

OPENING PANEL

ROBERT E. MARTINEZ, VIRGINIA DEPARTMENT OF TRANSPORTATION

“Over the past 40 years the nation has witnessed a great expansion of the federal government's involvement in transportation. The current federal role in highways, originally intended to be of limited duration to meet immediate post-war needs, has outlived its mandate and has become a barrier to sensible decision making.”

“The nation's mass transit systems, which provide local transportation services, are dependent on the U.S. Treasury to finance construction and to subsidize the travel of almost every transit commuter in America. In aviation, the federal role of insuring the safety of the skies has expanded to include programs that assist in buying runways, taxiways, and terminals. Federal involvement in inter-city rail travel has delivered a near-bankrupt corporation, running on a dilapidated infrastructure and desperate for federal aid every day to survive. There is even a federal program for enhancements such as bicycle paths. In every instance, federal aid has occurred with regulations and requirements that have increased costs. This has necessitated more federal aid and has led to greater dependence on the federal government. Needs now far exceed federal resources in every mode of transportation.”

“During the creation of the federal aid highway program in the 1950s, highways were still considered the province of the states and localities. Although it was designed to be a federally assisted state program, the federal aid highway program has evolved into a highly prescriptive, regulated, earmarked, Washington-directed program. To a great extent, states and localities decide which roads are constructed, but the federal government prescribes how much of the federal aid can be spent on Interstate construction, maintenance, congestion mitigation and air quality programs, bridge replacement, rural access, urban access and mobility projects, scenic byways, and a myriad of other programs.”

“The highway program is financed through excise taxes, principally the gasoline tax. The federal government collects the gas tax, diverts funds for earmarked projects, skims off more to pay for the federal highway bureaucracy, runs the remainder through a complex web of programs and then returns the money to the states. This process is so inefficient that some economists estimate that the purchase power of each dollar sent to Washington is deflated by at least 25 cents. On the positive side, over time, this structure has enabled the construction of the

Interstate highway system. But that system is now complete. Now, states are faced with billions of dollars worth of unmet highway and bridge needs and a federal system that hamstringing their efforts to rehabilitate America's infrastructure.”

“We need to introduce ideas that would harness the ingenuity of governors, state legislatures and local governments, the entrepreneurialism of private industry, and the strength of financial markets to enhance the nation's transportation network. This is not to suggest that there is no federal role in transportation. It merely recognizes that federal involvement in many instances has been counter-productive and has precluded other non-federal ways of doing infrastructure improvements.”

I know that many of you are thinking that this is just Rob Martinez talking. However, everything I have said so far, verbatim, is from report language by the House Budget Committee attached to the House concurrent Resolution 178 on the fiscal year 1997 budget. As far as planners are concerned, change is here and I greatly suspect more is coming so we all best get used to it.

Let's step back for a moment and see what has transpired in the recent past. In late 1995, we achieved passage of the National Highway System (NHS) legislation. AASHTO and other participants in the transportation arena, many of them represented here today, should be justifiably proud because the NHS is landmark piece of legislation. However, at least in Virginia, I could not get the media to realize that enactment of the National Highway System was not simply a provision to eliminate the federal speed limits. It was actually the inverse of that. So yes, the NHS law was landmark in achieving system designation. But it was landmark in another regard as well and that is in the modest, but nonetheless significant, step taken toward a much more federalist approach to national transportation policy—for example, the elimination of the national speed limit and the elimination of the metric signage requirement.

There was effective elimination of Section 1038, the mandate on crumb rubber and asphalt. That was an example of policy thinking at its worst. In Virginia, the result was we had asphalt that was twice as expensive and less durable. Additionally under Section 1038, it mattered not at all from the federal perspective that in a single project in Virginia we used up virtually a half year's supply of used tires in the roadway embankment. But if you didn't put it in the asphalt, it didn't count.

Finally, and a very important point from the planning perspective, the six management systems were also made voluntary. The congestion management system remains a requirement in non-attainment TMAs. And the TMS is still required. These systems should also be optional. At least among members of AASHTO's Standing Committee on Planning, we continue to have concerns about the involuntary character of these remaining requirements.

I genuinely do not mean this as a partisan statement, but merely as an objective, analytically defensible observation. I don't believe the National Highway System would have come out quite as federalist as it did had the U.S. Congress not experienced the historic party somersault occasioned by the November, 1994 Congressional elections. Again, from a straight analytical perspective, given that 1997 will be the year for reauthorization of surface transportation, this is a very important issue, a very important perspective.

