

**BEFORE THE HIGHWAYS AND TRANSIT SUBCOMMITTEE OF THE
TRANSPORTATION AND INFRASTRUCTURE COMMITTEE
UNITED STATES HOUSE OF REPRESENTATIVES**

**STATEMENT OF DAVE LEACH, PRESIDENT/CEO, GREYHOUND LINES,
INC. ON THE ROLE OF INTERCITY BUSES IN IMPROVING AND
REFORMING THE NATION'S SURFACE TRANSPORTATION PROGRAMS**

March 29, 2011

Chairman Duncan, Ranking Member DeFazio, and members of the Subcommittee, I am pleased to present Greyhound's views on the vital role intercity buses can play in bringing cost-effective improvements to the Nation's surface transportation programs. The Committee and Subcommittee leadership have listed several major objectives for the Committee's reauthorization bill. They include:

Stop sitting on our unused or under-utilized assets;

Find ways to do more with less;

Streamline the delivery of transportation improvements;

And develop innovative public-private relationships that deliver transportation improvements in a more cost-effective manner.

Greyhound believes that intercity buses can help achieve each of these objectives. What follows is a brief look at the potential of intercity buses to meet these objectives and what program changes are needed to unleash that potential.

Sitting on Unused assets – Studies demonstrate that intercity buses (a/k/a motor coaches) are the most environmentally friendly and fuel efficient of all passenger transportation modes. They emit less CO₂ and use less fuel per-passenger mile than any other mode. They are also the most flexible; they can go anywhere and do anything from high end luxury service to the most affordable transportation. Intercity buses serve 3 times as many communities as any other form of intercity public transportation.

Yet, intercity buses are largely "off the grid" when it comes to federal, state, and local planning and funding priorities. It's a rare day when intercity buses are integrated into transportation planning in a meaningful way and far less than 1% of federal public and intercity transportation funding goes to intercity buses.

Doing more with less – intercity buses are, by far, the most cost-effective form of transportation. For example, Greyhound's full operating costs are less than 1/3 those of Amtrak on either a per-passenger mile or per-passenger trip basis. Intercity buses are

capable of providing a wide range of attractive services from long haul commuter to express intercity service to rural network service.

Perhaps the most significant surface passenger transportation development of the last five years is the emergence of high quality, inexpensive express intercity bus service between major cities, particularly in the Northeast Corridor. BoltBus and other similar bus services have succeeded in taking millions of passengers out of their cars with their internet-driven, Wi-Fi-equipped, point-to-point service. While billions in federal funds have been spent or committed just for the planning and preparation of intercity rail services, these innovative, new intercity bus services have become the fastest-growing transportation segment in the Northeast Corridor without a penny of government funding.

Streamlining delivery – intercity buses can be built and deployed quickly. The planning also can be expedited since intercity buses are so environmentally beneficial, flexible and relatively inexpensive. If plans need to be modified after implementation in order to meet market demand, bus redeployment can occur very quickly.

Here are two recent examples of how quickly intercity bus service can be delivered. Last year, Greyhound saw a need to upgrade its fleet by the complete refurbishment of a significant number of its buses. In 6 months, Greyhound found a corporate partner, located an ideal vacant RV plant in Napanee, Indiana; hired and trained a skilled work force made up primarily of out-of-work RV plant workers; and started producing like-new, refurbished buses. Those buses are now operating throughout the U.S..

Similarly, when Greyhound saw that ARRA Section 5311(f) funds were available through the states for new intercity buses to provide rural network services, we worked with FTA and certain states to develop an expedited, master intercity bus procurement, for which any state could provide ARRA funds. The result is that Greyhound is now fully deploying approximately 60 new intercity buses providing vital rural and small community service in numerous states.

Developing public-private partnerships – intercity buses are the only form of surface passenger transportation that is primarily operated by the private sector; thus, we offer unique opportunities for public-private cooperation. We can bring entrepreneurship, capital, expertise, existing networks and facilities, and passenger traffic to the table, but state and local entities need to have the flexibility and the incentive to work with us.

Here are the steps that we recommend that the Committee take to enable intercity buses to play a more significant role in meeting the Committee's reauthorization objectives.

