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## Administrator Peter Remarks at the Boston Reserve Bank - Next Stop: A National Summit on the Future of Transit (SOGR)

05-18-10

Commend you for holding this national summit on the most challenging and troubling issue for our industry – SGR.

As FTA Administrator for almost exactly one year, I've been so impressed with the people, their commitment – truly do it for our grandchildren.

When it comes to SGR, we really need to unpack that statement. It's not enough to just toil in public transportation and pat ourselves on the back for leaving our grandchildren a better system and a cleaner environment.

No, what its really about is the decisions we make as practitioners in public transportation that will really determine whether we leave a workable system that meets their economic and lifestyle needs or one that sputters along and is burdened by reliability problems and a sea of debt.

If we are really serious, as a nation, as an industry, as a state or city, or as an individual – if we are seriously committed to tackling the challenge of the State of Good Repair, than we must insist that our commitment inform and infuse the decisions we make.

You have heard from some of the leading General Managers in our industry. These are the heroes of our industry. They are also our teachers. I know each of them – some more than others.

I also know that each of them spend at least a few seconds every week, if not every day, questioning the decisions made by their predecessors – wondering how and why certain critical needs were not addressed earlier.

I can tell you that under each of their fine business outfits you will find the scars from brutal battles with their local and state governments over the resources they need.

I also know that they are collectively, some of the best walking examples of stress management you will ever want to meet.

Don't be fooled by their cool outward demeanor. There is plenty of stress to manage.

They are required to turn out service to millions every day, and to simultaneously keep the warts hidden from us.

When you consider what real conditions are out there, they are nothing short of miracle workers.

What do we know about the real conditions of our systems? The FTA is in the midst of completing a new report on the topic.

As many of you know, last year we conducted a study at the request of a number of legislators that asked us to look specifically at conditions of our largest rail operators. That report takes on particular significance in our department since one of the legislators that requested that report was the then-Junior Senator from Illinois, Barack Obama. The report revealed a backlog of deferred maintenance at our seven largest rail operators of no less than \$50 billion dollars.

The number was certainly eye-popping. But upon reviewing the results with Secretary LaHood, he insisted that we expand the study to take a hard look at the entire transit industry. In doing so, Ray LaHood was displaying his customary insistence that we address transportation challenges with our eyes wide open.

We are in the midst of finalizing our new report, but I can today share some of our more noteworthy findings.

First, when you expand the universe of transit agencies studied from the seven largest rail operators to 690 separate rail and bus systems, the estimated funding shortfall to bring the entire transit system in a state of good repair grows from \$50 billion to \$78 billion.

Importantly, bringing assets into a state of good repair is NOT the same as bringing them into pristine new condition. For the purposes of this study, assets that are in a "state of good repair" are those that are brought to what was called the "marginal" range. They were brought to a score of 2.5 with a score of 1 reflecting assets in "poor" condition and a score of 5 reflecting assets in excellent condition.

Fully 29 percent of all transit assets – rail, bus and paratransit – are in poor or marginal condition.

Those are the national numbers – but these numbers exhibit themselves in events that we are reading and seeing in the media far too frequently.

- Just three weeks ago here in Boston, the "T" experience a cable fire that sent 20 passengers from two different stations to the hospital for smoke inhalation.
- Just last month in Cleveland, urgent repairs were suddenly needed to sure up a crumbling wall at the RTA's Lee Road station. Buses were called in so the passengers could bypass it.
- Also last month, the Washington Metro system discovered three cracked rails along the Red Line in just one week.
- The Chicago Transit Authority discovered a potential defect with a component of the signaling system. As a result, Orange line trains are being slowed to 35 mph between Midway and the Loop while repairs are made to the signaling system.

Increasingly, I have become convinced that the solutions to these problems are not about engineering. They are not just about economics.

- They are about honesty;
- They are about the necessity to tell truth to power
- They are about the necessity for political guts – the guts to tell it like it is – the guts to say “no” when everyone around the table wants you to say yes.
- They are about the need to rethink the questions we ask of ourselves. And insisting on asking them, again and again.

If we really care about what we leave to our grandchildren, we will each use this summit to strengthen our resolve to do just that. And keep doing it – because this problem isn't going to be solved over just a few budget cycles or even over one generation.

In the end, while we often like to sugarcoat it, these decisions we make are truly moral decisions. Moral decisions about who we serve with scarce resources. Moral decisions about whether we leave the next general manager, the next Chief Engineer, the next bus driver, a system that is stressed even further or is on the path to wellness. Moral decisions about whether we direct scarce resources to transit riders that might otherwise drive their car vs. transit riders who will have no choice but endure the service we give them, not matter how troubled.

What do I mean by honesty?

Share some simple truths that folks don't want to hear. One is this -- Paint is cheap

Riders often want rail – but you can entice diehard rail riders onto a “special” bus, sometimes by just painting the bus a different color than the rest of the fleet. Busways are cheap. You can get a designated lane just by painting it. And with signal preemption, you can move a lot of people at very little cost compared to rail.

