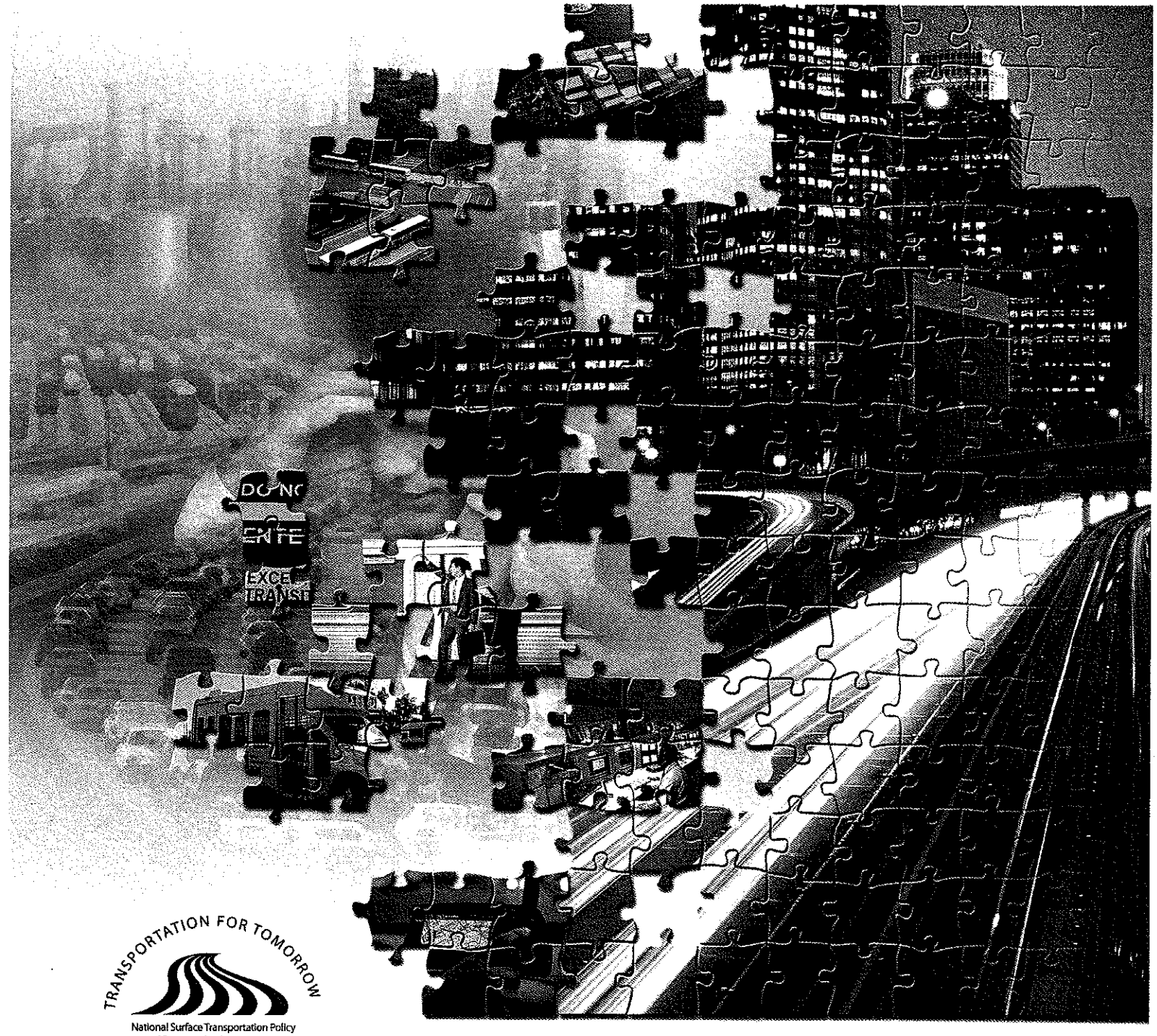
Report of the

National Surface Transportation Policy and Revenue Study Commission

Transportation for Tomorrow

December 2007



TRANSPORTATION FOR TOMORROW

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Advancing the Federal Interest: 10 Programs

The 10 programs described below represent the key areas identified by the Commission for Federal participation and funding. Each description explains why a Federal role is appropriate, how performance measures and standards would be set, potential strategies for meeting performance standards, and proposed Federal funding shares for qualifying projects. These 10 new programs are intended to replace the dozens of separate highway and transit funding categories in SAFETEA-LU.

