**TESTIMONY OF**

**WILLIAM MILLAR, PRESIDENT**

**AMERICAN PUBLIC TRANSPORTATION ASSOCIATION**

**BEFORE THE**

**SUBCOMMITTEE ON HIGHWAYS AND TRANSIT**

**OF THE**

**HOUSE COMMITTEE ON TRANSPORTATION AND INFRASTRUCTURE**

**ON**

# "IMPROVING AND REFORMING THE NATION'S SURFACE TRANSPORTATION PROGRAMS"

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**MARCH 29, 2011**

**SUBMITTED BY**


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**The American Public Transportation Association (APTA) is a nonprofit international association of 1,500 public and private member organizations, including transit systems and high-speed, intercity and commuter rail operators; planning, design, construction, and finance firms; product and service providers; academic institutions; transit associations and state departments of transportation. APTA members serve the public interest by providing safe, efficient and economical public transportation services and products. More than 90 percent of the people using public transportation in the United States and Canada are served by APTA member systems.**

## INTRODUCTION

Chairman Mica, Ranking Member Rahall, Subcommittee Chairman Duncan, Ranking Member DeFazio and distinguished members of the Committee, thank you for the opportunity to present testimony regarding the next surface transportation authorization bill. Enacting a well-funded, six-year, multi-modal surface transportation bill, is one of the most important actions Congress can take to put our nation's economic engine into high gear. Conversely, further delay in passing an authorization bill will have the opposite effect – forcing private sector businesses in the transit industry and other industries to lay off employees and to invest overseas. Every $1 billion invested in public transportation creates or supports 36,000 jobs, and mass transit investment is an essential strategy in a surface transportation bill as we seek to reduce our dependence on imported oil, reduce congestion on our roadways, and offer more transportation choices to Americans.

## ABOUT APTA

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## THE NEED FOR FEDERAL TRANSIT INVESTMENT

In previous testimony before this subcommittee, I have presented the case for significantly increasing federal investment in public transportation in authorization legislation. APTA has recommended $123 billion of transit investment over six years, and President Obama has proposed $119 billion in the same period. In either scenario, new federal investment would produce much-needed progress toward bringing our nation's public transportation infrastructure up to a state of good repair and building the capacity for millions of new riders that will seek transit service in the coming years. The U.S. Department of Transportation estimates that a one-time investment of more than $78 billion is needed to bring transit infrastructure up to a state of good repair. After that, research on transit needs shows that capital investment from all sources- federal, state, and local- should be doubled if we are to prepare for future ridership demands.

Today, the subcommittee has asked that testimony offer ideas on how to streamline project delivery, leverage existing resources and generally "do more with less." The remainder of my testimony will focus on those subjects, but I first want to point out that the demand for public transportation and the need for federal leadership will not diminish in the months and years ahead.

As gasoline prices continue to increase, Americans will turn to public transportation in record numbers. We recently completed an analysis that reveals if regular gas prices reach $4 a gallon across the nation, as many experts have forecast, an additional 670 million passenger trips could be expected, resulting in more than 10.8 billion trips per year, roughly a 6 percent increase. If pump prices jump to $5 a gallon, the report predicts an additional 1.5 billion passenger trips can be expected, resulting in more than 11.6 billion trips per year. And if prices were to soar to $6 a gallon, expectations go as high as an additional 2.7 billion passenger trips, resulting in more than 12.9 billion trips per year.

The volatility of the price at the pump is a wakeup call for our nation to address the increasing demand for public transportation services. We must make significant, long-term investments in public transportation or we will leave Americans with limited travel options, or in many cases, stranded without travel options. Again, enacting a well-funded, six-year, multi-modal surface transportation bill, is one of the most important actions Congress can take.

## GETTING THE MOST FROM FEDERAL FUNDING: PROGRAM REFORM AND SPEEDING THE DELIVERY OF PUBLIC TRANSPORTATION PROJECTS

APTA's members agree with the leaders of this committee that there are numerous program changes that can be made to speed project delivery and reduce costs. Representatives from across our diverse membership: transit systems of all sizes, business members, State DOTs and others, worked for more than a year to develop consensus recommendations. Simplifying and streamlining federal surface transportation programs will not solve many of the problems facing our nation's transportation infrastructure, but federal resources must be used as efficiently as possible. Surface transportation authorization legislation is the best opportunity to revise and modify Federal Transit Administration (FTA) programs so that federal investment can be used more effectively.

