Director of the Metropolitan Transportation Commission, will provide a report as part of Agenda Item No. 4.

California Consensus Principles

The California Business, Transportation and Housing Agency (BT&H) and Caltrans developed a set of seven principles that capture the state’s priorities for the next federal authorization bill (Attachment 1). The document was developed through a series of open meetings and workshops that began in December 2007. Input was provided from the state’s metropolitan planning organizations, regional transportation planning agencies, other transportation stakeholders, the private sector, and public interest groups. The seven consensus principles include:

- Ensure the financial integrity of the federal highway and transit trust funds
- Rebuild and maintain transportation infrastructure in a good state of repair
- Establish goods movement as a national economic priority
- Enhance mobility through congestion relief within and between metropolitan areas
- Strengthen the federal commitment to safety and security, particularly with respect to rural roads and access
- Strengthen comprehensive environmental stewardship
- Streamline project delivery

BT&H and Caltrans would like to gain support for the consensus principles over the next several months. Their objective is to use the principles in advocacy efforts with the state’s Congressional delegation, other statewide and national organizations, and key federal leaders and candidates who are developing initial policy positions for the next federal authorization.

California Transit Association

On July 18, 2008, the California Transit Association (CTA) Executive Committee approved in concept a set of principles to be used for Association advocacy efforts in Washington, D.C. later this fall (Attachment 2). The CTA federal reauthorization principles address 12 overarching priorities and 12 program/regulatory issues. The reauthorization principles are now under consideration by all Association members. The overarching principles, focused primarily on federal transit programs, are aimed at providing flexible, stable sources of revenue while maintaining a strong federal role in funding public transportation. The CTA principles also support a goods movement program and recognize the need to address emerging transportation issues, such as the need to provide additional financial assistance to transit operators and reducing greenhouse gas emissions.

National Association of Regional Councils

In June 2008, the National Association of Regional Councils (NARC) released its draft reauthorization principles entitled, “The Next Era in Transportation: A 50 year plan” (Attachment 3). During 2007 and 2008, NARC conducted several meetings in various regions across
the country to solicit input about the next federal surface transportation authorization. The issues and concerns identified at these meetings included:

- **The Federal Role** – the NARC heard a wide variety of opinions on what the federal role in surface transportation policy should be. Generally, the further west the region was located, the stronger the desire to devolve the federal role back to the states (with the exception of the West Coast states).

- **The Role of Regions** – Many regions wanted more independence financially and fewer regulations covering their activities. They also wanted greater flexibility with the federal funds they do receive to be able to address the specific needs of their regions. Another sentiment expressed included the reality of the interdependence between large and small regions, especially regarding goods movement and interregional trip making.

- **Financing The Future** – Regions have expressed repeated concern about the disproportionate relationship in the amount of federal funding provided to finance regional transportation plans/projects, and the breadth of federal requirements for these plans/projects.

Based on these issues, NARC has organized its proposed principles into four broad areas: Authority, Simplicity, Consistency, and Flexibility.

- **Authority** recognizes that local elected officials should continue to be involved in regional planning decision making. The view of NARC is that the federal program should provide into a strong, but focused federal role, promoting the empowerment of regions of all sizes, both large and small and urban and rural.

- **Simplicity** speaks to the concern that the federal program has become so stove piped that it threatens the overall efficacy of the system. NARC advocates for the collapse of various funding streams into one surface transportation fund, which would be flexible to local needs, and which would reduce duplicative federal programs.

- **Consistency** speaks to the need for predictable revenue streams to finance the infrastructure needs of the future. The position recognizes the inherent faults of a financing system based on a gasoline based fuel tax, and calls for a reduction in that tax as other funding options become realistic. Additionally, the rise of goods movement requires a federal policy that is consistent throughout the country and that produces results while allowing for flexibility at the regional level.

- **Flexibility** recognizes the need to respond to the unique problems which arise in very large regions. In the NARC authorization meetings, members discussed the planning problems that arise from rapid population growth, and how those regions need to be allowed to quickly respond to the needs of the population. This also recognizes the need to respond to changing demographics, for example as the United States changes over the next 50 years to include older and more diverse populations. Flexibility also includes the ability of regions to use their management and operations systems to facilitate better, longer-lasting transportation investments.
Comparison of Federal Surface Transportation Authorization Principles

There are many commonalities in the various federal surface transportation principles that have been developed to date. A side-by-side comparison of the California Consensus, CTA, and NARC principles is provided in Attachment 4. Foremost, they include the need to provide increased, sustainable levels of funding for the federal surface transportation program, including exploring new revenue sources (e.g., user based fees, public-private partnerships, etc.) to supplement and/or replace the federal fuel tax, and establishing better ways to leverage state and local investments. In addition, both the California Consensus and NARC principles recommend consolidating/collapsing the numerous federal programs into more focused, but flexible funding programs; this issue also was a recommendation of the 1909 Commission.

Significantly, all three sets of principles advocate for a stronger federal role in goods movement policy and funding. This recognizes the importance of goods movement to our national, state, and regional economies as well as its effects on local communities and traffic congestion. Other common issues identified in the various principles include preserving and maintaining existing transportation systems, enhancing transportation safety and security, addressing new environmental issues such as climate change, and providing flexibility to allow states/regions to address their specific transportation needs within the context of the federal program.

Other individual issues raised include the need to streamline project delivery, providing sufficient transit training opportunities, data collection and research, planning incentives, and management and operations assistance, and the concept of mega-regions.

GARY L. GALLEGOS
Executive Director

Attachments: 1. California Consensus Principles
2. California Transit Association Federal Reauthorization Principles
3. National Association of Regional Councils Principles

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California Consensus on Federal Transportation Authorization 2008

Under the leadership of Governor Arnold Schwarzenegger, the California Business, Transportation and Housing Agency, and the California Department of Transportation, stakeholders from across California have united on a basic set of principles that we ask our delegation in Washington, DC to adopt in the upcoming debate on the future of this nation’s transportation policies.

1. **Ensure the financial integrity of the Highway and Transit Trust Funds**
The financial integrity of the transportation trust fund is at a crossroads. Current user fees are not keeping pace with needs or even the authorized levels in current law. In the long-term, the per-gallon fees now charged on current fuels will not provide the revenue or stability needed, especially as new fuels enter the marketplace. This authorization will need to stabilize the existing revenue system and prepare the way for the transition to new methods of funding our nation’s transportation infrastructure.

- Maintain the basic principle of a user-based, pay-as-you-go system.
- Continue the budgetary protections for the Highway Trust Fund and General Fund supplementation of the Mass Transportation Account.
- Assure a federal funding commitment that supports a program size based on an objective analysis of national needs, which will likely require additional revenue.
- To diversify and augment trust fund resources, authorize states to implement innovative funding mechanisms such as tolling, variable pricing, carbon offset banks, freight user fees, and alternatives to the per-gallon gasoline tax that are accepted by the public, and fully dedicated to transportation.
- Minimize the number and the dollar amount of earmarks, reserving them only for those projects in approved transportation plans and programs.

2. **Rebuild and maintain transportation infrastructure in a good state of repair.**
Conditions on California’s surface transportation systems are deteriorating while demand is increasing. This is adversely affecting the operational efficiency of our key transportation assets, hindering mobility, commerce, quality of life, and the environment.

- Give top priority to preservation and maintenance of the existing system of roads, highways, bridges, and transit.
- Continue the historic needs-based nature of the federal transit capital replacement programs.

3. **Establish goods movement, as a national economic priority.**
Interstate commerce is the historic cornerstone defining the federal role in transportation. The efficient movement of goods, across state and international boundaries increases the nation’s ability to remain globally competitive and generate jobs.

- Create a new federal program and funding sources dedicated to relieving growing congestion at America’s global gateways that are now acting as trade barriers and creating environmental hot spots.
- Ensure state and local flexibility in project selection.
- Recognize that some states have made a substantial investment of their own funds in nationally significant goods movement projects and support their investments by granting them priority for federal funding to bridge the gap between need and local resources.
- Include adequate funding to mitigate the environmental and community impacts associated with goods movement.

4. **Enhance mobility through congestion relief within and between metropolitan areas.**
California is home to the six of the 25 most congested metropolitan areas in the nation. These mega-regions represent a large majority of the population affected by travel delay and exposure to air pollutants.
• Increase funding for enhanced capacity for all modes aimed at reducing congestion and promoting mobility in the most congested areas.
• Provide increased state flexibility to implement performance-based infrastructure projects and public-private partnerships, including interstate tolling and innovative finance programs.
• Consolidate federal programs by combining existing programs using needs, performance-based, and air quality criteria.
• Expand project eligibility within programs and increase flexibility among programs.

5. **Strengthen the federal commitment to safety and security, particularly with respect to rural roads and access.**
California recognizes that traffic safety involves saving lives, reducing injuries and optimizing the uninterrupted flow of traffic on the state’s roadways. California has completed a comprehensive Strategic Highway Safety Plan.

• Increase funding for safety projects aimed at reducing fatalities, especially on the secondary highway system where fatality rates are the highest.
• Support behavioral safety programs – speed, occupant restraint, driving under the influence of alcohol or drugs, road-sharing, etc. - through enforcement and education.
• Address licensing, driver improvement, and adjudication issues and their impact on traffic safety.
• Assess and integrate emerging traffic safety technologies, including improved data collection systems.
• Fund a national program to provide security on our nation’s transportation systems, including public transit.

6. **Strengthen comprehensive environmental stewardship.**
Environmental mitigation is part of every transportation project and program. The federal role is to provide the tools that will help mitigate future impacts and to cope with changes to our environment.

• Integrate consideration of climate change and joint land use-transportation linkages into the planning process.
• Provide funding for planning and implementation of measures that have the potential to reduce emissions and improve health such as new vehicle technologies, alternative fuels, clean transit vehicles, transit-oriented development and increased transit usage, ridesharing, and bicycle and pedestrian travel.
• Provide funding to mitigate the air, water, and other environmental impacts of transportation projects.

7. **Streamline Project Delivery**
Extended processing time for environmental clearances, federal permits and reviews, etc. add to the cost of projects. Given constrained resources, it is all the more critical that these clearances and reviews be kept to the minimum possible consistent with good stewardship of natural resources.

• Increase opportunities for state stewardship through delegation programs for NEPA, air quality conformity, transit projects, etc.
• Increase state flexibility for using at-risk design and design-build.
• Ensure that federal project oversight is commensurate to the amount of federal funding.
• Require federal permitting agencies to engage actively and collaboratively in project development and approval.
• Integrate planning, project development, review, permitting, and environmental processes to reduce delay.
Federal Transportation Authorization Principles

Overarching Principles

The California Transit Association....

1. Supports maintaining a strong federal leadership role in providing a national surface transportation system and opposes efforts to significantly reduce or eliminate the federal role in funding surface transportation.

2. Supports the retention of key elements already a part of the surface transportation program, including flexible funding of surface transportation projects, an appropriate balance between highway and transit investments, administrative and environmental process streamlining, community enhancements and public participation in the funding process.

3. Supports the continuation of guaranteed funding levels for the transit and highway programs.

4. Supports maintaining the federal and local match for transportation projects in such a manner that the required local match for projects does not increase, but that a higher local match is permitted at the discretion of state or local grantees.

5. Supports the continuation of the mass transit account as a separate and distinct account within the highway trust fund, and opposes any efforts to transfer or loan funds from the mass transit account for any other purpose within or outside of the highway trust fund.

6. Supports authorizing individual programs under the transit title at increasing funding levels which are sufficient to address current and future transit needs, including increased federal investment to modernize and expand the capacity of our nation's aging rail infrastructure.

7. Supports authorizing appropriate transit-eligible programs under the highway title at increasing funding levels to address identified needs.

8. Supports retention of a central formula program supplemented by discretionary programs.

9. Supports the need to address the transportation impact of the movement of goods by rail and truck, using infrastructure shared with transit or causing transportation congestion on adjacent infrastructure, in such a way as to benefit all uses.
10. Supports an authorization bill of 6 years in duration which will provide a predictable and stable source of long term capital and operating funding.

