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National Surface Transportation  
Policy and Revenue Study  
Commission

Las Vegas Field Hearing

Held Friday, February 23, 2007

At 8:00 A.M. - 12:00 P.M.

At the Las Vegas Convention Center

Reported By: Emily A. Gibb, RPR, CCR 709

1 I N D E X

2 PRESIDING: Commissioner Schenendorf

3 IN ATTENDANCE:

4 Commissioner McArdle  
 Commissioner Heminger  
 5 Commissioner Cino  
 Commissioner Skancke  
 6 Commissioner Busalacchi

7

8 TABLE OF CONTENTS

9	OPENING REMARKS by Oscar Goodman, Mayor of the City of Las Vegas, and Rossi 10 Ralenkotter, President/CEO, Las Vegas Convention and Visitors Authority	Page 9
11		
12	PANEL 1: Susan Martinovich, Director Nevada Department of Transportation and 13 Victor Mendez, Director Arizona Department of Transportation	Page 18
14		
15	PANEL 2: Tina Quigley, Regional Transportation Commission of Southern 16 Nevada; Greg Krause, Washoe County Regional Transportation Commission, 17 Nevada; and Curtis Myles, Las Vegas Monorail Company	Page 67
18		
19	PANEL 3: Tony Grasso, San Bernardino Association of Governments, and Eric 20 Anderson, Maricopa Association of Governments, Arizona	Page 119
21		
22	OPENING TO GENERAL PUBLIC: Richann Johnson and Steve Lauber	Page 169
23		
24	CLOSING REMARKS	Page 179
25		

1 LAS VEGAS, NEVADA; FRIDAY, FEBRUARY 23, 2007

2 8:00 A.M.

3 \* \* \*

4 MR. SCHENENDORF: I'd like to welcome  
5 everyone to this hearing of the National Surface  
6 Transportation Policy and Revenue Study Commission.  
7 This is one of nine hearings that we're having around  
8 the country.

9 The commissioners thought that it was very,  
10 very important to see an area of the country that was  
11 really growing and expanding, and so we decided to  
12 come to Las Vegas. And it didn't hurt that  
13 Commissioner Skancke insisted that we come to  
14 Las Vegas, so that made our decision a lot easier.

15 We'd like to thank our host, the Nevada  
16 Department of Transportation, the Las Vegas  
17 Convention Authority, the MGM/Mirage Corporation,  
18 Sprint Nextel, the Monorail Corporation and Carter  
19 Burgess for hosting us and sponsoring this hearing.

20 Frankly, were it not for their support, we  
21 would not be able to go around to all these different  
22 places throughout the United States, and so we're  
23 very appreciative. We feel it's very, very important  
24 to get out and see these people and talk to them  
25 throughout the country, so we thank them profusely.

1           Let me just take a second to introduce the  
2 people that are up here so that you know who they  
3 are. To my immediate right is Deputy Secretary Maria  
4 Cino. And we are very, very honored. She will be  
5 leaving the government and it will be a great loss  
6 this next week on March 1st. She is a truly  
7 dedicated public servant and we feel very honored  
8 that she's joined us here for this last thing.

9           Commissioner Tom Skancke, who you know.

10           To his left is -- or I mean to the right of  
11 Maria is Commissioner Steve Heminger with the  
12 Metropolitan Transportation Commission in  
13 San Francisco.

14           On my far left is Commissioner Frank  
15 Busalacchi who is the Secretary of Transportation for  
16 the Wisconsin -- state of Wisconsin.

17           And then Commissioner Frank McArdle who is  
18 with the General Contractor's Association of  
19 New York.

20           I am Jack Schenendorf. I am with  
21 Covington & Burling Law Firm in Washington, D.C. and  
22 I served on the House Transportation Structure  
23 Committee for ten years.

24           We also have here today -- if she'll stand  
25 up -- Susan Binder, who is our executive director.

1           The National Service Transportation Policy  
2 and Revenue Study Commission was established by  
3 congress to study the transportation needs of the  
4 country and transportation financing for the  
5 21st Century with the task of looking out for 50  
6 years and seeing what are the transportation needs  
7 and how are we going to meet them and what are the  
8 different roles of government, private sector? What  
9 are the financing tools we have available and what's  
10 the magnitude of the job.

11           We are tasked at looking at all modes of  
12 surface transportation: Highways, transit,  
13 inner-city freight rail, inner-city passenger rail,  
14 inner-city busses. We have a whole faculty of  
15 surface transportation. And we have been asked to  
16 look at continuing what we are doing today, changing  
17 what we are doing today, and looking at dramatic  
18 alternatives, if necessary, to try and meet the needs  
19 as we go forward.

20           So we are very interested in what you have  
21 to say. This will be important input into our  
22 process and we look forward to hearing from our  
23 witnesses today.

24           I have been asked to let you all know that  
25 there is a sign-up sheet in the back so that if you

1 are attending the hearing, if you would please sign  
2 in.

3           And also, at the end of the hearing, we will  
4 have an opportunity for people in the audience to  
5 come up and say a few words and give us the benefits  
6 of their thoughts if they would like. So if you  
7 would sign up special for that too, if you would like  
8 to make a statement at the end of the hearing.

9           I am going to keep everybody -- and all of  
10 your written testimony will be included in the  
11 record. And I'm going to try to hold each witness to  
12 a five-minute oral presentation because we have found  
13 at our previous hearings that it's the interaction  
14 between the commissioners and the witnesses which are  
15 really more important than the actual written  
16 testimony when you have a chance to review it. And  
17 so we really want to engage in a dialogue. And so we  
18 would ask if you would keep your comments to five  
19 minutes.

20           And with that, maybe -- let me just turn to  
21 the other commissioners to see if they have an  
22 opening statement.

23           MS. CINO: I just want to thank everybody  
24 again for what they've done to help us come to  
25 Las Vegas. And I would be remised, my mother is a

1 resident of Henderson. So I won't say that I have a  
2 whole lot to do with this, but if I am not home for  
3 dinner, Jack, I am going to be in trouble.

4 But thank you all very, very much.

5 MR. SCHENENDORF: Commissioner Skancke?

6 MR. SKANCKE: Thank you, Mr. Vice Chairman.

7 I just want to thank all of my colleagues for joining  
8 us here in Las Vegas, the fastest growing city in the  
9 nation for the past ten years.

10 I would also like to thank our sponsors and  
11 thank you to all that drove with us yesterday in the  
12 bus ride from L.A. to Las Vegas. Unfortunately,  
13 there was absolutely no traffic congestion. We  
14 sailed here in four and a half hours, a little bit  
15 less. And ordinarily it's an eight hour drive from  
16 L.A. to Las Vegas and we made it in four and a half  
17 hours.

18 So while I am glad we made it here safely  
19 and in a timely manner, I was really hoping for some  
20 type of shutdown along I-15 so you could see the  
21 congestion that really does happen. I'd like to  
22 thank our sponsors.

23 I'd like to thank Mayor Goodman for being  
24 here involved as well.

25 MR. SCHENENDORF: Commissioner Heminger.

1 MR. HEMINGER: It is a pleasure to be here.

2 And Tom, I think the next time we'll fly  
3 into Las Vegas.

4 MR. SCHENENDORF: Commissioner Busalacchi.

5 MR. BUSALACCHI: Thank you, Jim.

6 Again, thanks to everybody for setting this  
7 up and bringing us in here. I've had a long career  
8 with the Teamsters Union, so I'm very familiar with  
9 Las Vegas. I've been here many times and I  
10 absolutely can't believe the growth here and, of  
11 course, the traffic that's gone with it. And I am  
12 interested in hearing what everybody has to say.

13 MR. SCHENENDORF: Thank you.

14 To open things up, I think we're going to --  
15 oh, I'm sorry. Commissioner McArdle. I'm sorry.

16 MR. MCARDLE: I would just like to thank  
17 Commissioner Skancke for arranging all of this for  
18 us. He's been very active in the commission and made  
19 it a point to all of us that we had to see the  
20 fastest growing city in America, and we are here.  
21 And he's done a great job in organizing this and  
22 making this possible.

23 Thank you very much.

24 MR. SCHENENDORF: Thank you.

25 And can the first panelists come up, please?

1 Mr. Mayor and Mr. Ralenkotter.

2           MAYOR GOODMAN: Good morning, Mr. Chairman,  
3 members of the commission. It's a pleasure having  
4 you in our community. I am amazed that everybody is  
5 praising Mr. Skancke here this morning because our  
6 experience with him is just the opposite.

7           I am delighted that there are twelve  
8 commissioners, because he only represents eight and a  
9 half percent of the public and I feel very confident  
10 something good can happen as a result of this hearing  
11 today.

12           No, in all sincerity, he's done a terrific  
13 job for us and has kept us advised as to the progress  
14 that has been made in getting people back and forth  
15 from Southern California to Las Vegas.

16           As you know, tourism is our lifeline. It's  
17 our economic way of being. And without the tourism,  
18 we would not be the fastest growing city in the  
19 United States. We would probably be a ghost town.  
20 And it's very important to us to have the folks who  
21 are visiting us have a good experience in coming here  
22 and going home. Because if they come here and they  
23 haven't had the experience of the ease to get from  
24 one place to another, when they get here, they are  
25 not going to have as good a time as they should be

1 having. And when they go home, they'll be grouching  
2 the same way. And so we have to look at this  
3 carefully.

4           There has been some improvement. Not much.  
5 Your experience yesterday was extraordinary. I have  
6 never been able to drive on I-15 to and from Southern  
7 California in four hours. Never. And I have a  
8 little place down in Coronado that I try to get to on  
9 occasion, not as often as I'd like, and it usually  
10 takes at least six hours to go. And that's when  
11 we're going against the traffic. For instance, on a  
12 Friday, we're driving from Las Vegas to California  
13 when the Californians are coming up on the other side  
14 of the highway and vice versa. And we come home on  
15 Sunday afternoon or Monday morning, it is not a  
16 pleasant experience. It hasn't been for years, and  
17 it really is something that has to be addressed.

18           Now, Commissioner McArdle pointed out  
19 something this morning which I didn't think of, and I  
20 should have. We in government talk in terms of the  
21 future being 20 years. Everything is 20 years out.  
22 The commissioner stated we can't think that way  
23 anymore, and he's right. You have to think about 50  
24 years out.

25           We've been talking about a mag, a speed

1 train going from Southern California to the Las Vegas  
2 area for at least 20 years. Not much more than talk,  
3 to be quite frank with you. There was a little bit  
4 of movement when there were some plans to have  
5 segments of it built just when we experiment, but it  
6 really hasn't gone as far as it can.

7           If we are talking about a 50-year window  
8 though, I think that that is something that can be  
9 very realistic and we can start working on it today,  
10 and that's something that we need. We have to get  
11 people. And if we are going to continue our growth  
12 here, we have to get people back and forth with ease.  
13 So that's the message that I would like to impart,  
14 other than to tell you to have a good time while you  
15 are here.

16           What happens here stays here, so just enjoy  
17 yourself, because that's what Las Vegas is about.

18           Thank you.

19           MR. SCHENENDORF: Thank you. And again,  
20 thank you for your hospitality. It's been wonderful.

21           Mr. Ralenkotter.

22           MR. RALENKOTTER: I'd also add to the  
23 mayor's welcome to Las Vegas, the most exciting city  
24 in the world I tell my sales staff. And I'd also  
25 like to welcome all of you to our building here

1 today. It's nice to have you here in Las Vegas and  
2 have this meeting here because transportation is so  
3 important to all of Las Vegas.

4 It is difficult sometimes to follow the  
5 mayor, but it's easier when he doesn't have his  
6 showgirls with him.

7 MAYOR GOODMAN: It's easier for you.

8 MR. RALENKOTTER: It's true.

9 But to put it in perspective, it is, to the  
10 impact of travel and tourism and conventions in  
11 Las Vegas for all of the Southern Nevada, it's a  
12 \$39 billion industry. In Las Vegas alone, we  
13 attracted almost 39 million visitors to Las Vegas.  
14 Half of those people came here by surface  
15 transportation. So that's about 20 million of our  
16 visitors came by some means of transportation using  
17 our roadways. And we are in the middle of a vision  
18 plan.

19 Las Vegas will be adding 40,000 rooms over  
20 the next five years. And we have a vision plan that  
21 says for us to fill those rooms to the occupancy  
22 levels that we have today, we need to attract  
23 43 million visitors. So that means that would result  
24 in about a 10 or 11 percent increase in the number of  
25 people coming in by surface transportation. That's

1 one challenge.

2           If you go out just a little bit further to  
3 the year 2015, we've been doing some studies in  
4 conjunction with McCarran Airport because they are  
5 looking at a second airport out in the Ivanpah, a  
6 location which will also impact transportation coming  
7 into the destination. If all of the rooms that we  
8 think will be built come on line, we will now have,  
9 by that time, about 200,000 rooms in Las Vegas and  
10 will be driving about 54, 55 million visitors. So  
11 again, that would result in more demand on  
12 transportation.

13           The other side of the challenge happens to  
14 be within the destination. Because we can get them  
15 here. If we can get them here, we need to move  
16 everyone around within the resort corridor, from  
17 downtown to the strip, to the strip to the convention  
18 centers -- because we have three of the ten largest  
19 convention centers in the United States are in  
20 Las Vegas -- and to the airport.

21           So we just had a very busy weekend this last  
22 weekend. We had the NBA Allstar game, we had Chinese  
23 New Year's, and a three-day holiday. And we were  
24 challenged within the corridor. And that is also a  
25 major concern of ours. We have a condition, a

1 mobility study. We're in the process of expanding  
2 and remodeling this facility here.

3           In order for us to maintain our Number 1  
4 status as a convention center in the United States,  
5 we will be spending three-quarters of a billion  
6 dollars in the next four years to remodel this  
7 facility. And part of that, we decided to do a  
8 transportation mobility study to determine how people  
9 could get in and out of this facility, but also just  
10 taking into account the 40 square miles that  
11 constitutes the resort corridor.

12           And so that report will be finished in June  
13 and will be a benchmark study to allow all of the  
14 entities that are involved in transportation for  
15 Southern Nevada, for the state, for the states that  
16 border us, to determine what short-term fixes there  
17 are, as well as long-term fixes.

18           And again, looking at the future, it's  
19 imperative that all of us consider various types of  
20 transportation modes, potential technology of the  
21 future. Because our livelihood here depends on being  
22 able to get people here and to move them around.

23           Thirty percent of all of the jobs in Clark  
24 County are directly dependent upon the travel  
25 convention industry. Another 30 percent support

1 that. So 60 percent of our workforce relies upon us  
2 being able to bring visitors and convention delegates  
3 here. So your work is extremely important to us. We  
4 need to move as fast as we can because of the  
5 challenges that we do see.

6 Not only is it tourism, but it's also  
7 commerce that moves on the highways. And because we  
8 are one of the fastest growing cities in the United  
9 States, soon to be three million people in about ten  
10 years, we also need the ability to travel outside of  
11 Southern Nevada. So I hope that you get some  
12 excellent feedback.

13 If there is anything that our organization  
14 can provide for you, please contact us. Tom works  
15 for us and has been a great advocate of this problem  
16 and continues to tell everyone we need to solve the  
17 problems today. We can't wait. So we are happy  
18 you're here.

19 Just one thing. I wasn't responsible for  
20 the bus, that was Tom. So just remember that. But  
21 thank you for being here. We appreciate you being in  
22 Las Vegas.