### New Starts

First, I want to highlight changes we propose to the New Starts program, the primary source of federal investment in the construction or expansion of heavy and light rail transit systems, commuter rail systems, and bus rapid transit projects. Unlike most other FTA programs, the New Starts program is funded from the General Fund, not the Mass Transit Account of the Federal Highway Trust Fund. Funding for New Starts was included in funding guarantees for highway and transit programs, and the success of these major, multi-year capital projects requires predictable support by Congress and FTA. Congress established Full Funding Grant Agreements to ensure this predictability.

We thank the leaders of this committee for trying to preserve guarantees for all highway and transit programs, including New Starts. Going forward, whether the New Starts program is funded out of the general fund or from a trust fund, APTA believes that the program should grow at the same rate and the same funding guarantees as the rest of the transit program. New Starts is essential to enhancing our nation's mobility, accessibility and economic prosperity while promoting energy conservation and environmental quality.

While the New Starts program is critical to the future of public transportation, the process for developing and delivering a project can stretch out for a decade or longer. According to FTA, project development can take 6 to 12 years, a time consuming and expensive process for project sponsors, and completing the first phase of the process, Alternatives Analysis, typically takes two years. New Starts project applications are subjected to greater analysis than any other federally-backed highway or transit project. If projects sponsors can demonstrate the worthiness of an investment and their ability to manage its construction, the federal government should limit further burdens on a project's development.

APTA asks Congress to eliminate the requirement for an Alternatives Analysis stage in New Starts that is required by current law. The work completed during the Alternatives Analysis stage of project development often replicates work that is undertaken for the federally required Metropolitan Transportation Planning process and/or the National Environmental Policy Act (NEPA) alternatives analysis that is required of all federal projects. Where local agencies and officials deem that a corridor-level planning study or more formal Alternatives Analysis would be of value for Major Capital Investment Projects, they may still perform such studies if this phase of the New Starts process is eliminated. For further information, Appendix I of this document contains APTA's adopted policy on this subject.

APTA also calls for reducing the number of approvals that a project must receive from FTA throughout the entire New Starts process. Approval of a project to enter the New Starts program should convey FTA's intent to recommend a project for eventual funding, provided the project continues to meet certain criteria, and satisfies NEPA requirements and other project development conditions. This change would eliminate the current need for separate formal approvals to enter the Preliminary Engineering and Final Design stages. Waiting for each of these approvals means that all project development work stalls between each successive step, often for months at the different steps in the process. APTA has also called for the use of Project Development Agreements (PDA), which have been used in the Small Starts process, to set schedules and roles for both FTA and the project sponsor. A PDA can also be the basis for an Early Systems Work Agreement once the NEPA process is completed with a Record of Decision (ROD) or a Finding of No Significant Impact (FONSI).

I want to note that FTA has been has been developing very similar recommendations that are based on the agency's extensive experience and efforts to improve program delivery. In recent years, FTA has already made changes that simplify project rating criteria and ensure that rating criteria better reflect the full range of benefits from New Starts and Small Starts projects, another APTA priority. In addition the President's FY 2012 budget, which contains early policy recommendations for authorization, specifically suggests eliminating the Alternative Analysis process and reducing the number of FTA approval steps in the New Starts process. We look forward to working with Committee and the Administration to speed the delivery of high-quality projects under the New Starts program.

I will talk more about innovative finance later in my testimony, but I want to highlight one additional recommendation for New Starts: previous project applicants have been unable to apply for a loan under the Transportation Infrastructure Finance and Innovation Act (TIFIA) program because of concern that the total amount of any loan taken, not the federal subsidy cost of a TIFIA loan, would be counted toward the federal share of the project's total cost under New Starts project rating criteria. This obstacle should be eliminated. Financing programs should, to the greatest extent possible, be available to accelerate the delivery of New Starts projects.