- 1. Give states more flexibility in implementing the section 5311(f) intercity bus program.**

FTA has implemented a pilot program whereby the states can work with private operators to use the unsubsidized costs of the intercity bus network as the local match for Section

5311(f) services feeding into the network. This program has been very successful in its 3 years of existence with new services either implemented or planned to 240 communities on 43 routes in 13 states. A list of those routes is attached to this statement.

Congress should make this program permanent as soon as possible so that states can be confident that it will continue. Also, FTA has only allowed the match to be the private operator's capital costs; Congress should give the states the flexibility to use all of the unsubsidized costs as local match. There is no reason or precedent for limiting the match to capital costs. States also should be given the flexibility to apply the match to all Section 5311 funds so that integrated intercity/local projects can be developed.

2. Give states the flexibility to provide capital for the development of comprehensive statewide intercity bus networks.

Greyhound has demonstrated through its new BoltBus and Greyhound Express services and its upgraded network services that people will shift from cars to intercity buses for many city pair trips if the buses are new and comfortable; the service is frequent; and the price is reasonable. The fundamental roadblock to expanding that service is the industry's lack of capital for new equipment. In the past 12 years, the annual number of new motor coaches delivered in the U.S. has fallen by 65%.

Assuming there is going to be a new intercity component to reauthorization, states that determine that they do not have the population density to justify the capital and operating costs of intercity rail should be allowed to apply for capital funds for intercity buses so that they can work with the private sector to develop comprehensive statewide intercity bus networks. These networks could provide express bus services between the major cities in the state while linking smaller communities into that network through the 5311(f) program. These services would provide attractive, frequent, affordable alternatives to the private auto at a tiny fraction of the capital costs of intercity rail and with no subsidized operating costs.

3. Continue the Over-the-Road Bus Accessibility Program to assure compliance with federal mandates while preserving rural service.

The OTRB Accessibility Program has been very successful in helping Greyhound and others meet the Americans with Disabilities Act mandate to equip each new bus with a wheelchair lift and related equipment. This mandate is hugely expensive with costs of up to \$45,000 per bus or almost 10% of the cost of a new bus. No other intercity transportation provider has ADA equipment costs that come close to that percentage.

Given the limited capital available for bus purchase, this program is essential to Greyhound's ability to maintain its existing network of rural and small services. Without it, Greyhound will have to reduce its bus acquisitions by roughly 10% and the reduced fleet will inevitably mean less or no service on routes with lower ridership. Greyhound will meet the ADA deadline of having its entire fixed route fleet equipped with lifts by October, 2012, but the mandate doesn't go away at that point. Every fixed route bus we

purchase after that date must have a lift so if we are going to be able to maintain our fleet size, we need for this program to continue.

4. Integrate intercity buses into federal, state, and local planning so that their transportation and environmental benefits are fully utilized.

Right now, operators of intercity buses are on the outside looking in when it comes to the transportation and environmental planning process. We recommend that reauthorization change that by requiring that federal, state, and local planners consider the many benefits of intercity buses, consult with private operators of intercity buses, and properly integrate intercity buses into their plans for improving transportation and the environment.

We note that in SAFETEA-LU, Congress required that states consult with intercity bus providers when developing their statewide rural public transportation plans. That consultation requirement has helped break down the "us against them" public-private attitude and has led to many states developing statewide intercity bus plans that have been the basis for the new rural services described above. The same consultation and integration should occur across the board.

5. Ensure that federally funded projects encourage the use of intercity buses to the same extent as public transit buses

Reauthorization is likely to bring an increase in federal support for innovative financial arrangements to improve highway infrastructure. These include the creation of new HOV/HOT lanes and tolled facilities. These facilities are intended to reduce congestion and encourage the use of buses and other high occupancy vehicles. It is important that when federal funding is involved, the sponsoring entity be required to treat privately-operated buses the same as publicly-operated buses with regard to access to these facilities and exemption from charges paid. Buses provide the same congestion mitigation and environmental benefits whether they are publicly or privately owned.

The prior Administration pioneered these public-private partnerships through its Urban Partnership Agreements. Those agreements recognized the important role that privately operated intercity buses can play in reducing congestion and improving the environment. The UPAs all required the recipient agencies to agree to exempt privately operated over-the-road buses from tolls to the same extent as other public transportation. The states were free to set whatever toll levels they wanted, but they had to apply the same standards to both publicly-owned and privately-owned buses. A similar requirement should be contained in all future agreements for federal support of congestion mitigation projects.