11. Supports initiatives to develop the workforce necessary to successfully deliver transit services including flexibility of federal funds for training purposes as well as continued and expanded funding of regional training consortium programs which provide advanced transit specific training through local community colleges and similar educational institutions.

12. Supports the need to provide additional federal transportation funding for strategies to reduce greenhouse gas emissions and to financially assist local transportation systems implementing these strategies.

Program/Regulatory Issues

The California Transit Association calls for changes in certain program structure and regulatory processes, and continuation of others, as specified below:

1. For transit agencies in urbanized areas (UZA’s) moving from less than 200,000 to more than 200,000 (i.e. into the UZA classification where formula dollars can no longer be used for operations) we support permitting the continuation of allowing the use of formula dollars for operations for some limited transition period.

2. Support continuation and expansion of the Small Transit Intensive Cities Program (STIC), which provides supplemental formula funds to smaller transit systems on the basis of performance in six qualifying performance areas, and provide that the value of qualifying in each of the six areas shall be increased by the same percentage as the increase in the overall formula program each year of the authorization.

3. In the 5311 program, we support a transfer of the Intercity Bus Program set aside to the more flexible discretionary program, as was done prior to ISTEA, where it can be used for paratransit, local or commuter bus capital projects.

4. We support further streamlining of federal audit requirements and the triennial review process, including allowing concurrent state and federal audits.

5. We support development of guidelines specifying that representatives of labor (associated unions) can only comment on issues and lodge objections related to the specific impacts of a transit project contained within a grant application and must explain and justify such objections. All other unrelated objections should be deemed ineligible by the Department of Labor and cause no schedule impact to the approval of the grant request. The Federal Transit Administration must ensure that there is a timely review period for 13c comments but a maximum review time (to be determined) must be approved after which it is assumed that there are no comments against the applicable project and or grant application. This is not meant to diminish the importance of labor review of federally funded projects and grant applications but to streamline the review process and ensure timely approval of funds to transit agencies.
6. We support reforms to FTA’s evaluation/rating process for New Starts projects as follows: (a) utilizing a multi-measure approach to determine whether a project is recommended for funding; (b) ensuring that transit-supportive land use and economic benefits are treated as separate and distinct criteria on par with financial and project justification criteria; (c) rewarding those communities that step forward with significant local and non-federal resources for their projects; (d) basing the cost-effectiveness measure on the federal contribution to the project, rather than on total project costs; and (e) keeping the New Starts evaluation/rating process separate and distinct from the issuance of a Record of Decision (ROD) under NEPA.

7. We support a program which will provide funds to transit systems to compensate them for their efforts to reduce greenhouse gases either on their own initiative or in response to state and/or federal requirements.

8. We support the continuation of the ability to transfer CMAQ and RSTP funding from FHWA to FTA for transit projects, the streamlining of the transfer process, the ability to use these funds in any percentage combination with other federal or non federal funding and the continued use of CMAQ funds for the first three years of operation of new start projects.

9. We support continuing the concept of allowing section 5307 funds to be used to pay for capitalized preventive maintenance costs.

10. We support development of a mechanism or procedures for all regional transportation planning agencies, which do not otherwise have proscribed procedures, to consider the needs of all eligible public transit operators in the region in the allocation of all transit-eligible federal formula funds.

11. We support continuing the concept of allowing section 5310 funds to be used to pay for contracted transit operations costs.

12. We support a strong federal commitment, separate from traditional transportation funding sources, for transit security. These funds should be provided with a minimum of mandates and restrictions, so long as they meet the long term federal goals for system security.
The Next Era in Transportation
A 50 year plan

Over the course of five decades, the United States has created one of the largest public works projects in world history, connecting our coasts, borders, and all points in between, with an Interstate Highway System spanning tens of thousands of miles. What began as a necessary component of our national defense, the Interstate system connected the nation and promoted the free flow of inter and intrastate commerce whose value was, in President Eisenhower’s words, “beyond calculation.” We now enter a new era with challenges to complete a multimodal transportation system and meet the needs of the 21st Century.

Including our nation’s extensive rail, waterway, and aviation networks, our transportation system rivals those of any other nation. The United States can move more people and goods across longer distances, safely and with less expense than our global economic competitors. The continuing key to this success is new, sustainable and committed investment in our transportation infrastructure.

The success of the Interstate Highway System, and other modes of transportation, has made us complacent. We rely on the networks seemingly endless efficiency and capacity. However, the costs of congestion continue to escalate and threaten this efficiency; cargo container movement throughout the system is increasingly more complex and environmental impacts become more difficult to manage. Solutions promoting simplicity, consistency, and flexibility, will maintain these efficiencies, and keep us strong, responsive and competitive for the next fifty years.

The National Association of Regional Councils (NARC) calls upon Congress, the Administration, our state, local, and private partners to rekindle the spirit and enthusiasm of the past and create a new vision that meets our current needs and those of the future through flexible and innovative regional collaboration, solutions and partnerships for a sound national transportation system.

Transportation’s Past
To pay for Eisenhower’s vision, the Federal-Aid Highway Act of 1956, popularly known as the National Interstate and Defense Highways Act (PL 84-627), was signed into law. It envisioned the construction of 41,000 miles of interstate highways over a 20-year period, making it the largest public works project of its time. The money was then, and is now managed through the highway trust fund, generating funding through new taxes on fuel, automobiles, trucks and tires.

In the post-Interstate era, the Intermodal Surface Transportation Efficiency Act (ISTEA) (PL 102-240), and its successor, the Transportation Equity Act of the 21st Century (TEA-21) (PL 105-178), radically altered the national transportation landscape. Both laws managed the transportation challenges of the hundreds of metropolitan areas,
incentivized an overall intermodal approach to highway and transit funding with collaborative planning requirements and gave significant additional powers to Metropolitan Planning Organizations (MPOs).

The most recent federal transportation bill, the Safe, Accountable, Flexible, and Efficient Transportation Equity Act: A Legacy for Users (SAFETEA-LU) (PL 109-59), was passed in 2005. SAFETEA-LU was built upon decades of law and regulation and as such, was more iterative and less flexible in meeting modern necessities of a global marketplace. The needs of our nation vastly outweighed what SAFETEA-LU could provide in funding, leaving substantial gaps in maintenance and preservation of our existing transportation system, and in our ability to construct projects long on the transportation books. This brings us to the next national effort, an evolutionary step in the American economy.

Transportation’s Present
Our nation is at a crossroads. Population shifts, rising congestion and infrastructure deterioration threaten the purpose and efficiency of the transportation network. The challenge for Congress and the next Administration is not to allow the U.S. to fall behind its international competitors, but embark upon a new campaign to help create more prosperity, competitiveness and innovation, both energizing and serving generations to come.

The National Surface Transportation Policy and Revenue Study Commission calculated that it will take $225 billion annually, over the next 50 years, to maintain our existing transportation system. The Office of Management and Budget predicts a $3.2 billion shortfall in the Highway Trust Fund (HTF), the primary highway and transit funding mechanism, pushing it quickly towards insolvency.

This looming financial gap is coupled with the fact that the U.S. (the world’s largest economy) spends less than 1 percent of its gross domestic product on infrastructure as compared to countries like China (9 percent), and India (3.5 percent) puts us at a potential economic disadvantage internationally and diminishes the safety and security of our system nationally. With China building a 53,000-mile National Expressway System (larger than the 47,000 mile U.S. Interstate System), India building a 10,000-mile national expressway system, and the European Union with a population of 450 million, spending hundreds of billions of euros on a network of highways, bridges, tunnels, ports, and rail lines, it is time for the U.S. to start seriously reinvesting.

The U.S. is faced with transportation challenges in our regions that were never anticipated at the inception of the Interstate era – climate change, economic shifts, security, congestion, exurban growth, and air quality challenges. It is necessary that our localities work collaboratively on a regional level to make multimodal transportation safe, seamless and economically successful.

Transportation’s Future: The next 50 years and our nation’s global competitiveness
Regional Councils and Metropolitan Planning Organizations (MPOs) bear the primary responsibility for planning across many transportation modes and areas, and serve as
conduits for federal and state funding and project delivery from many agencies. Regional Councils and MPOs – large, small, urban and rural – provide a forum for local elected officials, executives, professionals, citizens, the business community, and local, state, and federal agencies, to come together and comprehensively plan transportation for the futures of their regions.

Our nation’s regions and regional organizations recognize that without addressing economic issues and utilizing our transportation infrastructure to maintain our economic competitiveness, our current direction will lead to more congestion, more pollution, less revenue, and fewer economic opportunities. Councils of Governments (COGs) and MPOs are calling for a new policy for transportation at the federal level, and are best poised to address our current and future needs in partnership with, and at the service of, local elected officials.

If we are to move forward and address these issues, four areas confront policymakers:

**Authority**

- **Strong Federal Role.** The Federal government must continue to play a strong, but focused, role in shaping the future of our nation’s surface transportation policy. The federal government should lead in furthering America’s competitive advantage by developing projects of regional and national significance which reduce congestion, improve the environment, enhance goods movement and bring jobs to our communities.

- **Primacy of Local Elected Officials.** Our nation is best served when the needs and considerations of local communities are maximized across all government policy. The absolute inclusion and leadership of local elected officials, building on their understanding of local needs, opportunities, and obligations and their “on-the-ground” perspective, should be the forefront of transportation over the next 50 years.

- **Maximize the Authority, Funding and Future of Regions.** Policies must prioritize the economic and cultural linkages between regions —regardless of size— and support transportation planning to maximize the authority, funding and future of regions. Both the cooperation between, and integration of, rural, suburban and urban regions will bolster the American economy. Congress is encouraged to collapse current funding streams into a mechanism that fully funds and establishes regions and their local constituencies as primary recipients of current and future federal resources. Additionally, where regional organizations do not currently exist, a mechanism for their establishment should be created to meet the needs of contiguous local jurisdictions.

- **Regions and States: Distinct Partners that Work Together.** All regional organizations should receive the necessary authority to be responsible for all federally directed funding, decision making, and performance standards that create a truly intermodal and multi-modal system. Conversely, the importance of state systems should not be undervalued. A *split, but more equitable, system of*
Consistency

- Transition from Short-term to Long-term Sustainable and Consistent Funding. The politically unpopular option of increasing the federal gasoline tax, as some are currently proposing for the surface transportation system, will not generate enough revenue to solve our long-term infrastructure funding crisis. We must begin transitioning away from dependence on a single revenue source, and toward a mode-neutral, predictable and sustainable source of funding. To remain economically competitive, our transportation financing must marry short and long term needs and capabilities. NARC asks Congress to implement a program that increases the federal gas tax in the short-term, but reduces gas taxes over a multi-year period while concurrently transitioning to revenue tied to sources that are predictable, diversified and diffuse.

- Explore Emerging Markets as Possible New Funding. NARC encourages Congress to examine new revenue sources like those generated from a possible cap-and-trade program, an approach used to control pollution by providing economic incentives for achieving reductions in the emissions of pollutants. Initial estimates by the Congressional Budget Office project that an economy-wide cap-and-trade program would generate at a minimum of $50 billion, and upwards of $300 billion annually. A portion of this revenue could be leveraged to offset sustainable solutions in transportation. Also, Congress should consider the viability of establishing a national infrastructure bank through which the Federal government can finance infrastructure projects of substantial regional or national significance with public and private capital.

- Establish a Proactive and Efficient National Goods Movement Policy. Imports and exports are rapidly increasing in the United States; with trade accounting for more than 25 percent of U.S. GDP, and is expected to grow to 60 percent of U.S. GDP by 2030. COGs and MPOs are well positioned to coordinate freight interests within the regional context of transportation, economic and community development and environmental planning. Congress should work with regions and regional organizations to establish proactive transportation policies that efficiently move goods to improve regional, state and local economies. NARC urges Congress to consider a dedicated revenue stream to meet current and future goods movement needs, recognizing that the failure of this system will impact all states and localities around the country.