### Formula Program Consolidation and Simplification

To simplify current formula programs and increase program effectiveness, we have several suggestions. APTA recommends the creation of a new Coordinated Mobility Program, which would consolidate three formula programs into one. The new program would combine the Job Access and Reverse Commute, New Freedom, and Elderly and Disabled Formula programs. The goals of the program and the eligible uses of funding would remain consistent with the three existing programs, while planning and coordination of services would be improved. This consolidation would allow more flexibility at the local level for service providers to deploy limited resources in ways that best meet local needs. The proposal would allow communities to continue carry out existing programs, but effectively consolidate the administrative and grant making processes. At present, the size of grants that are available from the three individual programs is small compared to the administrative burden and cost of applying for the funds. The administration has also included this consolidation in its FY 2012 budget proposal.

Another APTA recommendation is intended to balance the various needs of the nation's diverse bus systems. APTA recommends modifying the current Bus and Bus Facilities program to create two separate categories of funding, with fifty-percent distributed under formula, and the remaining fifty-percent available under a discretionary program distributed either through Congressional direction or a competitive grants process administered by FTA. Also within the formula and bus programs, APTA supports legislation to allow public transportation systems in urbanized areas of greater than 200,000 population which operate less than 100 buses in peak operation to utilize formula funds for operating purposes. APTA has also recommended simplification of the fixed guideway modernization formula program, but our proposal is based on the assumption that much-needed, new funding for the program would be provided.

Finally, in SAFETEA-LU, APTA supported the creation of the Small Transit Intensive Cities (STIC) program, which added a service factor to the distribution of funds in small urban areas. The STIC program was designed to address the higher capital costs of those systems with significantly higher service factors. APTA strongly supports the continuation of the program, and it is our hope that the failure to include the STIC formula in the American Recovery and Reinvestment Act (ARRA) will not set a precedent for future formula program funding decisions.

We look forward to discussing additional recommendations to speed project delivery and increase program efficiency. We have additional suggestions about using Categorical Exclusions more frequently for commonplace state of good repair projects to shorten the environmental review process and other ideas. To learn more about APTA's additional recommendations please see, "APTA Recommendations on Federal Public Transportation Authorizing Law," Adopted October 5, 2008, Revised November 1, 2009, available on the APTA website.
http://www.apta.com/gap/legissues/authorization/Documents/apta_authorization_recommendations.pdf

## HIGH-SPEED AND INTERCITY PASSENGER RAIL

While APTA recognizes that the Railroads, Pipelines, and Hazardous Materials Subcommittee, and not this subcommittee, has jurisdiction over intercity passenger rail and other Federal Railroad Administration issues, we raise this issues here because it is an important element of APTA's recommendations for surface transportation authorizing law. We intend to work with the Railroads Subcommittee as it develops its portions of the bill and we know it is an important issue for full committee deliberations.

To meet the rapidly expanding needs of an ever-growing and highly mobile population, the United States must develop a fully integrated multimodal high-speed and intercity passenger rail system (HSIPR). APTA strongly supports President Obama's proposal to provide $53 billion dollars over six years to improve and expand high-speed and intercity passenger rail and urges Congress to provide the first $8 billion which was included in the President's Fiscal Year 2012 (FY12) budget request. Further, APTA strongly opposes any attempts to rescind or eliminate HSIPR funding. These funds are needed to ensure that the 32 states and the District of Columbia which are forging ahead with planning and implementing high-speed and intercity passenger rail improvements can continue their efforts to modernize and expand our nation's passenger rail services.

APTA has established principles for a high-speed passenger rail legislative framework, and these principles seek to encourage an efficient combination of private and public sector leadership in the development of new rail service. I would highlight APTA's recommendation to include private sector participation in the construction of new rail infrastructure: "HSIPR corridor projects shall be financed through a combination of federal, state, local, regional and private funding. Tax incentives should be provided to attract private sector investment and participation." I would also highlight our recommendation to facilitate competition among operators: the [HSIPR] program should be designed to encourage open, strong and fair competition among competing pre-qualified operating and rail service companies.

To read APTA's principles on the establishment of an ongoing HSIPR program, see Appendix II, "Fleshing Out an Ongoing Federal High-Speed and Intercity Passenger Rail Program: Principles for a Legislative Framework," Adopted October 23, 2010.