23 MR. SCHENENDORF: Who has jurisdiction over  
24 the taxi situation?

25 MAYOR GOODMAN: Not me. Not me.

1 MR. SCHENENDORF: Commissioner Cino.

2 MS. CINO: (Shakes head back and forth.)

3 MR. SCHENENDORF: Commissioner Skancke?

4 MR. SKANCKE: I just want to thank you both  
5 for being here today. I -- for the first time in my  
6 career, I would actually have an opportunity to grill  
7 the mayor, but I'm going to let that go today. Out  
8 of the spirit of cooperation, I think we'll thank you  
9 for being here.

10 And I definitely want to thank you for your  
11 leadership, actually, as chairman of the convention  
12 authority. And you as mayor for the past eight years  
13 for this community have really done a lot to step up  
14 front for transportation issues. You've taken on  
15 some tough issues as mayor, particularly in the  
16 transportation arena, and for the tourism here in our  
17 community and moving people. And thank you for that  
18 leadership and the courage to do that.

19 MR. SCHENENDORF: Commissioner Heminger.

20 MR. HEMINGER: I did just briefly want to  
21 reassure the mayor about one point on our travel time  
22 from Los Angeles here. I did see Commissioner  
23 Skancke huddled with the director of the California  
24 Department of Transportation before we left. And we  
25 didn't encounter a single work zone all the way here,

1 so that may have had something to do with it.

2 MS. CINO: And the police escorts.

3 MR. SCHENENDORF: Commissioner Busalacchi.

4 MR. BUSALACCHI: I'm fine. Thank you. Just  
5 thank you again.

6 MR. SCHENENDORF: Commissioner McArdle.

7 COMMISSIONER MCARDLE: Yeah. Thank you very  
8 much, both of you, for coming. The one thing that  
9 you perhaps would add to your thinking as you look  
10 out 50 years is not just about the people, but the  
11 goods side of it, both, because you are a thru  
12 corridor. But you add 200,000 rooms, think of what  
13 that does to the trucks that are needed to service  
14 that, the distribution centers. You know, we see  
15 that as equally a critical area of study.

16 So if you could share with us, you know,  
17 your thoughts in that area and what we need to do to  
18 make this possible. Because you get all the people  
19 here, but you've got to get the food and everything  
20 else here, you know.

21 MR. RALENKOTTER: Well, we'll make sure that  
22 the commissioner receives a copy of that  
23 transportation study, because that's going to provide  
24 you with some great detail.

25 MR. SCHENENDORF: Well, thank you very much.

1 I appreciate your testimony.

2 MAYOR GOODMAN: Thank you.

3 MR. SCHENENDORF: Next we'll have Susan  
4 Martinovich and Victor Mendez.

5 (Ms. Martinovich and Mr. Mendez coming  
6 to front table.)

7 MR. SCHENENDORF: Thank you. I appreciate  
8 your coming up today.

9 And we'll start with Ms. Martinovich. Is  
10 that the way you pronounce it?

11 MS. MARTINOVICH: Yes. Thank you. Thank  
12 you.

13 Well, good morning Mr. Vice Chairman and  
14 commissioner --

15 MR. SCHENENDORF: Can you wait one sec? I  
16 think your microphone is -- okay. Try again.

17 MS. MARTINOVICH: Good morning. Good  
18 morning. We have an exhibit just for you to look at.  
19 We've brought an exhibit that shows a little bit  
20 about what we're talking about.

21 My name is Susan Martinovich and I am the  
22 Director of the Nevada Department of Transportation.  
23 Welcome to the great state of Nevada. And until just  
24 recently, we have been the fastest growing state in  
25 the nation. But we were just recently bypassed by

1 Arizona. So thank you very much, Mr. Mendez, for  
2 taking that on.

3 I am also here on behalf of Governor Jim  
4 Gibbons who sends his regards and respects to the  
5 commission.

6 Mr. Vice Chairman, when you first opened,  
7 you said that we had the five minutes. Well, because  
8 Nevada doesn't always follow the rules, and  
9 especially Las Vegas, we may go over that just a  
10 little bit if we could request your indulgence in  
11 that.

12 MR. SCHENENDORF: Okay. You'll hear a  
13 little -- (tapping his pen on the table.)

14 MS. MARTINOVICH: I know. I know. Okay.

15 Now, I know that this commission has heard  
16 testimony from across the country regarding various  
17 forms of financing, and Nevada agrees and supports  
18 with all of the testimony today. We are also looking  
19 at public partnerships, tolling, HOV lanes and  
20 looking at mechanisms for integrated project  
21 delivery. But what our challenge is and what our  
22 testimony is focusing on today is project delivery  
23 before construction.

24 We think that a lot of time, a lot of money,  
25 a lot of issues happen before even one shovel of dirt

1 is turned to get to construction. And so I would  
2 like to just provide some specific examples that  
3 we've experienced in Nevada and some suggestions for  
4 that.

5           You know, across the country we've talked  
6 about best practices to model improvements, but what  
7 we want to show today, unfortunately, is some of the  
8 worst practices that have been going on.

9           To follow with Mr. Ralenkotter and the mayor  
10 that -- and putting in perspective what we're  
11 experiencing, over 6,000 people are moving into  
12 Las Vegas per month. And what this means, and to put  
13 it in real terms, is that this means a hundred cars a  
14 day are on our streets and highways. And think about  
15 how big that is.

16           Along with the people moving in, we've got  
17 43 million visitors per year visiting Las Vegas. And  
18 eleven million of those are along that I-15 corridor.  
19 We're adding additional capacity. We try to keep up  
20 with it, but we aren't keeping up with it. I-15 is  
21 our economic lifeline that serves other western  
22 states. You know, from California you've come up and  
23 then crosses over the western states to the east.  
24 And we -- so we have the tourists, we have the  
25 commuter traffic.

1           We're also unique in that because of our  
2 tourist traffic -- a little jeopardy fact for you is  
3 that of the 15 largest hotels in the nation, 13 of  
4 them are in Las Vegas and in the corridor that was  
5 referred to from the -- the -- Mr. Ralenkotter.

6           The businesses and developments along the  
7 corridor take advantage of the growth that we're  
8 seeing and the economic developments, economic  
9 opportunities associated with that growth. The  
10 challenge is that these developments can be planned,  
11 zoned, designed and constructioned [sic] --  
12 constructed in the same time that it takes for NDOT  
13 to go through the NEPA process.

14           And so when the gaming companies can build  
15 3,000-room hotels from start to finish in about 18  
16 months to two years, when we start out with the  
17 preliminary design as a preferred alternative, and  
18 with the growth with those hotels happening during  
19 that preliminary design, there's a lot of changes  
20 that have to occur from when we start a project.  
21 Then a hotel goes up and we have to change our  
22 design, and it just compounds the time.

23           The changing conditions, you know, they  
24 include zoning changes. When we start a project, an  
25 area will be zoned one way. And then when we're

1 finishing and starting the construction, it will be  
2 zoned another way.

3 Utility modification. Adjacent property  
4 values. Just to give you a recent example, out -- we  
5 have a highway, Blue Diamond highway, and it's south  
6 of the I-15 and you may have gone through the  
7 construction on your way up. This is the only route  
8 from Las Vegas to Pahrump. And Pahrump is a rapidly  
9 growing city.

10 The highway is a two-lane undivided roadway  
11 and you've got commuters and you have developments  
12 along the corridor. And what has also happened is  
13 that there's a large increase of fatalities through  
14 there because of the growth and the two-lane roadway.  
15 People want to pass.

16 During the time that NDOT has gone through  
17 the NEPA process, we've experienced an inflation,  
18 varying costs of materials, over 40 percent. The  
19 right-of-way costs have increased over 80 percent.  
20 And primarily, that's because it went from vacant  
21 property to industrial property with buildings on it.  
22 And so add that growth compounding with the  
23 fatalities and we have some -- we have some  
24 challenges. And that's not just that road. That's  
25 similar across the Las Vegas Valley.

1           So the consequences of our rapid growth that  
2 we're seeing is that we've got limited existing  
3 right-of-way for expansion because our corridors are  
4 set. Then the growth comes up very close to it. So  
5 we've got limited right-of-way there, and the costs  
6 of right-of-way and inflationary costs that we've  
7 seen, as well as other states across the nation.

8           Our typical preconstruction costs -- that's  
9 a map of what this is. And I don't expect you to  
10 read the small print, but you can see the colors and  
11 you can see a lot of lines under those colors -- is  
12 there is a lot of activities that have to go on  
13 between the initial design, preliminary design, the  
14 NEPA process, the right-of-way acquisition, all  
15 following -- all following the process.

16           But what it means is it takes millions of  
17 dollars. And so much time is being spent, again,  
18 before we're even putting something specific on the  
19 ground to get the benefits that we're trying to  
20 achieve. And our customers don't understand this.  
21 They don't see it. They want something visible to  
22 see on the ground.

23           We are all on the same page for the federal  
24 highways. We consider them partners. We want the  
25 same results and have the same goal: To deliver

1 expeditiously quality projects, to balance the  
2 community, balance the environment, and meet the  
3 economic needs.

4           So I would like to just give you a couple  
5 more specific examples of some of the challenges that  
6 we have so you can see where we're coming from. Our  
7 US-95 west lane project. That's the priority project  
8 for the department, from our spaghetti bowl off of  
9 north I-15 up to the northwest corridor. When we  
10 began that project, the northwest region of Las Vegas  
11 valley was the most rapidly growing area in that  
12 region.

13           And several years later, there had been --  
14 there have been at-grade interchanges, so  
15 interchanges were built among that corridor. But  
16 we -- because of the growth, the volumes that we had  
17 projected to be reached in 20 years, we were seeing  
18 those being reached in five to seven years. Just the  
19 growth has been tremendous. And even when we try to  
20 realize that and still plan in the future, it seems  
21 to be staying ahead of us. So our 20-year designs  
22 are not meeting that -- those designs, let alone the  
23 50-year designs that the mayor had talked about.

24           We started our initial studies in 1996. The  
25 MIS was completed in 1998. The NEPA kickoff was then

1 held in 1999. A recorded decision in about 2002.

2 And then we advertised for construction in 2005.

3 That's ten years from the original process  
4 of when we felt that we needed to get a project, to  
5 actually putting a project on the ground. And then  
6 we're meeting the -- during the design time, we've  
7 already surpassed the volumes that we're planning  
8 for. So we just have some big challenges.

9 The delays, there was also issues with a  
10 lawsuit filed against that project. And so the  
11 delays in the project increased the overall cost of  
12 that project by over 40 percent. So those are actual  
13 real construction costs that were experienced, in  
14 addition to the time, the money and the costs spent  
15 to get it to preparation for the construction.

16 I mentioned the Blue Diamond highway. One  
17 of the other challenges that we had in that -- and  
18 this one took over eight years to go from initial  
19 studies to the phase of construction -- is that we  
20 had issues with the BLM that required a separate NEPA  
21 document. So we've got two federal agencies that  
22 NDOT is trying to coordinate and be the facilitator  
23 between that. So there is some challenge there.

24 Our I-15 south corridor, the corridor that  
25 you drove up on to come north, we recently widened --

1 are in the process of widening -- are in the process  
2 of that. That corridor was a two-lane interstate  
3 that had large volumes of traffic. NDOT worked very  
4 closely with Caltrans on that project to identify  
5 projects.

6 NDOT moved forward to widen the corridor  
7 from Las Vegas to Stateline; however, the federal  
8 funds weren't used in that. We didn't use any  
9 federal funds in that project. And the reason was  
10 because the NEPA documents that -- in our NEPA  
11 document, FHWA would not allow the point of logical  
12 terminus to be the state line. We had to have the  
13 point of logical terminus to be into California. And  
14 so that's -- we've got two state agencies and we have  
15 no control over the process of another state.

16 And so what we did was that we ended up  
17 going forward with design and construction of the  
18 project. There was no NEPA, no right-of-way. We had  
19 to get with all state funds, and then we widened  
20 that. We also widened two miles into on the  
21 northbound. And then what that then did is allowed  
22 us to use federal funds because it was considered  
23 a -- a filling a gap. So we figured out a way to --  
24 I don't want to say get around it, but it was very  
25 challenging to try to -- to try to move forward in

1 that.

2           The other challenges that we have is the  
3 growth. And our coordinating has been making huge  
4 efforts in coordinating with the local MPO's. And  
5 another example is the tropical grade separation over  
6 the west lane 95, up in that northwest valley.

7           This was a project that was intended to  
8 build a grade separation to replace an at-grade  
9 intersection, safety issues, congestion issues. The  
10 street would then connect into a crossing side  
11 street. The project was on the City of Las Vegas  
12 master plan depicting the project location. The NEPA  
13 process started. Everything was going forward.

14           And then several months later, the property  
15 owner wanted to develop his land. We knew a road had  
16 to go from the interchange across this person's land  
17 and connect up with another road. The property owner  
18 wanted to go ahead and develop it. The City of  
19 Las Vegas required the owner to set aside the  
20 corridor for a new road, as shown in the master plan.  
21 The property owner had no issue with that. He  
22 understood what was going on. But what happened is  
23 it caused FHWA to pull federal funds from the project  
24 because they had indicated that the NEPA process had  
25 been violated because there was a preferred

1 alternative already selected by the fact that we set  
2 aside the property.

3           Some of the option was that we could tell  
4 the property owner, Don't build on your property.  
5 Well, that's his property. Then we're facing the  
6 possibility of having to acquire it all or possibly  
7 inverse condemnations because we couldn't acquire it  
8 yet because we hadn't finished the NEPA process.

9           So we had a lot of meetings, worked with the  
10 city, worked with the property owner, worked with  
11 FHWA. We ended up moving forward, but what it did is  
12 it cost an additional year of time and an additional  
13 20 percent increase in the cost of the original  
14 contract.

15           Just what we want to emphasize is that time  
16 is money. Time is money, and our customers deserve  
17 the courtesy of us moving forward and making  
18 decisions.

19           We think that -- we consider federal  
20 agencies to be our partners. We want them to be in  
21 the roles of interpreting regulations to help us meet  
22 our goals with project delivery. But we also want  
23 them to interpret the laws to facilitate, to help us  
24 and not to hinder. Because in my experience, there's  
25 always two sides to every -- to every lawsuit. And

1 both can be argued with passion and with accuracy.  
2 So we think that we have the best and the brightest  
3 in the transportation industry. We want to develop  
4 an efficient system of delivering projects, and we  
5 think that our customers deserve that.

6 So thank you very much.

7 MR. SCHENENDORF: Thank you.

8 Mr. Mendez.

9 MR. MENDEZ: Thank you. And good morning,  
10 Mr. Vice Chairman and Members of the Commission.

11 For the record, my name is Victor Mendez. I  
12 am the director at the Arizona Department of  
13 Transportation. And I am also here representing the  
14 American Association of State Highway and  
15 Transportation Officials as the president of that  
16 organization. So I would ask an indulgence, a couple  
17 of extra minutes so I can give you both a state  
18 perspective and a national perspective.

19 I do want to begin by thanking all of you as  
20 a commission for taking the time. What we are doing  
21 here is important for us as a nation as we move  
22 toward the future in transportation. And whatever  
23 results you do come up with in the end, that  
24 certainly will impact all of our lives for many years  
25 to come. So thank you again for taking the time.

1 It's a lot of hard work and a lot of travel, but it's  
2 very important for all of us.

3 Now, Susan has done a really great job  
4 outlining some of the issues related to this project  
5 delivery. And as you might guess, Nevada being a  
6 border state to Arizona, we have very similar issues.

7 Let me begin with the Arizona perspective  
8 first. Obviously, we're now the fastest growing  
9 state in the nation. And so if she is growing by 600  
10 people per day, we must be growing by 601, or  
11 something like that.