- Maximize Local Solutions. Congress should work with states, regions, and localities to continually examine, monitor, and enhance non-federal funding solutions. Spending by states and regions has outpaced that of the federal government on transportation and water infrastructure since the mid-1980s. Congress and the Administration should work across Committee and Departmental lines to leverage federal dollars against local and state financing,
and also continue to streamline regulatory processes that may impede local and state revenue generation.

- **Advancement of Modeling Techniques, Technologies and Data Collection.** An emphasis on more exploration and information on the costs associated with the advancement of new modeling techniques, technologies and data collection is vital. Inconsistencies and conflicting requirements between federal agencies on modeling procedures and protocols make an already difficult task more so. Before investing considerable resources into new technologies, regional planning agencies must be assured that the investment will generate better, more accurate results. *The federal government should continue to be a lead and play an active role in data collection, innovation, and research, particularly as it relates to the needs of local governments and their regional organizations.*

- **Improve Transportation Safety Policy and Programs.** Safety is paramount in establishing and maintaining an efficient, multimodal transportation network, with COGs and MPOs serving as primary leaders in transportation safety planning activities. Some 13,000 fatalities occur each year from inadequate maintenance of roadways, with 60 percent occurring on rural roads. *To improve transportation safety throughout the nation, there must be policy and program changes that reduce the COG/MPO inconsistencies in safety planning and better incorporate regional transportation interests into safety planning programs carried out at the state level.*

**Flexibility**

- **Mega-Regions, Mega-Opportunities.** Incentives should be created for a multi-regional, multi-state “mega-regions” approach to planning and programming. Increasingly, our nation is tied together economically outside of state boundaries. For example, the economic impacts of the Los Angeles metropolitan region are felt from New York to Canada and to Mexico. Between now and 2050, more than \frac{2}{3} of the nation’s population growth, and as much as \frac{3}{4} of its economic growth, will occur in emerging “mega-regions” that have complex highway and rail corridors. We must, therefore, identify mega-regional opportunities and plan accordingly to tie an economic system together that is viable and strong. *NARC urges Congress to examine current work done on “Mega Regions” and leverage these opportunities with those of established federal regional commissions such as the Appalachian Regional Commission, the Denali Commission, the Delta Regional Authority, as well as the newly authorized regional commissions. NARC promotes enhancing current Regional Commission work to help build and maintain mega opportunities.*

- **Utilize the Benefits of Public Private Partnerships.** MPOs are responsible for providing at least a 20 percent share of costs for a transportation project. Increasingly, regional governments are looking toward the private sector to fund transportation projects. This ranges from contributions by private-sector developers, to full-scale private sector ownership of the facility. *NARC encourages Congress to explore the value of incorporating more private sector*
involvement for continued and improved levels of transportation services, at reduced costs.

- **Strengthen Transportation Security Planning Regionally.** Security is paramount in establishing and maintaining an efficient, multimodal transportation network. COGs and MPOs serve as leaders in transportation security planning activities, by identifying critical infrastructure, in the coordination of evacuations, and in assisting with local communities in their first response to disasters. To improve transportation security nationally, COGs and MPOs must be given greater flexibility and authority to use their understanding of local resources, in coordination with the federal government, to plan for potential challenges arising from a natural, or man-made, disaster.

- **Next Steps in Land-Use and Transportation Planning.** Creating incentives to assist the integration of land-use practices and transportation planning which promote diversified transportation choices in response to the growing pressures of rising gas prices, climate change concerns and congestion should be established. Rewarding regions and localities for their approaches in linking transportation and land-use would reduce our dependency on single-mode transportation and high fuel usage by aligning housing, jobs, and transportation.

- **Non-traditional Partners in Transportation.** The U.S. population is expected to increase 40 percent by 2050. As our nation changes demographically through an increasingly aged and immigrant population, a new vision is needed as to how best the needs of an elderly population and the needs of new citizens are incorporated into our network. As local governments act as the primary points of contact for these populations, COGs and MPOs are poised to seize the opportunity and address these needs.

- **Management and Operations.** Our transportation system must be managed and operated properly to reduce operational barriers and to preserve its useful life, ensure effectiveness, and not diminish the billions of dollars already invested. Planning for operations is an important piece of the overall program, allowing other pieces to seamlessly fall into place. Better data capture techniques, deployment of intelligent transportation systems and traffic analysis tools are but three examples of systems in which COGs and MPOs are leaders, and which help evaluate the life-cycle of transportation investments by evaluating performance. Extending more Management and Operations assistance and authority to regions will have significant positive impacts.

**Simplicity**

- **Recognize Mode Neutrality and Multi-Modalism in Transportation.** As we enter an era of planning that is overwhelmed with funding and sustainability challenges, we must create and foster an environment that realizes the benefits of all transportation options – transit, rail, and aviation – as a solution to many of the problems plaguing urban, suburban and rural areas. The disparity between the Highway and Mass Transit Accounts fosters a perception that multi-modalism
is not an important part of our national transportation network. Balanced funding and opportunities between all modes should be established. NARC urges the adoption of a “transportation account” that collapses all surface transportation related funding into one funding stream – directed to the states, regions and localities – to develop the best and most flexible transportation solutions possible.

- **The Carrot, not the Stick.** Over regulation weighs heavily on states, regions, and localities. Hundreds of regulations govern the process from which transportation plans and projects are derived. Hundreds more regulations will flow out of new and emerging transportation law despite a decrease in federal dollars. Congress and the administration must seriously examine the regulatory regime under which we operate and balance the true costs of doing business with protecting the health, welfare, and safety of our nation.

- **Dynamic Program Structures.** An effective way to cut costs and the proverbial red-tape, while increasing effectiveness and revenue, is to collapse redundant and duplicative U.S. Department of Transportation and other agency-related transportation programs. In doing so, states and localities can enjoy more flexibility and authority while accepting more responsibility for the projects and programs in their regions.

Significant attention and additional funding and authority are required at all levels of government for the multimodal transportation system to improve the safety, environment, interconnectivity and commerce of our regions and nation as a whole. NARC and its members are committed to finding solutions and supporting our federal leadership in the new transportation authorization bill.

**About Regional Councils and MPOs**
The 500-plus regional governments and over 350 Metropolitan Planning Organizations in the U.S. touch all of the counties and cities in the country, offering a focused and effective way to affect change across many jurisdictions with the application of few resources, staff or time. They serve 35,276 of the 39,000 local, general purpose governments (counties, cities, townships, towns, villages, boroughs) and account for all of the major economic hubs in the United States. Regional Councils are governed by local elected officials and, to this end, have substantial impact in coordinating regional solutions to local problems and acting as neutral forums to address cross-jurisdictional issues.

Regional Councils, Councils of Government and Metropolitan Planning Organizations promote regional cooperation as the most effective way to address community planning, development and infrastructure issues. They are responsible for billions of dollars in transportation planning and programming each year, coordinating regional projects and operations throughout the country.
About NARC
The National Association of Regional Councils (NARC) is a 501(c)(3) nonprofit national trade membership organization and public interest group that works to strengthen and assist member multi-jurisdictional regional council organizations. NARC utilizes advocacy, research and technical assistance to help solve local problems regionally and positively impact America’s communities in the areas of transportation, environment, economic development and emergency preparedness. For over 40 years, NARC has represented the interests of its members and advanced regional cooperation through effective interaction and education with Congress, Federal officials, other related agencies and interest groups.
<table>
<thead>
<tr>
<th>Comparison of Federal Surface Transportation Authorization Principles</th>
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</thead>
<tbody>
<tr>
<td>California Consensus</td>
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<tr>
<td>May 28, 2008</td>
</tr>
<tr>
<td><strong>FUNDING</strong></td>
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<tr>
<td>- Maintain the basic principle of a user-based, pay-as-you-go system.</td>
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<td>- Continue the budgetary protections for the Highway Trust Fund and General Fund supplementation of the Mass Transportation Account.</td>
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<td>- Assure a federal funding commitment that supports a program size based on an objective analysis of national needs, which will likely require additional revenue.</td>
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<tr>
<td>- To diversify and augment trust fund resources, authorize states to implement innovative funding mechanisms such as tolling, variable pricing, carbon offset banks, freight user fees, and alternatives to the per-gallon gasoline tax that are accepted by the public, and fully dedicated to transportation.</td>
</tr>
<tr>
<td>- Minimize the number and the dollar amount of earmarks, reserving them only for those projects in approved transportation plans and programs.</td>
</tr>
</tbody>
</table>
| California Consensus  
May 28, 2008 | California Transit Association  
July 18, 2008 | National Association of Regional Councils - Draft |
|-----------------|-----------------|---------------------------------|
|                  | • Support retention of a central formula program supplemented by discretionary programs.  
• Support an authorization bill of 6 years in duration which will provide a predictable and stable source of long term capital and operating funding. |  |
| MAINTENANCE/GOOD REPAIR | • Give top priority to preservation and maintenance of the existing system of roads, highways, bridges and transit.  
• Continue the historic needs-based nature of the federal transit capital replacement programs. |  |
| GOODS MOVEMENT | • Create a new federal program and funding sources dedicated to relieving growing congestion at America’s global gateways that are now acting as trade barriers and creating environmental hot spots.  
• Ensure state and local flexibility in project selection.  
• Recognize that some states have made a substantial investment of their own funds in nationally significant goods movement projects and support their investments by granting them priority for federal funding to bridge the gap between need and local resources. | • Support the need to address the transportation impact of the movement of goods by rail and truck, using infrastructure shared with transit or causing transportation congestion on adjacent infrastructure, in such a way as to benefit all uses.  
• Establish a proactive and efficient national goods movement policy - Congress should work with regions and regional organizations to establish proactive transportation policies that efficiently move goods to improve regional, state, and local economies. |
| California Consensus  
May 28, 2008 | California Transit Association  
July 18, 2008 | National Association of Regional 
Councils - Draft |
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<tbody>
<tr>
<td>• Include adequate funding to mitigate the environmental and community impacts associated with goods movement.</td>
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<tr>
<td>CONGESTION RELIEF</td>
<td>• Increase funding for enhanced capacity for all modes aimed at reducing congestion and promoting mobility in the most congested areas.</td>
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<tr>
<td></td>
<td>• Provide increased state flexibility to implement performance-based infrastructure projects and public-private partnerships, including interstate tolling and innovative finance programs.</td>
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<td></td>
<td>• Consolidate federal programs by combining existing programs using needs, performance-based, and air quality criteria.</td>
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<td></td>
<td>• Expand project eligibility within programs and increase flexibility among programs.</td>
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<tr>
<td>SAFETY and SECURITY</td>
<td>• Increase funding for safety projects aimed at reducing fatalities, especially on the secondary highway system where fatality rates are the highest.</td>
<td>• Improve transportation safety policy and programs - There must be policy and program changes that reduce the COG/MPO inconsistencies in safety planning and better incorporate regional transportation interests into safety planning programs carried out at the state level.</td>
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<td></td>
<td>• Support behavioral safety programs – speed, occupant restraint, driving under the influence of alcohol or drugs, road-sharing, etc. -- through enforcement and education.</td>
<td>• To improve transportation security nationally, COGs and MPOs must be given greater flexibility and authority to use their understanding of local resources, in</td>
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<td></td>
<td>• Address licensing, driver improvement, and adjudication issues and their impact on traffic safety.</td>
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<td></td>
<td>California Consensus May 28, 2008</td>
<td>California Transit Association July 18, 2008</td>
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<tr>
<td><strong>FEDERAL, STATE and REGIONAL ROLES</strong></td>
<td>Assess and integrate emerging traffic safety technologies, including improved data collection systems.</td>
<td>Support maintaining a strong federal leadership role in providing a national surface transportation system and oppose efforts to significantly reduce or eliminate the federal role in funding surface transportation.</td>
</tr>
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<td></td>
<td>Fund a national program to provide security on our nation’s transportation systems, including public transit.</td>
<td>Support the retention of key elements already a part of the surface transportation program, including flexible funding of surface transportation projects, an appropriate balance between highway and transit investments, administrative and environmental process streamlining, community enhancements and public participation in the funding process.</td>
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<td>Support the need to provide additional federal transportation funding for strategies to reduce greenhouse gas emissions and to financially assist local transportation systems implementing these strategies.</td>
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<tr>
<td><strong>ENVIRONMENT</strong></td>
<td>Integrate consideration of climate change and joint land use-transportation linkages into the planning process.</td>
<td>Provide funding for planning and implementation of measures that have the potential to reduce emissions and improve health such as new vehicle technologies, alternative fuels, clean transit vehicles, transit-oriented development and increased</td>
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<tr>
<td></td>
<td>Provide funding for planning and implementation of measures that have the potential to reduce emissions and improve health such as new vehicle technologies, alternative fuels, clean transit vehicles, transit-oriented development and increased</td>
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coordination with the federal government, to plan for potential challenges arising from a natural, or man-made, disaster.
<table>
<thead>
<tr>
<th>PROJECT DELIVERY</th>
<th>OTHER ISSUES</th>
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<tbody>
<tr>
<td>• Increase opportunities for state stewardship through delegation programs for NEPA, air quality conformity, transit projects, etc.</td>
<td>• Transit Training – Support initiatives to develop the workforce necessary to successfully deliver transit services including flexibility of federal funds for training purposes as well as continued and expanded funding of regional training consortium programs which provide advanced transit specific training through local community colleges and similar educational institutions.</td>
</tr>
<tr>
<td>• Increase state flexibility for using at-risk design and design-build.</td>
<td>• Data Collection and Research – The federal government should continue to be a lead and play an active role in data collection, innovation, and research particularity as it relates to the needs of local governments and their regional organizations</td>
</tr>
<tr>
<td>• Ensure that federal project oversight is commensurate to the amount of federal funding.</td>
<td>• Planning Incentives – Rewarding regions and localities for their approaches in linking transportation and land-use would</td>
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<tr>
<td>• Require federal permitting agencies to engage actively and collaboratively in project development and approval.</td>
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</tbody>
</table>
| California Consensus  
    May 28, 2008 | California Transit Association  
    July 18, 2008 | National Association of Regional  
    Councils - Draft |
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<tr>
<td>reduce our dependency on single-mode transportation and high fuel usage by aligning housing, jobs, and transportation.</td>
<td>• Management and Operations – Extending more management and operations assistance and authority to regions will have significant positive impacts. Better data capture techniques, deployment of intelligent transportation systems, and traffic analysis tools by regions will allow for better evaluation of transportation system performance.</td>
<td>• Public Private Partnerships -- NARC encourages Congress to explore the value of incorporating more private sector involvement for continued and improved levels of transportation services, at reduced costs.</td>
</tr>
<tr>
<td></td>
<td>• Mega-Regions - NARC urges Congress to examine current work done on Mega-Regions and leverage these opportunities with those of existing federal regional commissions.</td>
<td></td>
</tr>
</tbody>
</table>
Commissioners