## LEVERAGING CURRENT INVESTMENTS: INNOVATIVE FINANCE AND ENCOURAGING PRIVATE SECTOR PARTICPATION IN PUBLIC TRANSPORTATION

In this era of budget constraints, relying on alternative financing mechanisms to more effectively leverage federal investments makes a great deal of sense – but only to a certain extent. New financing tools do not replace the need for expanded federal investment. It is important to recognize, however, while taking out a mortgage on a house allows the owner to build or buy the house, the mortgage must be repaid with interest and it requires a cash down payment.

Current financing mechanisms are not appropriate for all types of projects and are more difficult to use on some modes of transportation than others. Private activity bonds and loan programs that require project-generated revenues to pay back debt are difficult to apply to public transportation projects because transit revenues from the fare box or the state and local sources is generally dedicated to meeting annual operating costs. However, there are modifications that can be made to existing programs, including the Transportation Infrastructure Finance and Innovation Act (TIFIA) program, that could make them more beneficial for public transportation projects.

APTA has developed several recommendations for enhancement of the TIFIA program to make it more useful.

- Expand TIFIA's annual funding level, at least tripling investment
- Increase the maximum federal cost-share to 49 percent
- Authorize the U.S. Department of Transportation (DOT) to agree to upfront agreements (contingent commitments) for large projects or programs of related projects

By broadening program eligibility to include programs of related projects, TIFIA can be utilized for multi-modal, system-oriented investments that are backed by a dedicated revenue stream. This change would enable smaller projects that do not currently meet the minimum size threshold to access TIFIA financing. In addition, opening the program to suites of related projects would reward locally driven efforts to improve a region's transportation network.

For transit projects to have equitable access to TIFIA loans, APTA suggests modifying the statutory provision known as the "springing lien." This provision requires the federal government's claim on a project's pledged revenues or other security to "spring" to the front of the line for repayment in the event of default. Because many transit systems have already pledged part of their dedicated tax revenues to repay previously issued bonds, they are unable to meet the requirement of the springing lien. As a result, even when tax revenue from an existing source (property tax, sales tax) significantly exceeds the cost of repaying current bond holders, a transit project sponsor cannot access the TIFIA program.

APTA suggests eliminating the "springing lien" for projects that meet the following conditions:

- Are backed by non-project generated revenues, such as a sales or property tax
- Are rated investment grade
- The TIFIA loan size is not more than 33 percent of project costs

These changes would enhance TIFIA participation by public transportation agencies while appropriately managing the federal government's investment risk. It should also be noted that the elimination of the springing lien was also recommended by the National Surface Transportation Infrastructure Financing Commission.

Legislation recently introduced by Rep. Laura Richardson (H.R. 1123), the *TIFIA Expansion Act of 2011* includes several of these provisions and is an important starting point for these discussions.

Apart from TIFIA, APTA also sees significant value in creating a new class of qualified tax credit bonds for surface transportation projects (Qualified Transportation Improvement Bonds or QTIBS) wherein the federal government would fully or partially subsidize the interest rate on the bonds. We also support a renewed Build America Bonds program. While under the jurisdiction of the tax-writing committees, we urge this committee to work closely with them in developing these programs.

Another topic under the general heading of alternative finance is the use of public-private partnerships. In the case of public transportation, public-private partnerships can be an effective management tool for project delivery. APTA supports providing incentives for using public-private partnerships in the project development process. The use of these model partnerships, which include private-sector operations and maintenance (O&M) strategies, should be encouraged, but not be required. APTA calls on Congress to authorize and fund a study of the possible wider application of international private sector finance, project delivery and O&M approaches in the public transportation market.

While APTA believes alternative-financing strategies have their place in the next authorization law and are highly advantageous for certain types of projects, we again emphasize that financing techniques alone are not the solution to solving our funding issues. We have recommended that the purchasing power of the dedicated funding that now goes into the Highway Trust Fund be restored to 1993 levels and then indexed for future inflation. While there is a need to consider alternatives such as fees based on Vehicle Miles travelled (VMT), the current structure has ensured that system users support investments that benefit the infrastructure on which they rely. And as noted earlier, the historic 20 percent general fund component must be continued and guaranteed. APTA supports the President's proposal to expand and rename the Highway Trust Fund with appropriate protections and to move surface transportation investment to the mandatory side of the budget.