12 But to be serious, the issues that we're  
13 facing is that in Arizona, the kind of hyper growth  
14 that we have experienced throughout the entire state,  
15 it's not just the urban areas. Most people think  
16 about only Phoenix and Tucson as being the big urban  
17 areas. But we are challenged in the urban areas --  
18 or the rural areas also.

19 When we travel around the state on a monthly  
20 basis with our transportation board, we hear from all  
21 the rural areas and the impact the growth in those  
22 areas that's happened upon their communities.

23 We estimate that our state population may  
24 double in the next 20 years. So you can see that's  
25 going to be a bigger issue for us, and it is already.

1 Over the next 50 years, we estimate that for roads,  
2 that all of the -- that's roads only, we will need  
3 about \$50 billion. And obviously, that will be a  
4 challenge at the state level.

5           The southwest actually, as a whole, is  
6 experiencing new growth and significantly for a new  
7 capacity. So as Susan mentioned, trying to handle  
8 that capacity, we face many challenges. Not only in  
9 terms of process and project delivery, but also the  
10 coordination efforts that are necessary in all the  
11 forms of government. But I think that's important to  
12 keep in mind.

13           Later in your agenda, we do have Eric  
14 Anderson, who is the transportation director for the  
15 Maricopa Association of Governments, which is the  
16 Phoenix area. He will be talking about the urban  
17 issues that we're facing in Arizona. So my comments  
18 today are here somewhat toward rural, although as a  
19 state agency, certainly we are concerned about  
20 everything.

21           In Arizona, we are in fact working on a  
22 state-wide plan for public transit, which would  
23 include additional bus transit. To help us add more  
24 capacity to our existing transportation system, we  
25 need to find better ways to connect states, you know,

1 in that region within the state. And then as we move  
2 towards the future, it's very important for us to  
3 again emphasize the need to better coordinate with  
4 all levels of government, including the federal  
5 government.

6 For Arizona, really one of the big issues  
7 that we're facing, and I think Susan described this  
8 actually also in her remarks, is that there's a big  
9 disconnect between land use and development decisions  
10 that are made at the local level and some of the  
11 transportation planning decisions that are made at  
12 the state level in concert with some of those same  
13 local entities. So again, one of the big issues for  
14 us is that better coordination that needs to occur.

15 Now, in Arizona, we simple -- our governor,  
16 Governor Napolitano, actually about 18 months ago,  
17 initiated a growth and infrastructure initiative.  
18 And the goal with that initiative is to really -- I  
19 don't know what's the word, force would be a proper  
20 word. But she needs to encourage all of the  
21 governments to better coordinate, and she's beginning  
22 with state government, all of the state agencies,  
23 state planning department, for example, or water  
24 department, transportation. We need to better  
25 coordinate, begin that at the state level, and then

1 flush it out then to the other levels of government.

2           Now, more recently, the governor did  
3 formalize a growth cabinet. And she's directing that  
4 growth cabinet towards the state and the private  
5 communities to develop an implementation plan within  
6 the next 120 days to outlying strategies for growing  
7 development.

8           Part of her solution -- and we're developing  
9 this strategy. We don't have it yet completed. But  
10 as an example, a potential solution, she has directed  
11 and seeks to award future discretionary funds to  
12 communities that have agreed to participate in  
13 accordance with some of these strategies that we are  
14 outlining with the growth cabinets.

15           Again, it's one of those issues that we're  
16 very sensitive with regard to local control, but also  
17 at the state level, we can't always be the ones to  
18 come in and take -- bear the brunt of some of the  
19 local decisions. So there is a fine balance here  
20 that we're trying to play here.

21           Last year, our governor and the state  
22 legislature did in fact infuse \$307 million into  
23 transportation from the general fund. There were  
24 surpluses and we were very happy about that. And  
25 this year there are other proposals out there to

1 actually infuse additional funding from the state  
2 general fund or possibly by expanding some of our  
3 bonds for an additional ten years to again infuse  
4 additional funding.

5           Now, we welcome all kinds of funding in the  
6 future. The issue here though is that these are  
7 one-time fixes. And so my message to everybody out  
8 there is that we really need a structural long-term  
9 solution for our issues, so we are continuing to look  
10 at that.

11           So I guess in wrapping up my comments about  
12 the state, I would suggest that maybe you may want to  
13 consider something, like what we're doing with our  
14 governor in terms of a broken infrastructure to help  
15 us better coordinate and, you know, to try and find  
16 better ways to really develop our transportation  
17 system in concert with land use development  
18 decisions.

19           Now, if you would bear with me just a few  
20 more minutes, let me just very briefly give you an  
21 overview of some of the national issues from a  
22 national perspective. I think the three main points  
23 that I would like to make today is: First, that the  
24 challenges that are faced by the surface  
25 transportation system are great because of growth and

1 the imperative to preserve the system, the impacts  
2 from the global economy and our growing construction  
3 costs that Susan mentioned here a few minutes ago.

4           Secondly, to meet the challenges, all levels  
5 of government are going to have to continue to  
6 participate from a funding perspective.

7           And thirdly, the solution will in fact  
8 require a major commitment of funding and really a  
9 multi-level approach. I know that there has been a  
10 lot of discussion here toward highways, roads,  
11 streets, and freeways. But if you look at some of  
12 the multi-mobile aspects if the -- of a  
13 transportation system, it's going to be very  
14 important for us to look at that into the future.

15           Now very quickly, we'll kind of highlight  
16 some of the points that you have in front of you.  
17 The growth, I think we've talked about that and the  
18 issues are staggering when you look at it, whether  
19 region by region, state by state. I think we  
20 understand that is, in fact, an issue.

21           As I mentioned earlier, not only in Arizona,  
22 but on a national basis, those states that tend to be  
23 rural in nature, in fact, are facing very similar  
24 challenges. You have to have connectivity between  
25 nature population centers. And so, you know, we face

1 very similar challenges in the rural arena.

2           A very interesting point here, we happen to  
3 be here in Las Vegas, tourism, recreation, a big  
4 portion of what occurs here specific to Las Vegas.

5 And we would say that travel, tourism and recreation  
6 in many states is in fact a major economic issue for  
7 all of us.

8           And I can tell you in Arizona, the direct  
9 impact from tourism alone is about a \$15-billion  
10 industry. When you throw in the indirect impact, I  
11 think we double that to close to 29 billion per year.  
12 So pretty significant for Arizona and the rest of the  
13 nation.

14           With respect to preservation, I think all of  
15 you are aware, for example, our interstate system  
16 started 50 years ago. It's now old. And at that  
17 point it was intended to serve a certain volume of  
18 traffic. I suspect the people who were developing  
19 and planning at that point in time had a different  
20 perspective. And quite frankly, yeah, we've  
21 overwhelmed the system 50 years later. And so  
22 preservation is very important from that perspective.

23           The issue of the global economy and how it  
24 impacts our competitiveness as a nation, if you look  
25 at what's happening in China, Europe, and many other

1 countries and regions of the world, many of them are  
2 in fact really investing big money into their  
3 transportation system.

4           And so the question here, from a United  
5 States standpoint, is should we be doing the same?  
6 We need to remain competitive. And certainly  
7 transportation, from an economic standpoint, is a  
8 major factor in that.

9           Susan mentioned the sky rocketing  
10 construction costs, so I'll skip that point. And so  
11 let me move on to my second major point, the issue  
12 that all levels of government must share -- must fund  
13 their share of transportation investments. I can  
14 tell you, in Arizona, and I am sure Eric Anderson  
15 will mention this, we have initiated various funding  
16 initiatives at various local levels, very helpful,  
17 and yet it's not enough.

18           Certainly, if you look at the federal  
19 government, we've got about 45 percent of our needs  
20 into the future now and into the future. And so we  
21 have some challenges --

22           MR. SCHENENDORF: We have had this testimony  
23 and we've had a chance to read it. So if you just  
24 could wrap it up, we really want to have dialogue.

25           MR. MENDEZ: Okay. Let me just jump to one

1 important point, if you would bear with me, Mr. Vice  
2 Chair, one of the issues that I think is important,  
3 just for me, and then I'll wrap up.

4           On a national basis, the issue of delivering  
5 on a multi-level approach, you know, we've had a lot  
6 of focus on highways and freeways. I think it's  
7 really important for us to begin looking, and we have  
8 other modes of transportation, the independent  
9 activity with aviation. I know Commissioner Skancke  
10 and I talked about this sometime back, you know, the  
11 connection with aviation. For example, Fed Ex has to  
12 deliver. They fly it in somehow and it has to then  
13 be distributed through our system. So I think it's  
14 important for us to keep that in mind.

15           So with that, I guess I will conclude my  
16 remarks by letting you know that later this spring,  
17 AASHTO will be submitting to you a report that  
18 contains a revenue recommendation so we can start, at  
19 least for the record, just putting some issues on the  
20 table for that -- for the issue of funding.

21           And so with that, I guess I'll conclude my  
22 remarks. And thank you very much for the  
23 opportunity.

24           MR. SCHENENDORF: And thank you both very  
25 much. And I'd like to start the questioning with the

1 Deputy Secretary of Transportation.

2 MS. CINO: Thank you, Jack, very much. I  
3 appreciate it. I appreciate both of your  
4 testimonies. I'll make -- I'll ask one question and  
5 then move on to give everyone a chance.

6 You know, I read all of your material and I  
7 found it very, very interesting. I think probably  
8 some of it hit home that I kind of knew but didn't --  
9 had not seen it in such a contrast. Eighty-eight  
10 percent of the growth that's going to be taking place  
11 in the next 20 to 50 years will be in the south and  
12 the west.

13 Being a property owner right here in  
14 Henderson, I've experienced the moving mountain  
15 phenomenon, as I call it. In 1997 I bought my folks  
16 a small house in Green Valley, and we'd look out the  
17 backyard. You'd see the mountains so, so far away  
18 with nothing between us and the mountain.

19 As I go home now three or four times a year  
20 to go see my mom, what I see now is the mountain  
21 isn't so far away with the development that's going  
22 on.

23 Commissioner Schenendorf and I were in  
24 Atlanta yesterday. I guess the concern I have for  
25 areas such as the south or the west that is growing

1 so rapidly, there has to be very, very coordinated  
2 but very, very specific planning. I've seen the  
3 I-15. I've been on the I-15. I was there when it  
4 broke ground, and I use it when I come home to visit  
5 my mom in Las Vegas.

6 But even now -- at the time I thought it was  
7 so -- the capacity was going to be so great. But  
8 even now at rush hour, it's full. There's only so  
9 much you can build. So my question really, to kind  
10 of cut to the chase, is what -- if you could spend a  
11 couple minutes, each of you -- what are you doing  
12 with regards to the plan? Because it seems to me  
13 that we can throw all this money at roads, and even  
14 intermodal, but if we are not doing planning for the  
15 growth that is going to happen, 88 percent in the  
16 south and the west, and looking at residential,  
17 commercial, putting employers where people live, and  
18 as I said, the intermodal ways and things like,  
19 parking, become issues.

20 What is it that you are specifically doing  
21 in your state's region with regard to the planning to  
22 prevent the problems that we have right now?

23 MS. MARTINOVICH: Thank you, Commissioner.  
24 I'd just like to mention that first, in Las Vegas and  
25 the Las Vegas valley, you're right. It's a huge

1 issue. And the department has been working closely  
2 with the local entities that they all work, and  
3 there's many in this valley. You know, there's City  
4 of Henderson, City of Las Vegas, City of North Las  
5 Vegas, Mesquite, Boulder City, and they all --

6 MS. CINO: Green Valley Ranch.

7 MS. MARTINOVICH: -- exactly. And they all  
8 work under Clark County. And so our efforts have  
9 been that we've been having a person, you know, sit  
10 with them. We've got a planning development agency  
11 that coordinates and works with them in the planning.

12 The trouble is is sometimes, like we said,  
13 the zoning will change. And, you know, so we're able  
14 to provide comments. And so that's today. That's  
15 what's happening today. But we recognize that, and  
16 so what we're going to try to address in the future  
17 is that we're actually taking regions and areas and  
18 looking out at the 50-year and trying to do some  
19 analysis -- analyses [sic] and studies of where  
20 will the -- where does there need to be the large  
21 infrastructure? Where does the beltway need to  
22 connect? Where do we need to have alternate routes?

23 The challenge is, is once you start laying  
24 that out there, then people get a little dicey and  
25 then they start building in those areas. And we're

1 not in a position to do any advanced acquisition of  
2 the right-of-way in the area. So we're looking --  
3 we're planning, laying it out, but it -- we haven't  
4 figured out a way to take care of the last minute  
5 changes that seem to occur when a development comes  
6 in until that -- it's a matter of keeping the lines  
7 of communication open and talking, but we are still  
8 figuring out the best way to move forward.

9 MS. CINO: But the risk of -- not putting  
10 words in your mouth -- it seems that, and again, I  
11 probably have a little bit more of a personal  
12 experience here in the Las Vegas area and Clark  
13 County, and Henderson, Green Valley Ranch area, that  
14 we -- we have good intentions, but by the time we  
15 actually start, we're already behind.

16 MS. MARTINOVICH: That's it exactly.

17 MS. CINO: And I guess I am just looking  
18 for, as we saw, I think some good examples in  
19 Atlanta, in, you know, looking towards the future.  
20 How do we keep up with it?

21 MS. MARTINOVICH: Well, as an example,  
22 there's a proposed development about a hundred miles  
23 north of Las Vegas. It's proposed 150 community --  
24 it will be a new city and -- with the idea that it  
25 will be a bedroom community for people coming into

1 Las Vegas. We know it's coming. We're trying to  
2 address the growth of the area and to plan ahead, but  
3 we don't have the funding. We don't have enough of  
4 the information. We are trying to stay up ahead, but  
5 then intermediate things come that we aren't aware  
6 of.

7           You're right. We're looking at it, but  
8 we're not good at staying on top of it yet.

9           MR. MENDEZ: If I might maybe add a little  
10 bit to that from the Arizona perspective. As I  
11 mentioned, our governor has actually started this  
12 growth and infrastructure --

13           MS. CINO: Yeah, I was very interested to  
14 read about that.

15           MR. MENDEZ: Yeah. And when you think about  
16 that, she's not really focussing on transportation.  
17 She's looking at the overall issues: The energy,  
18 water, schools, transportation, support, hospitals,  
19 facing all that in looking at affordable housing, for  
20 example.

21           If you look at -- under that initiative,  
22 what we're also attempting to do, we brought a lot of  
23 the major developers to the table. And I have to be  
24 honest with you, I really sense a change in their  
25 attitude. I think they are beginning to understand

1 and are willing to be at the table.

2           The problem that I think we're facing is  
3 similar to what Susan described. And we try and  
4 identify the corridor. They are willing to work with  
5 us on, you know, identifying a corridor within their  
6 future development. But with -- when you only have a  
7 plan and no money to really deal with the issue, you  
8 fall behind very quickly. Because they move quickly,  
9 as you experienced.

10           You can see the mountain ten years ago and  
11 now you can't. So with that issue, you know, you  
12 have the best planning in the world, but if you don't  
13 have the resources to actually implement the plan, it  
14 puts you behind the eight ball pretty quickly.

15           MS. CINO: Thank you very much.

16           Jack, I will reserve the rest of my  
17 questions to give my fellow commissioners an  
18 opportunity.

19           MR. SCHENENDORF: Okay. I'd next like to  
20 turn to one of your fellow DOT commissioners.

21           Commissioner Busalacchi.

22           MR. BUSALACCHI: Thanks, Jim.

23           I guess I just want to go in a little  
24 different direction from roads here and talk a little  
25 bit about passenger rail and the mobile approach that

1 you had talked about -- both of you had talked about.