Mary Peters Secretary of Transportation — Chairperson
Jack Schenendorf Of Counsel, Covington & Burling — Vice Chair
Frank Busalacchi Wisconsin Secretary of Transportation
Maria Cino Deputy Secretary of Transportation
Rick Geddes Director of Undergraduate Studies, Cornell University
Steve Heminger Executive Director, Metropolitan Transportation Commission
Frank McArdle General Contractors Association of New York
Steve Odland Chairman and CEO, Office Depot
Patrick Quinn Chairman, American Trucking Association
Matt Rose CEO, Burlington Northern Santa Fe Railroad
Tom Skancke CEO, The Skancke Company
Paul Weyrich Chairman and CEO, Free Congress Foundation
Field Hearings

- September 20-21, 2006
  Dallas, TX
- October 27, 2006
  Portland, OR
- November 15-16, 2006
  New York, NY
  Memphis, TN
- February 21-22, 2007
  Los Angeles, CA
  Atlanta, GA
- March 19, 2007
  Washington, DC
- April 18-19, 2007
  Chicago, IL
  Minneapolis, MN

Statutory Mandate

- Study current condition and future needs of surface transportation system
- Evaluate short-term sources for Highway Trust Fund revenues and long-term alternatives to replace or supplement fuel tax
- Frame policy and funding recommendations for 15-, 30-, and 50-year time horizons
- Report to Congress by January 1, 2008
Rebuilding America

Minnesota I-35 W
Texas I-20 West of Pecos

Louisiana Hurricane Katrina U.S. 90 Ocean Springs
### 2005 Report Card for America’s Infrastructure

<table>
<thead>
<tr>
<th>Category</th>
<th>Grade</th>
</tr>
</thead>
<tbody>
<tr>
<td>Aviation</td>
<td>D+</td>
</tr>
<tr>
<td>Bridges</td>
<td>C</td>
</tr>
<tr>
<td>Dams</td>
<td>D</td>
</tr>
<tr>
<td>Drinking Water</td>
<td>D-</td>
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<tr>
<td>Energy</td>
<td>D</td>
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<tr>
<td>Hazardous Waste</td>
<td>D</td>
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<tr>
<td>Navigable Waterways</td>
<td>D-</td>
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<tr>
<td>Public Parks and Recreation</td>
<td>C-</td>
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<tr>
<td>Rail</td>
<td>C-</td>
</tr>
<tr>
<td>Roads</td>
<td>D</td>
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<tr>
<td>Schools</td>
<td>D</td>
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<tr>
<td>Security</td>
<td>I</td>
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<tr>
<td>Solid Waste</td>
<td>C+</td>
</tr>
<tr>
<td>Transit</td>
<td>D+</td>
</tr>
<tr>
<td>Wastewater</td>
<td>D-</td>
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</tbody>
</table>

**America’s Infrastructure GPA**: D

**Sources:** American Society of Civil Engineers, 2005

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**Freight**
China was 33% of US imports in 2000 and will be 50% by 2010.

U.S. TEU imports will slow to 6.3% in 2007, and 8.3% in 2008. Chinese imports will grow fastest (10% on average).

Dramatic Increase in U.S. Maritime Trade
Volume of trade: 2004 and 2020

Forecast figures based on 10-year linear regression

Source: U.S. DOT
More trade means more domestic freight movements

U.S. domestic freight tonnage growth forecast, 2000-2020

<table>
<thead>
<tr>
<th>Region</th>
<th>2000</th>
<th>2020</th>
<th>% Change 2000-2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Central</td>
<td>13,772</td>
<td>21,682</td>
<td>71%</td>
</tr>
<tr>
<td>Northeast</td>
<td>17,296</td>
<td>21,682</td>
<td>58%</td>
</tr>
<tr>
<td>West</td>
<td>10,700</td>
<td>13,772</td>
<td>39%</td>
</tr>
<tr>
<td>South</td>
<td>2,891</td>
<td>99</td>
<td>65%</td>
</tr>
</tbody>
</table>

Source: U.S. DOT

Freight Tons, Value, and Ton-Miles, 2002

Trucking dominates domestic freight movement; rail is critical to the movement of bulky, lower-value commodities and for heavy shipments moving long distances.

Source: Bureau of Transportation Statistics and U.S. Census Bureau, "2002 Economic Census, Transportation, 2002 Commodity Flow Survey," Table 1b.
Today’s rail network has been rationalized and downsized to a core network that is descended directly from the 19th Century design.

Class I Railroads Track-Miles Owned

Sources: L. Thompson/World Bank and American Association of Railroads

Metro Mobility
In Congestion for At Least 40 Hours Annually

1982

2005

Source: Texas Transportation Institute

10 Emerging Megaregions

Source: America 2050
Metro Areas Greater Than 1 Million

Metros Capture Huge Market Share

<table>
<thead>
<tr>
<th>10 Megaregions</th>
<th>Metro Areas &gt;1 Million</th>
</tr>
</thead>
<tbody>
<tr>
<td>Share of U.S. Population</td>
<td>68%</td>
</tr>
<tr>
<td>Share of GDP</td>
<td>78%</td>
</tr>
<tr>
<td>Share of Traffic Congestion</td>
<td>92%</td>
</tr>
<tr>
<td>Share of Transit Ridership</td>
<td>93%</td>
</tr>
<tr>
<td>Share of Population Exposure to Criteria Pollutants</td>
<td>94%</td>
</tr>
</tbody>
</table>

Sources: U.S. Census, Texas Transportation Institute, U.S. Conference of Mayors, EPA
Annual Petroleum Production, Imports and Consumption In the U.S., 1949–2006

International Fuel Economy Comparison
Comparison of fleet average fuel economy and GHG emission standards for new-sale light-duty vehicles

Source: Energy Information Administration

Source: UC Berkeley
U.S. Carbon Dioxide Emissions from Energy Use: 1985-2006

Source: Bureau of Transportation Statistics, 2007

Is the Public Ready for Change?

Views on the Environment

Would you be willing or not willing to pay higher taxes on gasoline and other fuels if the money was used for research into renewable energy sources like solar and wind?

<table>
<thead>
<tr>
<th>Willing</th>
<th>Not willing</th>
<th>No opinion</th>
</tr>
</thead>
<tbody>
<tr>
<td>64</td>
<td>33</td>
<td>3</td>
</tr>
</tbody>
</table>

If an increased tax on gasoline would reduce the United States' dependence on foreign oil, would you favor or oppose an increased federal tax on gasoline?

<table>
<thead>
<tr>
<th>Favor</th>
<th>Oppose</th>
<th>No opinion</th>
</tr>
</thead>
<tbody>
<tr>
<td>64</td>
<td>30</td>
<td>5</td>
</tr>
</tbody>
</table>

Fatalities and Fatality Rate per 100M VMT by Year

U.S. and G.B. Traffic Fatalities Per 100 Million VMT

Source: Leonard Evans, Traffic Safety, 2004

U.S. Traffic Deaths Far Exceed Casualties of War

Source: Leonard Evans, Traffic Safety, 2004
What's Broken?

Environmental Impact Statement


<table>
<thead>
<tr>
<th>Year</th>
<th>Target</th>
<th>Actual</th>
</tr>
</thead>
<tbody>
<tr>
<td>1998</td>
<td>68</td>
<td>88</td>
</tr>
<tr>
<td>1999</td>
<td>79</td>
<td>79</td>
</tr>
<tr>
<td>2000</td>
<td>60</td>
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<td>2001</td>
<td>54</td>
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<td>2002</td>
<td>80</td>
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<td>2003</td>
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<td>2004</td>
<td>48</td>
<td>48</td>
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<tr>
<td>2005</td>
<td>45</td>
<td>54</td>
</tr>
<tr>
<td>2006</td>
<td>40</td>
<td>57</td>
</tr>
</tbody>
</table>

Source: FHWA
Length of Time to Complete the New Starts Process

Street and Highway Construction Costs Have Increased Dramatically Over the Past Few Years

Source: Holland & Knight

Source: Bureau of Labor Statistics
Projected Highway and Transit Account Balances Through 2012

Dollars (in Billions)

Source: U.S. Department of the Treasury projections
Annual National Funding Gap

<table>
<thead>
<tr>
<th></th>
<th>Cost to Maintain (2055)</th>
<th>Cost to Improve with Pricing (2055)</th>
<th>Cost to Improve without Pricing (2055)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Current Spending (2006)</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Source: Section 1909 Commission

Major Recommendations

1. The federal surface transportation program should **not** be reauthorized in its current form. Instead, we should make a new beginning.