An important element of many programs would be the development of national plans to accomplish key national program goals. These plans would also serve as the basis for apportioning funds to the States on a cost-to-complete basis, much as was done for initial construction of the Interstate System. National plans would be developed for the Rebuilding America; Freight Transportation; Metropolitan Mobility; Safe Mobility; Connecting America; Intercity Passenger Rail; Federal Lands; and Research, Development, and Technology programs. These plans would then be consolidated into a national strategic plan for Federal investment by the USDOT.

Except for the Federal Lands and Research, Development, and Technology programs, national program plans would be based on individual plans developed by each State and major metropolitan area. The USDOT, in cooperation with State and local governments, multi-State coalitions, transportation system users, and the full range of public and private stakeholders, would develop national performance standards for each applicable program area. Those standards would be closely coordinated with key environmental and energy objectives. The USDOT would then work with each State and major metropolitan area to develop

Refocusing the Federal Program structure

Current Federal Surface Transportation Programs	
Federal Highway Administration	62 Programs
Federal Transit Administration	20 Programs
Federal Railroad Administration	6 Programs
National Highway Traffic Safety Administration	12 Programs
Federal Motor Carrier Safety Administration	8 Programs
Total	**108 Programs**

Proposed Federal Surface Transportation Programs

1. Rebuilding America: A National Asset Management Program
2. Freight Transportation: A Program to Enhance U.S. Global Competitiveness
3. Congestion Relief: A Program to Improve Metropolitan Mobility
4. Saving Lives: A National Safe Mobility Program
5. Connecting America: A National Access Program for Smaller Cities and Rural Areas
6. Intercity Passenger Rail: A Program to Serve High-Growth Corridors by Rail
7. Environmental Stewardship: A Transportation Investment Program to Support a Healthy Environment
8. Energy Security: A Program to Accelerate the Development of Environmentally-Friendly Replacement Fuels
9. Federal Lands: A Program for Providing Public Access
10. Research, Development, and Technology: A Coherent Transportation Research Program for the Nation

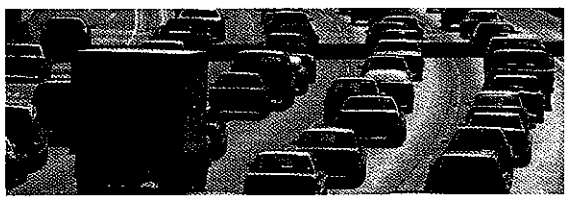
One of the earliest examples of one type of freight project envisioned by this program is the Alameda Corridor—a 20-mile-long rail corridor near downtown Los Angeles that consists of a series of bridges, underpasses, overpasses, and street improvements that separate freight trains from street traffic and passenger trains, facilitating a more efficient transportation network. Another is the CREATE project in Chicago, a partnership between the State of Illinois, City of Chicago, Metra (the Chicago commuter rail agency), and the nation's freight railroads in which separation of passenger and freight train tracks; grade separation and grade crossing improvements; and upgrades to tracks, switches, and signal systems will reduce train delays and congestion throughout the Chicago area. To date, these kinds of freight-related projects have been excluded from formal programmatic Federal support. The freight program proposed by the Commission will address critical freight projects at national freight origins and destinations, and within the corridors that connect them.