To review APTA's adopted principles on innovative finance, please see Appendix III, "APTA Principles to Expedite Project Delivery Through Innovative Financing."

## RESEARCH AND WORKFORCE DEVELOPMENT

Before I conclude, I want to point out that the federal transit program should continue to invest in research and the development of our workforce. It might seem easy to reduce funding for some of these programs today, but these investments are essential to identifying future cost savings. Let me give you one example. The Transit Cooperative Research Program (TCRP) has been serving the industry since 1992. The program is sponsored by FTA and carried out under a three-way agreement among the National Academies, acting through its Transportation Research Board (TRB); the Transit Development Corporation, an educational and research arm of APTA and the FTA. The program focuses on issues significant to the transit industry, with an emphasis on developing near-term research solutions to a variety of problems involving facilities, vehicles, equipment, operations and other matters. The program has researched issues which have resulted in large dollar savings for public transit agencies while enabling them to improve customer service. For example, a number of transit systems used a TCRP report on low-floor light rail vehicle technologies and characteristics to develop specifications. While the entire grant cost $20 million, savings to just one agency were estimated at $20 million as a result of using low-floor vehicles and not building expensive ramps. Further, TCRP research is not limited to just big city operations. Rural transit systems in states such as West Virginia and Utah have used TCRP research findings to improve coordination of transportation services with human service agencies. TCRP research also helps train transportation professionals by providing teaching tools which have been developed by the Institute of Transportation Engineers, the University of Maryland, the University of Nevada, and George Mason University have all used TCRP in developing textbooks and curriculum for undergraduate and graduate level courses.

APTA also supports efforts to promote workforce development. We applaud Rep. Nadler's Transportation Job Corps Act of 2011 (H.R. 929) which proposes a new National Joint Workforce Development Council, along with 10 Regional Joint Workforce Development Councils, comprised of equal members from labor and management, along with representatives from transit-related public and private sector industries. The goal is to create working partnerships between labor and management. These councils will identify and put forth solutions to issues such as identifying skills gaps and developing corresponding training programs, establishing career ladder programs to bring existing employees into management positions and maintaining an online database of workforce development training materials.

## Conclusion

I thank the members of this committee for your many years of leadership on multi-modal surface transportation policy. We hope that our recommendations can speed up the implementation of transportation projects without impacting environmental protections for all Americans and that such streamlining can reduce project costs in the bargain. We have tried to provide specific examples of how improvements can expedite that process. We look forward to working with the committee as more details become available and we appreciate the opportunity to testify today.

## APPENDIX I

**Additional Recommendations regarding the Section 5309 New Starts Program and the Requirements for Major Capital Investment Projects Alternatives Analysis**

Adopted by APTA's Board of Directors on March 12, 2011

Overview:

- On October 5, 2008, the APTA Board of Directors adopted APTA Recommendations on Federal Public Transportation Authorizing Law, and subsequently amended the recommendations on November 1, 2009.

- The Adopted Recommendations included provisions relating to the Section 5309 New Starts Program, urging that steps be taken to streamline and simplify the New Starts review and approval process to expedite project delivery (see Attachment 1).

- Subsequent to adoption and amendment of the APTA Recommendations, the Policy and Planning Committee has held further deliberations on potential changes to streamline and simplify the Section 5309 New Starts Program, including the future disposition of the requirements for a Major Capital Investment Projects Alternatives Analysis.

- Based on these discussions, the APTA Policy and Planning Committee proposes to advance through the APTA committee structure for adoption by the APTA Board of Directors a recommendation that the requirements for Major Capital Investment Projects Alternatives Analysis for Section 5309 New Starts and Small Starts projects be eliminated.

- This recommendation applies only to the elimination of a separate federal requirement for a Major Capital Investment Project Alternatives Analysis, and does not affect the applicability of Federal Transit Administration Section 5309 New Starts evaluation requirements for projects seeking to enter Preliminary Engineering.

Recommendation:

- Streamline transportation decision-making, reduce procedural redundancies and accelerate implementation of Section 5309 New Starts Major Capital Investment Projects by eliminating the requirements for a federal Major Capital Investment Projects Alternatives Analysis.

