

Testimony Of

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The Report of the National Surface Transportation
Policy and Revenue Study Commission**

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INTRODUCTION

Good Morning Chairman Oberstar, Ranking Member Mica and members of the Committee. Thank you for inviting me to appear today to comment on the recommendations of the National Surface Transportation Policy and Revenue Study Commission. I do so on behalf of both my system, the NYS Metropolitan Transportation Authority (MTA), the largest public transportation provider in the U.S., and the 1,500 member American Public Transportation Association (APTA).

Before I comment directly on the report, I'd like to preface my remarks with a bit about the structure and history of the MTA system. I think you'll see its relevance to my subsequent comments on the Commission's work.

The MTA is a *state* Authority that serves a region of 14 million people, 14 counties, 2 states and 5,000 square miles. We run the New York metropolitan area's subways, buses and commuter railroads, providing nearly 8.5 million transit rides each day – nearly three billion a year. That accounts for a quarter to a third of the nation's transit and two thirds of its commuter rail trips. In addition, we operate the nation's largest tolling authority which consists of seven bridges and two tunnels that move over 900,000 vehicles carrying 1.4 million people each day.

Our current operating budget is just shy of \$11 billion a year – none of which is federal. We also spend \$4.5 billion a year as part of our five year capital program to maintain, rehabilitate and improve our 100+ year old infrastructure – approximately 25% of which consists of federal funds.

And while those numbers are an indication of the magnitude of our basic needs, what is more relevant to today's discussion is our history of addressing those needs. It is one that encompasses both unprecedented vision and investment in the early part of the century. But it is also one where egregious neglect and short-sightedness by the '60s and '70s ultimately brought the system, the city and the region to the very brink of collapse.

Since 1982, the story has been one of recovery and in some sense, salvation, as we've invested over \$60 billion to rebuild a system that had become by the late 1970s the international symbol of urban decay. Has it been worth the time, energy and money? The numbers -- and our customers -- speak for themselves:

- Ridership in the last ten years is up nearly 50%. Last week we reported subway ridership levels not seen since 1952 – before every household in America had a car in the garage.
- On-time performance increased from 85% to over 94% on the Long Island Rail Road, and from 80.5% to nearly 99% on Metro-North Railroad.
- Mean distance between failures (MDBF) for our subway has doubled every five to seven years, increasing from a mere 6,988 miles in 1981 to nearly 145,000 miles in 2003.
- Some 356 rehabilitated subway and rail stations provided a welcome rather than ominous

environment for our customers.

- At our bridges and tunnels, average peak-hour queue time at our toll booths dropped from 3 minutes in 1996 to 20 seconds today, despite a 13% increase in traffic. This was due to our investment in new toll technologies and reconfigured plazas.
- Real estate values, particularly in areas we serve, have outpaced national growth.

When we talk to our customers they tell us that all this is because of the improvements in our system's reliability and performance – none of which would have been possible without a strong commitment from New York State, the City, our suburban counties – and Mr. Chairman, the federal government. And we are grateful for that continued and stable support.

And so, that is why the work that the bi-partisan Commission did over the past two years holds such relevance and resonance for the MTA and for all my transit industry colleagues at APTA. In fact, many of us had the opportunity to testify before the Commission and we are gratified many of our recommendations and views were included in the final product.

Their work was extraordinarily thorough. The final report clearly draws a link between a successful and internationally competitive U.S. and the investments needed to improve our national transportation infrastructure. The Commission members also understand that if we retreat on investing in that infrastructure -- or do only the bare minimum -- we will exacerbate what I call our growing "crisis of capacity" as our national population grows over the next two decades while our systems operate at or above maximum capacity *today*. Either scenario will leave us at a competitive disadvantage in the global marketplace as Europe and Asia continue to invest in their transportation infrastructure at record rates.

Accordingly, the Commission calls for a comprehensive and bold approach to address America's transportation infrastructure needs, and pointedly *reinforces a strong federal role* in meeting those needs. From a public transportation perspective, we are very pleased that the report doesn't hedge in recognizing our pivotal role in that system and that balanced intermodal investment is the foundation for a strong national economy.

We certainly support the report's recommendation finding that additional funding is necessary to address investment needs. It seems logical that since we're on the doorstep of Trust Fund bankruptcy that an immediate short-term solution would rely on existing mechanisms. But we also agree that over the longer-term, new and innovative funding mechanisms need to be explored.

We applaud the Commission's suggestion for a program structure that introduces performance measures, increased efficiencies, improved project delivery, and private participation, but we also know from past experience that none of those alone – or perhaps even collectively -- will solve our transportation problems or adequately address the magnitude of the need. Substantial, immediate – and real -- investment is essential.

The challenge of maintaining our current infrastructure, addressing existing deficiencies, and accommodating future growth in population and commerce demands a robust investment in all

modes. And while all levels of government, as well as users of the system, should be involved and invested in meeting the need, this crossroads clearly calls for an increased *federal* role in addressing this crisis of capacity.