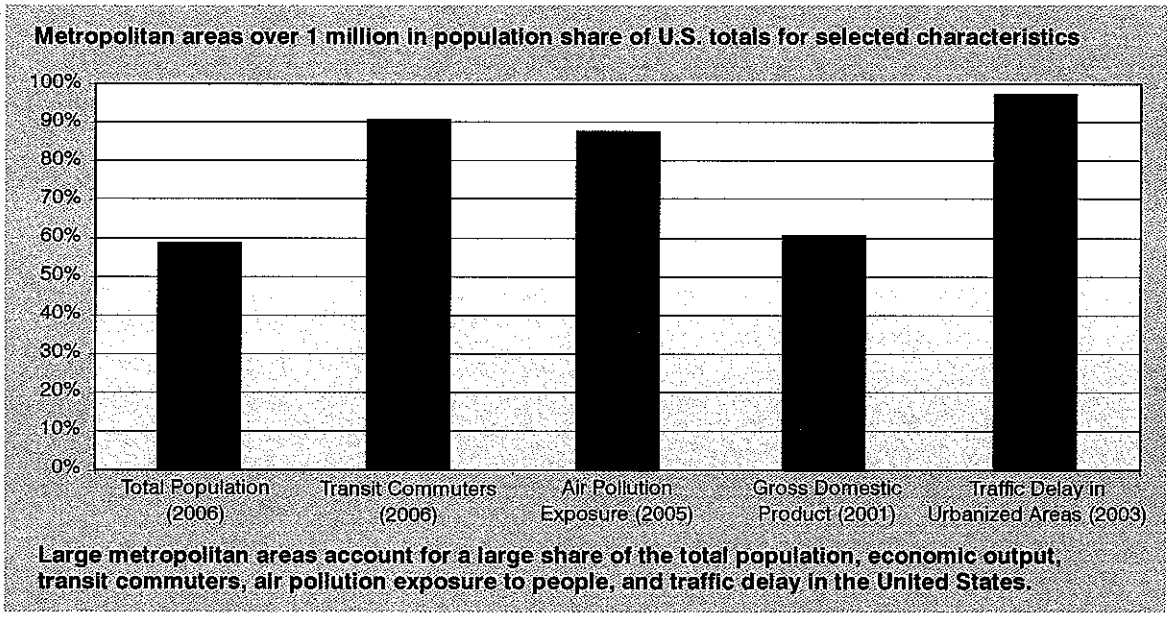
increasing freight volumes. The development and accomplishment of the State plans would in most cases require multi-State cooperation. Multi-State and State freight planning groups would use stakeholder-provided information to develop a consensus on future investments in major highways, freight rail facilities, waterways, ports, and intermodal facilities. States would be required to evaluate the projects in their plans using benefit-cost analysis from the point of view of the public benefit, looking at the full range of potential solutions to freight chokepoints to find the best value for society. Project funding should be merit-based and grantees should be accountable for meeting freight mobility performance standards, and consistent with national environmental and energy goals.

It will be important to standardize public benefit methodology for evaluating and negotiating partnerships between private entities (such as railroads), States, and local and Federal interests. This will ensure that private entities are not subsidized and, concomitantly, that they are not required to pay for public benefits. Government support for infrastructure projects could actually result in a net reduction of overall needed capacity expansion if private investment is diverted to projects with primarily public benefits. Similarly, publicly funded projects should not require non-economic private investment or service, or supplant or diminish private investment.

Federal participation in individual projects would be 80 percent, with higher participation levels justified based on their national benefits, particularly when benefits fall primarily outside of the region. Apart from demonstrating that proposed projects under this plan are cost-effective and justified, additional Federal requirements would be kept to a minimum.

(3) CONGESTION RELIEF: A Program for Improved Metropolitan Mobility. The Nation's urban areas generate 60 percent of the value of U.S. goods and services. The efficient movement of citizens and goods within these areas is critical to their productivity, and by extension, to the economic productivity of the Nation itself. Clearly, the Nation has a vital interest in guaranteeing efficient metropolitan mobility. **Therefore, the Commission recommends that a distinct program be established to fund projects that reduce congestion in our largest metropolitan areas (of 1 million or more in population).**





Source: Metropolitan Transportation Commission

Analyses conducted by the Commission indicate that a 20 percent reduction in per-vehicle delay on major urban highways is possible by 2025. The analyses show, however, that this goal cannot be met without a comprehensive set of strategies to manage demand, improve operations, significantly increase transit capacity and ridership, and significantly expand highway capacity. Many of these strategies, especially expanded transit systems and additional highway capacity, will involve substantial capital investment.

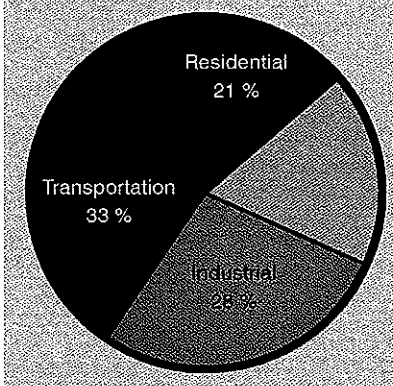
Meeting this goal will require broad coordination among agencies at multiple levels of government. The USDOT would set mobility goals for large metropolitan areas by first establishing standardized measures of mobility (e.g., hours of delay per 1000 vehicle miles traveled [VMT]). It would then specify national mobility standards for metropolitan areas. The full range of public and private stakeholders (including system owners, operators, and users) involved in the planning, construction, and operation of regional transportation in such metropolitan areas would be convened to assure consideration of the urban interests in defining national standards. This would help integrate transportation planning into other urban planning activities.

