**TESTIMONY OF**

**GARY C. THOMAS**

**PRESIDENT / EXECUTIVE DIRECTOR**

**DALLAS AREA RAPID TRANSIT (DART)**

**On behalf of**

**THE AMERICAN PUBLIC TRANSPORTATION ASSOCIATION (APTA)**

**BEFORE THE**

**HOUSE TRANSPORTATION AND INFRASTRUCTURE SUBCOMMITTEE ON HIGHWAYS AND TRANSIT**

**ON**

**"FAST Act Implementation: State and Local Perspectives"**

**April 5, 2017**
**10:00 a.m.**

The American Public Transportation Association (APTA) is a nonprofit international association of more than 1,500 public and private sector organizations, engaged in the areas of bus, paratransit, light rail, commuter rail, subways, waterborne services, and intercity and high-speed passenger rail. This includes: transit systems; planning, design, construction, and finance firms; product and service providers; academic institutions; transit associations and state departments of transportation. APTA is the only association in North America that represents all modes of public transportation. APTA members serve the public interest by providing safe, efficient and economical transit services and products.

## Introduction

Good morning Chairman Graves, Ranking Member Norton, and members of the Subcommittee. My name is Gary Thomas, and I thank you for the opportunity to offer my testimony. I serve as the President and Executive Director of Dallas Area Rapid Transit (DART) and previously served as Chair of American Public Transportation Association's (APTA) Board of Directors in 2011 and 2012.

## About DART and APTA

DART was created on August 13, 1983, when North Texans, in and around the city of Dallas, voted to commit one percent of local sales taxes to fund public transportation. Today DART is a multi-modal transit agency operating North America's longest light rail system of 93 miles in the fourth largest metropolitan area in the United States. The 2.3 million residents of our 13-city, 700-square mile service area count on DART's network of bus, light rail, commuter rail, and paratransit programs to get where they need to go. I have been privileged to lead DART for 16 years, during which I have overseen tremendous expansion of our system and service. I have also witnessed the astounding economic impact DART has had on our region. New and planned transit oriented development along DART rail lines has generated more than $7 billion in economic growth. Moreover, in 2014 and 2015 this activity was responsible for more than 43,000 jobs, resulting in nearly $3 billion in wages, salaries, and benefits.

As the leader of a multi-modal transit agency, I can speak to the short and long-term operational, fiscal, and administrative challenges facing transit systems around the country. I am testifying today not only as a representative of DART, but also on behalf of APTA. APTA is a non-profit international association of more than 1,500 public and private member organizations, including transit systems and commuter rail operators; planning, design, construction, and finance firms; product and service providers; academic institutions; transit associations; and state departments of transportation.

## Overview

I want to begin by telling the Committee that every transit General Manager I know strives to provide the best service to his or her community with the limited resources they have. Managing a transit system in any community is far more complex than simply getting the buses to run on time – though that is very important. Transit operating and capital revenues are derived from a variety of local and federal funds as well as fare box revenues paid by customers. Like many transit systems, DART faces limited funding, workforce challenges, as well as local, state, and federal regulatory requirements, while also preparing for potential social and technological changes.

Public transportation in the United States is a $66 billion a year industry. While the federal government provides almost 43 percent of the nearly $18 billion in capital investment annually, state and local governments, and riders through paid fares also support a significant portion of annual capital and operating expenses.

**Fixing America's Surface Transportation Act Implementation**

The passage of the FAST Act in December 2015 was a significant step forward for the transit industry and the communities we serve. After years of short-term extensions followed by a short authorization bill, Moving Ahead for Progress in the 21st Century (MAP-21), the FAST Act finally represented a source of stable funding critical for transit agencies to adequately plan for capital improvement projects. The law authorized $61.1 billion through fiscal year (FY) 2020 for programs administered by the Federal Transit Administration (FTA). These programs are funded through a combination of revenues from the Mass Transit Account (MTA) of the Highway Trust Fund (HTF) and the General Fund of the U.S. Treasury. The FAST Act also included a rail title that authorized and restructured the Amtrak program through FY 2020, and authorizes additional funding under three separate rail investment programs.