2. The federal program should be performance-driven, outcome-based, generally mode-neutral, and refocused to pursue objectives of genuine national interest.
Major Recommendations

3. The 108 separate highway, transit, railroad, and safety funding categories in federal law should be consolidated into the following 10 new federal programs:

<table>
<thead>
<tr>
<th>Current Federal Surface Transportation Programs</th>
</tr>
</thead>
<tbody>
<tr>
<td>Federal Highway Administration 62 programs</td>
</tr>
<tr>
<td>Federal Transit Administration 26 programs</td>
</tr>
<tr>
<td>Federal Railroad Administration 6 programs</td>
</tr>
<tr>
<td>National Highway Traffic Safety Administration 13 programs</td>
</tr>
<tr>
<td>Federal Motor Carrier Safety Administration 8 programs</td>
</tr>
<tr>
<td>Total 108 programs</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Proposed Federal Surface Transportation Programs</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Rebuilding America — state of good repair</td>
</tr>
<tr>
<td>2. Global Competitiveness — gateways and goods movement</td>
</tr>
<tr>
<td>3. Metropolitan Mobility — congestion relief in major urban areas</td>
</tr>
<tr>
<td>4. Connecting America — connections to smaller cities and towns</td>
</tr>
<tr>
<td>5. Intercity Passenger Rail — regional networks in high growth corridors</td>
</tr>
<tr>
<td>6. Highway Safety — incentives to save lives</td>
</tr>
<tr>
<td>7. Environmental Stewardship — both human and natural environments</td>
</tr>
<tr>
<td>8. Energy Security — development of alternative transportation fuels</td>
</tr>
<tr>
<td>9. Federal Lands — providing public access on federal property</td>
</tr>
<tr>
<td>10. Research &amp; Development — a coherent national research program</td>
</tr>
</tbody>
</table>

Major Recommendations

4. The various modal administrations of the U.S. Department of Transportation should be reorganized into functional units.

<table>
<thead>
<tr>
<th>U.K. Model</th>
</tr>
</thead>
<tbody>
<tr>
<td>Former</td>
</tr>
<tr>
<td>Road</td>
</tr>
<tr>
<td>Rail</td>
</tr>
<tr>
<td>Air</td>
</tr>
<tr>
<td>Sea</td>
</tr>
</tbody>
</table>
5. Congress should establish an independent National Surface Transportation Commission (NASTRAC). The new federal commission would perform two principal planning and financial functions as shown below:

- Create plans with stakeholders based on standards and outcomes (Lead institutions)
- Submit plans to USDOT (Lead institutions)
- Submit consolidated plan to NASTRAC (USDOT)
- Allocate funds to projects (State and local governments)
- Act on NASTRAC revenue recommendations (Congress)
- Approve consolidated national strategic plan and develop revenue recommendations (NASTRAC)

6. The project delivery process should be reformed by retaining all current environmental safeguards, but significantly shortening the time it takes to complete reviews and obtain permits.

7. The annual investment shortfall to improve the condition and performance of all modes of surface transportation — highway, bridge, public transit, freight rail, and intercity passenger rail — ranges between $140-250 billion.
8. To address this investment shortfall by providing the traditional federal share of 40% of total transportation capital funding, the federal fuel tax needs to be raised by 25-40 cents per gallon. This rate increase should be indexed to the construction cost index and phased in over a period of years.

9. Other federal user-based fees also should help address the funding shortfall, such as a container fee for freight projects and a ticket tax for passenger rail improvements.

10. The fuel tax continues to be a viable revenue source for surface transportation at least through 2025. Thereafter, the most promising alternative revenue measure appears to be a vehicle miles traveled (VMT) fee, provided that substantial privacy and collection cost issues can be addressed.

11. The deployment of peak-hour “congestion pricing” on Interstate highways in major metropolitan areas should be permitted, provided that revenues generated by this strategy are restricted to transportation purposes in the travel corridors where the fees are imposed.
12. Public-Private Partnerships should be encouraged as a means of attracting additional private investment to the surface transportation system, provided that conditions are included to protect the public interest and the movement of interstate commerce.
“By these operations (roads and canals) new channels of communication will be opened between the States, the line of separation will disappear, their interests will be identified, and their union cemented by new and indissoluble ties”

— Thomas Jefferson, 1806

“We may now look forward with confidence to the day, not far distant, when the Pacific will be bound to the Atlantic by iron bonds, that shall consolidate and strengthen the ties of nationality, and advance with great strides the prosperity of the State and of our Country.”

— Leland Stanford, 1863
“Our unity as a nation is sustained by free communication of thought and by easy transportation of people and goods... Together the unifying forces of our communication and transportation systems are dynamic elements in the very name we bear — United States. Without them, we would be a mere alliance of many separate parts.”

— Dwight D. Eisenhower, 1955

For More Information:
www.transportationfortomorrow.org
# Historical Perspective for the Next Federal Surface Transportation Bill

Peter Peyser  
Blank Rome Government Relations LLC  
September 12, 2008

## History of Federal Gas Tax

<table>
<thead>
<tr>
<th>Year</th>
<th>Event</th>
</tr>
</thead>
<tbody>
<tr>
<td>1932-1956</td>
<td>Tax fluctuates at 1-3 cents per gallon – all proceeds to general fund</td>
</tr>
<tr>
<td>1956</td>
<td>Tax set at 4-cents per gallon and dedicated to HTF</td>
</tr>
<tr>
<td>1983</td>
<td>Gas tax increased to 9-cents per gallon.</td>
</tr>
<tr>
<td>1990</td>
<td>Gas tax increased to 14-cents per gallon – 2.5 cents to general fund</td>
</tr>
<tr>
<td>1993</td>
<td>Gas tax increased to 18.3-cents per gallon – all of increase to general fund</td>
</tr>
<tr>
<td>1995</td>
<td>2.5 cents reverts to HTF</td>
</tr>
<tr>
<td>1997</td>
<td>All gas tax revenues for HTF</td>
</tr>
</tbody>
</table>
Historic Funding Levels for Highways and Transit

Source: Office of Management and Budget, Historical Tables; Budget of the U.S. Government Fiscal Year 2008

Growth in Earmarks

**ISTEA (1991)**
- 538 earmarks / $6.23 billion

**TEA-21 (1998)**
- 1,850 earmarks / $9 billion

**SAFETEA-LU (2005)**
- 5,145 earmarks / $14.8 billion
Toll Financing

1916-1987  No tolls on Federal-aid highways except when agreement made to pay-back federal funds on debt retirement.

1987      Pilot program allowing states to toll Federal-aid highways without pay-back provision.


1997      Payback provisions removed except for Interstate Highways.

2005      Additional Interstate Highway tolling opportunities.

Public Private Partnerships

State Infrastructure Banks
TIFIA
Design/ Build
Administration Initiatives
  Clinton
  Bush
Next Steps?
A New Era?

1956 - 1991  The Interstate Construction Era
  1964  Transit Act
  1974  Interstate reconstruction
  1978  Bridge program

1991 - 2009  The “TEA” Era
  1991  “ISTEA” – Flexibility and link to Clean Air Goals
  1997  “TEA-21” – “Off budget”
  2005  “SAFETEA-LU” – Earmarks Galore

2009 - ?  “Authorization” or “Re-Authorization”
The Bipartisan Policy Center's National Transportation Policy Project (NTPP) is bringing new voices to the transportation debate and creating a dynamic and enduring framework for the next reauthorization bill and beyond. With billions of dollars on the line, our diverse group of members believes we need to rethink old assumptions and move beyond the status quo. The project is co-chaired by four distinguished public servants:

- Dennis Archer, former Detroit Mayor
- Slade Gorton, former United States Senator of Washington
- Sherwood Boehlert, former US Congressman of New York
- Martin Olav Sabo, former US Congressman of Minnesota
- Mark Warner, former Virginia Governor, was a founding co-chair but is no longer directly affiliated with the NTPP.

The Project will focus attention on appropriate priorities for national infrastructure funding and develop politically viable policies for transportation that surmount partisan and regional conflicts. The NTPP's new vision of transportation policy presents five national goals:

- Economic Growth
- Metropolitan Accessibility
- Safety
- Environmental and Energy Security
- National Connectivity

In recent years a cohesive and compelling national transportation policy has become difficult to discern. Federal surface transportation policy no longer rests on a clear and widely supported concept of national interest. However, transportation policy and investment are intimately related to national economic growth and competitiveness. An aging and deteriorating transportation infrastructure, growing congestion, declining operational efficiency, and serious bottlenecks threaten the connectivity and mobility that are essential to economic productivity, quality of life, and national security.

In addition, even though the transportation sector is nearly entirely dependent on oil, energy diversification and security with respect to transportation has gone largely unaddressed. Important issues, such as the overall efficiency, optimization and sustainability of the transportation system, the use of alternative fuels, and fuel economy standards have gained little attention in recent transportation funding and policy decisions.

Through a combination of idea exchange, issue identification, leadership and research, the NTPP will produce a set of policy recommendations to be part of current and future transportation policy debates, in time for the Congressional surface transportation bill reauthorization in 2009.
Project Members

Co-Chairs

1. Dennis Archer
   o Former Mayor of Detroit
2. Martin Sabo
   o Former Minnesota Congressman
3. Sherwood Boehlert
   o Former New York Congressman
4. Slade Gorton
   o Former Washington Senator

5. Alan Altshuler
   o Harvard professor (Kennedy School and Graduate School of Design); former Massachusetts Secretary of Transportation
6. Ann Klee
   o Vice President, Corporate Environmental Programs, General Electric
7. Bob Lowe
   o President and CEO of Lowe Enterprises, Inc.
8. Bryan Mietzle
   o President and CEO of INRIX
9. Chris Vincze
   o Chairman and CEO of TRC Companies
10. David Goode
    o Former CEO of Norfolk Southern Corp.
11. Douglas Foy
    o Former President of the Conservation Law Foundation; currently a principal at Serafix Corporation
12. Douglas Holtz-Eakin
    o Senior Fellow, Peterson Institute; Former Director of Congressional Budget Office

The National Transportation Policy Project is a project of the Bipartisan Policy Center
13. Jack Basso
   - Former Assistant Secretary for Budget and Programs, United States Department Of Transportation; presently with the American Association of State Highway and Transportation Officials (AASHTO)

14. Jane Garvey
   - Former Administrator of the Federal Aviation Administration; JP Morgan

15. Jim Runde
   - Managing Director and Special Advisor of Morgan Stanley

16. John Bryson
   - Chairman, President and CEO of Edison International

17. Dr. John Warr
   - Vice President Chief Technical Officer at Cummins Engine

18. Josephine Cooper
   - Toyota Motor Group, Vice President, Government & Industry Affairs

19. Lillian Borrome
   - Former senior executive of Port Authority of New York and New Jersey (PANYNJ); current Board Chair of the Eno Transportation Foundation

20. Martin Wachs
   - Director of RAND Corporation’s Transportation, Space, and Technology Program; former Professor at the University of California Berkeley

21. Mike Erlandson
   - Vice President Government Affairs, SUPERVALU

22. Nancy Keye
   - Senior Fellow and Director of EMBARQ-The World Resources Institute’s Center for Transport and Environment

23. Ralph Peterson
   - CEO of CH2M Hill

24. Sean McGarvey
   - Secretary-Treasurer, Building and Construction Trades Department, AFL-CIO

25. Sigmund (Sig) Cornelius
   - ConocoPhillips, Senior Vice President, Planning, Strategy & Corporate Affairs

26. Tom Downs
   - Former CEO of Amtrak; former Commissioner of New Jersey Department of Transportation; current President of the Eno Transportation Foundation

27. William Thota
   - President and CEO of the Central Ohio Transit Authority (COTA); former senior executive at American Electric Power
Commentary on the Report of the National Surface Transportation Policy and Revenue Study Commission (Transportation for Tomorrow)

Prepared by the

National Transportation Policy Project

Congressman Sherwood Boehlert
Senator Slade Gorton
Congressman Martin Sabo
Governor Mark Warner

NTPP is a Project of the Bipartisan Policy Center

February 26, 2008
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Former New York Congressman

Slade Gorton
Former Washington Senator

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RAND Corporation
Former Professor at the University of California Berkeley

Dr. John Wall
Vice President, Chief Technical Officer of Cummins Engine
INTRODUCTION

America's global economic strength is due, at least in part, to a surface transportation system that has historically ranked among the best in the world. Maintaining and enhancing that system to meet the transportation needs of the 21st century is therefore a critical national policy priority—as Congress recognized in 2005 when it created the National Surface Transportation Policy and Revenue Study Commission (hereafter "the Commission"). The Commission was charged with conducting a comprehensive study of the "current condition and future needs" of the nation's surface transportation system, and with exploring long-term alternatives to replace or supplement current mechanisms for funding transportation system investments.¹ In January 2008, the Commission released its findings in a report titled "Transportation for Tomorrow." The recommendations contained in that report provide a useful framework for advancing new approaches to national transportation policy. Moreover, they provide hope that the discussion on transportation policy is moving forward to the point at which Congress will be driven to make substantial changes. In fact, the debate has now moved beyond whether U.S. transportation policy needs to change—with the release of the Commission's report, the question now is how. The goal of the National Transportation Policy Project (NTPP) is to encourage and support the development of a new national transportation policy direction that reflects the Nation's values and social and economic vision of the future. The NTPP will stimulate the dialogue which must be undertaken to assess proposed approaches and directions in transportation policy. While completion of the Commission report marks an important milestone, much work remains to be done to advance specific solutions to the nation's transportation challenges. The Commission's emphasis on performance-based funding and its attention to issues like freight transport and national connectivity, for example, are welcome and suggest important directions for future reform. But significant questions remain concerning the implementation of these ideas. Moreover, there are other important transportation-related policy questions—notably with respect to climate change and energy security—that the Commission largely did not address.

