

STATEMENT OF
LILLIAN C. LIBURDI
DEPUTY ADMINISTRATOR
URBAN MASS TRANSPORTATION ADMINISTRATION
DEPARTMENT OF TRANSPORTATION

HOUSE SUBCOMMITTEE ON OVERSIGHT AND REVIEW
COMMITTEE ON PUBLIC WORKS AND TRANSPORTATION

FEBRUARY 21, 1980

Good Morning Chairman Mineta and members of the Oversight Committee. It is a pleasure to respond to your request and be here this morning to participate in your hearings on mobility in an era of increasing energy, environmental, and financial constraints. Ted Lutz has asked me to convey his regrets at not being able to be here today. Unfortunately, Ted's father passed away quite suddenly the end of last week in California, and Ted has not yet returned. He wanted me to also thank you for this opportunity to discuss some of the concerns, problems, and issues which we feel face our agency.

I'd like to introduce Mr. Robert McManus who is the Associate Administrator for Planning, Management and Demonstrations and the Acting Associate Administrator for Policy, Budget and Program Development who will join me in this presentation.

In your letter you specifically asked for several items of information; I will touch on each later. We have, however, also taken the opportunity to convert each into a question and answer format and will be submitting them to the Committee for inclusion in the record. We will shortly forward to the Congress a legislative proposal for changes in the UMTA program and out-year authorization levels. The problems and issues I want to outline for you now will be addressed in that proposal.

Formula Grant Assistance Proposals

We are considering a major restructuring of the Section 5 Formula grant assistance program. We will suggest these changes based on problems we see with the present program that include: an inequity of fund distribution, a decreasing proportion of fare revenues vs expenses, and few incentives to increase ridership, service, or revenues.

We believe that the Section 5 operating assistance program has generally helped local areas maintain attractive transit service, but that it must also be a positive force to encourage areas to take the kind of actions necessary to improve and expand service.

Improving the Decision Process for Major Investment Decisions

UMTA is taking a number of actions to improve the decision-making process for major urban mass transit investments:

(1) We are reviewing our processes and procedural requirements and revising them where necessary.

(2) We will closely examine prospective major investments through alternatives analysis. Preliminary engineering where necessary, will be used to develop better cost estimates. In this fashion, worthwhile projects can be queued and provide a basis for making project approvals and budget projections.

(3) Moreover, UMTA is actively considering ways to reduce the time required to conduct the requisite alternatives analysis and engineering so that project implementation decisions can be made more expeditiously, and cost escalation prompted by inflation can be held to a minimum. In addition our changes will allow local and state officials to have a better idea of exactly how their decisions relate to federal investment decisions.

(4) Finally, we are considering some internal organizational changes which would facilitate better handling of prospective projects after the analyses are completed.

Windfall Profits Tax

Our budget for FY 1981 and a supplemental appropriation for FY 1980, shortly to be before the appropriations committee, are both based on expenditures of revenues expected from the Windfall Profits Tax. The authorization levels in our proposed legislation include amounts from the general fund expected to come from those tax revenues. Put frankly, our program depends on the passage of the Windfall Profits Tax! Its passage and the passage of authorizing legislation to put the revenues to use, should be a top priority of anyone interested in the future of transit.

Red Tape Reduction

UMTA is involved in two major aspects of red tape reduction at this time:

1. We are reviewing existing program guidelines and regulations to reduce the reporting burden by grantees in pre-application procedures. This reduction takes the form of record-keeping by the grantee in lieu of heavy reporting requirements, annual rather than semi-annual submissions, up-dates of information submitted one time only, and certifications by grantees of their intent to meet program objectives and requirements, rather than submission of reams of supporting evidence. This approach to red tape reduction has been applied initially to Section 5 Operating Assistance and we expect a notice to

appear in the Federal Register shortly applying these to the Section 5 Program. We will undertake a similar effort with respect to capital grant assistance and other major UMTA programs.