The FAST Act retained much of the existing federal transit program structure, but also provided additional financial resources and made several important program improvements. In particular, it established a new bus and bus facility discretionary grant program and authorized new funding to help commuter rail systems install positive train control (PTC), both of which were high-priority industry requests.

The FAST Act preserved and improved the primary transit capital assistance programs, which are critical to every transit agency in the country and funded through the MTA. The largest programs, the Urbanized Area and Rural Area Formula programs, allocate funding to regions based on factors such as land area, revenue-vehicle miles, low-income population, and, under certain conditions, allow funding to be used for limited operating expenses. In addition, the FAST Act continued the State of Good Repair program, which supports fixed guideway public transportation programs and high intensity motorbus vehicles, along with the Bus and Bus Facilities program that supports bus and bus facility replacement needs. We are particularly grateful for the addition of competitive grants to the bus program and for the continuation of the highly successful and competitive Low or No Emission Grants program. Other important HTF-supported formula programs support public transportation programs for seniors and individuals with disabilities.

The FAST Act reauthorized and strengthened General Fund programs, which are equally important. Programs funded out of the General Fund support new capacity and expansion projects as well as relatively small, but impactful research and workforce development programs. The law provided the Capital Investment Grants (CIG) program, which supports new and expanding fixed guideway rail and bus rapid transit systems, with additional financial resources and new flexibilities. Furthermore, the FAST Act made improvements to workforce development and technical assistance programs and consolidated several critical research programs into a new Public Transportation Innovation program.

**Unfortunately, some of these programs are now at risk—jeopardizing the successful implementation of the FAST Act.**

The President's Fiscal Year 2018 budget blueprint submitted to Congress on March 16, 2017 proposes phasing out the CIG program and reducing support for Amtrak, both of which are authorized through 2020 in the FAST Act. Congress must reject these proposals if the FAST Act is to be fully and successfully implemented.

The programs supported by the FAST Act and its predecessors are difference makers in North Texas. DART was able to build its 93 miles of electric light rail in just over 20 years because the federal government has been a partner, providing three FTA Full Funding Grant Agreements as part the CIG program, which the Trump administration proposes eliminating. Our most recent one, awarded in 2006 for $700 million, supported the construction of our light rail Green Line.

If you were to join me on the Green Line, you would see neighborhoods undergoing transformations. We are connecting residents in communities desperate for jobs to new employment opportunities. Educational institutions and internationally recognized healthcare centers on that line are now more accessible. You would see sleepy downtowns coming to life.

Federal support has helped us complete the conversion of our bus fleet to compressed natural gas. In addition, we are using funds from the low and no-emission bus program to purchase seven electric buses, which will be in operation next year.

Our work is far from done. We are advancing plans for a second light rail line in Downtown Dallas that we hope will be partially funded by a Core Capacity Grant, which would be unavailable to us under the President's budget proposal. We are also bringing an old railroad corridor, the Cotton Belt, to life with a new commuter rail line – adding a new rail connection to Dallas/Fort Worth International Airport. In response to local demand, we are now accelerating that project by more than a decade and beginning the application for a Railroad Rehabilitation and Improvement Financing (RIFF) loan from the Federal Railroad Administration.

It is critical that Congress keeps these commitments and reject the proposed cuts to public transportation programs that were authorized little more than one year ago.

**Safety**

The public transportation industry mantra is "safety first." The FAST Act and its predecessor, MAP-21, granted the FTA new safety oversight authority related to the certification of State Safety Oversight Agencies and mandated the establishment of minimum safety standards for safe transit operations. In addition, it provided FTA statutory authority to issue nationwide safety directives and regulations as well as withhold or direct funds for recipients that do not comply with federal safety laws or regulations.

As these provisions were developed and are now being implemented, we remain appreciative that this Committee recognized safety standards and rules should reflect the wide diversity of our industry. A "one-size fits all" approach to safety is unworkable, ineffective, and would be a disservice to our riders and employees.

The FAST Act directed the Secretary of Transportation to initiate a rulemaking on driver assaults, which take place at an alarming rate across the country. It also required the Transportation Research Board of the National Academies to conduct a study and evaluate whether it is in the public interest to withhold certain safety-sensitive data from discovery or admission into evidence during lawsuits. The industry looks forward to reviewing these outstanding FAST Act requirements as they are implemented.