2           The mayor was here earlier and he talked  
3 about -- or he mentioned a possible train from  
4 California to Nevada.

5           Susan, maybe you can tell me where that's  
6 at. But I'd like to know what your views are on this  
7 passenger rail. Do you think that it will alleviate  
8 some of the pressure?

9           And in addition to that, if you are thinking  
10 about going in that route as part of your planning,  
11 what do you think the federal role needs to be?  
12 Because as we all know, to put these types of systems  
13 down, they cost a lot of money. And, of course, you  
14 run into a lot of different environmental  
15 restrictions and the like.

16           So I'd also like to hear what your opinions  
17 are on what that federal role should be. Should it  
18 be similar to what is going on with highways? Less?  
19 You know, so -- I guess I asked a number of  
20 questions. If you could just maybe quickly give us  
21 your opinion on those.

22           MR. MENDEZ: Let me take a crack at that  
23 first. I think the first question was: Do you  
24 really think that this will be an effective solution.  
25 I believe it is. You know, whatever we can do to

1 actually get the people to utilize all other sorts of  
2 modal -- transportation modes, I think we ought to be  
3 looking at that.

4           In the Phoenix area, for example, we are  
5 deploying, at the local level, a light rail system,  
6 and it probably will be expanded. We're continuing  
7 to look at commuter rail issues. We're going to be  
8 looking again at the commuter rail between Phoenix  
9 and Tucson.

10           Anything that can help alleviate some of the  
11 congestion on the system, the transportation system,  
12 I think we ought to be looking at. Will everything  
13 be deployed? I don't know. Maybe 50 years from now  
14 we will deploy most of that. But again, it does come  
15 down to a funding issue.

16           With respect to the federal role, in  
17 Arizona, we really do have a very good  
18 relationship -- partnership, I should call it -- with  
19 federal administration and some of the other federal  
20 agencies like BLM, BIA, et cetera. I think what I  
21 would say to the issue of the role, you know, what  
22 role should the other agencies play? I believe you  
23 can actually develop good partnerships.

24           But our focus overall ought to be to find a  
25 way to shorten that bar chart. You know, does it

1 really need to take ten years to deliver a system?  
2 It's very difficult to explain that in practical  
3 terms to the citizens. I have a very hard time  
4 telling them, Hey, we're going through the EIS  
5 process and here are the rules.

6 I am not suggesting that we have to  
7 undermine the environmental process. I am saying we  
8 need to really, in earnest, look at streamlining the  
9 environmental process in helping us make quicker  
10 decisions, more practical decisions, so we can  
11 communicate with the citizens. Because if you are on  
12 the outside, and you are a director or a secretary,  
13 if you are on the outside looking in, some of these  
14 issues are very difficult to explain to our customer.  
15 And, you know, it's really looked upon as  
16 bureaucratic.

17 But I think, you know, to answer your  
18 question on the role, collectively, we should be able  
19 to find a way to streamline that process.

20 MS. MARTINOVICH: Thank you. And I'll,  
21 without repeating Victor, just bring up a couple of  
22 other points is that the -- where that project is  
23 that you mentioned, the high speed between Ontario  
24 and Las Vegas, it's going through the NEPA process.  
25 But it's not the NEPA process with federal highways,

1 it's through the FTA. And so that was where I would  
2 make some recommendation of the federal role is that  
3 you've got two different agencies all working  
4 together in the same corridor.

5           And so maybe there's opportunity for the  
6 coordination where the state or the proponent doesn't  
7 have to be caught in the middle of coordinating  
8 between the different agencies is that there is some  
9 overlap there.

10           And the other issue is I think it is very  
11 positive. I think people will use that, but it's got  
12 to be easy for them. They've got to be able to --  
13 most of them in that corridor might have luggage or  
14 have something. It's got to be seamless where you  
15 can park someplace, get to someplace, get to your  
16 destination, and then not be panicky of: How am I  
17 going to get from where I am landing to my hotel?

18           I like the metro in Washington because I can  
19 go from the airport. I can go to a place with  
20 luggage. I can walk then to another place. And so  
21 it's got to be easy for people to use and they have  
22 to be comfortable with it. And that's where I think  
23 that you'll have some success, and then you can get  
24 people using it off the roads and to allow the -- to  
25 ease up some congestion so they can work together.

1 MR. BUSALACCHI: It's good. Thanks.

2 MR. SCHENENDORF: Commissioner Heminger.

3 MR. HEMINGER: Thank you, Mr. Chairman.

4 You know, I would like to ask you two  
5 questions, specific questions, about saving time on  
6 that chart. Obviously, the biggest bar is the green  
7 one, the environmental studies. It's about five  
8 years.

9 What specific steps, without sacrificing  
10 environmental protection, could be taken to shorten  
11 the green line? That's question one.

12 Question two: In my state of California,  
13 Caltrans has, in certain cases, undertaken what they  
14 call risk design. And what that means is you move  
15 the red bar into the environmental process, which is  
16 the risk. But by doing so, if you move it far enough  
17 in, you can, once you have a record of the city and  
18 you exit the environmental process, you can  
19 immediately undertake right-of-way acquisition, which  
20 means, as you can see there, you can save about a  
21 year's time.

22 Now, the risk is that something in the  
23 environmental process comes along to screw up your  
24 design and you've got to go back and do something  
25 over. We've been batting a pretty good average so

1 far in taking that risk. And I think to be fair, if  
2 you really want to cut down time, you are probably  
3 going to have to take some risks instead of doing  
4 everything in sequence.

5 So on those specific two ideas, I would  
6 appreciate your reaction.

7 MS. MARTINOVICH: I'd like to go first on  
8 that, Commissioner Heminger, is that Nevada has done  
9 that. We had a project where we went in the final  
10 design. When we got the EA, we advertised it for  
11 construction the next day, so we just couldn't wait.  
12 It was of critical nature because we're  
13 waiting for -- we had flood issues and we had to get  
14 that project. So we do take that risk.

15 And that's part of the specific suggestion  
16 that we'd like to offer is that there needs to be a  
17 risk analysis checklist on a project, such as, you  
18 know, on the I-15 corridor where there is plenty of  
19 right-of-way. It's been that way forever. If we  
20 want to add a lane on the side of it, very few social  
21 impacts, very few environmental impacts, there's not  
22 a whole lot of risk in there. So maybe there could  
23 be a checklist to determine, do we need to -- is this  
24 one going to undergo some lawsuit or not, and various  
25 types of NEPA process in there.

1           The other thing we could look at is having  
2 specific times of when a document is submitted. And  
3 we have a very good relationship with our division  
4 office and coordinate, but sometimes they get busy,  
5 we get busy, priorities change and this and that.

6           But if there is a time when a document is  
7 submitted, we should get a response in X number of  
8 days, period. It shouldn't be, Well, we haven't had  
9 a chance to look at it or we're waiting for  
10 information from another agency or -- there ought to  
11 be specific timelines set up. And then if those  
12 timelines are past, then we get to go with the next  
13 step or there is another action, just to keep the  
14 process moving.

15           MR. HEMINGER: So no news is good news.

16           MS. MARTINOVICH: That's exactly --

17           MR. HEMINGER: Okay.

18           MS. MARTINOVICH: Because if it didn't  
19 warrant a panic attack, maybe it really isn't a  
20 problem. So that's where we would have some  
21 suggestions.

22           MR. MENDEZ: Let me add a little bit to  
23 that. And, you know, we in Arizona have done this  
24 approach. Do we do it enough? I don't know. I can  
25 tell you the issues that we face, of course, are the

1 potential for lawsuits. So if we begin the design  
2 early, we sort of hear that, well, you may be  
3 predetermined in alignment so that you get wrapped up  
4 in those issues. So there is a risk, no doubt about  
5 it.

6           And you kind of assess things on a  
7 case-by-case basis. Obviously, we know the  
8 communities. We know the environmental issues, so we  
9 can anticipate, you know, assess the risk, if you  
10 will. I can't sit here and tell you that we're doing  
11 it enough, or maybe, you know, we should do more.

12           With respect to the issue, as Susan  
13 mentioned, on the concept of feedback or comments  
14 back from agencies, seems to me, several years ago  
15 when we were preparing for reauthorization, it seems  
16 to me we had a concept that proposed that a lead  
17 agency, a federal lead agency, many cases, as we  
18 speak, would be FH -- Federal Highway Administration,  
19 where they would actually be sort of the coordinators  
20 of all of the federal agencies on a project. Given X  
21 numbers of days that a certain agency had to respond,  
22 then you could assume that's the approval. I would  
23 assume you could expand that to other modes.

24           Taking that approach of a lead agency makes  
25 it easier for us to coordinate directly with one

1 agency. It doesn't mean you don't communicate with  
2 all of the others, but certainly having some kind of  
3 a time threshold where you don't just sit and wait  
4 and wait and wait and wait for an answer.

5 MR. SCHENENDORF: Thank you.

6 Commissioner Skancke.

7 MR. SKANCKE: Thank you, Mr. Vice Chairman.

8 As you can see that there is, looking at  
9 this chart and looking at the process, as my fellow  
10 commissioners know, my issue has been for us to  
11 identify the things that are broken. And both of you  
12 have brought a couple of those things to our  
13 attention today. It appears to be, when we were in  
14 L.A. the last two days, the project delivery process  
15 is one of those items that I think is broken and I  
16 think you've brought that to our attention.

17 One of the things that we learned in L.A.  
18 was the flexibility issue of funding and how states  
19 could use more flexibility as it relates to  
20 coordination of different departments.

21 Susan, you pointed out that the BLM required  
22 a NEPA process and that the Department of  
23 Transportation requires a different NEPA process.  
24 Oftentimes, there's not a lot of coordination between  
25 these, you know, between these agencies and there is

1 not a time certain for delivery on recommendations  
2 back from the departments. For example, when you  
3 submit a project request that those things go out to  
4 different departments and they somewhat take their  
5 time to respond to some of those comments and get  
6 them back to the states, which I think is one of the  
7 things that slows this process down.

8 My question to both of you would be: What  
9 would be your recommendations to this commission if  
10 you could design the policy around project delivery?  
11 Could you help me walk through some of the steps that  
12 we could learn where we could save time and where we  
13 could save money. I think this commission has a  
14 responsibility to also make recommendations to  
15 congress where we can save money to the tax payer to  
16 cut down some of this process and put those dollars  
17 into actual projects.

18 So what would be your recommendations where  
19 we could save time and money, whether it's  
20 flexibility in those situations?

21 MR. MENDEZ: It's my turn to go first.

22 You know, we obviously have a somewhat  
23 complex system here, delivery process, if you will.  
24 The issue of flexibility is very important. Just the  
25 other day we had a major meeting with a lot of

1 legislators, the mayor, et cetera, et cetera, to talk  
2 about some issues, trying to expedite a project and  
3 the bureaucracy. And, you know, talking about risk  
4 earlier, the risk is: Should we go ahead and begin  
5 acquiring right-of-way? That would be common to all  
6 of these alternatives that are being analyzed.

7           And the bureaucracy was -- from a practical  
8 standpoint makes a lot of sense. But now we are  
9 going to have to go with a scramble and create  
10 accounts of state funding that we can use for  
11 right-of-way acquisition. Because we don't believe  
12 the federal regulations will allow us to do that  
13 before we finalize the environmental process. So  
14 there is some practical common sense approach that  
15 maybe we could take, and maybe the rules don't allow  
16 that sometimes.

17           But those are the issues that -- similar  
18 issues that we need to be looking at where what I've  
19 told our federal highway division administrator in  
20 Arizona for many years we've been talking about  
21 streamlining environmental process. And I think  
22 we're all sort of waiting for somebody to do that for  
23 us. So my suggestion to him the other day is, Bob,  
24 you and I, let's streamline it. And then if someone  
25 steps in and says, You guys can't do this, then we'll

1 back up.

2           But somewhere along the line, we really have  
3 to sit down and look at the environmental issues,  
4 some of the more practical solutions. The  
5 flexibility in funding, for example, the situation I  
6 described, when we tried to explain that to the  
7 mayors and some of the legislators, you know, it just  
8 boggles their mind. It's difficult to understand.  
9 And so I think those are issues that need to be  
10 looked at.

11           The other thing that I would suggest,  
12 because I had thought about this last night as I  
13 talked to some of you last night. You know, as  
14 president of AASHTO, I can't sit here and tell you I  
15 know all of the bylaws for AASHTO. But I think what  
16 I am thinking about is maybe commissioning a survey  
17 or maybe do a resurvey of state BOT and ask them in  
18 the survey, of course in a more diplomatic manner:  
19 If you were king of the world, what would we as 50  
20 states recommend as the top three, four, five issues  
21 to streamline?

22           So I will go back to AASHTO, make that  
23 commitment to you, and see if we can do something  
24 like that. I don't really go through the executive  
25 ward and all that, but certainly I think we owe you

1 some kind of survey that says, Okay, here is the  
2 question as you suggested. What can we fix? And  
3 give you the top three, four, five issues.

4 MS. MARTINOVICH: Building on what Victor  
5 said, the final rule on statewide metropolitan  
6 transportation planning just came out. And there is  
7 a statement in here that says, Since iced tea,  
8 congress has added detailed requirements in areas  
9 such as public involvement participation,  
10 inner-agency coordination and environmental  
11 consideration in transportation planning. Those have  
12 been added. So you're adding steps.

13 So my question would be: In using the  
14 survey maybe that Victor has is that are those steps,  
15 have they been successful in doing what they were  
16 intended to do? What was the intent of them and is  
17 it working? Maybe we need to do something else, have  
18 some other steps.

19 It also goes into the risk analysis is that:  
20 Do all those steps have to be taken on every project  
21 and really look at that? So I would look at building  
22 on that is that are we succeeding in what we wanted  
23 to do, or let's take it away and try something  
24 different.

25 Another area that I would recommend is maybe

1 allowing the states some of the stewardship of the  
2 NEPA document. And again, it goes with the risk  
3 analysis. There are stewardship opportunities with  
4 the states and the locals. But expanding on that,  
5 the states know what the issues are. The states know  
6 where the challenges are. So allow more flexibility  
7 in the funding between categories is that if the  
8 states are able and have a priority need, have the  
9 funding of the categories go to where the states feel  
10 the priorities are.

11           They might be new congestion, but sometimes  
12 you can't build your way out of congestion. And it  
13 may be allowing for operations to help with that  
14 congestion. But let the states determine and have  
15 the flexibility to use the federal funding, not be in  
16 a situation of, If we don't obligate all our federal  
17 funding in this category, we lose it. Then you're  
18 making them spend it on projects that may not be  
19 quite the appropriate projects. And so those would  
20 be some of our obligations.

21           MR. SKANCKE: It's a sad state of affairs  
22 when you've got two directors of transportation  
23 sitting in front of you telling you how you have to  
24 maneuver through the process and almost, for lack of  
25 a better term, cheat your way through to get to where

1 you need to go.

2           Looking at this chart, it appears as though  
3 if you take -- if you don't take federal money, that  
4 you shorten this process by at least five years. Yet  
5 you pay into the federal government through gas tax  
6 dollars. Those dollars should come back to the  
7 state. But they come back with so much regulation  
8 and policy attached to them that it's almost easier  
9 for you not to go through the federal government  
10 process.

11           We heard someone say yesterday, and Frank  
12 and I were joking, I don't want your money. And  
13 Frank said, you know what, I'll take it in Wisconsin.  
14 And that's great. But when our departments have to  
15 maneuver through the policy and figure out ways to  
16 get around it, that's -- to me, that's just not  
17 right. That's part of the problem that's broken.