In my personal view, this more federalist approach is here to stay, but with an important caveat that the outcome of the 1996 elections (and perhaps more from a function of the Congressional elections rather than the presidential) will have a pronounced impact on the nature of what we are likely to see in ISTEA 2. For example, with reference to the budget language I read previously, does anyone seriously think that the 103rd Congress could have produced anything like that? However, again in my view, even if the Democrats retake control of Congress, unless there is some sort of absolute intervening cataclysm which is not now foreseeable, I do believe that a transportation policy will remain on a more federalist track than it has in the past. Why? Both parties are railing against unfunded mandates, so even Democrats are running on a more centrist or a more conservative platform. But more importantly, the days of easy and big money are over. I'm sure you didn't realize that these past few years you were living in the era of flush cash. Well, you were, but now it is over. When money is flush, lots of unfunded mandates may still be objectionable philosophically for us in the state but you hold your nose and swallow. But when money is tight (and you haven't seen anything yet in my view), you can't afford unfunded mandates. It is as simple as that.

So, in ISTEA 2, I would expect more rather than less change in the number and rigidity of sub-allocations, set asides, and earmarks and in particular look to a great deal of weakening in the arena of sanctions. From a federal perspective, removing sanctions is ideal. You get to keep that feel-good mood about dictating how things ought to be, but all the teeth get knocked out of enforcement so the states, MPOs and others get the real message.

I hope transportation policy will move in the direction in which federal agencies are increasingly ever more in the role of partners rather than of regulators. But even in many areas of regulation which must remain, a great deal would be accomplished if at least the planning approval process were streamlined by eliminating the drawn out, multi-agency approval authority. At least within USDOT, the individual agencies are saying the right things.

With a move to a more federalist national policy, I expect that even in arenas deemed appropriate for the federal sphere, we will see a greater appreciation for the fact that one size does not fit all. And, as in the National Highway System, with the diminishing availability of funds, I expect a continuing decline in the frequency of demonstration projects. We should find ourselves internally controlling a larger proportion of an admittedly much-reduced pie. You will see that is the ultimate justice being meted out to states' rights proponents like myself. So, those of you on the other side of this debate can be justifiably smug. Yes, you can control it but so much less of it is there. Of course, I am only kidding on that point.

One final area that I would like to address which also has ramifications for planners. In this world of decreasing federal funding, we have to accept the notion that funding of major infrastructure projects in the future will not occur as it has in the past. The funding of major capital projects will change. In particular, look for a much more extensive role by the private sector. This is not a partisan statement.

As planners, you all have to struggle with what constitutes the right balance. You will continue to have many projects that will be funded the good old fashioned way, but I think the nature of things to come will be that every project will be different. You will see also a lot of mixed public and private financing and funding. You will see some private projects that will be essentially all equity. You will see some private projects that will be essentially all debt. You will see publicly guaranteed lines of credit in cooperation with the private sector to move projects forward. You will see the public funding of portions of project start-up costs and the use of binding agreements with the private sector to complete the project.

Collectively, we will need to learn how to plan for a much more market-oriented, market-based arena. In many respects, this will result in greater efficiencies of outcomes, more dynamism and greater depth, creativity, innovation, and a greater robustness and availability of information, but it also means becoming comfortable with more uncertainty than what we have had to deal with in the past and learning to live with risk which is in the nature of the marketplace.

So my advice and counsel is to tighten your seatbelts, worry less about sanctions if you choose not to buckle up, but brace yourselves for the changes that are headed in our direction.

SID MORRISON, WASHINGTON DEPARTMENT OF TRANSPORTATION

I was asked to discuss the role and value of planning in my organization and for the types of decisions that we make for the State of Washington. Let me preface my discussion with a few words of what I found when I became Secretary. The most important surprise to me was the sorry state of affairs with state and local revenue structures for supporting transportation. I knew it was bad. I always voted for transportation funds as a member of the legislature, but I didn't realize really how deficient this revenue was in face of the transportation needs for the state. The second surprise was the value of planning for the types of decisions we had to make. I feel very strongly about the important role for planning, and I think ISTEA took us in the right direction.

Another aspect of transportation that came as a surprise was the strong tie between economic vitality and transportation/ mobility infrastructure. It is very clear that the two are intricately tied together, and will be more so in future years. The opportunity for partnerships with many different groups in Washington State was also a new concept for me. In fact, maybe I should change that to the necessity for partnerships. The final surprise of my becoming Secretary, even though I had been in elective office for almost 30 years, was the level of cynicism that I found among the public. All of a sudden I was the general in charge of the enemy. I didn't like that.