Background and Rationale:

- Currently the Federal Transit Administration (FTA) is the only modal administration that requires a Major Capital Investment Projects Alternatives Analysis, providing barriers to promotion of a level playing field across modes and programs.

- Because this requirement is unique to FTA, the Major Capital Investment Projects Alternatives Analysis process complicates the delivery of multi-modal projects, often causing delays in overall project delivery, including project elements not subject to the Major Capital Investment Projects Alternatives Analysis process and requirements.

- While the planning level analyses and analytical work that occurs during Alternatives Analysis can be of value, in many instances the work is redundant with planning and/or repeated during the National Environmental Policy Act (NEPA) alternatives analysis required of all federal projects. This can cause redundant expenditure of federal, state and local resources, unnecessary increases in federal staff workload, and confusion in the general public that adversely impacts the ability of the public to comment on alternatives and participate in decision-making.

- The Metropolitan Planning process, used in combination with the NEPA process, offer opportunities for analysis and local decision-making on mode and alignment alternatives. These existing federal processes can provide for the resolution of planning and project development issues, as well as early coordination of federal, state and local decision-making in a comprehensive, regional context. Where this is done, the Alternatives Analysis process and requirements are duplicative and redundant of the activities conducted during planning and environmental review.

- Where local agencies and officials deem that a corridor-level planning study or more formal Alternatives Analysis would be of value for Major Capital Investment Projects, they may still perform such studies. The evaluation criteria used in such studies would be subject to the discretion of local agencies, and may or may not incorporate some or all of the federal Section 5309 New Starts evaluation criteria. This recommendation merely removes the federal requirement for the Major Capital Investment Projects Alternatives Analysis and the specification of the federal criteria to be used in the performance of such locally conducted studies, and assumes that the Section 5309 New Starts evaluation criteria will still be applied by the Federal Transit Administration for projects seeking entry into Preliminary Engineering.

# APPENDIX II

**Fleshing Out an Ongoing Federal High-Speed and Intercity Passenger Rail Program: Principles for a Legislative Framework**

Adopted by the APTA Board of Directors October 3, 2010

1. *Preamble*: The act should clearly state the intent to integrate high-speed and intercity passenger rail (HSIPR) corridors across the United States with the existing Amtrak network, with commuter rail and transit operations wherever possible to create a national passenger rail network. This network would be part of a balanced, multi-modal, and inter-connected national transportation system that would enable America's air, rail, bus and highway systems each to function most efficiently. It should speak to the national benefits to be achieved in doing so, including, among other things:
   - the importance of HSIPR in meeting the critical mobility needs of Americans by adding needed capacity to our transportation network, and in so doing provide new travel options;
   - the relation between transportation policies to overarching national priorities including energy, environment, and economic goals;
   - the opportunity to generate hundreds of thousands of new American jobs and nurture the growth of existing domestic businesses and new domestic businesses, as well as to create many additional jobs due to for economic development around stations; and
   - the national benefits gained through connecting America's economic hubs to each other and to rural America.

Together, this represents a new, forward-looking vision for 21st century transportation enabling choice, mobility options, connectivity and economic growth.

2. *HSIPR Title in Surface Transportation Authorization Legislation:* A separate HSIPR title shall be included in the next authorization of federal surface transportation laws, funded by other than Highway Trust Fund revenues.

3. *Funding levels*: Not less than $50 billion in federal funding should be provided over the initial six-year authorization period, supplementing the $10.5 billion provided through the American Recovery and Reinvestment Act of 2009 and FY 2010 transportation appropriations. In this context, APTA reaffirms its call for a separate transit title of no less than $123 billion over six years.

4. *Funding partnerships*: The federal share shall be the standard 90 percent share consistent with the construction of the interstate highway program. HSIPR corridor projects shall be financed through a combination of federal, state, local, regional and private funding. Tax incentives should be provided to attract private sector investment and participation.

5. *Dedicated funding source*: There should be a dedicated federal revenue source, other than revenue sources used to fund the Highway Trust Fund, for planning, design and construction of HSIPR. Consistent with White House announcements, proceeds from the auction of spectrum for mobile wireless use could be used as a source of funding for the initial years for the federal HSIPR program. This is consistent with previously adopted APTA principles that require that HSIPR investments not interfere with the federal Highway Trust Fund.