18           So Victor, we would be happy to receive that  
19 information. In fact, if you both have  
20 recommendations to this commission that you are  
21 willing to put in writing, we would be happy to take  
22 those.

23           And I know, Susan, you and I have talked  
24 about a lot of those. But please feel free to submit  
25 those recommendations to the commission. We'd like

1 to have those.

2 MR. BUSALACCHI: You know, Mr. Chairman, if  
3 I could, just to interject a point for Commissioner  
4 Skancke. You know, there has been a very effective  
5 market test of drag that some of this red tape has.  
6 Because very often we'll be involved in California.  
7 I am sure you were involved too in washing funds  
8 between projects. And generally speaking, if you  
9 want to do a transaction involved with the federal  
10 money, it's 90 cents on the dollar. So there's a ten  
11 cent drag. And I think one of our objectives ought  
12 to try to get federal money trade-up on par, a buck  
13 to a buck.

14 MR. SKANCKE: I agree.

15 MR. SCHENENDORF: Commissioner McArdle?

16 MR. MCARDLE: Yeah, more observations and  
17 perhaps an invitation to submit something more to us.  
18 You have a wonderful chart up there, and my aged eyes  
19 do not allow me to see the small print on the far  
20 left. But you have a year and a half planning  
21 studies. I might observe, if you are trying to do  
22 those planning studies with a consultant as opposed  
23 to in-house, you probably add another year, at least,  
24 of consultant acquisition time.

25 MS. MARTINOVICH: Yes, do you, because you

1 have to follow the specific federal process.

2           MR. MCARDLE: So this, I mean, again, it  
3 takes it way out. It's a much further-out element.  
4 And if you consider the time before that when you  
5 even thought about the project so you know you have  
6 to require somebody, you know, to do that planning  
7 study, to get here, that is -- you have  
8 underestimated the total time before you get into the  
9 ground with construction. I just make that  
10 observation.

11           The second question I would ask of you, and  
12 ask you to submit to us is really based on things  
13 we've heard, both from you in your written testimony,  
14 but also we heard yesterday. And that is: Both with  
15 NDOT, but across to the other agencies, there does  
16 not seem to be a lot of consistency in how they  
17 approach project development execution so that when  
18 FTA requires something, it is different than FHWA.

19           And if you are truly trying to manage a car  
20 to circumstance, and take the I-15 corridor for  
21 example, you've defined it. They are not planning to  
22 move the state line at any point soon. So for the  
23 next 50 years, that is going to be a corridor through  
24 which you will do a series of developments. And if  
25 it's FTA, it's one set of rules. If it's FHWA, it

1 seems to be a different set of rules. If you have to  
2 involve BLM, if you have to involve BIA, if you have  
3 to bring any other agency in, each of them appears to  
4 have their own ways of interpreting things.

5           One of the things we might invite from you  
6 is in fact some presentation in that area. Because  
7 if we are to have an impact 50 years out, we cannot  
8 simply address the issues that appear to be narrowly  
9 within the scope of the agencies so much as every one  
10 who can impact this process around. Which becomes, I  
11 think, a critical component with you, both in your  
12 roles as state DOT directors, but equally in the  
13 AASHTO roll.

14           You can kind of, you know, give us some help  
15 in defining how broadly we really do have to call to  
16 the attention of the congress the issues that have to  
17 be resolved, as Tom says, to bring this process down  
18 to the point where you are able to move forward.

19           Not that you would necessarily be familiar  
20 with it, but on the lease water side, which is a huge  
21 grant program, early on in that process, the pipe  
22 projects, they developed a process, the 201 process,  
23 in which you did area wide planning. And once you  
24 defined that and scoped that through, a lot of the  
25 issues that you had to deal with project-by-project

1 had already been resolved. And it worked very well  
2 to shorten time to its execution.

3           The pressure, obviously, was the end-of-pike  
4 standard. Communities were very supportive of that  
5 because the relief that it provided was critical.  
6 We're getting there with congestion in the same way.  
7 It's something to consider.

8           Because clearly, if your master plan had in  
9 fact gone through a NEPA process that had established  
10 it was, in fact, something that had met all the  
11 appropriate tests, then the issues you run into  
12 project-by-project become a lot easier.

13           MS. MARTINOVICH: We'll work with Victor and  
14 put something together.

15           MR. MCARDLE: Thank you.

16           MR. SCHENENDORF: I guess I have one big  
17 question, but I do want to comment a little on the  
18 streamlining this.

19           Having worked on the committee for 25 years,  
20 I've put many requirements in place. They are all  
21 put in place for good intentions, but there are  
22 unintended consequences to them. And they are put in  
23 place in a political environment. And I would say  
24 that it would be enormously helpful to have AASHTO  
25 come forward with recommendations of ideas, ways to

1 shorten this process. But it's going to take more  
2 than that.

3           It's going to take talking to politicians.  
4 It's going to take building coalitions, getting  
5 state, local, officials calling for these changes, to  
6 work with the environmental groups on these things,  
7 to make sure that it is a bipartisan and it isn't  
8 partisan in any way. If we are going to be  
9 successful in the political process of making real  
10 reform, then we have to approach it as not only  
11 what's wrong, and how to protect it, but how can we  
12 take it to the political empire that's in Washington.  
13 It's not an easy task.

14           The second point I wanted to make was one of  
15 the things that you both mentioned a number of times  
16 was that, you know, you've looked at these vision  
17 plans, the lack of funding. And part of what our  
18 mission is as a commission is to come up with the  
19 vision for what we need as a nation 50 years from  
20 now. And we are trying not to be constrained by the  
21 funding part of it.

22           This country has a great history. You go  
23 back to Abraham Lincoln and his vision for the  
24 railroads and the intercontinental railroad system.  
25 Whether it was Teddy Roosevelt with the Panama Canal.

1 If it was Franklin Roosevelt, Dwight Eisenhower,  
2 basically, coming up with the vision of what's  
3 international interest and then figuring out how to  
4 fund it.

5           If you come up with the right vision, you  
6 can find the funding and create that compact with the  
7 American people to get it accomplished. But we need  
8 the vision. And the Department of Transportation, we  
9 would very, very much like your input both today and  
10 over the process of this commission in helping us  
11 figure out what should that vision be for 50 years so  
12 we have the frame and economic growth to prepare  
13 people and we have the same kind of quality of life  
14 that we have today. So if you have any comments on  
15 that now ...

16           MR. MENDEZ: Yeah, Mr. Vice Chair. If I  
17 could, a couple of comments to address both the  
18 streamlining issue. I whole-heartedly agree with  
19 you. And the message that I've been hearing in  
20 Arizona for a long time is to ensure that we -- with  
21 the environmental community, that we all understand  
22 what we're talking about here is not undermining the  
23 environmental process, that we are streamlining. I  
24 think that's a very critical message to be able to  
25 develop that partnership with the environmental

1 community. Because if they sense we're trying to do  
2 something bad to the environment, then all bets will  
3 be off. And that's not what we're trying to do.

4           The other issue with regard to the vision, I  
5 can tell you that sometime soon we will be delivering  
6 an AASHTO -- from the AASHTO perspective, we have  
7 been working on policies in various areas to help us  
8 establish a vision as AASHTO and the members see.  
9 And we will be delivering those recommendations to  
10 you to helpfully help you establish that vision.

11           MS. MARTINOVICH: I support what Victor  
12 says. Both Victor and I are -- have been sharing a  
13 lot of the visionary policy teams for AASHTO. And  
14 that is our intent to move forward with some  
15 recommendations that we as a nation seek, including  
16 our individual state's perspectives. But we need to  
17 look at this thing globally.

18           MR. SCHENENDORF: Thank you.

19           And do any of the other commissioners have  
20 any questions?

21           MR. MENDEZ: Thank you very much.

22           MR. SCHENENDORF: Thank you very, very much.

23           MS. MARTINOVICH: Enjoy your stay in  
24 Las Vegas.

25           MR. SCHENENDORF: Enjoying it.

1 (Applause.)

2 MR. SCHENENDORF: Could our next panel come  
3 up. That will include Tina Quigley, Greg Krause and  
4 Curtis Myles.

5 (Panel 2 moving to the front tables.)

6 MR. SCHENENDORF: Thank you.

7 Again, the written statements have been  
8 given to us. We have had an opportunity to read  
9 those and so we would really like to ask for you to  
10 keep your oral remarks to five minutes.

11 I am going to try to enforce that now  
12 because as you can see from the other panels, it's  
13 the dialogue back and forth that's the most important  
14 part for this. So if you could keep your testimony  
15 to five minutes orally.

16 And we will start with Tina Quigley.

17 MS. QUIGLEY: Thank you.

18 First of all, I want to apologize that Jacob  
19 Snow is not able to be here today. He sends his  
20 regrets for a couple reasons, one he is particularly  
21 passionate about the subject that you guys are  
22 talking about today. He's got a lot of thoughts and  
23 opinions, but I get to share them with you.

24 But also, I know he's got some personal  
25 relationships with a few of you that are tough to

1 catch up. So he may be able to join us later today.

2 We are going to start off by talking about a  
3 couple of projects, high profile projects, that are  
4 either underway or upcoming where we have  
5 deliberately decided to avoid some of the federal  
6 processes in order that we could meet the needs of  
7 our ever increasing Southern Nevada population.

8 First of all, we are going to start off with  
9 a project that's -- well, I'll read this quote to  
10 you. And you may notice it's David Vozzolo, who is  
11 well respected in the transit industry. He was  
12 formerly with the FTA. He was quoted just last week  
13 in AFTA, the AFTA publication as saying, "Some  
14 projects have completed analyses concluding that the  
15 federalized project takes at least two to three years  
16 longer to deliver and costs at least 20 to 30 percent  
17 more to design and build."

18 So what we're talking about here today, it  
19 doesn't just apply to Southern Nevada, it's for all  
20 communities. The New Starts projects, the process is  
21 a long and painful process. We figure that if we  
22 were to apply the New Starts process for a transit  
23 project that we've got coming up, we would have had  
24 to endure about four to five years of initial  
25 studies.

1           By using an increased amount of local  
2 monies, by using over 50 percent local monies for a  
3 project, they put us in an exempt status reducing the  
4 number of reviews and submittals. And we figured  
5 that we would save about three years in the process  
6 and we saved about 50 to 60 percent in construction  
7 costs, specifically due to the environment --  
8 construction environment here in Southern Nevada.

9           So this is a project that we've got coming  
10 up. We call it our downtown connector project. It's  
11 a bus rapid transit project, or as my boss likes to  
12 call it, a vehicle rapid transit project. It  
13 operates very much like a light rail system with a  
14 dedicated lane, except for it's got rubber tires.

15           Ideally, the full length of the system would  
16 stretch from McCarran Airport all the way to  
17 downtown. The first phase of the project will  
18 actually be under construction soon. We are out to  
19 bid on it right now. We've had four firms, four  
20 general contractors pick up plans, which is good.  
21 Because here in Southern Nevada, more and more on a  
22 public service project, you are getting less and less  
23 potential interested bidders. So four bidders is a  
24 great number.

25           You can see the alignment. Yeah, the

1 downtown connector will start at Sahara tying into  
2 the existing monorail. Taking you up through the  
3 strip, in portion, heading towards downtown,  
4 convention center. There is a monorail station  
5 there.

6 MR. SCHENENDORF: Is this a light rail  
7 system?

8 MS. QUIGLEY: It's a bus rapid transit.  
9 Very akin to a light rail system, except you don't  
10 have the infrastructure including the tracks. It  
11 runs on rubber tires, so there is some flexibility  
12 with it as well. You'll want to have a dedicated  
13 lane so that it's not in mixed traffic as much as  
14 possible. It's operated as an express system, but it  
15 lacks the ability to change the alignment, if so  
16 needed.

17 What I really want to show you, and Dave's  
18 going to work on it, is what it looks like in the  
19 street itself. This is one of the shelters, a  
20 proposed design for a shelter. We've modified it a  
21 bit. Here is the vehicle itself, which looks  
22 different than a bus. It looks much more like a  
23 light rail system, except it doesn't have the  
24 overhead electrical infrastructure.

25 We will be putting in some colored concrete

1 for demarkation of this, adding some landscaping.  
2 And you can see it's in it's own dedicated system.  
3 It will have priority -- not preemption at  
4 intersections, but priority signalization at  
5 intersections, which will either lengthen the green  
6 light or shorten the red light, depending on where  
7 the vehicle is at as it approaches the intersection.

8           This system -- this is the first leg of the  
9 system, like we said. We also are building a Boulder  
10 Highway system which will be a 17-mile system  
11 extending from the City of Henderson up towards  
12 downtown and will eventually tie into the first phase  
13 as well. And in doing so, we will have the longest  
14 running bus rapid transit system, the longest lane in  
15 the nation.

16           We expect it -- well, with about 30 percent  
17 of all vehicle trips up and down the resort corridor  
18 being employees, we will be able to attract a  
19 significant amount of those people out of vehicles  
20 and into this system. We'll also be running some --  
21 working on running some corridors east/west along  
22 Sahara, along Flamingo. We won't be able to do  
23 Charleston because we've got an underpass problem.  
24 And also Tropicana so that we can attract people from  
25 where they live to where they need to go. Get them

1 out with a series of park-and-ride systems and get  
2 them off that corridor that is excessively  
3 overcrowded.

4 I have a statistic to show. We did a  
5 regression analysis where we tried to study the  
6 number of vehicle trips on the strip in relation to  
7 the number of hotel rooms on the strip. And we did  
8 the same thing for I-15. It was something that we'd  
9 done at the airport years and years ago. We found it  
10 a direct correlation.

11 And for every new hotel room in the valley,  
12 there is another 320 new passengers going through the  
13 airport. So we thought, let's do the same thing for  
14 roadways. We found there was a direct correlation  
15 between the number of trips on I-15 and the number of  
16 hotel rooms. It's about 2.3 vehicles a day, vehicle  
17 trips a day on I-15, for every new hotel room.

18 Likewise, we studied the strip. We could  
19 not find any correlation. That didn't make sense.  
20 So we went back, went through each year, and we found  
21 out that there was a direct correlation up until  
22 about 1996. And at that point, we reached capacity.  
23 70,000 vehicle trips a day is all that you can get on  
24 the strip. It's a little bit scary, given the fact  
25 that we have got some significant new investments

1 being made on that length of the strip, that length  
2 of road. So this is one of the things that we are  
3 working on. We will be using a significant amount of  
4 local money to do it, because we need to act quickly  
5 and avoid as much of the federal process as possible.

6           So that's our downtown connector project,  
7 which will eventually expand throughout several other  
8 major corridors in Las Vegas.

9           The other story that we want to tell  
10 about -- last night -- I read my kids stories before  
11 they go to bed. Last night my son chose, The Little  
12 Engine That Could, which is the story about, I think  
13 I can, I think I can. And my daughter chose The  
14 Little Red Hen, the one where, you know, if I am  
15 going to do it, I am going to do it myself.

16           And then I went to bed and I was reading  
17 this presentation, preparing for today, and I  
18 realized, you know, I am just reading another story.  
19 It's a story of perseverance, I think of selected  
20 officials and our voting public recognizing the fact  
21 that we've got a problem and, you know, what -- we  
22 can take care of it. We are going to do it  
23 ourselves.

24           So once upon a time, Southern Nevada had  
25 some serious traffic challenges. Okay? But back in

1 the early '80s, and through the '80s, we recognized  
2 that there was going to be growth here. In fact,  
3 from 1990 to 2001, we doubled our population. We  
4 started seeing more than a hundred cars a day being  
5 added to our roadways, and we continue to see at  
6 least a hundred new cars a day moving into Las Vegas.