2. For those programs in which no formal rulemaking has ever taken place, UMTA is committed to publishing notices of proposed rulemaking for grantee review, and comment. To be included in this rulemaking review will be an assessment of whether the state, local, or Federal government should be held accountable for grantee information submissions. Also to be included would be information on UMTA grants management procedures pursuant to OMB Circular A-102 and proposed OMB grantee guidance.

3. In those program guidelines issued in the past that inhibit good practices or are outdated by the reality of the times, we intend to revise them with public input to assure their value.

Bus Rehabilitation and Stockpiling

On February 11, 1980 we published in the Federal Register, a proposed policy and guidelines on bus rehabilitation applicable to funding from Sections 3 and 5, Interstate, and FAUS sources. Basically the policy states that:

- buses must be selected for rehabilitation based on common features that assure they are part of a group of vehicles within an area that possess similar rehabilitation needs.

appear in the Federal Register shortly applying these to the Section 5 Program. We will undertake a similar effort with respect to capital grant assistance and other major UMTA programs.

2. For those programs in which no formal rulemaking has ever taken place, UMTA is committed to publishing notices of proposed rulemaking for grantee review, and comment. To be included in this rulemaking review will be an assessment of whether the state, local, or Federal government should be held accountable for grantee information submissions. Also to be included would be information on UMTA grants management procedures pursuant to OMB Circular A-102 and proposed OMB grantee guidance.

3. In those program guidelines issued in the past that inhibit good practices or are outdated by the reality of the times, we intend to revise them with public input to assure their value.

Bus Rehabilitation and Stockpiling

On February 11, 1980 we published in the Federal Register, a proposed policy and guidelines on bus rehabilitation applicable to funding from Sections 3 and 5, Interstate, and FAUS sources. Basically the policy states that:

- buses must be selected for rehabilitation based on common features that assure they are part of a group of vehicles within an area that possess similar rehabilitation needs.

- each bus to be rehabilitated should be at least 12 years old.
- our intent is to extend service life to at least 17 years from date of the bus' original entry into service and in no case should rehabilitated life be less than five years.
- cost of improvement may not normally exceed 60% of average annual authorized value of a new bus based on a 12 year life multiplied by number of years bus life is extended.
- formula does not include accessibility features for handicapped but each rehabilitated bus must conform to 504 requirements, if structurally feasible.
- rehabilitation work may be performed with grantee inhouse capability or provided from outside sources.
- rehabilitation must restore the bus to a performance level commensurate with its original condition
- include a 6 month warranty on parts and labor.
- grantees shall have an inspector on rehabilitation site.

In addition to this policy on bus rehabilitation we are preparing for publication in the Federal Register a Policy on the stockpiling of buses for emergency use. Though still not completely developed we would be encouraging authorities to hold on to buses that they would normally liquidate. Instead of selling or scrapping them they would be stored

for use in times of national energy emergencies resulting from national petroleum shortfalls; or for use as a supplement to regular transit service if unexpected changes in local conditions warrant the immediate availability of increased mass transit capacity.

Better Maintenance

Another area of concern to us is maintaining the National transit capital plant. The problem is not universal, and there are a number of local variations. In some areas it is lack of trained personnel, in others it is a conscious decision to defer maintenance, in still others it is a lack of facilities. We are now assessing alternatives and options available to us through our contractual framework, and will more than likely issue new terms and conditions which will require a new local emphasis on maintenance.

Rail Rehabilitation and Maintenance

As our appropriation request for FY 1981 will show, we have begun to put major program emphasis on rail rehabilitation and modernization for that group affectionately known as the "eight old-line" rail cities. Through May 31, 1977, only 28% of capital grants went to rail modernization, with the balance about equally divided between new rail starts/extensions and buses.

Since then, in recognition of both strongly expressed local needs and Congressional interest, the balance has shifted strongly in favor of rail modernization, with over 46% of Section 3 funds programmed for that purpose in fiscal 1980. Rail modernization is now the largest UMTA capital program category. This is both reflective of a shift in demand, and of the success of rail modernization projects relative to other uses of capital grants funds. A May 1979 evaluation of rail modernization grant impacts shows that these projects have significantly diminished the deferred maintenance and delayed cyclical replacement that has accumulated over the years in the old rail cities. Rail modernization will attempt to arrest potential ridership declines and remove the capacity limitations which have tended to keep rail ridership from increasing in the past.