Along with these surprises, however, came a certain pleasure at inheriting an agency that had a progressive attitude on ISTEA from the very start. Maybe even more important than the professionals who embraced the philosophy behind ISTEA was the strategy they adopted of getting all the stakeholders together and jointly defining the process of how we were going to implement it. We put out one of the first, and one of the best, ISTEA handbooks for local governments which resulted in these governments becoming enthusiastic players from the very beginning. Just in the last couple of years, we have published copies of our tribal government handbook for ISTEA as we work with these important constituencies. I find that every bit of this outreach has paid off by giving people a sense that they are part of the process.

The State passed a Growth Management Act in 1990 which provided an interesting juxtaposition with the intent of ISTEA. Transportation planning and growth

management were now mandated in all areas of growth within our state. This combination was perhaps unique in the country, and although it gave us some anxiety, it also gave us some enthusiasm for linking regional transportation planning organizations defined under growth management with MPOs under ISTEA. We face very rapid growth in Washington State. We have had a 50 percent population growth in the last 25 years with 50 percent more coming in the next 25. We also have a rather tough political environment in which to make things happen.

Let me now concentrate on what I see as the changing environment for statewide transportation planning. I mentioned already my surprise at the level of unparalleled cynicism that I found in the transportation arena. For me, the response to unparalleled cynicism is better plans. You must focus on planning that much more because of the shortage of resources. A good example of how this cynicism has manifested itself in government is in term limits. They do not work well for activities of government that require long term investments like transportation. When I first went to the legislature in the 1960s, you had to wait for somebody to die to get on the transportation committee. The committee members were always there. It was their hobby; their love. They knew every highway, every classification, every category, and the depth of asphalt on every stretch of the state's highway system. This just doesn't happen anymore. For me, the prospect of term limits requires better and consensus plans, because you have got to overcome the tendency of new legislators saying that those are not my plans. We need something that is really locked in and is supported all the way through the government.

For us, mode choices are going to be part of a changing environment. This is where the plan really works because conventional wisdom says that investment must be thought of as highways versus transit versus rail versus ferries versus air versus rail freight—a competition of the wide range of modal investments that are out there. But the trade-offs between these modes and where you are going to invest your time and money must be based on very accurate and thorough planning.

Just to give you a clue as to where we are, I just signed an agreement to buy and build in the State of Washington two Euro-style train sets. These train sets are \$8 million apiece. And talk about federal partnerships. The federal partnership played a critical role here. Amtrak liked so much what we were doing that they decided to buy a train set on our contract, so three new train sets will go on our already successful intercity passenger runs from Seattle north to Vancouver, British Columbia and south to Eugene, Oregon. By the way, the run from Seattle to Vancouver, British Columbia this last summer returned 95

percent of the costs through the fare box, so I think Amtrak can work if you offer people what they want. That again, is an element of planning. We will launch the first of three new jumbo super-ferris in August, a total investment of \$240 million. These, of course, are our highways to the west in the Puget Sound area. An agreement on a new prototype passenger-only ferry will be reached very soon, 350 passengers, 35 knots of speed. As Secretary, I am on a board that will take to the ballot this November a proposal for a new regional transit authority that could build a light rail system. Commuter rail in the Puget Sound area, and 340 miles of HOV lanes which are partially complete, are totally the responsibility of the state government.

Organizationally, I have had the delightful experience of changing the name of one of our service centers to the environmental and engineering service center and bringing in some people who decided that rather than fight the regulators, we would outsmart them. We would do this by first of all knowing the regulations they had to enforce better than they knew them, and then build our environmental requirements into planning at the very beginning. We plan now to avoid those permit delays by considering everything we have to early on. It is part of the scoping process. And let me tell you it works.

We have some inspired people within our agency as they see these pieces fit together. I consider it all a function of planning. Partnerships with agencies and with business are a key to our future success. We just opened the world's fanciest rest area with Weyerhaeuser Company paying \$6 million and the DOT paying a couple hundred thousand. Weyerhaeuser wanted a forest learning center and where better to have a rest stop than in an absolutely luxurious and informative setting. And we cannot forget partnerships with local governments. I am convinced that we are not going to build anything in the future that does not reflect the partnership with the regional plans that have been prepared under ISTEA. This will often include local governments reaching into their pockets to find the revenue that is needed to implement the plan.