6. *Ability to leverage funding*: Revenue streams created through dedicated funding programs should be structured to encourage the leveraging of funds through public and private financing, thus enabling projects to be implemented faster and at less expense, and with shared risk. HSIPR programs should be broadly eligible for all federal credit support programs.

7. *National vision, plan and map*: The national vision for high-speed and intercity passenger rail shall be represented through a national map and corridor descriptions reflecting defined and agreed-to passenger rail corridors that meet criteria and increase the speed of passenger rail transportation. The intent is for these defined and agreed-to corridors to be completed over a multi-year period through a system of scheduled federal payments. Drawing from a dedicated and predictable funding source, projects would be allocated sufficient funds so that they can be completed on a reasonable schedule. This national plan will be updated periodically, shall identify obligation requirements for each corridor, shall add additional corridors as such corridors are justified, and shall recognize that additional projects in the planning stages will be added over time. The map shall include the Northeast Corridor and recognize the cost to bring the Northeast Corridor to a state of good repair and to assure capacity for growth.

8. *A combination of annual and discretionary grants*: Corridors represented on the national map shall receive annual formula allocations of funds consistent with the schedule to complete such projects. Overall, a majority of HSIPR funding should be provided on a steady, predictable basis. Additional funding should be awarded on a discretionary basis to projects which are ready to go and are judged to have special merit and rank high based on national criteria which could include, among other things,

competitive travel times, regional connectivity, frequency of service, and national significance. Consideration would be given where advancing the project schedule would significantly enhance the overall benefits of the project. In addition, projects acquiring separate rights-of-way to avoid operating in mixed traffic should be encouraged through the discretionary grant program. Planning funds shall be provided to nurture the next generation of projects towards national systems goals.

9. *Eligibility:* HSIPR grants shall be awarded to states, groups of states, or public authorities authorized by states or groups of states pursuant to sections 301, 302 and 501 of the Passenger Rail Investment and Improvement Act of 2008 (PRIIA).

10. *Local and regional planning/decision-making*: Projects should be defined at the state and local level, but should align with national goals and objectives. The planning process should determine the type of project most appropriate for the particular region (i.e., Express Rail 150 +mph; Regional Rail 110-150 mph; Emerging Rail 90-110 mph; Conventional Rail 79-90 mph.) Public involvement is a key element. The national vision, plan and map should be the result of a consultative process with state and local governments. State rail plans should address state level funding issues, service integration issues, short and long-term sustainability, and shall establish the terms of private sector involvement consistent with the National Rail Plan.

11. *Grant agreements*: Funding shall be provided through multi-year contract authority. Grants should fund minimal operable segments or provide added utility on selected corridors.

12. *Program delivery*: The federal grants review process should be kept simple. Work in pre-approved corridors should proceed with minimal grant review. Accountability should be enforced through self-certification and post-delivery reviews, rather than through a burdensome process that holds up projects by requiring extensive documentation up-front. However, the U.S. DOT should provide initial reviews and screening as to whether applications or applicants comply with express requirements of grant statutes before grants are released. U.S. DOT should establish common standards, across all U.S. DOT agencies, for the efficient administration of provisions of the National Environmental Protection Act (NEPA). An expanded system of categorical exclusions should be developed and widely applied. A process for waiving non-statutory requirements when needed to expedite projects should be established for HSIPR projects, as it currently exists for FHWA projects under the SEP 15 program. Permits and review shall be treated in an expedited manner, with reviews coordinated in a concurrent manner and not handled sequentially.

13. *Expedited grant process*: The Secretary may approve funding prior to all grant issues being resolved, provided there is agreement on all critical aspects of the project and on key contractual areas and passenger service outcomes, and provided that the grantee shall remain accountable for addressing remaining issues in a reasonable period of time and will be held accountable through normal audits. Adequate funds shall be available for program administration in order that the HSIPR program is managed efficiently and so that grants and project decisions can proceed expeditiously.

14. *Connectivity*: Connectivity with existing transportation systems and networks must be a key element of project plans and should be considered in funding decisions. Project scopes may include activities which establish and support local and regional public transportation services connecting to facilities. All corridor projects shall include a plan outlining strategies for connecting with current passenger rail, urban transit, regional and intercity bus, airports, highways, bicycle networks, and pedestrian networks.