The safety of transit riders and workers is the industry's top priority. Public transportation remains one of the safest modes of transportation, but we must always strive to be even better.

**Innovation and Public Private Partnerships**

Congress and this Committee are rightly focused on innovation and building a 21st century transportation system that will support our nation's long-term economic competitiveness. The public transportation industry shares this goal, is committed to harnessing new technology to provide better and more cost-effective service, and is grateful for the innovations supported by the FAST Act.

Specifically, the FAST Act made a number of process improvements, such as allowing agencies to purchase capital assets like buses through cooperative procurements administered by the state, and by leveraging non-profit purchasing organizations to establish three pilot programs. The law also supported the industry adoption of innovative technologies, allowing lease agreements to cover zero emission vehicle power sources, which are batteries that must be replaced within the useful life of vehicle. It improved financing programs for public transportation, and created a national surface transportation finance bureau in the U.S. Department of Transportation (DOT) to streamline the process for accessing the Transportation Infrastructure Finance and Innovation Act (TIFIA) and RRIF credit programs. Lastly, it allowed agencies to use revenues from value capture financing to meet local match requirements, supporting this innovative financing mechanism.

However, not all public-private partnerships involve credit assistance programs. There are other ways in which we can partner with the technology industry. The Dallas-metro area has a vast transportation system and is committed to bringing new options for our customers through innovative partnerships with emerging transportation platforms and the private sector. DART was one of the first transit agencies to actively engage car and ride-sharing companies. Our first partnership was with ZipCar, a nationwide car-sharing company that approached us in 2015 about placing two cars at one of our rail stations. That station quickly became one of our most popular stops. Shortly after our alliance with ZipCar we began a collaborative effort with Uber. We have also partnered with Mothers Against Drunk Driving to encourage safe transit and travel connections during the very popular annual St. Patrick's Parade. Today DART customers can access both Uber and Lyft services through DART's GoPass mobile ticketing app, which utilizes the latest technology to provide a seamless, integrated payment system for the complete trip. We are currently using a federal Sandbox grant to make it even easier for car and ride-sharing customers to connect with transit.

The public transportation industry is committed to maximizing our limited resources by leveraging innovative financing mechanisms and public-private partnerships, when appropriate. However, it is important to note that not all public transportation projects lend themselves to these financing tools. We have seen successful public-private partnerships, but they are simply not workable for many public transportation projects. The fact is that we will not solve our infrastructure deficit through innovative financing tools alone. The existing federal public transportation programs, as supported by this Committee, reflect the fact that direct federal funding remains essential.

**Ongoing Challenges**

There are several major issues still facing the public transportation industry as the FAST Act continues to be implemented.

Perhaps the most significant is the new challenge posed by the President's FY 2018 budget blueprint. The proposal to eliminate the FAST Act's CIG program threatens more than 55 projects in communities all around the country that have expended resources planning new projects with the expectation that the federal government would uphold the commitments made in the FAST Act.

Second, while the FAST Act provided modest growth and funding predictability through FY 2020, the law did not address the long-term solvency of the Highway Trust Fund. In January, the Congressional Budget Office released its latest estimate of the fiscal condition of the Highway Trust Fund and found that after FY 2020 existing user fees – including federal gas and diesel taxes – will not provide sufficient revenues to maintain baseline spending. An additional $120 billion would be needed to fund a six-year surface transportation bill at only current baseline levels for FY 2021-2026. APTA strongly encourages Congress to identify a sustainable revenue mechanism to provide for the long-term solvency of the Highway Trust Fund.

Third, the benefits of the FAST Act will not be fully realized unless Congress approves full-year appropriations, starting with an FY 2017 bill. In December, Congress passed a continuing funding resolution (CR) to keep the federal government operating at FY 2016 levels through April 28, 2017. While FTA was able to make partial-year apportionments of formula grant dollars, the prorated amounts were based on FY 2016 levels rather than the higher levels authorized by the FAST Act for FY 2017. FTA was unable to allocate discretionary grants, including Capital Investment Grants.

If Congress fails to finish its work on a full-year FY 2017 transportation appropriations bill and instead passes another CR at FY 2016 levels, federal transit programs funded by the HTF will not receive the full funding authorized by the FAST Act. Additionally, the $199 million authorized for FY 2017 to install PTC at commuter rail systems is at risk. With commuter rail systems under a congressionally-imposed deadline to install PTC safety systems, we urge Congress to fund this important program as soon as possible.