New tools will be an important characteristic of the new environment for transportation planning. We are getting rave notices for our use of the Internet. Internet for us has become a wonderful tool. As we went to the public in our new public involvement program on the new state transportation plan, we used many means of outreach. One of the most successful was the Internet. People want to help.

I just went through the list of the 10 largest businesses in the last year that decided to move to Washington State. Seven out of the ten came because the locations they were coming to had in place comprehensive

plans, plans that related not only to transportation, but to a host of other things. These companies mentioned that such planning was important in the decision to move in that it proved that government can make things happen in the local area. By the way, the three that did not mention planning came for resources reasons. If you are building a pulp mill, for instance, you need to go where the trees and the source of pulp would be. These were not small companies, e.g., Intel with 6,000 or 7,000 employees and Taiwan Semiconductor with a \$6 billion investment. These are the folks who really know what they are doing and could go anywhere in the world.

The other part of the changing environment for transportation is a strong swing politically to the political right. When President Eisenhower led the charge to build the Interstate highway system, he really created the first contract with America—the highway trust fund. Now things have gone awry because there is insufficient revenue to do the job. In looking at the total transportation picture, we had a plan and didn't stay with it. Much of that money now has been diverted elsewhere and as I look at the sum that goes elsewhere, I see what could have been built. The moral of the story is that if you have a plan, please stay with it; otherwise the cynicism for government just continues to grow because you enhanced unfulfilled expectations.

I am delighted to have this chance to be with you. Please, if there is a bottom line to what I am saying after my three years of observation is that planning is the essential part of whole process as we face the changing environment of the future.

DWIGHT BOWER, IDAHO TRANSPORTATION DEPARTMENT

Let me begin by telling a story about Ray Mickelson. Ray and I are both fly fishermen and we truly enjoy fishing. We had planned all week for a trip to go to a lake. We read all about it. We had done all the right things that planners are supposed to do. We had obtained all of our base level data, we had extrapolated and we knew what flies to use. We arrived at our starting point at 5:30 in the morning and Ray said, "We are not going to that lake. We are going to go to this other one." We spent the entire day at this other lake, but we didn't catch any fish. As we were driving home, I said to Ray "You know, something just really baffles me. We had planned all week long to go to this other lake where we had determined that the fishing was excellent. We had our flies figured out. But you changed the plan and we went to this other place. Could you share with me what happened?" He said,

"Well, you gotta admit, the plan was great. The problem was in the execution."

As you think back in the history of the United States, one of the truly historic and heroic events was the Lewis and Clark Expedition. Lewis and Clark started in Charlottesville, Virginia and ended in Seaside, Oregon. The fact is, they spent a lot of time preparing for that trip—Lewis and Clark, President Jefferson, and all those who were involved in putting that trip together. The whole idea was to find a water passage to the Pacific. They were the first expedition of non-native people to ever come through Idaho in 1805. The Oregon Trail crossed Idaho, and from 1840 to 1860, 53,000 people—families, women, men—looking to the future, crossed through the southern part of Idaho on their journey. If any of you have read the history of the Nez Perce Indians, an Indian tribe located in Washington and Idaho, you know that their chief, Chief Joseph, came to the conclusion that he really didn't want to live under the American flag. So, he decided to lead his people to Canada where they could be free. They traveled nearly 1,000 miles on foot, engaging in four major battles along the way, suffered many losses through starvation and exposure to cold and made it to within 40 miles of Canada. But they didn't make it. The famous words that Chief Joseph said when he was captured by the military 40 miles from the Canadian border was "I shall fight no more forever."

All of these journeys had some vision attached to them. There were some goals and priorities that were outcome based. They had something in mind when they set out on their trip. They had an outcome that they were trying to achieve.

Do we know our customers and do we know what their real needs and priorities are? What do our customers want? After all, we are here to serve our customers and they include those in the transportation business and those who want to travel. I was co-chairman of the National Quality Initiative which commissioned a survey of what people wanted with their transportation system. I was surprised that the number one priority was pavement condition. The second priority was safety; the third was uncongested traffic flow; the fourth was visual appeal; the fifth was adequate bridge conditions; the sixth was quick maintenance response time; and the very last was travel amenities. I am not sure that we are focusing our resources on these priorities.

In this same survey, the respondents were asked if additional money was to be spent on your priorities, how likely would you be to support an increase in taxes? Sixty-four percent said that they would pay a higher tax if it went to their priorities. I think this is a very important statement for all of us to think about.