7           So with those decades of expanded growth, we  
8 knew our leaders back then had a vision and knew that  
9 we needed to start doing something. We had two major  
10 highway systems, two major high speed lane corridors.

11           We had I-15 and US-95/515. And NDOT tells  
12 us right now I-15 is operating -- we continue to  
13 operate about 70 percent over capacity all along that  
14 beltway, and that that congestion is just starting to  
15 spill over into our major arterials.

16           So continued growth started to push out,  
17 away from the center of the city. We call that  
18 sprawl. And it was very obvious that a new freeway  
19 was needed to connect all this new development that  
20 was in the works.

21           So our -- our leaders came up with a vision  
22 in the late 1980's for the beltway project. The  
23 53-mile project that starts down in Henderson  
24 connects to the 515, heads up to the west, connects  
25 to Summerlin, goes up to the north, connecting with

1 95 and eventually I-15.

2           Now, the project when we started working on  
3 this, we recognized that it would have taken us about  
4 35 years to do had we been using a mix of federal and  
5 local funds. And that just wasn't going to do it,  
6 they knew that. Of which five of those years, at  
7 least five of those years, would have been just for  
8 the initial environmental process. And this was  
9 going to cause about a 20 percent increase. And we  
10 say 20 percent, but I think it would have been about  
11 20 percent per year increase in delay for those five  
12 years.

13           So we said, you know what, The Little Red  
14 Hen said, we're going to do this. We are probably  
15 going to have to do this ourself, which is a pretty  
16 bold move. Because we had to go to the voters and  
17 ask for a tax increase, which here in Southern  
18 Nevada, I think a lot of western states, that's a  
19 bold move. And they approved.

20           They approved a quarter cent sales tax,  
21 expanded motor vehicle tax, et cetera. And it came  
22 up to about -- it was going to supply us with about  
23 \$770 million for this new beltway project. So just  
24 two years later, in 1990, it was approved two years  
25 later. We had the right-of-way purchase and we

1 actually began construction on the frontage roads  
2 associated with this project.

3           So we were able to move faster than  
4 we ever -- than, of course, than we would have been  
5 able to significantly had we used federal funds. And  
6 the -- the growth was continuing. We were getting  
7 increasing demands to hurry this project up.

8           We had finished up portions of -- small  
9 portions of frontage roads and a small portion of the  
10 beltway. People were seeing what was happening with  
11 the increased funds and they were ready for it to be  
12 accelerated.

13           So in 1996, we moved on to the accelerated  
14 program and we realized we were going to need some  
15 more money. The voters had seen what was happening  
16 with that original money. They were seeing tangible  
17 projects and progress being made.

18           So in 2002, we voted -- okay -- we went  
19 again. We voted that we were approved for another  
20 increase which was going to provide about \$3.6  
21 billion, half of which was going to go to transit  
22 projects and half to roadway projects, and half of  
23 that went to the beltway.

24           And we could keep going. The beltway -- it  
25 completed the full 53 miles of the initial part. We

1 had 26 miles of freeway miles and the other 27 miles  
2 are still the frontage roads. But we are moving  
3 forward with those.

4           And by about the year 2013, we will have  
5 completed the last interchange of the project. And  
6 each one of the interchanges is built to accommodate  
7 future growth, and we have purchased enough  
8 right-of-way, the county did, for five lanes each  
9 direction.

10           So in summarizing up, we have spent about  
11 more than 825 million in local on right-of-way and  
12 construction. And had we gone -- again, had we gone  
13 through the process, it would have been millions more  
14 on top of that. And we believe it will be completed  
15 12 years ahead of schedule.

16           So in closing, I'd asked Jacob in closing:  
17 What message do you want to get across? His message  
18 was: We think the federal process currently, as it  
19 is, increased costs more in time and money, more than  
20 the public should have to pay to get the projects  
21 done. These are projects that they need for their  
22 quality of life.

23           Thank you.

24           MR. SCHENENDORF: Thank you.

25           Mr. Krause.

1           And again, could we try to keep it to five  
2 minutes?

3           MR. KRAUSE: I can. Thank you. Excuse me,  
4 Mr. Chairman. Thank you very much.

5           And I am not even going to turn on the  
6 computer. I am just going to talk to you. I am  
7 going to keep the big picture. I would like to take  
8 just a second to give you a little explanation. I am  
9 the Executive Director of the Regional Transportation  
10 Commission for Reno/Sparks, the other part of Nevada.

11           And we, too, have been growing very rapidly  
12 and face many of the challenges. Not as severe as  
13 Tina and Curtis do down at the south, but it has been  
14 very challenging. I think if you look at Northern  
15 Nevada, we're the third fastest growing state, if you  
16 separated us from Clark County. So we do have our  
17 challenges.

18           The Regional Transportation Commission is a  
19 unique structure, I believe, and perhaps a little  
20 different than you've heard from other regional  
21 agencies that have testified before you. Someone  
22 very bright many years ago structured our agency to  
23 combine the street and highway function, the public  
24 transportation function, and the NPO function all in  
25 one agency. We have that opportunity and that

1 challenge, but we found it very helpful, I think.

2           And in talking to Senator Raggio, who I  
3 think was the main force in this idea many years ago,  
4 he said he wanted to keep it simple. He didn't want  
5 competing agencies. He wanted to keep it local and  
6 keep it responsive. And I think that we have worked  
7 very hard to do that and face a lot of challenges,  
8 but I think that was a key thing for you to perhaps  
9 understand.

10           The comments about long-range planning are  
11 absolutely critical. As the NPO, we require -- are  
12 required, I should say, to do the minimum 20-year  
13 long-range planning that has been said. That's not  
14 long enough for a rapidly growing area.

15           We are going to get very creative in our  
16 meeting, have long, long-range planning to try to  
17 make sure that we get out 50 years and identify the  
18 key transportation corridors, protect them ahead of  
19 time, and frankly, do enough planning to put them in  
20 the right place. Make sure that we aren't damaging  
21 the wetlands or other resources in our, frankly,  
22 still available wide-open spaces.

23           But if I could talk briefly about the  
24 recognition we have. We can't rely upon the state of  
25 the federal government. We have tried to do a number

1 of things locally and we've been somewhat successful.

2           But just briefly, recognizing the fuel taxes  
3 are not adjusting for inflation, they are not  
4 adjusting for the fleet economy. We asked our  
5 community, and we collect about 16 cents in gas taxes  
6 locally in Washoe County. That is over and above the  
7 state and federal increment.

8           We asked the public to support indexing, and  
9 they approved that. And we have done it for four  
10 years. We have collected only, though, however,  
11 about 12 percent in additional rates while, of  
12 course, inflation has been 30, 40 percent, depending  
13 on which construction index indicator you look at.

14           We do have sales taxes locally applied for  
15 both streets and public transit. And obviously, that  
16 works very well, response both for growth and  
17 population and inflationary pass.

18           We have gotten our board, and I think it's  
19 so important, again, with the philosophy of trying to  
20 insure that we keep our revenue stream and the  
21 contributions of the uses of the transportation  
22 system to respond appropriately. And on an annual  
23 basis three years running now, increase in fares of  
24 public transit. And I am very proud of that and  
25 appreciate the warm support of that.

1           And I think that finally, in any rapidly  
2 growing area, we need a take on a local level and  
3 assign to redevelopment a cost, or the portion of  
4 that cost, in building additional infrastructure.

5           And in our community, we have impact fees.  
6 And just to put them in perspective, we are charging  
7 \$2,000 per residential dwelling unit. They are  
8 commensurate rates based on ITE trip generation rates  
9 for all of the other uses.

10           And we are about to propose, and we'll see  
11 how far we get, to increase those fees to \$10,000 per  
12 dwelling unit. It's going to be tough, but that's  
13 what the numbers say has to occur.

14           Now, even with all of that, we still need  
15 help. And this does not address the interstate  
16 freeway system needs in our community. We've been  
17 living off of the capacity that was created 40 years  
18 ago when it was first constructed.

19           But as of today, it's -- it's at capacity at  
20 the core, and it's only going to get worse and we are  
21 going to frankly suffer without additional  
22 investments in those core freeways.

23           So kind of quickly moving forward, you've  
24 heard a lot about process and improvements to the way  
25 the current federal dollars are allocated and what we

1 have to do to make sure they are implemented.

2 I am going to kind of not address that,  
3 because I think you've heard it. But I am going to  
4 have some other suggestions or approaches, perhaps.  
5 And if I can focus specifically on one aspect of what  
6 I think the final rules or approached rules on the  
7 Small Starts that have just been released. Can I  
8 suggest to keep it that simple? It's a great  
9 opportunity for communities that will never, or at  
10 least in my lifetime, be able to justify a fixed  
11 guideway investments.

12 But for bus rapid transit, as Tina just  
13 suggested, in certain corridors, in smaller  
14 communities, are a great solution. And we have one.  
15 We are generating 70 peak hour trips per hour. We  
16 run 24-hour service every ten minutes. It's a very  
17 high quality corridor that has high ridership.

18 And I just hope that the proposed rules can  
19 be reflective and let us invest when -- in bus rapid  
20 transit when we do it at one-tenth the cost per mile  
21 on fixed guideway. Don't use this tiny little  
22 opportunity of funds to extend existing railways.

23 A lot of us don't take credit for those  
24 investments we've already made in those corridors.  
25 Because I think that's really where you are going to

1 get the greatest return and have already had  
2 situations where it's been proven you could do a lot  
3 with transit. And then we have the dedicated  
4 right-of-way and the higher offerings that comes with  
5 it. I think we really look at a low cost, high rate  
6 of return investment.

7           Okay. So what are some other ideas for the  
8 future? I am going to be so bold as to propose that  
9 we need to make some major changes, and it's not just  
10 a process. I'd like to preface this by stating that  
11 our board, Senator Reed, and the Nevada Congressional  
12 Delegation don't approve this. I am just going to  
13 throw it out there for your consideration.

14           MR. SCHENENDORF: That's what we like the  
15 best.

16           MR. KRAUSE: My hope is that the new federal  
17 paradigm is going to recognize that there needs to be  
18 some serious changes. I guess first and foremost, I  
19 also want to say there absolutely has to be  
20 recognition in the future of service transportation  
21 investments. And I think we have to recognize also  
22 that, and I think it's probably been discussed ad  
23 nauseam, perhaps, before you, that the 50-year-old  
24 mechanism of fuel tax is not going to work for our  
25 future. And this new paradigm has to recognize that.

1           So with those preparatory comments, I would  
2 suggest to you a pilot program in Nevada that looks  
3 to the year 2010 to 15 that could convert. And it's  
4 not a new idea. And you've heard the de-evolution,  
5 if you will, many years ago.

6           And I think the Nevada Legislature,  
7 surprisingly -- I don't know how many years back this  
8 occurred, when that was being discussed at the  
9 federal level, a state law was passed. And I believe  
10 it says, If there is in fact a elimination of federal  
11 fuel taxes, they would become Nevada fuel taxes if  
12 the inflation in recognition of the needing of the  
13 funds.

14           But I would suggest to you that if we  
15 convert 95 percent, and obviously that number is  
16 going to be negotiable depending upon how legitimate  
17 federal interest, interstate commerce and commerce  
18 and environmental concerns and other issues that  
19 again have to be addressed and recognized.

20           Converting 95 percent, or about \$300 million  
21 per year from federal to Nevada gas taxes can frankly  
22 bypass all of the process changes that you have heard  
23 about, our problems, and possibly could be modified  
24 and ameliorated.

25           I think that it's very important that we

1 recognize that this eliminates -- and again,  
2 congressional folks have not in any way blessed  
3 this -- the old discretionary funding issue and all  
4 the problems, and frankly, from our perspective, the  
5 opportunities that that creates. And obviously, the  
6 state would have to make sure that the interstate  
7 system is maintained. And I think it's going to be  
8 very possible given all of the efficiencies, if you  
9 will, of not going through the federal process. This  
10 money could then create the opportunity to get that  
11 done.

12           And similarly, on the transit side, a  
13 similar kind of defederalization could occur. And  
14 again, we think we can do a lot. And it's with no  
15 disrespect to the very important protections and I  
16 think assurances of quality that the current federal  
17 process recommend and have been reflected in the  
18 regulations from many years ago.

19           But I would just suggest to you, at the  
20 local level, we have great concern about those very  
21 same issues, that we protect the resources in our  
22 community, that we do the projects cost effectively,  
23 that we are responsible for the concerns of the  
24 citizens. And it may not be necessary to have the  
25 federal process imposed upon us to ensure that all

1 those objectives and considerations are addressed.

2 I think it's also important to recognize  
3 that we are not going to, from fuel taxes or perhaps  
4 other traditional taxation mechanisms, or even our  
5 impact fees, probably address all of the needs given  
6 how we are growing. And many of you have talked  
7 about the integration of lack of use of  
8 transportation.

9 What we see, despite our best efforts to  
10 create development corridors, to try to be more  
11 efficient in every square foot of paper that we have,  
12 we're never going to have enough money. One of the  
13 problems, and it's probably been discussed before you  
14 also, is: We need a pricing mechanism that addresses  
15 efficient use of the system that we have.

16 And I would suggest that what we need to do  
17 in Nevada, perhaps somewhat similar to what's being  
18 tried in Oregon, is to go to a VMT fee system and  
19 recognize we are going to have to have peak and  
20 off-peak pricing to really get efficient.

21 So with that, I am hearing the gavel. And  
22 I've talked about a lot of very general concepts, but  
23 I'll conclude my remarks.

24 And again, thank you. And also invite you  
25 to come up to Reno. It was snowing. It's not as

1 nice as down here, but I think the skiing is going to  
2 be very good this weekend.

3 Thank you.

4 MR. SCHENENDORF: Thank you very much. And  
5 don't forget, your statements are in the record. And  
6 if you want to amplify anything, if a witness in the  
7 audience wants to amplify anything, you can do that.  
8 Just send it into the commission and it will all  
9 become part of our record.

10 MR. KRAUSE: Thank you very much.

11 MR. SCHENENDORF: Okay. Next we have  
12 Mr. Myles.

13 MR. MYLES: Thank you.

14 Mr. Chairman, I am going to time my remarks  
15 so I don't get the gavel.

16 In the interest of your time and the time of  
17 everyone here, I am going to flip through a few  
18 slides in my presentation. I just want to state some  
19 remarks and just highlight some things that I think  
20 are important for you to consider.

21 The Las Vegas Monorail Company was really  
22 set up to do a number of things, primarily to help  
23 with air quality here in the valley, improve some of  
24 the congestion that we see in the resort corridor,  
25 which Tina explained very effectively that there's

1 just not enough room.

2           One of the things that you have to consider  
3 in Las Vegas is that most of the people who come into  
4 our valley each day are tourists, obviously, are  
5 coming by air and they are coming by road. Seventy  
6 percent of those folks who come in by air are headed  
7 to about a 5-mile stretch of Las Vegas Boulevard.  
8 There are about four roads that serve that area, and  
9 all of those roads are at or near capacity.

10           We have one famously named road, Frank  
11 Sinatra Avenue, that opened up here in the last few  
12 years. And that road today took me about 45 minutes  
13 to get about a mile and a half. So the congestion in  
14 the resort corridor is very real and is not something  
15 that doesn't -- is going to help us improve, along  
16 with the mobility in that corridor, but also sustain  
17 our economic vitality.

18           I want to go through a couple of things and  
19 give you a little bit of background about the  
20 monorail. It's a private not-for-profit company. It  
21 was first franchised in December of '98. Started  
22 service in 2004. Had some problems in 2004.  
23 Reopened in December of 2004 and has been operating  
24 about 99 percent availability since then. So it's a  
25 pretty effective system since its initial start-up.

