TESTIMONY OF

WILLIAM MILLAR, PRESIDENT

AMERICAN PUBLIC TRANSPORTATION ASSOCIATION

BEFORE THE

SENATE COMMITTEE ON BANKING, HOUSING AND URBAN AFFAIRS

ON

"PUBLIC TRANSPORTATION: PRIORITIES AND CHALLENGES FOR REAUTHORIZATION"

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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 Johnson, Ranking Member Shelby 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 repair our nation's economy and prepare for the growth of the country. Investment in the nation's transportation infrastructure will create jobs building facilities that our nation will use for decades as we compete in a global economy. Conversely, further delay in passing an authorization bill will have the opposite effect, allowing our public transportation systems, roads, bridges and rail to deteriorate, decreasing their effectiveness while forcing citizens and private sector businesses to be saddled with higher transportation costs. It will cause public transportation related companies to lay off employees, reduce investments in this country and some to invest overseas instead. Every $1 billion invested in public transportation creates or supports 36,000 jobs, and public transportation 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

As this Committee develops the transit title of the next surface transportation authorization bill, it is critical that the legislation increase federal investments to levels that will allow the transit industry to address the nation's significant public transportation needs. APTA has recommended $123 billion of federal transit investment over six years, and $50 billion for high-speed and intercity passenger rail. President Obama has proposed $119 billion over the same period for transit investment and $53 billion for high-speed and intercity passenger rail. Under 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 the tens of millions of new riders that will seek 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 the nation's 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.

APTA recognizes that the Highway Trust Fund, including the Mass Transit Account, currently does not generate sufficient revenues to support the current level of investment, let alone levels that are needed from the federal government to meet the nation's needs. To generate this revenue, at a minimum, Congress should restore the purchasing power of dedicated revenue for public transportation and other surface transportation investment to 1993 levels (when motor fuel taxes were last raised) and those revenues should be indexed to account for future inflation of construction costs. This view is shared by a wide range of organizations, such as the U.S. Chamber of Commerce, the American Trucking Association and AAA. Even if these actions are taken, more will have to be done as outlined by the congressionally chartered National Surface Transportation Policy and Revenue Study Commission.

In addition, in an era of budget constraints, utilizing alternative financing mechanisms to more effectively leverage federal investments makes a great deal of sense – but only to a certain extent. New financing tools cannot replace the need for expanded federal investment. However, the Congress should examine the long-term viability of innovative financing techniques, including: public-private partnerships, federal loan guarantees, tax exempt/tax credit bonds, tolling and congestion pricing, value capture increment financing, and other mechanisms that consider changes in energy use and reduce nation's carbon footprint. Furthermore, there are modifications that can be made to existing programs, including the Transportation Infrastructure Finance and Innovation Act (TIFIA) program, that could make them a more effective source of public transportation financing.

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 are again turning to public transportation in record numbers. We recently completed an analysis that reveals that as regular gas prices reach $4 a gallon across the nation, 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 gas prices 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 systems 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 have recommended 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. The following is a summary of several of the major recommendations that APTA has endorsed:

New Starts Program

The New Starts program is 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. The construction or expansion of new fixed guideway systems is essential to enhancing the 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, approving, 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, conducting an Alternatives Analysis, typically takes two years. New Starts project applications are subjected to greater analysis than any other federally-funded 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 a Major Capital Investment Project, they should be permitted to perform such studies but it should not be required.

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. In addition to eliminating FTA's time consuming, costly, and duplicative alternative analysis process this change would eliminate the current need for separate formal FTA approvals to enter the Preliminary Engineering and Final Design stages, and instead require a single FTA approval into the new starts program. Waiting for each of these approvals means that all project development work stalls between each successive step, often causing months and years of delay at each step 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 should 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).

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 heartily endorse their ideas. We look forward to working with this Committee and the Administration to speed the delivery of high-quality projects under the New Starts program.

Discretionary Bus and Bus Facilities Program

Another APTA recommendation is intended to balance the various needs of the nation's diverse bus systems. First, APTA believes it is very important to maintain a separate federal program that dedicates funds to assist transit agencies to replace bus rolling stock and build new bus facilities. These periodical expenditures are unavoidable, yet many transit agencies lack the ability to finance large capital projects within their regular operating budget. On the other hand, under the current system many agencies have been shut out of the process, and unable to access funds from this account. To help resolve this inequity, but still maintain the ability for certain agencies to meet extraordinary capital needs, APTA recommends modifying the current Bus and Bus Facilities program to create two separate categories of funding. Under the new program, fifty-percent of the available funds would be distributed under formula, and the remaining fifty-percent would continue to be distributed under a discretionary program through a competitive grants process administered by FTA.

APTA also recommends, with new resources, the creation of a new "Clean Fuel Bus Program" that would help agencies address the significant backlog of rolling stock, while proving incentives to transit agencies replace older vehicles with new alternative fuel vehicles. This initiative would make funds available to urban and rural transit agencies that have buses in operation that exceed 125% of the FTA standard for vehicle replacement. Transit systems that receive funds under this program would have to use them to purchase new clean fuel vehicles.

Coordinated Mobility Initiative

APTA recommends the creation of a new Coordinated Mobility Program, which would consolidate three existing 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.

Other Program Recommendations

Small Transit Intensive Cities (STIC) Program: APTA supports the continuation of the 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.

Fixed Guideway Modernization Program: The Fixed Guideway Modernization program provides resources to passenger rail systems to assist with maintaining the systems in a state of good repair and modernizing the rail cars and supporting infrastructure. Currently, formula funds for this program are distributed under a complex- seven tiered structure. Should new funds be made available to grow this program, APTA recommends replacing the seven tiered program with a simpler, two tier formula distribution. The first tier would retain the characteristics of the current program, while the second tier would distribute funds using the Section 5307 rail tier formula for all fixed guideway systems that meet the seven year requirement.

5307 Operating Exception: Public transportation systems in urbanized areas of more than 200,000 population which operate less than 100 buses in peak operation should be authorized to use section 5307 formula funds for operating purposes.

Workforce Development: Congress should continue current training programs and create new ones to support public transportation labor and management workforce development in the public and private sectors. In addition, APTA supports the creation of a 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.

Research Programs: The federal transit program should continue to invest in research. It might seem easy to reduce funding for some of these programs today, but these investments are essential to identifying future cost savings and improvements. Let me give you one example.

The Transit Cooperative Research Program (TCRP) has been serving the industry since 1992. This congressionally established 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. Savings to just one agency were estimated at $20 million as a result of using the results of the TCRP research. 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.

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 Banking Committee does not have jurisdiction over intercity passenger rail and other Federal Railroad Administration issues, we raise these issues here because it is an important element of APTA's recommendations for surface transportation authorizing law.

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.

Conclusion

I thank the members of this committee for your many years of leadership on public 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.