15. *Shared Facilities*: Common, incidental benefits afforded commuter and regional passenger rail systems as a result of investments in HSIPR corridors should be an eligible part of the corridor investment.

16. *Contingencies*: Project agreements should provide for a process that will allow reasonable adjustments to the project cost, scope and schedule based on new information that becomes available and unanticipated new circumstances that arise in the course of implementing a project. Financial risk should be shared by all parties.

17. *Competition*: The federal and state supported HSIPR program should be designed to encourage open, strong and fair competition among competing pre-qualified operating and rail service companies. To ensure fair competition, all competing companies must comply with all federal railroad laws.

18. *Access to rail freight corridors*: Access to freight railroad rights-of-way is a significant issue in the implementation and the eventual outcome of the federal HSIPR program. Federal policies should encourage growth of both rail-passenger and rail-freight operations, as there are substantive public benefits to both. Within this context, an equitable and fair process for negotiating passenger rail operational access on freight railroads and in the use of adjacent freight rail rights-of-way must be established.

19. *Terms of liability*: Within an affirmative context of safety, the existing $200 million cap on liability as established in the Amtrak Reform and Accountability Act of 1997 should

apply to all claims against high-speed and intercity rail operators, sponsoring agencies, host railroads, and commuter railroads and shall apply consistently regardless of the operating entity or its contractor. Without such statutory limits, the cost of obtaining insurance and the cost of rail passenger operations will become prohibitively costly. Host railroads shall not require liability coverage in excess of the statutory cap.

20. *Research, Technology and Standards:* The federal HSIPR program should support standards development, technology research, a cooperative research program, job training, career development, data collection, information management and international exchange. As with the interstate highway program, consideration should be given to establishing common standards to be consistent throughout the national program, to assure inter-operability and other desirable national features.

21. *Disadvantaged Business Enterprise (DBE) Program:* A DBE program for HSIPR should be established.

22. *Grade Crossing Elimination:* Building on the Federal Highway Administration's Section 130 grade-crossing elimination program, a robust federal grade-crossing elimination program should be established and adequately funded within the Federal-aid highway program, with recognition of high-priority passenger rail corridors, and high-risk grade crossings within those corridors.

23. *Access for Persons with Disabilities*: In writing a new HSIPR title, Congress shall recognize and support the continued applicability of the Americans with Disabilities Act.

# APPENDIX III

**APTA Principles to Expedite Project Delivery Through Innovative Financing**
Approved by APTA's Board of Directors on March 12, 2011

Consistent with APTA's authorization recommendations regarding innovative financing techniques, APTA supports initiatives that will:

1. Supplement – not replace – the existing grant programs and relieve some of the funding pressure on the existing grant programs by helping projects in the pipelines with non-grant assistance;

2. Enable the federal government to provide financing assistance in a "budget-friendly" manner (e.g., minimizing the need for budget authority and spreading out the fiscal impacts of financial subsidies for important investments);

3. Support/encourage infrastructure projects and investment programs with state/local revenue streams; and

4. Build upon existing federal initiatives and policies in providing a programmatic framework for delivering targeted subsidies to desired investments with public benefits in an efficient manner;

5. Create innovative financing programs that are accessible to public transportation systems of all sizes.

Specifically, APTA will support legislation that:

A. Supports efforts to enhance the Transportation Infrastructure Finance and Innovation Act (TIFIA) by increasing (at least tripling) the program's annual funding level, increasing the maximum share of eligible costs, and authorizing the U.S. Department of Transportation to enter into upfront agreements (contingent commitments) for large programs of related projects.

B. Endorses the creation of a new class of qualified tax credit bonds for surface transportation projects (Qualified Transportation Improvement Bonds or QTIBs), similar to the Qualified School Construction Bonds (QSCBs) that were authorized by the American Recovery and Reinvestment Act of 2009. These tax-preferred bonds would have an interest subsidy rate of 100% and would be authorized in the magnitude of $45 billion over the next ten federal fiscal years.

C. Allows public transportation systems of all sizes access to innovative financing programs, and access to tools to expedite project delivery. Any QTIB volume cap should be allocated accordingly.