1           It's fully financed by private dollars. The  
2 state issued general activity bonds, \$650 million to  
3 sell worth of those bonds. The first year was  
4 451 million, which is insured by the AAA Insurance  
5 Company.

6           The second and third tier are unrated. The  
7 third tier -- the note on the third tier is that  
8 30 million of that 48 million is actually held by the  
9 hotels that are on the system. So we had buy-in from  
10 the participants on the system.

11           The most important thing about the monorail,  
12 I think for this community, is that it is that no tax  
13 payers, no governmental agency, no governmental  
14 entity of any kind is responsible for the system,  
15 other than the people who lent the debt to the system  
16 to build and operate itself.

17           Today we operate pretty effectively. We  
18 cover all of our own costs. A pretty good portion of  
19 that first \$450 million debt payment that you see in  
20 the first year, we cover a pretty good portion of  
21 that. The system has some ramp-ups still to go  
22 through.

23           We today generate about \$41 million and it  
24 costs about \$60 million to run the system. So we are  
25 about \$19 million short today.

1           The system compares very favorably with  
2 other transit systems that have started. Fundamental  
3 transit systems in the world -- excuse me -- in the  
4 country aren't doing nearly what we've done in two  
5 years. And it's taken us slightly longer, but when  
6 you compare some of the most successful systems out  
7 there: The Denver RTD, Salt Lake City, Utah, which  
8 is probably the most successful system to start in  
9 the past decade, the New Jersey RiverLINE, you have  
10 the Las Vegas Monorail at the bottom. We compare  
11 pretty favorably for a 4-mile system that operates  
12 about 20 hours a day.

13           So in terms of the success, if you measure  
14 it against other public systems, it's a fairly  
15 successful system. When you measure it against other  
16 private businesses, it's not.

17           The corridor that this system operates in is  
18 a unique corridor, as described by Tina. It has some  
19 very real challenges. And with the state's economy  
20 so heavily dependent upon mobility in that corridor,  
21 it is getting the attention of nearly everyone in the  
22 state, specifically those individuals who invested  
23 significant amounts of dollars on that strip.

24           So it's important for us as the Monorail  
25 Company, as well as it is for the RTC and members of

1 our community, to leverage as much as we can and find  
2 a way to relieve that congestion. Because the  
3 quality surpasses the ability individually -- of  
4 individual localities to deal with what needs to be  
5 dealt with to address that problem.

6 Just an example of that problem, by 2020,  
7 775 miles of roadway in our valley will be at service  
8 Level F. Three hundred miles of those will be in the  
9 resort corridor. And the resort corridor is really  
10 bound by about two roads, about two miles or so, or a  
11 mile and a half or so, on either side of the strip,  
12 and about 7 to 8 miles in length north and south.  
13 Three hundred miles of the 775 miles is in that  
14 little narrowly defined area, so it's a significant  
15 problem.

16 The resort corridor development is something  
17 that is surprising a lot of people, especially people  
18 back in New York who look at what's going on on the  
19 Las Vegas strip. They come to figure out that there  
20 are a lot of things happening in Las Vegas that you  
21 don't see anywhere else in the United States.

22 Just to give you an example, we have 134,000  
23 hotel rooms in Las Vegas today. By 2009 and 2010,  
24 let me tell you, we are going to add another 40,000  
25 rooms. When we add 40,000 rooms, we'll exceed

1 170,000 hotel rooms. That puts more hotel rooms in  
2 Las Vegas for conventions and leisure operations than  
3 you see in five of the Top Ten big cities of the  
4 United States on the strip. That presents a  
5 significant problem.

6           Those projects up there, the first one, the  
7 Project at City Center, is representative of the kind  
8 of investment that people are making in Las Vegas and  
9 expect to get a return on it, obviously. This is a  
10 problem for our city in terms of the investments that  
11 are being made and the expectation of that mobility  
12 that's required to go along with that investment.

13           Project City Center, for example, represents  
14 about a \$7 billion investment on about 66 acres. So  
15 there is a lot of investment going on in our city,  
16 specifically in Las Vegas -- or excuse me --  
17 specifically in resort corridor, and it's adding to  
18 an already existing congestion problem.

19           I believe transportation solutions are  
20 critical to any economy, especially Las Vegas, when  
21 the average person who comes to our town, who visits  
22 our town, moves around to at least four places on  
23 every visit. That means that mobility is going to be  
24 critical to those hotels and those developments  
25 receiving the kind of return on that investment

1 that's necessary to continue to invest in our city  
2 and keep our economy strong.

3           Airport connections will occur. When  
4 looking at airport connections in other cities, you  
5 look at Chicago, Boston, the airport seems to cap at  
6 17 to 22 percent of the total trips that are made  
7 between the airport and the business district. In  
8 Las Vegas, we have an opportunity to do something  
9 much bigger.

10           There was a study performed by the RTC back  
11 in 2003 that looked at those cities and looked at  
12 what a connection of monorail or some other guided  
13 rail system can do if it was connected to our airport  
14 and concluded that we could get as much as 70 percent  
15 of those trips that are taken between the airport and  
16 the resort corridor. So that's a significant  
17 improvement in congestion.

18           Now, we in transportation, as you know and  
19 you've probably heard, certainly everyone here on  
20 this panel knows, that you don't really solve  
21 congestion. You slow down the rate of deterioration.  
22 Okay? And to the extent that you can slow it down to  
23 a level that is palpable for your community, you've  
24 been successful. And so any connection that we can  
25 make, whether it be a fixed guideway system or an

1 elevated system like the monorail, is an improvement  
2 upon what we are going to be able to achieve  
3 otherwise. To the extent that you can do that with  
4 private dollars, it's important for us to try to do  
5 that.

6           Let me show you what our extension looks  
7 like very briefly. It's about a 4-mile system. Here  
8 we go. It's about a 4-mile system that extends from  
9 MGM Grand, travels along Koval, which is just to the  
10 west of the MGM/Mirage, up to Harmon, and connects to  
11 one proposed hotel -- it's about a 3,000, 4,000 room  
12 hotel -- which is the one of the hotels that you just  
13 saw on that list.

14           This is a picture of the system connecting  
15 to the northbound lane of McCarran. Now, that's a  
16 little different than how we are actually going to  
17 integrate the facility, but you'll get an idea of the  
18 proximity of the station to the back of that  
19 building.

20           You'll see, coming up here very shortly,  
21 you'll see the picture of the train. That train is  
22 slightly different than the vehicle we have on our  
23 system today. The train we have on our system today  
24 is the Bombardier train.

25           This is a picture looking back west toward

1 the mountains, toward the strip, as it crosses  
2 Tropicana heading into the resort -- excuse me --  
3 into the strip area. We added those cars on  
4 Tropicana for effect.

5           This is a picture of the inside of the  
6 vehicle itself. In Las Vegas, it's important for us  
7 to have individuals that come to our town start to  
8 experience Las Vegas as soon as they arrive. So at  
9 the airport, as well as the RTC, certainly the  
10 monorail and the strip, all are advantaged by the  
11 experience being a positive experience from the time  
12 they arrive.

13           That's the end of that video.

14           Let me get to a couple of other final  
15 points. How best to leverage private dollars for a  
16 system like the monorail, create effective  
17 integration with elevated monorail systems in the  
18 resort corridor and at-grade transit systems, which  
19 is what we're trying to do with the RTC.

20           Establish regional fare policies to the  
21 extent that this commission can create some sort of  
22 standards in that regard to certain entities; for  
23 example, the monorail, when trying to integrate with  
24 the local public.

25           Also, leverage private dollars to provide

1 critical and growing public mobility. There was a  
2 discussion held here earlier this week that --  
3 Commissioner Skancke was part of that discussion and  
4 discussing how those things can provide public  
5 infrastructure.

6           There are various ways to do it. Obviously,  
7 they are somewhat integrated and we should be very  
8 careful about how we look at actually funding these  
9 infrastructures, but it is an effective way to  
10 leverage public dollars to get improvements.

11           Thank you.

12           MR. SCHENENDORF: Well, thank you all.

13           And I'd like to start in reverse order so  
14 everybody gets a fair share of questioning here.

15           And we'll start with Commissioner McArdle.

16           MR. MCARDLE: Yeah, I have just one  
17 observation directed towards the fixed guideway that  
18 you're contemplating.

19           MS. QUIGLEY: Okay.

20           MR. MCARDLE: You present a very interesting  
21 proposal in terms of trying to go after employees.  
22 You may, in fact, find the experience on the Airtrain  
23 at JFK useful to you as you go forward.

24           They originally intended the system to  
25 service employees. What they have found is employees

1 have not, on mass, chosen to use the system, largely  
2 because existing employees have already established  
3 patterns of usage. They know where they live. They  
4 know how to drive and what have you.

5           So what they are planning to do is target  
6 new-hires with a combination of both carrot and  
7 stick, the carrot being free passes, reduced cost to  
8 use that system. The stick, the higher charge for  
9 parking for a new employee. For them, it's never a  
10 change against what they have had, but you educate  
11 them early.

12           MS. QUIGLEY: Through incentives.

13           MR. MCARDLE: And so they make choices about  
14 where they live and how they work based on what they  
15 can get at the job. When you do that, they feel they  
16 can really change the whole pattern of usage and  
17 ridership. It might be something you'd want to  
18 consider in that department.

19           Thank you.

20           MS. QUIGLEY: I want to do an introduction  
21 as well. This is Dr. Fred Ohene who is our Director  
22 of our Metropolitan Planning Organization. He's been  
23 with the Regional Transportation Commission almost  
24 since it's inception and has experience with this  
25 project.

1 MR. SCHENENDORF: Okay.

2 Commissioner Skancke.

3 MR. SKANCKE: I actually don't have a  
4 question because I live here. But I just want to  
5 thank you all for being here today. And I know that  
6 you all work very well, particularly here in Southern  
7 and Northern Nevada and the spirit of cooperation in  
8 trying to move people throughout the valley. And I  
9 would like to reserve the questions for my colleagues  
10 because I happen to live here and am very familiar  
11 with that.

12 So thank you all for being here.

13 MR. SCHENENDORF: Commissioner Heminger,  
14 we'll let you start first.

15 MR. HEMINGER: Good deal. You know, I'm  
16 afraid I don't have a question either, although maybe  
17 I can say something that will provoke a response.  
18 Because I think there has been a fairly consistent  
19 theme this panel, the last one, the few panels we had  
20 in Los Angeles.

21 And, you know, we all enjoy sort of belly  
22 aching about the program and rules and regulations,  
23 but I think that we forget that that rule was created  
24 to build the interstate system. And to some extent,  
25 therein lies the problem. It was created for a

1 system that is built, and a lot of the things we are  
2 doing now, especially on the transit side, are  
3 different animals entirely.

4           But we need to remember that it was created  
5 to build that system and that system was financed by  
6 the federal government. And I might add, as a  
7 Californian, the system in states like Nevada was  
8 financed by Californians as well. And we have a lot  
9 to be grateful for in terms of the interstate system  
10 that we have today. And I think it would be worth  
11 bearing that in mind while we all enjoy sort of  
12 piling on Uncle Sam and that the rule book's not  
13 quite working well.

14           I think a large part of our charge as a  
15 commission is to discern whether a mission similar to  
16 the interstate exists for the federal program any  
17 more. And I think one that has become clear to me,  
18 Commissioner McArdle mentioned earlier, is this  
19 question of freight.

20           And having just been in Los Angeles and  
21 seeing what reports of L.A. to Long Beach, they are  
22 being hammered by goods entering this country as a  
23 result of national trade policies that are eventually  
24 making their way, not just to the citizens of L.A.,  
25 but the majority of it is going outside of California

1 to other states. In fact, all the way to New York,  
2 we found, in our hearing in New York.

3           And that is something that strikes me, we  
4 are going to have a very difficult time dealing with  
5 as individual states or individual metropolitan  
6 areas. And that is an area, it seems to me, where  
7 currently we have a small number of states bearing a  
8 disproportionate burden on behalf of the consumers of  
9 all of the states and where I think some kind of  
10 conservative federal action is going to be required.

11           So the case that some make that maybe it's  
12 time just to wrap up the federal program and send the  
13 money back to the states, I don't buy. And I think,  
14 first of all, we need to remember what got us here,  
15 which was a conservative federal program that really  
16 helped build the country.

17           And as our chairman mentioned just now, it  
18 didn't begin with the interstates. It began with the  
19 inland waterway system. It continued with the  
20 transcontinental railroad system. And I think too  
21 often we forget those notions. And maybe we've just  
22 sort of forgotten as a nation too often these days  
23 with red states and blue states and all that stuff.

24           So I did want to make that comment for the  
25 record, because I think we need to keep both sides of

1 the picture in mind. We do have a rule book that  
2 needs fixing, but the rule book was created for a  
3 reason and that reason is a great blessing to the  
4 country.

5 And I think there are still jobs left for  
6 the federal program to do. And maybe spending a  
7 little bit more time on those and a little less time  
8 on the rule book might be good for all of us.

9 MS. QUIGLEY: We probably all agree.

10 MR. KRAUSE: And I think if I prompted that  
11 commentary, Commissioner, I --

12 MR. HEMINGER: No, you were just the straw  
13 on the camel's back.

14 MR. KRAUSE: The other things that I had  
15 mentioned, the legitimate federal interest has to be  
16 identified and recognized and dealt with an issue.  
17 So yes, it's probably most appropriate to say, okay,  
18 50 years ago, there was a need. That's, to a certain  
19 extent, been egressed, although not that there are  
20 ever problems. And I think that California, then,  
21 ultimately coming into Nevada, we see that. But I  
22 think that would be a very fruitful discussion.

23 In the Interstate-80 corridor, which comes  
24 from the Bay Area through Nevada, we have a rail  
25 line, we have an interstate. And even with both

1 those facilities, I don't think we have a good  
2 understanding of the best investments both for goods  
3 and passenger movement.

4 And it's similar because, you know, Southern  
5 Nevada is going to be more powerful and leads more  
6 easily into their community for recreation. We want  
7 to do the same thing, but I wonder if the freight  
8 movement isn't an even bigger issue. But I very much  
9 agree with your concern and your observation.

10 MR. HEMINGER: Thank you.

11 MR. SCHENENDORF: Commissioner Busalacchi.

12 MR. BUSALACCHI: All right. I've got a  
13 couple of questions, Jack.

14 Tina, you talked about this connector in --

15 MS. QUIGLEY: The transit in the downtown --

16 MR. BUSALACCHI: Yeah. The first  
17 presentation --

18 MR. SCHENENDORF: Could you move your  
19 microphone a little bit closer?

20 MS. QUIGLEY: Transit project.

21 MR. BUSALACCHI: What is the cost of that  
22 project?

23 MS. QUIGLEY: Nineteen million.

24 MR. BUSALACCHI: Per mile?

25 MS. QUIGLEY: Uh-huh.

1           MR. BUSALACCHI: Okay. And that, for  
2 instance, if you wanted to --

3           MS. QUIGLEY: The light rail came in at --

4           DR. OHENE: The light rail came at almost 19  
5 million a mile.

6           MR. BUSALACCHI: Okay. That's what I wanted  
7 to know. Was there -- is there any thought to making  
8 this a New Starts project?

9           DR. OHENE: Well, it is a New Starts  
10 project; however, we had to overmatch it to keep it  
11 under the exempt status.