The work of the NTPP will help close those gaps by developing detailed, actionable policy proposals that are not only politically viable, but supported by sound data and thoughtful analysis. In many cases, these proposals will build on the general vision and recommendations

¹ Specifically, the Commission was created under Section 1909 of the Safe, Accountable, Flexible, Efficient Transportation Equity Act—A Legacy for Users (SAFETEA-LU). The original SAFETEA-LU legislation authorized two separate commissions—one to study policy issues and one to study financing issues. Some lawmakers felt that this bifurcated approach would be counterproductive as policy and revenue are inextricably linked, and thus proposed to combine the two commissions into one commission with an extremely long name and even longer list of duties. However, authorization for a separate finance commission was later added back in to the final legislation. This commission, called the National Surface Transportation Infrastructure Financing Commission, has yet to issue its final report.
outlined by the Commission; in other cases they are likely to take a different approach. The overall objective, however, is consistent with that articulated by Congress in 2005: to ensure that the United States continues to be well served by a transportation system that provides the safe, reliable, and efficient mobility needed to support a vibrant economy while also meeting the changing travel demands of the future, responding to essential national security needs, and promoting improved environmental performance and quality of life.

The NTPP is a project of the Bipartisan Policy Center (BPC), a non-profit organization dedicated to promoting bipartisan dialogue and progress on some of the most important policy challenges our nation confronts. By way of providing a launching point for NTPP’s efforts, this document offers a detailed commentary on key aspects of the “Transportation for Tomorrow” report and begins to identify areas where the Commission’s findings and recommendations could be usefully expanded upon and enhanced, as well as areas where additional or alternative policy approaches should be explored. It is organized as follows: The first section discusses several of the central recommendations in the Commission’s report and identifies general subjects where further analytical work or policy refinements are needed to add specificity or address remaining questions. The second section provides more detail about possible directions for future NTPP efforts, including topics for further research and areas where the Project is likely to propose different solutions than those outlined in the Commission report.

I. NTPP COMMENTS ON KEY ASPECTS OF THE COMMISSION’S “TRANSPORTATION FOR TOMORROW” REPORT

Performance-Based Funding

Given the substantial transportation infrastructure investments that will be needed over the next several decades, a major focus of the Commission’s report, and of the current policy debate more generally, is funding. Within this discussion, the question of how to spend transportation money more effectively is as important—and perhaps more important—than the question of where the money will come from. In this context, the Commission’s recommendation that the current system of transportation investment be reformed so that it is “subject to benefit-cost analysis and performance-based outcomes” is extremely valuable and arguably more consequential than its call for a substantial (25–40 cents over 5 years) increase in the federal gas tax, even though the latter proposal has received far more attention in the

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3 The Commission was not unanimous in its decision to raise the gas tax, with Mary Peters, Marie Cino, and Rick Geddes issuing a dissenting opinion that centered on the issue.
press. The current transportation funding structure was designed to support the expansion of the Interstate Highway System. It does not reflect the many changes and new transportation needs that have arisen over the last half century.

In fact, it is fair to say that U.S. transportation policy has increasingly devolved into a fight over a large pot of money with little or no regard for cost-benefit considerations or performance objectives. The Equity Bonus program, which is the largest source of national highway funding, distributes funds with no explicit transportation policy purpose. The Commission’s response is to propose an independent commission, the National Surface Transportation Commission (NASTRAC), to oversee the development of performance standards by the U.S. Department of Transportation (DOT). Presumably, these standards would then be used to guide future funding decisions. But while it is relatively easy to find agreement on the need for a performance-based approach, reaching agreement on how such an approach would work in practice is much more difficult. As with many important issues in transportation policy, the devil is in the details and those details are largely missing from the Commission’s report—or left to DOT. For example, the Commission often refers to congestion and safety as key performance indicators, but the question remains: how should congestion and safety be measured? And even if we can agree on how to measure congestion and safety, which should receive more weight in future funding decisions? What about other possible goals, such as energy security or economic growth?4

How performance metrics are linked to funding is just as crucial as that they be linked in the first place. For example, should a state with lots of congestion receive more federal funding? This would seem to encourage congestion. On the other hand, funding for a state with little or no congestion may be difficult to justify. Lawmakers are unlikely to support new performance indicators unless they understand how these indicators will be utilized and how they will affect future funding decisions.

Furthermore, the Commission report implies that NASTRAC would oversee the U.S. DOT process for deciding whether any given project will receive federal funding. This idea seems to put the federal government in charge of approving every major transportation project in the U.S., which would be a cumbersome and potentially faulty process given the unique nature of different parts of the country. When linking performance indicators to funding, it is crucial that the federal government limit itself to analyzing transportation systems rather than individual projects. This would allow states and metropolitan areas to tailor their transportation projects to meet their individual needs, while still meeting national standards for performance.

4 In fairness to the Commission, its failure to develop specific recommendations in some of these areas may reflect a shortage of time and resources, as well as the inherent difficulty of many of these questions.
Funding Needs and Metrics

In analyzing transportation system needs, the Commission used extensive scenario modeling to define a range of possible investment levels. The results lead the Commission to conclude that if the United States continues spending at current levels, it will not be able to maintain the performance and physical condition of the existing transportation infrastructure, much less improve it. This would be true, the Commission finds, even if every dollar was spent in the most efficient manner. Given these conclusions, the Commission outlines two tiers of possible investment (medium and high) above current spending levels. The medium level of investment corresponds to maintaining current highway conditions and performance; according to the Commission’s analysis it would require annual expenditures ranging between $146 and $195 billion (in 2006 dollars) over the period 2005–2055. The high level of investment is defined as one that funds all cost-beneficial transportation-system improvements. According to the Commission, this would imply expenditures ranging from $185 to $276 billion annually.

There is no doubt that the nation faces extraordinary challenges to its transportation infrastructure and that increased investment will be necessary to maintain a high-quality system. Without access to the supporting data, however, NTPP can only speculate on the factors and assumptions that went into the cost-benefit analysis the Commission used to forecast investment needs. The Commission’s conclusions about overall investment needs also provide little guidance on the question of how to prioritize among different needs. Given funding constraints, investing in all cost-beneficial projects is not likely to be an option—difficult choices will need to be made.

Conventional cost-benefit analysis is clearly a valuable tool for making these choices, but its application in the transportation context often suffers from a number of shortcomings. For example, conventional cost-benefit analyses often fail to consider the full range of impacts on society from a given transportation investment, including impacts on carbon emissions, air quality, noise, and landscape. In addition, important economic effects are often missing, such as benefits from leisure travel, agglomeration, labor flexibility, and improved system reliability. The best investments are those that have the highest rates of return when assessed using a comprehensive approach that accounts for these impacts. Conversely, failure to include such impacts may mean that certain components of the transportation system do not get the priority they deserve.

The question of how government funds future transportation investments is closely intertwined with the question of how these investment decisions should be made. The Commission recommends increasing the federal gas tax as the best way to raise revenue in the near term, but it is not clear that Commission members considered all the policy ramifications of that conclusion. Depending on how they are implemented, higher gas taxes could impact other
important policy objectives related to U.S. oil dependence and energy security, as well as environmental quality and climate-change mitigation. Increased gasoline taxes can provide incentives to reduce VMT and to purchase vehicles that offer greater fuel efficiency. Reduction in VMT and energy consumption could mean a better balance of trade, greater energy dependence, reduced maintenance costs, and fewer greenhouse gas emissions. Finally, revenue generators have varying effects on different segments of the population. The equity implication of a fuel tax versus other potential revenue sources is not discussed in the Commission’s report. Understanding all of these impacts is essential in order to make comprehensive recommendations regarding funding mechanisms. The fact that this understanding seems to be missing from the Commission’s analysis makes their recommendations in this area suspect.

*Metropolitan Mobility and Congestion Relief*

The Commission rightly recognizes that metropolitan areas are the economic engines of the nation and that high priority must therefore be given to maintaining a functioning urban transportation system. This is one of the Commission’s key accomplishments and is an invaluable contribution to the policy debate. Their recommendation for a separate program specifically designed to support mobility in metropolitan areas thus represents an excellent step in the right direction, and shows a clear understanding of the fact that many more people live in metropolitan areas now than when the Interstate System was designed. These additional inhabitants have brought substantial challenges, particularly with respect to congestion. When congestion in metropolitan areas makes it time-consuming to move people and goods, access to labor markets, productivity, and the capacity for economic growth all decline. Many of the investments necessary to tackle this problem, such as improved airport access or additional commuting capacity, require large amounts of capital that neither local governments nor the private sector have shown an ability to provide on their own. Without the participation of the federal government, it is likely that investments from these other sources will not be leveraged and many needed projects in urban areas will not be built. The resulting underinvestment could substantially restrain future economic growth.

Another Commission recommendation that greatly affects metropolitan areas is the promotion of public-private partnerships (PPPs) to increase transportation capacity in certain cases. The Commission proposes some restrictions on such projects that may not be necessary in many cases. Although some PPPs have arguably produced less than desirable results, these have stemmed from problems with the specific contracts in those cases. There is nothing inherently problematic about private involvement in public infrastructure. Also, an important distinction must be made between PPPs that create new infrastructure and those that involve the sale of existing infrastructure. PPPs in support of new investment often create net benefits to society
Commentary on the July 2008 U.S. DOT Transportation Policy Proposal

Prepared by the National Transportation Policy Project

NTPP is a Project of the Bipartisan Policy Center

September 10, 2008
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President and CEO of Lowe Enterprises, Inc.

Sean McGarvey
Secretary-Treasurer, Building and Construction Trades Department, AFL-CIO

Bryan Mistele
President and CEO of INRIX

Ralph Peterson
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Jim Runde
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On July 29, 2008, U.S. Transportation Secretary Mary Peters released a proposal for reforming federal surface transportation policy. The proposal aims to provide a framework for Congressional debate surrounding the upcoming re-authorization of SAFETEA-LU, which will expire on September 30, 2009. DOT does not recommend specific funding levels, but rather offers some general principles and ideas to “refocus, reform and renew” the Nation’s approach to transportation by “completely overhauling the way U.S. transportation decisions and investments are made.”

Although reaction to the DOT proposal has been mixed, many stakeholders share the view that it is time to refocus, reform, and renew our nation’s approach to transportation policy generally and federal highway funding in particular. NTTP applauds the Secretary for putting forward a bold proposal that contains many useful ideas and concepts regarding the reformation of federal surface transportation policy. In the interests of advancing pragmatic bipartisan solutions to these critical issues, the National Transportation Policy Project (NTTP) believes it is not too soon to begin a constructive dialogue about the ideas and assumptions contained in Secretary Peters’ proposal. In doing so we recognize that some elements of that proposal—notably its strong emphasis on privatization and pricing—are bound to be controversial. This controversy should not be allowed to detract from the fact that the DOT proposal also contains a number of valuable insights and ideas that provide a useful starting point for building consensus around a new direction for U.S. transportation policy.

The NTTP is a project of the Bipartisan Policy Center (www.bipartisanpolicy.org). Our aim is to advance politically viable policies that transcend partisan and regional differences to address the transportation-related economic, environmental, and energy security challenges our nation confronts. The remainder of this short paper summarizes NTTP’s initial reaction to specific aspects of the recent DOT proposal.

