A DOZEN OR SO years from now when we look back on the early 1990s, we will have no problem saying that the Intermodal Surface Transportation Efficiency Act of 1991 (ISTEA) was the second-most important piece of legislation to emerge from this era. The law that really changed transportation landscape could well turn out to be the Clean Air Act Amendments of 1990.

I plan to sketch out a couple of areas that I believe are important to the implementation of ISTEA, not of ISTEA the law, but of ISTEA the concept, and then present a couple of new ideas as food for thought.

In the past, transportation planning and decision making were considered a kind of zero-sum game among metropolitan planning organizations (MPOs), transit operators, and the states. If more authority was given to one player, then authority had to be taken away from another. ISTEA, however, has changed the whole law of nature, if you will.

Everybody has more authority now. That has been done by forcing the old actors to the table in different ways and inviting some new ones. Citizen participation can occur at every stage of project development, and project development even invites new groups into the process.

MPOs, of course, are involved in project selection from financially constrained transportation improvement programs (TIPs). The role of states, governors' approval of TIPs, the role of the federal government,
the approval by the Secretary of Transportation of the state TIPs, and the role of the private sector, including unions, all require cooperation.

The federal government ought not to be dictatorial in the process. Intergovernmental relationships should be changed without changing the business among ourselves and what we do. We have been working on a number of things for some time. For example, last year an intermodal facilities committee was established under the leadership of Gilbert Carmichael, Administrator of the Federal Railroad Administration (FRA), which includes not only FRA, but the Federal Transit Administration (FTA), the Federal Highway Administration (FHWA), and the Maritime Administration as well.

The idea of providing technical and procedural assistance to states and local and private sector proposers of new major intermodal facilities has been around for some time. FTA is working with the Environmental Protection Agency on conformity procedures and related technical assistance, and the agency is working on a project with the National Association of Regional Councils. A joint program with the U.S. Department of Housing and Urban Development will provide community-based transportation services in depressed inner cities.

FTA and FHWA are working cooperatively at virtually every level on every aspect of ISTEA implementation—metropolitan planning, statewide planning, guidance and regulation, administration of flexible funding projects, conformity with the environmental processes, and so on. The two agencies are also preparing a joint report to Congress on performance and needs.

An intermodal office that will report to the Secretary of Transportation is also being created. An FTA-FHWA joint task force will be established to facilitate the administration of some projects that will be funded with a combination of FHWA and FTA funds. One of the first projects will probably be in Pittsburgh, Pennsylvania. In addition, a joint task force will be created to investigate intelligent vehicle-highway systems corridors around the country.

Given that we are doing all these things, the charge to you is to help us do it better. That is part of what this conference is all about.

Let us know where there are governance problems at the federal level. You are on the outside looking in, so let us know what we can do to change, and help us identify internal problems.

Let me present a couple of new ideas. The first is a project that is part of FTA policy research and what is referred to as intermodal performance. It is an effort to build on some work that is already being done
in Europe and to develop a truly intermodal system of performance evaluation. The methodology is simplicity in itself. A core of people (graduate students, perhaps) is recruited and assigned to take a series of predetermined trips throughout a metropolitan area at various intervals during a year.

They travel from Point A to Point B by automobile; they then travel from Point A to Point B by transit, and so on. Over time, the differences in performance of the various modes are measured, with performance being the time it takes to complete the various predetermined trips.

Given enough time, trips, and other information about what kinds of improvements have been made in this mode or in that mode, comparisons can be made and conclusions drawn about the performance of the region's transportation systems and how investments in one particular mode may affect performance of the other modes.

At no point, however, should the basic identities of the various modes be combined together in sort of a big pot of stew. The modes should retain their identity even while the performance is being evaluated in what would be genuinely intermodal fashion.

This is not necessarily the last word on this type of project. The project is being approached with caution (we could be chasing the cat up a nonexistent tree), but the example is presented to underscore a much more basic point.

Intermodalism has to be built on a strong, solid, confident sense of modal identity, although intermodalism will without question add an exciting dimension to the world in the years ahead.

Another point has to do with finance. Twenty years ago, if a group such as this were to conclude, after its 3 days of deliberation, that inadequate capitalization was a prevalent theme across all transportation modes, the obvious answer would be to call on the federal government to provide more funds. Three days of deliberation is not necessary for people to realize that all modes of transportation are in dire need of fresh capital today. All one needs is a quick look at the morning newspaper to realize that calling for new levels of federal spending is pretty much a nonstarter.

We have all probably failed to appreciate the kind of major structural changes that have taken place in the federal financial apparatus during this same 20-year period. We don't realize how the federal tax structure is simply no longer the super-efficient money-raising machine that it used to be, how indexing of the federal income tax has been scaled back, and how marginal increases in deficit spending have really be-
come something totally different from what they once were. We forget, in other words, that in spite of all the rhetoric about the federal roles and responsibilities, in many cases programs of domestic assistance were initiated at the federal level for no more profound reason than the fact that the federal government was able to raise money more efficiently, or at least more easily, than any other entity.

The point is that if we recognize the need for additional capital and we can't go to Washington for direct assistance, we ought to see if use of a concept known as securitization will help. One plus one is still two, and four times two is still eight. However, if you have eight, you may be able to parlay that into a lower interest rate than if you had only two. In a way, this is what securitization is all about.

Transportation systems have streams of revenue to which they have access, but few of them have been able to take that revenue to the bank and borrow against future dollars to obtain a capital asset that will help make the realization of future dollars all the more certain.

In the public sector, transportation systems tend to buy all their long-term assets with cash up front. Transportation planners must start thinking in terms of steady and reliable streams of revenue, not cash that is saved under a pillow until there is enough to buy the desired item.

A mechanism must be developed to pool needs and have the collective debt that is incurred to acquire assets today sold on the open market by an intermediary to the real sources of investment capital in the United States today (e.g., pension funds and money market funds). That is what securitization is all about. It means pooling the debts that are incurred to buy capital assets and using an intermediary to gain access to the money on the open market.

The intermediary is the key to it all because it is through the intermediary that standardized information about borrowers' financial situations is obtained, thereby making a joint offering on the open market with the confidence that the open market will demand.

Speaking solely from a mass transit perspective, the industry, in my opinion, has really sold itself short on the value that it represents for long-term investors. The industry has a lot of sources of revenue, including state taxes, local taxes, federal grants, and fare box income. They ought to be leveraged for capital investment. The notion of shifting the focus away from cash payments for capital assets and using them for federal assistance to service long-term debt is something that is referenced throughout ISTEA. It actually started last October with new
leasing provisions that allow the financing of debt with federal capital dollars.

As transportation planners begin to think about capitalization more seriously, we must not restrict ourselves to the relatively small domain of federal assistance for certain kinds of public transportation—mass transit and highways. Instead, a system should be crafted in which public and private transportation borrowing can be pooled from a much broader sector of transportation into a heftier market force, thereby leveraging even further some of the resources by reduced borrowing costs. Perhaps a type of Fannie Mae is needed for transportation investments. It could be called Dottie Fae.

The final point is on the fixed percentage set-aside established in the new authorization for research and planning activities. The research and planning budget and the way it is handled under ISTEA is an achievement that many conference participants can take a good deal of pride in, but we need the full funding set aside on it. That is not necessarily a given this year, but all members of the transportation community can have a role in making sure that it happens.