The Commission expects that the Metropolitan Mobility plans in most metropolitan areas will include an increasing emphasis on public

"Our revenue expenditure system is focused on road construction, which is a process, as opposed to reducing congestion, improving air quality, or transferring the movement of hazardous materials away from our urban centers."
– Rich Williamson, Chairman of the Texas Transportation Commission, at the Commission's Dallas field hearing.

transportation, especially electrified railways. Federal transportation policy must more effectively support and encourage the use of public transportation as part of a balanced approach to metropolitan mobility. Traditional bus and rail transit and, where appropriate, intercity passenger rail must be an increasingly important component of metropolitan mobility strategies due to their ability to move large volumes of people into and out of areas that cannot handle more automobiles. Not only is transit an important element of congestion relief strategies, it supports policies to reduce transportation energy consumption, greenhouse gas emissions, and air pollution if sufficient use is demonstrated. The Commission believes that public transportation is essential to meeting our future mobility needs in metropolitan areas. But even with transit playing a much bigger role in the future, the Commission believes that many of the plans will also include significant increases in highway capacity as part of a robust nationwide surface transportation system.

U.S. carbon emissions from fossil energy consumption by end-use sector in 2005



The chart shows that the transportation sector is the largest contributor of greenhouse gas emissions in the United States.

Source: Energy Information Administration

The Commission recognizes that road pricing has great potential to reduce congestion and improve system efficiency because of its ability to better utilize the Nation's existing infrastructure. Congestion pricing provides an incentive for personal travelers to drive during off-peak hours, or to change their mode of transportation for time-sensitive journeys. Such fees are higher in times or places with heavy traffic, and lower in other times and places with light traffic. They are already used at a variety of highways, bridges, and tunnels throughout the U.S. Such fees promote the efficient use of existing infrastructure. To the extent that some drivers choose other modes or routes or to travel at less congested times of day rather than pay the fee, congestion is reduced. Congestion fees have a further critical benefit in that they send price signals about the need to add capacity, thus promoting the efficient use of investment dollars in the long run. Mobility goals also should reflect the fact that high traffic urban highways can generate significant revenues from congestion pricing, requiring less tax-based funding. Metropolitan areas of 1 million or more in population would use these performance standards and national goals to develop their own performance standards, developing Metropolitan Mobility plans to meet these standards in a cost-beneficial manner. The Commission also expects that the major metropolitan areas will be guided

by these standards in their accommodation of new economic and population growth.

Funds authorized under the Metropolitan Mobility program would be reserved for urban areas of 1 million or more in population. Although these major metropolitan areas comprise about 60 percent of total U.S. population, they capture over 85 percent of national market share for three critical transportation indicators: traffic congestion, transit ridership, and population exposure to auto-related air pollution.

Planning and project selection authority in the Metropolitan Mobility program would be vested in a transportation agency designated by the Governor and leading local elected officials from the metropolitan area. This could be the Metropolitan Planning Organization (MPO), another regional transportation agency, or the State department of transportation. In multi-State metropolitan areas, authority could be vested in a consortium of agencies through interstate compact. The Federal funding share of Metropolitan Mobility projects would be 80 percent of project cost.

"And if America is to compete internationally it has to make...dramatic investments in its metropolitan infrastructure systems to keep pace."
– Bob Yaro, President of the Regional Plan Association, at the Commission's New York field hearing.

We urge Congress to broadly define "metropolitan area" for the purposes of the program, such as employing the concept of combined statistical areas defined by the Office of Management and Budget.

The scale of human life extinguished by crashes on our Nation's highways every year is enormous. It is equivalent to every resident of a small city of almost 43,000 people being killed every year, or 90 percent of the population of Chicago being injured. The equivalent of the combined population of Houston, Philadelphia, Phoenix, and San Antonio is involved in police-reported crashes, and this does not include the increasing number of unreported traffic crashes (now estimated to be twice that of the police-reported number).

(4) SAVING LIVES: A National Safe Mobility Program. Travelers on the Nation's surface transportation system have a right to expect safe and uniform transportation conditions from coast to coast. The Federal role in establishing safe conditions for travel is well established through agencies such as the National Transportation Safety Board, the Federal Motor Carrier Safety Administration, and the National Highway Traffic Safety Administration, and through Federal safety regulation of air, land, and sea travel. It is, therefore, the Commission's recommendation that a national plan for safety be developed that both informs investments in all other transportation programs and leads to transportation investments undertaken purely for safety purposes.

Currently, highway travel accounts for 94 percent of the fatalities and 99 percent of the injuries on the Nation's surface transportation system. In 2006, 42,642 persons were killed and approximately 2,575,000 were injured in highway crashes. Significant progress has been made over the last 50 years in improving highway safety. Fatality rates dropped from 5.3 fatalities per 100 million VMT in 1965 to 1.42 fatalities per 100 million VMT as of 2006. However,