THE FEDERAL ROLE

The need for a refocused federal role: The NTTP concurs with the DOT’s overarching proposition that the scale of the nation’s transportation challenges necessitates a refocusing of the federal role “...on the areas that are of the greatest federal interest.” Critical priorities include maintaining and improving existing infrastructure, improving safety, and establishing performance standards and measures of accountability in the use of federal funds. NTTP would also add improving energy security and environmental performance to that list. Secretary Peters is correct to note that the federal government has invested hundreds of billions of dollars in a nationally interconnected transportation system, and to allow this investment to be squandered by inattention to system preservation would exact an enormous cost to the U.S. economy.

Pricing as an essential tool for solving transportation problems: Though Secretary Peters has drawn criticism for emphasizing the role of pricing in national transportation policy, many stakeholders and experts (including Mayor Bloomberg of New York City and others) have noted that pricing can be an effective tool for advancing objectives such as greater accessibility, lower energy consumption, and reduced environmental impacts. Critical questions remain regarding the appropriate uses of pricing and the federal role in encouraging or deploying pricing policies, but as a tool pricing certainly has a role to
play in addressing important national transportation objectives. Unfortunately, pricing often gets confused with privatization in the Secretary’s specific policy proposals, as we discuss below.

The utility of cost-benefit analysis: The NTPP agrees with the Secretary that cost-benefit analysis can be an extremely useful tool in evaluating transportation projects. It should be noted that the National Surface Transportation Policy and Revenue Study Commission also recommended that the current system of transportation investment be reformed so that it is “subject to benefit-cost analysis and performance-based outcomes.” However, the real-world application of cost-benefit analysis in transportation does have a number of shortcomings. For example, conventional cost-benefit analyses often fail to consider the full range of impacts on society including economic, energy, and carbon emissions effects. Moreover, given the current constraints on funding resources it is necessary to develop analytical tools that allow prioritizing among competing projects and programs, all of which might meet a cost-benefit test but not all of which can be funded. The Secretary’s own initiative, the Urban Partnership Program, was an excellent example of the potential for this type of competition.

The importance of a holistic approach to congestion: Secretary Peters identifies congestion in the nation’s major metropolitan regions as an important area for federal policy. The NTPP concurs with this view in light of the fact that congestion and mobility have strong linkages to broader issues of investment, economic growth, and competitiveness. However, a more effective approach to this linked set of concerns is to focus on the role of transportation in enhancing access to labor, housing, and goods in metropolitan areas. Accessibility is a broader concept than mobility and is not limited to traffic measures alone. Rather, accessibility considers a multi-modal transportation system and effectively measures not only congestion but linkages between land use and travel patterns and both work and non-work trips. Policies targeted only towards relieving congestion and increasing mobility do not offer a comprehensive response to the complicated economic and transportation challenges many metropolitan areas currently face.

Leveraging of federal highway funds as a goal of national transportation policy: NTPP concurs that federal dollars should be used in a way that delivers maximum benefits, including leveraging non-federal dollars where possible to achieve broader investment objectives. It is important, however not to overemphasize the role of leveraging as a policy goal in its own right. The fact that a federal investment would generate additional investment does not necessarily justify that use of public resources or make it preferable to other investments. For example, a project could deliver strong benefits for a private investor or locality but weak benefits nationally. Our concern is that an excessive focus on leveraging could distort and expand the federal role in transportation policy beyond a clear vision and purpose.

Recognizing essential linkages between transportation, energy, and climate change: A comprehensive national transportation policy must not only be responsive to economic concerns, it must affirmatively address energy and environmental issues related to transportation. While the Secretary acknowledges these connections, she merely indicates that the federal government should ensure that “...the transportation system protects the environment while enhancing mobility.” Transportation is the only major sector of the national economy that is almost totally dependent on oil (96 or 97 percent by most estimates) and is responsible for approximately 30 percent of all greenhouse gas emissions in the United
States. It is therefore appropriate and necessary that national decisions concerning transportation infrastructure investments address energy and environmental issues directly, and make them essential elements of federal policy with respect to transportation.

**Improving the safety and measuring the performance of the nation's transportation systems:** The federal government's compelling interest in protecting the safety of U.S. citizens is well accepted and clearly needs to continue to be a central priority of transportation policy. Relatively newer is the recognition that the federal government needs to hold grantees accountable for their use of transportation funding. At present, no systematic effort is made to measure performance or apply performance standards to federal transportation investments. Though developing effective performance measurements without negative unintended consequences will be a challenge, as it has been for other policy areas outside of transportation, Secretary Peters nonetheless rightly recognizes that the federal government must develop greater accountability with respect to transportation funding. NTPP agrees and is currently working to develop performance metrics to evaluate transportation plans and outcomes, including measures for safety.

**POLICY PROPOSALS**

**A greater role for focused programs:** The Secretary has proposed new programs that aim to focus the federal role in a more effective manner. The Federal Interest Highway Program (FiIH) is intended to promote system preservation and introduce accountability into the system. The Metro Mobility Program (MM) targets congestion in metropolitan areas in an effort to ensure that these metropolitan areas—which serve as the primary engines of economic growth in many regions—receive the direct infrastructure investment they need so badly. Both of these programs are on the right track in the sense that they are consistent with the federal role DOT has outlined and can help to focus federal investments toward advancing legitimate federal interests.

**Need for more change and innovation in the formulation of national transportation policy:** The Secretary's proposed programs show an adherence to the status quo that seems out of place in a proposal that otherwise calls for strong reforms. For example, the proposed distribution formula for FiIH is very similar to current distribution formulas for the core highway programs. This formula provides increased funding based on vehicle miles traveled (VMT) and fuel consumption as proxies for overall use of the system. In effect it rewards states for increasing greenhouse gas emissions and fuel consumption. By disregarding the direct linkages between fuel consumption, climate change and energy security, this approach maintains the perverse incentives that undercut other important transportation policy objectives.

**Giving priority to outcomes over methods:** Among the most controversial elements of DOT's proposal is the tendency to rely on private-sector solutions to some of the nation's most important transportation problems, and a particular emphasis on the benefits of public-private partnerships (P3s). In fact, DOT articulates a general presumption that P3s will deliver "reduced costs, acceleration of project delivery, more appropriate allocations of project risks, and higher quality projects." While there is undoubtedly a significant amount of private capital that could appropriately be invested in the nation's transportation
infrastructure, these benefits are hardly intrinsic to P3s as a general rule. Rather, the merits of an expanded private sector role are entirely dependent on the terms of individual transactions and should be reviewed on a case-by-case basis.

Our view is that federal transportation policies should enable states and localities to achieve clearly articulated goals and outcomes. To that end, federal policies should be permissive, rather than prescriptive. P3s, private investment capital, and mechanisms to bring private sector skills to bear on transportation system management challenges may all be important elements of state and metropolitan transportation programs, but the degree to which they play a role should rest on decision-making at those levels. The federal government should neither require, nor hinder, the use of such mechanisms.

Unfortunately, the strong emphasis on P3s in the DOT proposal and the accompanying tendency to blur the distinction between privatization and pricing are likely to detract from the ability to have a constructive debate about the appropriate role of road tolls and congestion pricing in advancing transportation policy objectives. Imposing tolls or use fees is often necessary to attract private capital to the transportation sector and P3s can be a vehicle by which variable or congestion pricing may occur, but pricing has value as a policy tool in and of itself, regardless of whether the project is public or private. This important point tends to be obscured when much of an entire section of the DOT document titled "Proposals to Encourage Pricing and the Leveraging of Federal Funding" is devoted to policies that encourage P3s. In sum, the assumption that pricing policies will be implemented only or primarily in the context of such partnerships runs the real risk of arousing unnecessary opposition to the introduction of variable pricing. It also runs the risk of unnecessarily inhibiting the use of pricing as a potentially valuable tool for achieving national transportation goals.

The challenge of regional governance: Although the spirit of the Metropolitan Mobility (MM) program is on target, the execution of this concept as described in the DOT proposal falls short. NTPP agrees with the idea of funding metropolitan programs and requiring accountability in using Federal funds to achieve national goals. However, DOT is proposing to fund metropolitan areas directly through this program using new regional decision-making entities called Metropolitan Transportation Boards (MTBs) that all urban areas would need to designate. The difference between MTBs and current Metropolitan Planning Organizations (MPOs) is relatively small, by DOT's own admission. MPOs have existed for many years and yet in most cases have failed to coordinate regional decision-making or multi-modal coordination effectively. It seems unlikely that simply creating another institutional layer in the form of separate, larger MPOs will solve the underlying problem of effective regional strategic decision-making. Metropolitan programs of the type proposed can only "work" if there is regional collaboration and significant institutional reform at the state and metropolitan levels. A better strategy would be for the federal government to focus on providing the incentives that can effectively encourage regional collaboration.

Contradictory messages on the federal role: As mentioned above, NTPP concurs with Secretary Peters' emphasis on the necessary role of the federal government in maintaining a robust and highly connected national transportation infrastructure, including the interstate highway and other critical transportation
systems. This message strikes us as inconsistent, however, with other elements of the DOT proposal, including particularly the call for a pilot program to allow states to opt out of the Federal-Aid highway program and another proposal that would allow states, localities, or other jurisdictions to “buy out” the federal interest in any transportation project that had previously received federal funds. We believe DOT cannot have it both ways: either there is a necessary federal role in transportation or there isn’t. If there isn’t a necessary federal role, then the Secretary should propose exactly where cuts in federal funding should occur.

The proposed opt-out pilot program would allow states to keep most of the fuel taxes they collect for themselves. This implies that the federal role in transportation policy and infrastructure investment is optional and that states can assume the federal government’s obligations. Yet a number of critical roles and responsibilities with respect to transportation policy—responsibilities that DOT itself has outlined—can only be effectively carried out by the federal government and only if all states are included. As long as transportation has national-level implications for economic growth, energy consumption, and environmental impacts there will continue to be a strong federal interest in transportation policy and in the quality of the nation’s interconnected transportation systems. Similarly, the proposal for a “buy-out” program implies that excessive federal regulations impose a burden on states—one that can be discharged simply by paying back the original federal investment. Such a proposal seems ironic in a proposal that recommends adding several new regulations to govern the use of federal transportation money, including requirements to condition funding on P3 comparative analysis, cost-benefit analysis, and performance measurement.

In sum, NTPP agrees that it is time to refocus, reform, and renew the federal role in transportation policy—not weaken it. Certainly, our nation’s transportation needs and objectives must be clearly defined and policies must be crafted that effectively address those needs and objectives including sustaining economic growth, reducing environmental impacts, and increasing energy security. The transportation challenges we face are large. They demand nothing less than a vigorous, coherent, and national response.
by providing the capital to construct additional transportation capacity that might otherwise never be funded. PPPs that involve the sale of existing infrastructure, by contrast, have in some cases been controversial because their public benefits are more questionable.

The Commission's recommendations also raise a concern, however, about the tendency to reduce the problem of metropolitan mobility to one of simply managing "congestion." When the challenge is defined strictly in terms of congestion, the usual solution is to build more capacity. In fact, reducing congestion to the level many people would prefer may not be efficient in many cases and could require investment choices and resource expenditures that would be far from optimal for society as a whole. This is not to say that congestion reduction should not be a component goal in many cases, but the overall goal of transportation policy for metropolitan areas is perhaps better framed as providing a desired level of safety and mobility rather than relieving congestion per se.

Of course, defining the challenge in terms of "mobility" also presents difficulties. The Commission, for example, proposes to measure mobility in terms of hours of delay per 1000 vehicle miles traveled (VMT). The problem with this approach is that it tacitly assumes increased VMT represents a positive outcome. If people experience the same amount of delay but travel more, mobility—according to this measure—has improved. Given the energy security and environmental considerations that would argue for reducing rather than increasing VMT, it might be preferable to develop a measure that evaluates how well people can access their travel destinations, regardless of whether they generate VMT in order to get there. For example, using the Commission's approach a person who drives a mile to buy a quart of milk may seem to improve mobility if he or she can accomplish that errand relatively quickly. Society might be still better off, however, if there were incentives that led that same person to walk to buy the milk. He or she would reduce his or her oil consumption, emit fewer greenhouse gases and get a little exercise all to accomplish the same task without much loss of time. Yet these benefits would not show up in any measure of mobility based on hours of delay per VMT.