Lastly, the FAST Act increased the Buy America domestic content requirements for transit rolling stock from 60 percent to 65 percent in FY 2018, and ultimately to 70 percent in FY 2020. We appreciate the orderly transition to higher domestic content requirements as directed by the FAST Act and implemented by FTA and remain committed to complying with these higher standards. However, we caution against any efforts to further increase domestic content requirements during the implementation period as the industry, including the network of manufacturers and suppliers, adapts to these new changes.

## Moving Forward Together

As we look to the future of public transportation, and Congress and the administration work to develop proposals for an infrastructure initiative, we urge the Committee to keep in mind the important economic benefits of public transportation, the strong public support for public transportation investments, and the significant unmet needs that remain.

Public transportation is an essential part of the nation's surface transportation system. It provides access to jobs and personal mobility. Public transportation helps reduce congestion, makes the entire transportation system work more efficiently, and spurs economic growth in communities. Every $1 invested in transit generates approximately $4 in economic returns[1]. A recent study released by APTA found that nearly 90 percent of public transportation trips directly impact the economy either through work commute or consumer spending[2]. In addition, 70 percent of government public transportation funding flows directly into the private sector, supporting millions of jobs[3].

In recent years, several states have raised motor fuels taxes and localities have raised other taxes that help pay for surface transportation, including public transit. During the most recent elections, voters approved nearly 70 percent of transit-related ballot initiatives, raising almost $170 billion in future revenues for public transportation. However, it is important to keep in mind that the success of these local initiatives depends on a strong federal partnership.

Despite the significant resources made available by the FAST Act and local funding increases, the U.S. DOT estimates there remains a backlog of $90 billion, up from $86 billion, in capital investment needs just to bring the existing public transportation system into a state of good repair. In addition, the demand for CIG far exceeds the available resources for new capacity and expansion projects around the country.

## Industry Principles

In an effort to support the efforts of Congress and the Administration as they work to develop new proposals to reinvest and rebuild our nation's infrastructure, APTA convened its members last fall to develop consensus industry recommendations.

APTA continues to advocate for increased investment in public transportation from all levels of government, but the federal partnership remains paramount. We believe that public transportation should be a significant part of any federal initiative investing in the nation's infrastructure. Any new infrastructure initiative should build on the existing FAST Act programs to ensure that the best and most useful projects get funded. Funding should go to communities throughout the nation, including urban, rural, and suburban areas. Investments must address unmet needs associated with

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[1] *Economic Impact of Public Transportation Investment* http://www.apta.com/resources/reportsandpublications/Documents/Economic-Impact-Public-Transportation-Investment-APTA.pdf

[2] *Who Rides Public Transportation* http://www.apta.com/mediacenter/pressreleases/2017/Pages/Who-Rides-Public-Transportation.aspx

[3] *2016 Public Transportation Fact Book* http://www.apta.com/resources/statistics/Documents/FactBook/2016-APTA-Fact-Book.pdf

buses and bus facilities; aging rail systems under the state of good repair program; new capacity projects; urban, rural, and other formula programs; intercity passenger rail and PTC; and workforce development and research programs.

Our transportation mobility challenges are difficult, but can be solved. We have before us a unique opportunity to tackle these challenges in a meaningful way. People in communities everywhere are working on solutions that meet their unique needs. They have the vision and the desire, but require federal leadership and support. We believe there is a role for local communities and the federal government to work together to support those visions with substantial, sustainable, and predictable funding.

However, eliminating existing public transportation infrastructure programs, as envisioned in the President's budget, is a step in the opposite direction. It is not only inconsistent with the calls from the President and the Congress to invest in our infrastructure through a new initiative, but also would be devastating to our city, our region, our state, and the industry as a whole. The members of this Committee authorized the CIG program and support for Amtrak under the FAST Act through 2020. Successfully implementing the law requires Congress reject the budget proposal and fulfill the commitments made to invest in public transportation. Similarly, a successful infrastructure package must build upon those investments, not abandon them.

We are grateful for the efforts of this Committee in working with us to improve federal public transportation programs and advance our mutual objectives.