With that overview, I will now turn my attention to a few of the areas highlighted in the Commission's report:

INVESTMENT NEEDS AND BENEFITS

The public transportation industry agrees that considerable resources are needed to maintain and grow our infrastructure to meet future ridership demands. The report notes that the current level of investment in public transportation infrastructure from all funding sources is \$13 billion per year, and that by 2020, to maintain system assets in "good" working condition and accommodate ridership growth, an annual investment of \$21 - \$34 billion is needed. At the MTA alone, our annual investment needs over the next five years (not necessarily what we can afford, but the actual need) are estimated to be well in excess of \$6 billion a year.

The report suggests that the national figure will grow to \$26 - \$46 billion a year by 2050, but APTA believes the national capital investment needs of our industry already exceed \$40 billion. This is based on research by APTA and AASHTO which assumes projected ridership growth of 3.5% and the need to improve the physical condition of our infrastructure and performance.

Whatever the precise number, I think we all agree that the need is considerable, it is real, and it is growing. As the commission report notes, without significant increased investment, the average condition of transit assets will gradually decline over time, leading to a relative shift of riders from transit to highways. This would conflict with national goals of "energy independence and environmental considerations." Considering the many benefits of public transportation and in light of the increased demand on our transportation system as a whole, it is critical that the system is not only adequately maintained, but designed to accommodate future growth.

The benefits of public transportation to the country in terms of conserving energy, minimizing climate change and reducing highway congestion are well documented. A household that uses public transportation saves more than \$6,200 every year, compared to a household with no access to public transportation. This amount is more than the average household pays for food each year.

FEDERAL ROLE IN INVESTING IN PUBLIC TRANSPORTATION

As I mentioned earlier, at APTA we are particularly pleased that the Commission calls for an expanded federal role for public transportation. The report notes that the "national interest in quality transportation is best served when modes are rebalanced and travel options are plentiful," and that "public transportation and intercity passenger rail will play a significantly larger role in America's mobility." Our transit systems work symbiotically with highways to alleviate congestion, allowing for more efficient transport of passengers and goods. This interrelationship is readily acknowledged by our partners at AASHTO, ARTBA, the Chamber of Commerce and others with whom we work closely, and it will continue to be critical as our population and economy continue to grow.

In addition, public transportation meets national goals of energy independence and the reduction of global warming. A recent report by ICF International, *Public Transportation and Petroleum Savings in the U.S.: Reducing Dependence on Oil*, found that using public transit saves our nation 1.4 billion gallons of gasoline every year (the equivalent of 108 million cars filling up or almost 300,000 gallons a day). Another study released by APTA and prepared by Science Applications International Corporation, *Public Transportation's Contribution to U.S. Greenhouse Gas Reduction*, found that in a two adult, two car family, a single person switching to public transportation for their commute can reduce their household's carbon footprint by 10% - which is more effective at reducing greenhouse gases than environmentally friendly household activities such as home weatherizing, changing to efficient light bulbs, and using energy efficient appliances.

As noted by the majority and minority reports, the federal government currently contributes approximately 40% of the amount invested in the nation's public transportation infrastructure. In recent years that share has been as high as 51%. Federal involvement and investment must continue at these or greater levels. Decreased investment in maintaining and encouraging an integrated intermodal transportation system is certainly not in the national interest.

It is troubling that public investment in transportation has been looked at in some circles as a drag on the federal budget or the economy, rather than as a catalyst that helps foster, facilitate and leverage private economic activity. The return on investment (ROI) of the MTA's capital program may not directly show up on our balance sheet.

But make no mistake, there are two places ROI *does* show up that make those expenditures a bargain. ROI is buried within the balance sheets of thousands of companies throughout the region through increased mobility and productivity of their workforce. And it appears more tangibly when one factors in the *direct* economic benefits of capital investments in transportation infrastructure. For example, the \$16 billion that the MTA invested in its capital program between 1982 and 1991 generated an estimated \$27 billion in short-term economic activity, wages, and state and city taxes. The 1992-1996 MTA Capital Program generated an estimated short-term economic benefit of \$18 billion on an investment of \$12 billion and created an estimated 148,000 jobs. Nationally, each \$10 million in capital investment has been found to yield a \$30 million gain in business sales.

FINANCING THE PROGRAM

APTA supports the commission's recommendation that something needs to be done immediately to meet the critical investment needs of the nation's transportation system. While alternative methods to finance the program in the future need to be explored, such as congestion pricing, tolling, public-private partnerships and even a carbon tax, the current dedicated funding mechanism has worked well and must be part of the solution for the next authorization period.

In addition, APTA is intrigued by the recommendation to create of an independent "National Surface Transportation Commission" to "oversee development of a national strategic plan for transportation investment and to recommend appropriate revenue adjustments to the Congress to implement that plan." Perhaps such a panel could play a valuable role in speeding project delivery and ensuring that Trust Fund revenues are sufficient to meet investment needs.