We commissioned a needs study in Idaho, as I am sure many of you have done in your states, to determine our transportation dollar needs as it relates to highways. The highway system is a primary means of transportation in Idaho. We have basically one city that has public transportation, Boise, but less than one percent of the trips are made by public transportation, so we are pretty much automobile-based in this state. The needs study concluded that we had about \$4.1 billion worth of project backlog, and that given the rate of expenditure in the state, we would have about \$6 billion in needs by the year 2000. The legislature's first reaction was that is more money than we ever could expect to find. After all, Idaho only has 1.3 million people in the whole state. That is an awful lot of tax to ask them to pay. But they did, in fact, put together an interim committee to look at not only the needs statement that had been prepared by us, but to look at other options for the future. The most significant thing that we did in our Department and as a state was to work together with local governments to find some real common ground. We were able to take the information that we had gathered as part of our planning process, great amounts of data that all of you gather in your states and at the federal level. With this data, we were able to determine what would happen in ten years if we continued to spend at the levels we were spending. And what additional amounts would be needed if we wanted to achieve some positive change.

We looked at pavement condition, bridges, and congestion. These were the three areas where we had enough data to analyze historical trends, where we have been, how much we have been spending, where has it taken us as of 1995, what would happen over the next 10 years if we continued to spend at those levels, and at what levels would we have to spend to reverse that trend. I believe very strongly that had we not done this planning effort, we would have never been successful in getting a four cent fuel tax increase this last session. Now, bear in mind that brings Idaho's fuel tax to 25 cents a gallon. Twenty-five cents is higher than Washington State. It does get us up into the higher levels of fuel taxes in this nation in a very conservative state.

And so what I am suggesting to you is that as you begin to look at needs, you have to set priorities. You have to be able to talk in terms of outcomes. And you have to be able to make a commitment to those people who are going to pay that you are going to produce the outcome they expect. Now, that sounds real simple, doesn't it? But the fact is, most of us have said, give us more money and we will do more good things for you. That doesn't sell. At least, it doesn't sell in Idaho, and I don't believe it sells too well anywhere. You have to give people some expectation of what will be accomplished and

then you must deliver on these expectations. This is what we have done. Clearly, it took time and effort. We had 16 meetings around the state. We met with the citizenry a half a day at a time from Sand Point to Burley to Pocatello to Idaho Falls, to Nampa to Boise and here in Coeur d'Alene and in Lewiston and in Moscow—all over this state. The majority of people probably started out by saying we really don't want our taxes raised. But if you are going to raise our taxes, we would like you to improve the roadways that we travel on and if you are going to spend it on anything else, we are not going to be supportive. That message came across very loud. We have since made a commitment, not only within our Department, but to the legislature, that we will report back on an annual basis exactly what we did with that money and that we will spend it in those three areas that I just described. I believe we will deliver to the customers' satisfaction.

When I first arrived, transportation planning was a section within the Division of Highways. Today, we have a Division of Transportation Planning. This Division is multi-modal and stands within our organization as an equal partner, the brain and the limbs and the heart all working together. All of our division heads meet on a biweekly basis to talk about intermodal issues: how are our plans fitting together with aviation? how are they fitting public transportation? how are they fitting in our highway program? We also have a motor vehicles division. It is important that all of these groups work together and we believe that we are moving in that direction. We have hired transportation planners for each of our districts in order to assist us with public information.

We have worked hard to simplify and improve our STIP to make it a public document, something for the public that in a user-friendly way explains the issues. Our traditional STIP looked like a very good document to submit to the federal government, but it was a very difficult document for the public to understand. We have done a lot of work on that and I think we have come a long way in making the STIP a user-friendly public document.

We are actively working with local governments and regional planning organizations to identify and respond to their needs. This is critically important. We are working very hard to establish partnerships, not only partnerships within government but public-private partnerships. Prior to two years ago, the State of Idaho had never entered into a public-private partnership to accomplish a transportation goal. We currently have more than one going and we have one very significant one where we are sharing a \$10 million project, half with a private company and half with us. This is one of the very important threshold landmarks

that we in Idaho can now point to and say, this is not only working, but it is going to be something that we can use on a statewide basis, as a model. I am particularly pleased that in this public-private partnership we have been able to make our process more effective. For a major interchange near Boise, less than one year lapsed from the time that we signed the agreement on a public-private partnership to a construction contract. This included access approval from the FHWA at the Washington level, all the environmental documents, the design, the acquisition of right-of-way, all those things that normally take about three to five years. This could not have been accomplished without true partnerships where on a weekly basis all the partners came together, sat down, and discussed those things that had to be worked on.