Without this federal policy, privately operated intercity buses are likely to face discrimination. We have seen this already in Virginia where the state's agreement with the private operator to build new beltway and I-95 HOT lanes defined only public transportation buses, not privately-operated intercity buses, as HOVs eligible to use the HOT lanes without charge. Ultimately, the concessionaire agreed to include all buses in

the HOV definition, but it was a difficult process. Where federal funds are involved, there should be a clear policy of treating all buses equally.

6. Provide incentives for intermodal projects including intercity buses and make them easier to plan, fund, and implement.

Ever since ISTEA, Congress has paid lip service to improving intermodal transportation, but at least with regard to passenger transportation, little has changed. SAFETEA-LU took a step forward by including privately-operated intercity buses and bus terminals as eligible parts of public transportation joint development projects. But it took years and several attempts before FTA properly implemented this provision, and it is so layered with regulatory requirements that few projects have been completed using this new eligibility.

If intercity and local public transportation are to reach anything close to their full potential as alternatives to the private auto, the various modes must be linked at terminals that make public transportation convenient and attractive. To accomplish this, the Committee should consider several approaches. These could include an intermodal fund for terminals that involve intercity bus and rail (where relevant). There was such a fund in SAFETEA-LU, but because of earmarks, it was never properly implemented.

Intermodal terminals including intercity buses could also be a requirement for, or at least a strong factor favoring, any federally funded intercity transportation project. Finally, the Committee should streamline FTA's joint development guidelines so that intermodal terminals involving privately-operated intercity buses and/or intercity rail can be developed expeditiously.

Greyhound hopes that these recommendations for achieving the Committee's reauthorization objectives will be helpful. We would be happy to work with the Committee on implementing these recommendations in any way that the Committee would find useful. Thank you for the opportunity to present our views in this important hearing. I would be happy to answer any questions Subcommittee members might have.

Respectfully Submitted,

Dave Leach
President/CEO
Greyhound Lines, Inc.

COMMITTEE ON TRANSPORTATION AND INFRASTRUCTURE
Truth in Testimony Disclosure

Pursuant to clause 2(g)(5) of House Rule XI, in the case of a witness appearing in a nongovernmental capacity, a written statement of proposed testimony shall include: (1) a curriculum vitae; and (2) a disclosure of the amount and source (by agency and program) of each Federal grant (or subgrant thereof) or contract (or subcontract thereof) received during the current fiscal year or either of the two previous fiscal years by the witness or by an entity represented by the witness. Such statements, with appropriate redaction to protect the privacy of the witness, shall be made publicly available in electronic form not later than one day after the witness appears.

(1) Name:
David Leach

(2) Other than yourself, name of entity you are representing:
Greyhound Lines, Inc.,

(3) Are you testifying on behalf of an entity other than a Government (federal, state, local) entity?

YES

If yes, please provide the information requested below and attach your curriculum vitae.

NO

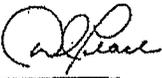
(4) Please list the amount and source (by agency and program) of each Federal grant (or subgrant thereof) or contract (or subcontract thereof) received during the current fiscal year or either of the two previous fiscal years by you or by the entity you are representing: For Greyhound's fiscal year ending March 31, 2010, the company received:

US Dept of Homeland Security Intercity Bus Security Grant Program - \$5,762,571;

US Dept of Transportation - \$10,217,961*

*includes FTA Over-the-Road Bus Accessibility Program - \$4,559,735; and FTA 5311(f)/state program funding - \$5,658,226.

Total Federal funding- \$15,980,532


Signature

3/28/10
Date

Dave Leach, President and Chief Executive Officer, Greyhound Lines, Inc.

Mr. Leach is the president and chief executive officer of Greyhound Lines for North America. He is responsible for all aspects of Greyhound's service throughout North America.

Mr. Leach began his career with Greyhound Canada in 1986. He joined Greyhound Lines, Inc. in 2006 as chief operating officer, after leading Greyhound Canada as senior vice president. As COO he was responsible for all customer service functions, safety, real estate and facilities, driver operations, maintenance, industry relations and the company's subsidiaries.

With more than two decades of experience in the private intercity bus industry, Mr. Leach has an unrivalled understanding of its challenges and opportunities.

Mr. Leach is a board member of the Canadian Bus Association, the American Bus Association, and the American Highway Users Alliance.