Earlier I pointed out that our new estimate for the deferred maintenance backlog for the entire transit universe is roughly \$78 billion. But you should know that fully 75 percent of that figure is for the replacement of rail assets. Now remember that the majority of transit trips taken in America are still done by bus. In fact, Americans take 21 percent more bus trips than rail trips. But when it comes to the need to replace transit assets, the costs associated with replacing rail assets eats up three quarters of the entire backlog.

Agencies deciding between bus and rail investments need to stare those numbers in the face. It's one thing to pay the cost differential now. They need to be mindful of the costs they are teeing up for future generations. Is Bus Rapid Transit a workable option for every corridor – no. But it's a fine fit for more communities than are seriously considering it.

Another simple truth -- by ignoring deteriorating conditions at our transit systems, we run the very real risk of losing riders.

The Obama Administration wants to grow transit ridership. It is wholly consistent with the President's goals to lower greenhouse gas emissions and reduce our dependence on foreign oil. But we can't achieve our goals while ignoring the state of good repair. Transit riders – especially those that are not transit dependent – will only put up with so much. There is a point where dirty stations, unreliable service, slowed train speeds, inoperable escalators, and worries about safety push riders back on the highway. Ironically, every study ever conducted will show that, from a safety perspective, passengers are far safer riding even our most fragile transit systems than driving on the highway. But that doesn't necessarily influence the choices commuters make.

What do I mean by guts to say no?

I'm now concluding my first year as Administrator. I meet with a great many transit general managers. While these meetings are all different, they often follow a certain pattern.

I start off the meeting by asking how things are going. They express gratitude for the new Recovery Act funds but then go on to explain that the downturn in municipal revenues, the downturn in sales tax receipts, the cutbacks in the city and state levels, has necessitated service cuts. Sometimes we talk about serious service cuts of 20 percent or more. We talk about:

- route reductions
- layoffs
- furloughs
- Significant chunks of capital reinvestment being deferred as they use Federal capital dollars for preventive maintenance to close operating gaps.

It's all very grim. But then we get to the second part of the meeting. The consultants start to get excitable and the glossy brochures come out. And the next thing you know, the general manager wants to talk about their new plans for expansion -- the spanking new rail service to communities not yet served.

In fairness, many of these new communities have been waiting for a long time to get rail service. Indeed, many were promised rail service as part of a sales tax referendum that was passed a decade ago. The other communities got service – but now those are more expensive than originally forecast – and the sales tax is taking in far less than expected.

At times like these, we need to ask the hard question: if you can't afford to operate the system you have, why does it make sense for use to partner in your expansion? Are we not helping you dig a deeper hole for our children and our grandchildren?

These ARE moral questions.

Should we count on the economy coming back. Yes we must. And indeed, the economy is coming back. But what will be required of us when it does. We were already at record ridership when the economy started to contract. While ridership has dipped with employment, we can expect it to come back to new record levels when the economy fully recovers. So what pressures does that put on our struggling systems.

I was recently talking to a friend in the freight rail industry. He told me that one of the benefits of slower traffic on their main lines was that it gave them the opportunity to reinvest and do some major restoration projects without being so disruptive to their freight traffic. Well how many of our transit agencies had a similar opportunity? How many systems actually had access to enough money to seriously reinvest in the midst of a recession? There is no question that the Recovery Act helped, but our transit agencies will still struggle to handle the traffic that will come with a recovered economy.

When I said earlier that one of the solutions is to tell it like it is – that includes the uncomfortable situation of calling someone out when their behavior isn't responsible. My favorite example is the Douglas Branch of the Blue Line in Chicago

It actually passed FTA's funding test for a brand new rail line. Why, because it was so slow and decrepid – it was allowed to deteriorate to such a state, its restoration brought so many new riders – saving as much as 30 minutes over current rail service over the identical route – the identical stations. Just the absence of slow orders was the game changer.

But the question has to be asked, how was it allowed to just rot on the vine? Where were the policymakers at all levels that allowed conditions to deteriorate so.

When it comes to calling out the truth – let me praise Governor Patrick for requesting the D'Allesandro study. Tells a stark picture of what needs to be done here in Boston.

What is FTA doing about it?

• ARRA 80 percent, through leadership of John Oliver and others. ARRA will have an impact. Our new study indicates that more than 6,000 of the nation's almost 72,000 buses are in need of replacement, having exceeded their useful life. But we also know from our own grant reporting system that the Recovery Act is going to replace more than 12,000 transit vehicles. This will include a lot of buses as well as paratransit vans. So this may be one area where we look back in a few years and discover that the Recovery Act has really alleviated a major shortfall.

• DOT's new strategic goal – SGR – its not just transit, its runways, highways, etc.

• Emphasis in tight budgets – 8 percent vs. 1 percent

• Saying no:

- o Sacramento
- o Hartford – New Britain

• Innovation – sinking funds. Diminution in earmarking of our Research budget means we can go out and get good answers on these things

• Rethinking questions – 20 years vs. longer (rail cars are 25)

• Asset management

• Safety bill – a Federal backstop

• And reminding all that we have no ability that it is entirely ours to solve. We are at 40 percent now. This will take partnership.

Success will require us all to wake up those that want to stay asleep.

Let's all go to railroad tie replacement. The do a ribbon cutting for the new concrete retaining wall that replaced the last concrete retaining wall.

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