We are experiencing the same kind of growth in Idaho as was mentioned in Washington State. How do we deal not with controlling growth, not managing growth, but rather accommodating growth with transportation? We need to be thinking about this and get out of this notion that we are going to control growth. Growth will occur because it is an economic decision and it is a good one. We need to accommodate that growth.

As we look at improving our planning and our public participation in the future, I think it is imperative that we set goals and that we are willing to articulate outcomes. We don't do a lot of that in transportation. We must articulate outcomes.

One aspect of transportation planning that is often missed is freight movement. As near as I can tell, we have no national freight policy although I know we are trying to put something together. We have no freight policy in Idaho. Do you have a freight policy in your state? I think it is very critical that as we look to the future, as we look at being international global traders, we must look beyond our borders and determine where our states fit into a much bigger logistics picture. The Port of Seattle is probably receiving a lot of freight destined eastward. Do we know about that? Are we dealing with it? Are we accommodating it? I think not. We need to do a lot more on freight. We focused on transporting people and cars. The closest we have come to accommodating freight is we design our pavement thickness based on truck usage. We need to really know more about freight so that we can do a better job of planning our facilities.

And, you know, as planners there is a legend in the Roman Empire. It is told that when an engineer of the Roman arch finished the job, he stood beneath it while the scaffolding was removed. It is a classic example of accountability. I really believe planners need to stand under that arch also, along with the engineers as a part of that accountability.

QUESTIONS

1. *Is it appropriate to look at all levels of government as you redefine decision making responsibilities within the reauthorization of ISTEA, and not just the federal level. That is, should state and local government responsibilities be subject to review, as well as MPOs.*

Rob Martinez: We have an excellent relationship with our MPOs. I think that the process that we have in Virginia works very well. I would argue, for example, that the mechanisms that we have used in Northern Virginia where we, in fact, work with a multi-state MPO is a good example of a process that works well. I am quite comfortable with the MPO role as it is currently defined under federal law, that in fact they do have a role to determine, in cooperation with the state, all of the projects that will be funded in the area of the MPO. However, I do disagree with the belief that there should be a direct state, regional, sub-regional or urban relationship established beyond the manner in which currently the MPO role is defined under federal law. I think that fundamentally would start working at cross purposes. First of all it ignores the constitutional role of the state; it would lead to a balkanization of transportation policy if the primary federal, state, and local nexus were not maintained as being between the federal and state government.

2. *What role for the planning group in the Virginia DOT do you see for negotiating project funding that comes from many different sources? Is that going to be done outside of the planning group? Will this be done by a financial group? and if it is, what input should or does the planning group have in that type of project-level financial negotiations?*

Rob Martinez: Frankly, in Virginia, we have a major public-private transportation piece of legislation which was engaged in 1995 by our state legislature and it is still very embryonic in its stage of development. Therefore, I can't give you a straight answer because we are still working through it. Any responsible public entity of Virginia, not only the state DOT, can be the sponsoring entity for a transportation project. So, a city or a town can be the local decision maker negotiating with the private sector or it can be a state entity. We have a process where the review is done in a committee consisting of the Deputy Secretary of Virginia DOT, the chief engineer, the chief financial person for the Department, outside legal and financial consultants and the like. We have to figure out a way of planning for these projects and fitting them within the plan.

I think that one way the private sector is avoiding unnecessary political uncertainty is to pick projects that we are working on in our state plan, and in fact, projects where the Commonwealth's Transportation Board has given its approval. Our statute requires that a project be consistent with the state plan. It also requires public support so the proposal cannot demonstrate local opposition to the project.

3. *Has the level of cynicism found in Washington State changed during the ISTEA era and to what degree has bringing people into the process raised or lowered the level of cynicism?*

Sid Morrison: The cynicism has been generated by a host of things. I have tried for some time now to separate transportation from other services provided by government. I like to start discussions with public groups who are often opposed to government action by saying that transportation is a logical function of government. In other words, if we are reinventing government, let's start at the fundamental level of why do we need government? Many governments started because of the need for a road or some other service in a community.

If ISTEA contributed anything to this cynicism, it is that people probably are seeing less in response to some of the federal taxes they pay. By seeing less, in our state we talk about peanut buttering. We don't have enough money to really build a project the people want, so we go through our selection process and pick a number of little things so they see a number of little things. If that contributes to cynicism, yes, we are part of the general government negative attitude. I think talk show hosts contribute much more to it than ISTEA, so my response is just to say that we have to do better. We have to be able to demonstrate our efficiency and if we can do that through better plans, worked out with more people in advance including local units of government, then we are making progress.