RESTRUCTURING THE FEDERAL TRANSPORTATION PROGRAM

As Congress begins the process of authorizing the surface transportation program, the Commission's recommendations will certainly be helpful in shaping the debate.

At APTA we have already convened an Authorization Task Force to develop the industry's recommendations for the 2009 legislation. The Task Force is looking at the Commission's work very carefully. And while we have many questions on how the newly proposed structure would impact transit operations, we generally support many of the goals the report advanced, including:

- 1) Speeding Project Delivery – Speeding project delivery and reducing the cost, time and effort to gain approval for projects is a top priority for our industry. Every transit operator in the country can relay a horror story of time wasted and the money spent in working through the federal process to deliver projects that have the full support of the local community and clearly make economic sense. The process as it relates to transit investments is overly burdensome and in some cases broken. As a result, in many cases a project conceived today can take more than a decade to come to fruition and cost tens if not hundreds of millions of dollars more. We support all credible reforms that will speed project delivery and save money in the process.
- 2) Performance-Based Accountability Measures - we support programs that take into account measures of performance and accountability for the full range of economic, environmental, and social costs and benefits of investments. Certainly the federal government should not be funding wasteful projects, but project selection should be made with an eye toward not only immediate positive impact, but also recognizing future impacts that support population and economic growth. Fortunately, our forefathers at the MTA, and throughout the transit industry, had the vision to build systems that served not only the present, but the future, while encouraging economic activity. The decisions they made to invest in our regional and national infrastructure have allowed us to meet today's demand – but we are close to the edge.
- 3) Asset Management - Maintenance of our assets to ensure a “state-of-good-repair” is critical. Deteriorating systems simply do not attract new riders. We commend the Commissioners for recognizing that a primary responsibility of the federal program is maintaining infrastructure it has already spent considerable resources to build. Proper asset management is cost effective as well, as proper maintenance today alleviates the need for much larger capital investments in the future.
- 4) Congestion Relief in Metropolitan Areas – Congestion in our large metropolitan areas continues to be a problem, and will only get worse as most of the future population growth is projected to occur in the largest of those areas. Public transportation use is a critical component of reducing congestion. *The 2007 Urban Mobility Report*, released by the Texas Transportation Institute (TTI), found in urban areas alone, public transportation saved 541 million hours in travel time and hundreds of millions of gallons of gasoline. Without public transportation, congestion costs would have been \$10.2 billion more that year.

5) Access for Smaller Cities and Rural Areas – APTA supports continued investment in a public transportation system that provides mobility options for Americans in our small cities and rural areas. Every American should have access to at least some form of transit. Transit provides critical mobility options in small towns and rural areas for those who for some reason do not have access to an automobile- whether for financial reasons, age or disability. This is becoming increasingly important as our population continues to age.

6) Intercity Passenger Rail – APTA supports increased investment to advance intercity rail with new revenue streams. As our airports become increasingly congested, it is vital that passengers have options to travel between metropolitan areas within a 500 mile range. This is especially true as our society looks to become increasingly mobile, and individuals choose to seek employment opportunities that are long distances from their homes.

7) Environmental Stewardship and Energy Security - Public transportation plays a critical role in reducing our reliance on foreign fuels and reducing greenhouse gas emissions. Increased investment in our public transportation system will only serve to further advance these goals. Public transit saves our nation 1.4 billion gallons of gasoline every year. The transportation sector accounts for 1/3 of all greenhouse gas emissions in America. Public transportation is the single most effective way an individual can reduce their carbon footprint. However, we need to give more Americans access to public transportation so they can make that choice.

8) Research, Development, and Technology - We commend the Commission for recognizing investment in research, development and technology are vital to assure that our transportation systems remain efficient, cost effective and environmentally friendly far into the future. Our members continually rely on new research & technology to increase operation efficiency, provide better service and attract new riders. In addition, recent advances in green fuels and technology have helped our vehicles and facilities to become more energy efficient.

CONCLUSION

In conclusion, the MTA experience is one that was shaped by a history of inadequate investment in our physical assets – a painful lesson to be sure. But the experience of the last 25 years took that harsh lesson and turned our system around. We demonstrated that adequate investment from every level of government to enhance service reliability and quality boosts economic capacity and vitality. Only stable, sustained, and substantial public investment can prevent disrepair from reversing these gains and once again hobbling the transportation system. Not an easy task to be sure, but one which, if history is our guide, is ignored at great peril.

On behalf of the MTA and all the members of the American Public Transportation Association, I thank you for providing me with the opportunity today to share our views on this groundbreaking report. We congratulate the members of the National Surface Transportation Commission for taking on its assignment and encouraging our leaders in Washington to make the tough decisions to invest in the mobility of our citizens, maintain the global competitiveness of our economy, and protect our quality of life.

We look forward to working with Congress and this Committee in particular in using the Commission's work as a guide as we help you shape the future of transportation in America. I look forward to answering any questions that you may have.