Furthermore, despite forward-thinking on the issue of metropolitan transportation as a whole, the Commission misses some important components. First, they do not put forward policy suggestions that could deal directly with the problem of trying to foster effective regional planning bodies. While the Commission suggests that designated transportation agencies in metropolitan areas should make project decisions, they make no specific suggestions for how to implement such a program or reform the Metropolitan Planning Organization (MPO) structure. Second, transportation may be one of the least innovative sectors of the economy. Innovations that recognize the crossover benefits and economies of scale between transportation and information technology could potentially reap enormous rewards for
society. Unfortunately the Commission does not outline a role for the government in facilitating the development of such innovations. Finally, transportation and land use are inextricably linked, yet the Commission does not address how the federal government might hope to shape land use in a way that allows for more sustainable transportation investments. Without any sort of land use policy, the Commission’s emphasis on public transportation-to-use one example-will be much less effective.

In sum, although the Commission has recognized the primacy of metropolitan areas in the national economy that has emerged since 1956, they have not dealt adequately with the regional planning problem, or recognized the new role that information technology plays in our society, or addressed the land use issues that fundamentally impact transportation decisions. Furthermore, when addressing metropolitan Transportation, careful attention needs to be paid to how mobility is measured, and whether it is even the right measure in all circumstances. In prioritizing transportation investments for metropolitan areas, it will be essential to ensure that funding is distributed in a way that promotes efficient travel in every sense of the word. This does not mean merely avoiding unnecessary delay, but also producing the minimum number of negative externalities.

Mode Neutrality

The term ‘mode neutrality’ captures perhaps one of the most important ideas put forward in the Commission’s report. Specifically, the Commission’s vision calls for a “generally mode neutral” system in which transportation policy and funding decisions are made without pitting one mode of transport against others. In line with this approach, the Commission’s recommended ten funding programs generally do not pertain to a specific mode (the single exception is the recommendation for a program for intercity passenger rail). The concept of mode neutrality is essential for an agency, DOT, and an industry that for too long have been locked in battles between highways and transit, despite the fact that there is no inherent reason for these different modes to compete for funding.

Moving towards a mode neutral way of thinking with respect to transportation policy will in theory enable states and localities to make decisions about the best possible project to meet their needs, without concerning themselves with whether there is federal funding available for the specific mode they choose. Each metropolitan area, for example, is different and may face different capacity needs on different parts of its transportation system at any given time. These cities should have the flexibility to pursue the modes—or pricing or technological solutions—that best suit their needs with federal funding, as long as their decisions meet national performance standards. The original ISTEA (Intermodal Surface Transportation Efficiency Act) legislation moved in this direction by providing flexibility in highway and transit funding. However, as long as distinctions are made between highway and mass transit accounts within
the pool of fuel-tax revenues available for transportation investments, inter-modal battles will persist.

While the Commission report endorses the concept of mode neutrality, it misses some opportunities to apply this principle in practice. For example, the Commission might have considered combining its proposed Intercity Passenger Rail program with its recommendation for a Connecting America program. Likewise, it is unclear why intercity rail gets its very own program in the Commission’s report, but intercity bus is not even mentioned. To implement the concept of mode neutrality, old habits of thinking in terms of modal silos must be replaced by a rigorous emphasis on performance standards and outcome-based decision-making in the allocation of transportation resources. It may indeed be useful for public policy to encourage shifts between modes, but such policies would need to be justified based on the performance benefits that a given mode can provide rather than a particular modal bias.

Road Pricing

Interest in congestion pricing as a means of improving mobility, reducing environmental impacts and promoting sustainable modes of transportation, and generating new revenues has never been greater. Successes in London and Stockholm, as well as an advancing proposal in New York City, have made the time ripe for an approach that economists and planners have been advocating for over fifty years. The Commission has correctly recognized this opportunity by proposing that selected barriers to congestion pricing be removed. Specifically, the Commission recommends removing restrictions on the imposition of road tolls on the Interstate Highway System—in all cases for new capacity and in all metropolitan areas with a population greater than one million for existing capacity.

While these recommendations open the door for greater use of road pricing, there is little in the Commission’s report that would actually create incentives for using this approach. Given that substantial hurdles still exist in terms of public acceptance, congestion pricing will need to be encouraged more actively under national policy if its potential policy benefits are to be more broadly realized. This becomes even more urgent if, as the Commission believes, a long-term move away from fuel taxes as the primary source of revenue for transportation investments is inevitable. Moreover, the Commission focuses primarily on road pricing as a method of managing metropolitan networks. Strategies such as dynamic HOV lanes, stop light management, and flow control based on real-time conditions are all potential technological innovations that could be effectively deployed towards the same end goal, and strategies for their widespread adoption need to be considered.

The urban partnership program currently being implemented by U.S. DOT provides a template of options for incentivizing urban areas to use congestion pricing and other similar techniques
and could be expanded into a more comprehensive program. This and other strategies for expanding the use of pricing mechanisms should be explored further. For example, if road pricing is going to evolve into an alternative source of revenue for transportation, it would be useful to explore how to create uniform toll collection technology. Also, while the Commission advocates expanded road pricing, they leave some restrictions in place without justification. For example, they do not provide an explanation for their choice of one million as the population cutoff for allowing versus not allowing congestion pricing on the Interstate Highway System in metropolitan areas.

Climate Change and Energy Security

The Commission’s report acknowledges that transportation decisions not only have important implications for climate change and energy security, but that climate and energy-security concerns are likely to grow if they are not addressed, at least in part, through changes in transportation policy. Unfortunately, the Commission’s recommendations in this area are largely limited to general statements and do not reflect much new thinking on these important topics.

An example of the Commission’s failure to give more than superficial consideration to climate-change and energy-security concerns and to integrate those concerns in its policy recommendations can be found in its discussion of freight movement. This is clearly an important issue with major economic implications and it deserves the emphasis it receives in the Commission report. However, the recommendation to focus on additional roadway capacity for large trucks raises significant concerns about whether this is the best way to meet growing demand for freight movement, especially in light of the greenhouse gas emissions and oil consumption it would entail.

To the extent that the Commission offers specific recommendations on climate change, they largely center on a proposed Environmental Stewardship program composed of many elements that already exist in current legislation. And although the Commission has proposed increasing funding for these programs, its recommendations make no attempt to link future efforts or funding outlays to program outcomes in terms of reducing transportation-related emissions of greenhouse gases. Admittedly, climate change was not at the forefront of Congressional or public concern at the time when the Commission was created. Given the growing urgency and visibility of this issue, however, it is nonetheless surprising that the Commission did not delve more deeply into the implications of climate change for national transportation policy. The time is ripe for substantial changes in the transportation sector with respect to climate change, and the Commission has missed an excellent opportunity to address this issue.
On the issue of energy security, the Commission has proposed a research program. Even this relatively mild recommendation is controversial, however, with the Secretary of Transportation and other Commissioners arguing, in a dissenting opinion, that such a research program would be more appropriately situated in the U.S. Department of Energy than at DOT. However, the location of this study is not the issue so much as the fact that we are well beyond the study point on this issue and need policy solutions immediately.

Any number of other transportation policy options that might provide incentives for reduced oil consumption—such as fuel taxes, congestion pricing, or VMT charges—are not explored in the Commission’s report or are discussed only in the context of other policy objectives (such as meeting revenue needs). The Commission does not fully consider the important role that transportation policy can play in promoting non-petroleum, low carbon fuels. In addition to providing incentives for alternative fuel usage, transportation funding could play an important role in enabling the development of the infrastructure necessary to distribute these alternative fuels. Given the pressing nature of this issue, more specific and effective options must be brought up for consideration.

Safety
The Commission’s recommendations on improving transportation safety reflect recognition that the nation’s highways are still far too deadly and place appropriate emphasis on reducing vehicle-related mortality. Specifically, the Commission recommends that states and metropolitan areas develop standards for safety and then develop plans to meet those standards. This is a useful start, but further work is needed to develop incentives for states and metropolitan areas to spend federal funding for safety improvements more effectively (under the Commission’s recommendations, the federal government would provide 90 percent of funding for such improvements). The Commission’s recommendations do not include any apparent penalty for states that fail to develop and implement safety programs other than missing out on safety funds. If states are going to make difficult choices about safety, perhaps with respect to changing safety or traffic laws, they are likely to need additional incentives.

Second, although the Commission provides several excellent suggestions for improving safety, it does not attempt to prioritize among options based on what the available research data indicate could be most effective. For example, 41 percent of automobile fatalities in 2006 were caused by alcohol-related crashes, while 36 percent of individuals who died in car accidents were not wearing seat belts. These numbers suggest that targeting drunken driving and seat-belt usage would be the most effective ways to improve safety.

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• **Prioritize projects based on benefits.** Given real-world budget constraints, it will be necessary to develop tools for prioritizing among individual projects that may all meet a cost-benefit test but cannot all be funded.

• **Use funding mechanisms as policy levers.** Different funding mechanisms—such as tolls, gas taxes, or VMT charges—create different incentives. Funding discussions must therefore focus not only on revenue generation but on the incentive properties of different funding mechanisms.

*Metropolitan Mobility and Congestion Relief*

• **Move beyond "congestion" as the issue.** To advance more effective transportation policies for metropolitan areas it will be important to replace the traditional focus on congestion reduction with a broader emphasis on economic growth and transportation efficiency (including reducing negative environmental and other externalities). This emphasis will also include innovative incorporation and exploitation of information technology with respect to the transportation network.

• **Develop a measure like mobility that does not encourage VMT.** Performance metrics for metropolitan transportation policy must be compatible with climate change and energy security objectives if they are to promote patterns of economic growth and infrastructure investment that are sustainable over the long term.

• **Work to address regional planning, technological innovation, and land use within metropolitan areas.** All of these components are essential to sustainable economic growth, and they must be taken into account by any performance indicators related to funding.

*Mode Neutrality*

• **Work towards true mode neutrality.** Implementing the concept of mode neutrality in the federal transportation policy will require changes in institutional and funding arrangements. More work is needed to identify specific strategies for achieving this objective, but the general idea should be that value will be placed on the policy goals rather than the modes used to achieve them.

*Climate Change and Energy Security*

• **Tie environmental and energy issues to funding.** Additional environmental regulations and new research programs are insufficient to meet the challenges we currently face in this area. To achieve real progress in these areas it will be essential to include the environmental and energy impacts as integrated components of federal transportation funding mechanisms.
• Explore the policy options offered by financing mechanisms. Each potential financing mechanism – tolling, fuel taxes, VMT charges, or others – offers different ways of influencing emissions and energy consumption. These mechanisms must be evaluated with this concept in mind, and not just in terms of their ability to generate funding.

• Recognize the links between economic growth, environmental impacts, and energy security. The old model that pits economic growth against environmental protection is outdated and shortsighted. In the long-term, economic growth is strongly linked to reducing environmental impacts and dependence on oil - transportation policy must be geared towards capitalizing on this mutually beneficial relationship.

Road Pricing

• Provide incentives to actually encourage road pricing. Road pricing in heavily congested areas can advance multiple policy objectives, including improved mobility. To overcome political hurdles and gain public acceptance for this approach, the federal government needs to work with states and localities and provide additional incentives.

• Develop better understanding of the appropriateness and effectiveness of road pricing in different situations. Restrictions on congestion pricing, including those recommended by the Commission, appear to be largely arbitrary (e.g. based on a population cut-off). It would be preferable to make decisions concerning the use of this mechanism based on further research and evidence from real-world experience to date.

Safety

• Provide incentives for safety. The federal government could play a more proactive role in encouraging states and localities to implement safety measures as an integrated component of their transportation plans.

• Target the most effective safety measures. All safety measures are not created equal; hence future efforts in this area should give special weight to the kinds of measures that have been shown to be most effective in reducing transportation-related deaths and injuries.