In all of the public outreach forums I have attended, WaDOT is playing a very low key role. In fact, I have not said one word. I have listened because those forums are designed to get local elected officials and their planners to provide, along with local citizens, their list of the projects they want to have built, what are the things they want to see. Our problem is that these lists often do not match our regional plans, therefore, we have to work with these officials to see what can be done.

4. *Are you enthused about the increasing role of the private sector in financing transportation infrastructure?*

Sid Morrison: My enthusiasm has increased because I don't see any other way we are going to pay for some major activities that have to happen as far as transportation infrastructure is concerned. My enthusiasm also continues because the proposals we have received for private financing were projects that needed to be carried out, bridges that needed to be modified and so forth, but which we had not been done. Even though it was a unanimous vote in the legislature to have us pursue the concept of users' fees, no one had bridged this huge philosophical gap in our state between a gas tax that has always paid for everything and the concept of toll roads or toll bridges. If you have not heard of our successes, we are moving ahead into the next phase on 22 park and ride lot additions, building second levels, built by private enterprise, with dry cleaners and banks and child care centers and security.

The legislature also decided that maybe there had to be a little bit of public money involved in this initiative, and for the Tacoma Narrows Bridge which is a major bottleneck for us and about a \$600 million investment in total, they provided \$10 million. The environmental impact statement, paid for with public money but being done by the private proposer, allows one to talk about the specifics of design and what the solutions will cost. Then the people in the affected area will be able to vote on the preferred alternative. It is a long, tough way to get there, but it may be the way to finally build a project that we can't finance. We may end up falling back to what we did a number of years ago, and that is building a toll road with public money and charging the same tolls, but perhaps taking more years to do it than private enterprise.

Rob Martinez: It is almost irrelevant whether we are enthused or not. It is here and we need to deal with it. This is a competitive marketplace which is increasingly sophisticated for private capital that is willing to invest in major infrastructure projects. It is not a national, but a global market, and so we are competing for available capital, not only against Washington State but also against Argentina, Spain and Italy. As far as Virginia is concerned, we looked very carefully at what had been the experience of other states. The state we scrutinized the most was Washington. We looked very carefully at the Washington experience. I think it is very exciting. The project Sid just referenced is, in many ways, one of the most intriguing that they pursued because it was so innovative, so different from the way we would have done it if it was just a public sector project. I think we need to have structures in place that allow the private sector to come in and define what projects should look like. We did put in the requirement in Virginia that local support had to be demonstrated. I cannot but be enthused about a

process that in Virginia has offered over half a billion dollars worth of new construction activity which otherwise would not have been available for these major projects.

5. *What specifically did Idaho DOT do to turn the STIP into a user-friendly document?*

Dwight Bower: I would say primarily we turned what we used to think of in terms of program funding areas into easy-to-understand concepts. The improvements that are going to be made in geographical areas related to the maps that we provided. Color coding was used to show where improvements would be made. We did not divide up the program by where the money was coming from, but rather where are the projects going to go? how do they fit together? and when are they planned to be done? This goes a long ways from what we used to have. We used to talk in public meetings about the Interstate mix of funds. We would talk about NHS funding. We never did bring it all together into one document that said here is what you can read as an individual customer and see what we are going to do for the railroads, what we are going to do for the bike paths, what we are going to do for aviation, and what we are going to do for roads regardless of what the funding source is. This begins to make it much more usable not only the public, but the legislature found it much easier to understand

6. *What is the role of the federal, state, local, public and private sectors in a freight policy, both domestic as well as international?*

Dwight Bower: First, no one state has a clue of what is going on nationally and internationally in freight. You basically take what shows up and try to deal with it. So I think at the federal level, the responsibility is to look at the overall national and international freight demands and how can we project those freight demands in the future. It doesn't have to be by road or by specific rail line, but knowing more about what is going to happen in the future at the national level is important.

One of the things we have talked about and a lot of the freight data we get is based on tonnage. We look at what are the relationships between pipeline, rail and highway, and what can we do between these as we begin to talk about the level playing field between rail and truck. We don't know what the level playing field is; we don't really know what it is we are hauling by truck, what we are hauling by rail, what is going by plane. We have a port in Idaho, believe it or not, at Lewiston, 400+ miles inland. A lot of freight goes out of Lewiston down the Columbia River. How does all of that fit into the

international picture? From a national level, we need to know that. But in the state, how are we going to use this information? What are our internal policies going to be?