Staffing

Current staffing levels in UMTA are not adequate to administer the program activities in an efficient and effective manner. UMTA's program activities and their complexities have grown at a disproportionate rate with respect to staffing levels. New activities have been undertaken with no corresponding staff increase. The most notable example is the Section 5 program. UMTA did not receive any staff increase to implement or administer this program, and received only minor additions as the activity grew.

Unfortunately, while concentrating on an effort aimed at consolidating FHWA and UMTA, the agency ignored the necessity to adequately increase its staff in the interim. The FY 1981 appropriation does include a request for 60 new positions.

These are the major problems and issues which we feel now face our agency. I would now like to briefly turn to the specific items you asked for in your letter and comment on a few additional areas of concern for us. As I mentioned previously, we will provide these items in more detail for the record.

(1) Our legislation includes authorization levels premised on use of revenues from the Windfall Profits Tax. The legislation also includes levels which increase financial assistance to communities.

(2) We believe that in general the UMTA program has been successful in achieving its legislatively mandated goals of continuing and improving mass transportation service through the provision of continued Federal financial assistance. It is necessary to recognize however, that achieving the secondary statutory goal of promoting efficiency, effectiveness, and productivity of transit operations has met with mixed success. I want to point out that these are fundamentally the responsibility of management in local transit operations. Again, we believe that many of the legislative changes we are considering will

assist in promoting a climate for local operators to make progress in these areas.

(3) Our service and methods program has made notable achievements in developing new approaches to providing mobility. Among these are investigations and promotion of the "transportation brokerage" concept, reserved lane programs, timed transfer concepts, and staggered hour work shifts. My longer, detailed comments provided for the record summarize many of these approaches.

(4) Another area in which we have focused much attention is that group of activities that supplement and complement conventional transit; ridesharing, paratransit, and TSM strategies. Success has been slow in coming, however, because in many instances the concepts are easier to explain than to put in operation. One example here of course is our Paratransit Policy statement, now long in development because of complicated 13(c) implications.

(5) We have, with FHWA support, instituted prototype energy contingency planning studies. In fact every urbanized area over 1,000,000 (the 25 largest) has included these activities in its 1980 work program.

(6) Though imprecise measurement exists, since 1973, transit ridership has continued to grow. This trend appears to be steady and probably

will continue into the future. Our problem now is one of predicting the rate of this continued growth.

(7) Transit costs have been increasing at a rate slightly higher than the rate of general inflation, while revenues have increased at a rate slightly below that of general inflation. Again, we believe that our proposed legislation will tend to bring these two trends closer together. However, this does not imply that the Administration favors a mandatory national fare policy.

(8) The first full year of data under the Section 15 reporting requirement has been reported to UMTA as prescribed. This data is now being entered into the computer; publication of the first series of so-called "output reports" is scheduled for late Spring or early Summer of this year.

(9) Given the size and scope of the Section 15 Reporting System, its implementation has been remarkably free of difficulties. I might add that the report on the status of the Section 15 reporting system required by the STA Act has been forwarded to Congress. I will provide a copy for your use.

(10) Through research in our Service and Methods program, we are collecting data to monitor the effect of the Federal government's new policy on requiring parking fees by Federal employees. We have contracted with Washington COG to collect data on Federal employee

commuting habits before and after the recent parking fee increase. We expect to be able to report the results sometime this fall.

(11) Several activities are underway in UMTA involving life cycle costing and procurement. We presently have preliminary guidance out to the field concerning life cycle costing for use in the procurement of buses, we will put out later this year a more developed set of procedures including those for the purchase of rail vehicles.

Thank you again for the opportunity to appear before you today. I'll be happy to answer any questions you may have.