When I talk to the U.S. Customs, I find out that 15 years ago, 4,000 trucks a year were heading across the border into Idaho from Canada; last year there were 40,000. This year there are going to be 60,000. How do I know that? I have to go talk to Customs. I would like to know those kind of things and I think the Federal Government could help.

Sid Morrison: I hope that the NHS, now that it is in place, will become a foundation for freight planning. The federal role would be to take a look at how we are expediting NHS projects throughout the country. We would selfishly start with a request to look at border crossings. Perhaps there should be special funding that states could work from to move these goods into the United States. I think there is a significant role for the federal government. We probably have included a lot of work for a lot of people with freight mobility in our statewide plan, especially if you talk about partnerships. By the way, our ports are now hit with what are called the post-panamax carriers. These are carriers that are hauling more of the intermodal units than you can possibly squeeze through the Panama Canal so there are 6,500 or more of these trailers. This is a line of trucks 30 miles long and so we are doing a whole lot of coordinated planning on what the impact of such a demand will be on the port access.

Rob Martinez: I just wanted to add that for freight policy, competitive market pricing is the key and in that regard it is incumbent on each of the states to incorporate freight concerns into their own policy. For example, in Virginia, we have moved in the past year and a half to do a major grade separation at the Port of Hampton Roads so that trains can load right at the port, instead of using trucks to move the containers to the loading location. At the federal level, it is inappropriate to choose winners. For example, the Alameda Corridor was funded off the top of a funding program. Well, I have my own little Alameda Corridor right down in Hampton Roads and obviously by the federal government choosing to invest in one port, they are lowering the amount of available funding for all the rest of us.

How stark the competitive marketplace that we are in today is demonstrated by the fact that as production in Asia moves farther south and west and you get new manufacturing production sites west and south of Hong Kong, the sailing distance to the West Coast of the United States from Hong Kong eastward is the same as from Hong Kong westward to the East Coast of the United States. So as production moves in Asia, we in Hampton

Roads are increasingly in competition with the Port of Seattle and with Long Beach/LA, and with everybody else on the West Coast. And with regard to Panamax, we are in this as well. We must address the same issues. So, it is very competitive and we each have to look internally at what we need to do.

Just one other point. We are so dependent on the private sector in the freight arena, that it is incumbent upon states to look at what is it you are doing to the private sector's ability to meet customer needs. As a matter of fact, it was the 103rd Congress, not the 104th, that deregulated intrastate trucking. Interstate trucking, of course, had been deregulated years ago. Intrastate trucking was deregulated by the 103rd Congress. What did we do? We looked at our statutes in Virginia internally and found that we still had a lot of regulation on our trucking inside Virginia. We basically deregulated trucking internally in Virginia. And then this past year, we looked at the railroad industry because we were so excited by what we had achieved in the trucking side and we ended up eliminating over 100 pages of Virginia Code that inhibited the ability of our railroads to do business. I think really each one of us should be looking at how to unleash the private markets and provide more customer service.

7. *How do you currently make decisions in a true multi-modal context, that is, investment decisions where the modes are competing among themselves for investment? What would you like to see with regard to information and data to help you make these decisions in the future?*

Sid Morrison: We make those decisions very carefully. I am afraid that we are making most of them these days based on the color of money. We have an amendment to our constitution which restricts state fuel taxes to highways and byways. The ferry system is part of the highway system. However, we are getting increasingly interested in intercity rail and commuter rail. The problem is I don't know whether I can really give you an answer because we are still influenced by the source of money. That is why when we go on the ISTEAs reauthorization voyage, we would like to keep as much flexibility as possible in what we do at the federal level, and let us figure out how best to invest the money to get the best bargain for the customers and our taxpayers.

Dwight Bower: We are not too much different from Washington State. Constitutionally, all fuel tax revenues must go to highways, so it doesn't leave you a whole lot of opportunity to talk about other modes. We have so many opportunities and flexibility is really important, but on the other hand, it should begin with prioritization and working within your customers and people within your

state. It is absolutely imperative that everyone should communicate their priorities because under the flexibility of ISTEA there is an expectation that we will do everything. Now, I have no problem with the state

dealing with flexibility, but it is incumbent on us to then come back to the public, providing STIPs, looking at prioritization, making commitments and talking about outcomes. The responsibility lies with us.