12          MS. QUIGLEY: We had more than 50 percent  
13 local money into the project.

14          MR. BUSALACCHI: And, you know, I am trying  
15 to get at -- and what I am trying to do here, I am  
16 not trying to trap anybody.

17          MS. QUIGLEY: Sure.

18          MR. BUSALACCHI: But I want to get into the  
19 process and, you know, the red tape of the process.

20          MS. QUIGLEY: Okay.

21          MR. BUSALACCHI: To get to the finish line.

22          DR. OHENE: I think it was a deliberate  
23 attempt on our side to streamline the process. When  
24 we started thinking about this project, the mayor  
25 came to our agency and said, I want to have this

1 project done within two years. It may be a cost to  
2 you, but I'll listen.

3 Now, we promised him we were going to  
4 deliver this project around two years. So the way we  
5 streamline the process, we have FTA New Starts fund.  
6 You don't have to streamline the process.

7 We decide to overmatch more than 50 percent  
8 with our funds, which means that the project will now  
9 begin the New Starts process, but in an exempt  
10 status, which doesn't require a lot of the red tape  
11 that goes with the full blown New Starts, the project  
12 management funds, the full funding grant agreements,  
13 all that come up.

14 In addition, wasn't this something that I  
15 believe Commissioner McArdle mentioned, to take  
16 risks. We decided to take a lot more risks, that is  
17 doing a lot more design during the environmental  
18 process.

19 We talked to the FTA and said, Who is  
20 willing to do this operation? They said, Fine, But  
21 there is no guarantee until you guys get federal  
22 funds. If something goes wrong, it's on your head.  
23 And we said fine. We talked about the issue of  
24 granting us a letter of no prejudice. They were not  
25 willing to do that because they said we were in the

1 environmental phase of the project.

2           And so we said, We will take our chances and  
3 we will take our risks with you guys. We think we  
4 can develop this project much faster, and that's what  
5 we did. We keep -- just another, we received a  
6 Finding of No Significant Impact from the FTA last  
7 December, our designs are done.

8           In fact, we accelerated the project. We  
9 decided to do this in two parts, the early part can  
10 be let out beginning this April. And the second  
11 part, we complete the project in the fall. The two  
12 projects overlap, but at the end of 2008, we'll be  
13 done with the project.

14           The small project on Boulder Highway, which  
15 is also a bus rapid transit project, 17 miles, the  
16 project cost about a \$100 million. We went to the  
17 FTA, they said, You guys have some New Starts funds  
18 here, about 12 million or so. You have to go through  
19 this full blown process. We talked about going  
20 through a full blown EIS, which was going to take us  
21 five years to develop the project.

22           Now, if you live in this city, I believe one  
23 of -- Susan mentioned this, she is our very own, the  
24 kinds of projects being built here. If you look at  
25 the projects that are being built here, in two years,

1 there is no patience or appetite for this community  
2 to wait for government to develop this project in  
3 five or seven years. They want it now.

4           And so what we did is, what if we split this  
5 project and contribute a little bit more on the  
6 highway roadway side and use the other New Starts  
7 funding for the stations. The corridor is already  
8 developed. We brought them down here to do a field  
9 visit. In fact, there was no need for right-of-way  
10 acquisition on this project. And we said, instead of  
11 going for a full blown EIS, can you guys grant us a  
12 CE, the Categorical Exclusion.

13           So they came down, they saw the corridor,  
14 they saw the kinds of people along the corridor, they  
15 decided to give us a CE. That project is well  
16 advanced now. The 17-mile corridor project was going  
17 to take us five, six years to deliver. It's right  
18 now 90 percent designed and getting ready to bid this  
19 August. We'll have this project online by spring of  
20 2009.

21           And so our issue here right now is if the  
22 feds would allow the local governments a little bit  
23 of flexibility and work with us to streamline the  
24 process, we believe, in this community, that we can  
25 deliver this project much, much faster.

1           MR. BUSALACCHI: Okay. Curtis, the  
2 monorail. I think -- I don't want to say it's  
3 similar, but, you know, obviously it's moving people  
4 around the metropolitan area. You're thinking in  
5 terms of extending out to the airport.

6           MR. MYLES: Correct.

7           MR. BUSALACCHI: We talked a little bit  
8 about that last night.

9           MR. MYLES: Correct.

10          MR. BUSALACCHI: Substantial cost, but are  
11 you -- I mean, isn't the thinking the same as what  
12 they're talking about here with the connector that  
13 private dollars versus going to New Starts or  
14 something like that because of the ability to get it  
15 up and running faster?

16          MR. MYLES: Yeah, it's similar. Not exactly  
17 the same.

18          MR. BUSALACCHI: No, I understand.

19          MR. MYLES: It's similar in that the -- our  
20 constituency is different than the RTC's, obviously.  
21 I mean, our constituency -- 96 percent of the people  
22 who ride our system are tourists, 4 percent are  
23 locals. And so we don't carry a lot of work trips.  
24 We carry a lot of leisure trips. And we are  
25 connected to the 85,000-or-so rooms that are on the

1 strip, and there are 25,000 of them, eight resort  
2 hotels.

3           And so when Dr. Ohene says there is a demand  
4 in this town, when there is a demand for projects and  
5 that demand is immediate, it's even more so with  
6 those private companies that are operating as  
7 facilities on the strip. And so when we talk  
8 about -- when I came to this company a year and a  
9 half ago, one of the discussions I had with one of  
10 the hotel CEO's was, you know, Are you going to  
11 extend this system to the airport. And we said,  
12 well, yeah, with your help, we will.

13           This is a private system. It's operating on  
14 private dollars. It pays for it's own capital. It  
15 can't extend itself to the airport without continuing  
16 to be able to do so, without a lot of support from  
17 those facilities. We don't -- absolutely have to go  
18 through the process that the RTC has to go through to  
19 get access to federal dollars. We don't even have to  
20 go through a similar process that they have to go  
21 through to get access to local dollars.

22           But when you are dealing with private  
23 companies, the bottom line, the rate of return of the  
24 investments, they have stock values that have a  
25 handsome return. Sometimes there are -- sometimes

1 they are more keen to look at the process than you  
2 might find in the government. They still have the  
3 same level of demand in terms of urgency and bring  
4 the project on, but they are looking at things in a  
5 lot more detail than you might think.

6           So it's not necessarily an advantage so much  
7 to not be going through the federal or local process  
8 to get things done. But you do have actually things  
9 that will allow you to bring the process on a lot  
10 faster. So we hopefully will be able to take  
11 advantage of those.

12           MR. BUSALACCHI: So great.

13           MR. MYLES: Yes.

14           MR. BUSALACCHI: Let's talk about passenger  
15 rail for a second and how you think passenger rail  
16 would fit into the -- into your -- into your vision  
17 of what needs to happen here. And keeping in mind  
18 that, you know, this commission is looking out 50  
19 years.

20           MR. KRAUSE: Sure.

21           MR. BUSALACCHI: And we see the growth  
22 that's going on in this state. And how do you  
23 envision passenger rail connecting your community  
24 with this community with Southern California, which I  
25 think is critical?

1           The mayor talked about it a little bit  
2 earlier, and how does the federal government help  
3 with all this? I mean, do you need a federal partner  
4 to do this? Do you think the state can do everything  
5 on it's own?

6           MR. KRAUSE: I don't think so, no. It's  
7 going to be a great challenge, actually. We look at  
8 the Interstate-80 corridor and there is interest in  
9 increasing inner-city passenger rail. But the  
10 freight operator says, We don't have capacity to give  
11 up. We have our own capacity issues. So I think  
12 it's going to be extremely difficult.

13           And I think that rail investments, just like  
14 street investments, have to be looked at, not only in  
15 the long term, but in the context of a land-use plan.  
16 And what we're seeing, to be honest, is strategic  
17 development at variable densities. And I think rail  
18 is not in, within our region, going to be a solution  
19 that's going to be cost effective in a number of  
20 corridors where we are presently forced to rely upon  
21 either more flexible and lower cost fixed route  
22 service or even demand responsive service in the  
23 street and highway system.

24           Within the corridors, as I mentioned, we  
25 have a, what we consider, a great starter corridor in

1 our existing developed area. Ultimately, that might  
2 become a good investment for rail, and I think it  
3 should start bus rapid transit as Tina and Fred  
4 talked about. It has huge advantages with all the  
5 same operating characteristics.

6           In terms of inner-city, I don't know the  
7 answer to your question about how effectively that's  
8 going to work. Because I think the first priority,  
9 in my mind, is to make sure we address the goods  
10 movement. And one of the things we think is very  
11 important is to look multi-modally and multi-purpose  
12 freight and passenger in that Interstate-80 corridor,  
13 to look at what more should perhaps the rails be  
14 carrying?

15           Can we get some of the trucks off of the  
16 highways to allow for more passenger capacity on the  
17 existing highway system, is kind of intuitive and  
18 certainly different to the East Coast solution,  
19 perhaps, but that may be more effective.

20           In fact, we're one of the corridors of the  
21 future. We've at least made it to the first round of  
22 proposals. And I think there is some interest in  
23 looking at getting the trucks off onto the highway,  
24 onto the rail, is really a more cost effective  
25 solution. And given, as has been pointed out, an

1     incredible investment industry, the state highway  
2     system, and especially the interstate, over the last  
3     50 years.

4             MR. BUSALACCHI: Thank you. That's all I've  
5     got.

6             MR. SCHENENDORF: Thank you.  
7     Madame Secretary.

8             MS. CINO: You know, just with regards to  
9     the monorail. I've got one question and just one  
10    comment.

11            With the increase in hotel rooms to nearing  
12    200,000 and with regards to obviously getting great  
13    anticipation in putting this together, the monorail,  
14    in connectivity to all hotels, is there a plan, or  
15    what is the plan that I would assume there would be a  
16    break-even point with the significant increase in  
17    tourism and in hotel rooms?

18            MR. MYLES: Well, yeah, there is. And keep  
19    in mind that the hotels that are developed on the  
20    strip today are developed to receive their -- to  
21    receive their customers, their customers some three,  
22    four, 500 feet off of the strip. I had some picture  
23    in my video, but I kind of clipped through them in  
24    the interest of time.

25            But if you go out to the strip today and you

1 go to the Bellagio, there is a big lake with dancing  
2 fountains in front of the hotel. If you go in front  
3 of the Mirage, there is a big volcano. If you go in  
4 front of the Treasure Island, there is a big Sirens  
5 show. And in front of Caesar's, there is some  
6 fountains. And if you look at the \$7 billion  
7 development that City Center represents, that -- that  
8 hotel, the first building, has it's porte-cochere  
9 some nearly 500 feet off of Las Vegas Boulevard.

10           So it's in the interest of the hotels to  
11 have those folks, when you connect to McCarran, be  
12 delivered to a place where those facilities are  
13 designed to accept them. Otherwise, they are  
14 spending additional cash.

15           So when the monorail was contemplated on the  
16 extension to the airport, we also talked to them  
17 about the extension to the west side of the strip and  
18 what it means to actually have a system like this pay  
19 for itself. What is the hotel's involvement?

20           And we -- we -- in those discussions, we've  
21 talked about what the ridership needs to be and what  
22 the support needs to be, and what the advertising and  
23 marketing and all those things need to be. Breaking  
24 it down for this four-mile system is about 32, 33,000  
25 riders a day at our current fare structure.

1           But you extend it to McCarran and to the  
2 west side of the strip, until we determine the final  
3 cost of the system, it's hard to say. But we've kind  
4 of ball-parked some numbers. If you look at the west  
5 side of the strip and, you know, what another 60,  
6 70,000 hotel rooms that are on the west side of the  
7 strip, you know. And just to back up what we need on  
8 this side versus the rooms that we have, it's about  
9 two to three times what we currently see today in our  
10 ridership.

11           MS. CINO: Do you have capacity to be able  
12 to carry all the additional -- all those additional  
13 folks?

14           MR. MYLES: Well, with the extension to the  
15 airport, obviously, you are going to need more  
16 vehicles, more trains. To the west side, it's about  
17 8 miles or so. So obviously, you are going to need  
18 more vehicles there. And we've looked at as many as  
19 45 total trains that will be needed to accommodate  
20 the east/west side of the airport extension.

21           MS. CINO: And I guess as a person who has  
22 sat at a light for 15 minutes just to go one block,  
23 and my total trip was about an hour to get from one  
24 hotel to another, I endorse the monorail.

25           I guess it's just a matter of time before

1 people realize that this is the preferred -- the only  
2 route. As you said, you've gotten to capacity with  
3 the cars to travel on the strip.

4 MR. MYLES: Yeah.

5 MS. CINO: I guess my only comment is with  
6 regards to, I think all of us understanding, perhaps  
7 me less, but now over the last couple of days, but  
8 certainly the last couple of hours here,  
9 understanding the significant increases in  
10 population, and the significant needs.

11 And I guess the only comment that I would  
12 make is, I mean, we talked about fuel tax. We talked  
13 about sales tax. We talked about something that I'd  
14 love to see how you get that done, \$10,000 fee per  
15 dwelling unit.

16 MR. KRAUSE: They're charging 25 in  
17 California, so we think that we have a chance.

18 MS. CINO: Whereas Virginia, you'd have a  
19 buck.

20 MR. HEMINGER: That's why all the  
21 Californians are moving to Nevada.

22 MS. CINO: Exactly. But I would  
23 encourage -- you've come up with some good  
24 suggestions, Mr. Krause, certainly, yourself. But I  
25 would encourage you all, given the 80 percent

1 increased population in the south and the west, I  
2 think we need to be bolder than we presently are.

3           And yes, even if you did increase the gas  
4 tax, there would not be enough money. And I think we  
5 have to be more creative. We're looking to you.  
6 We're looking to you to be bolder because there won't  
7 be enough money, even with what you're putting on the  
8 table today, given the growth that we'll be seeing in  
9 this part of the country.

10           And I thank you very much for your comments  
11 and for coming here today.

12           MR. SCHENENDORF: Thank you.

13           I, again, don't have a question, but I do  
14 just want to associate myself with the remarks of  
15 Commissioner Heminger. I think we often lose site of  
16 the benefits of the national system and what the  
17 interstate system has meant to our economy and our  
18 way of life, our national rail system. Without  
19 those, we would not be the preeminent economic power  
20 that we are, in my judgment.

21           And I think as we look forward, we see an  
22 enormous transportation need every place we go,  
23 whether it's the growing areas like Las Vegas or  
24 New York City with the aging infrastructure that  
25 needs to be upgraded. There are just huge, huge

1 costs involved. And we will certainly be looking at  
2 the evolution as one solution.

3 In fact, you know, in some ways, it's the  
4 easiest thing just to say, let's get out of this  
5 business. You know, let's just turn this over to the  
6 state and local governments.

7 But when you look at the enormous increase  
8 in the investment that we have today, the deputy  
9 secretary just referred to, the idea of saying, Well,  
10 it's not really the state and local governments in  
11 the private sector to come up with all of this  
12 increase. And not only the increase that's needed,  
13 but the federal government is going to get out of  
14 business and you are going to have replace what the  
15 government is currently doing, much less what it  
16 could do in the future.

17 I have trouble seeing how that results in a  
18 national system 50 years from now that's going to  
19 meet the economic needs and the mobility needs. I  
20 look at just two projects in the Washington, D.C.  
21 area. The Woodrow Wilson bridge cost \$14 million to  
22 build. It cost \$2.4 billion to replace.

23 And that's a key link on the I-95 corridor,  
24 as is the mixing bowl is Northern Virginia. Again,  
25 that project cost a little under 10 million and it

1 cost almost a billion dollars for the mixing bowl  
2 improvements.

3 I can say categorically, those projects  
4 would not have been done if it was just left up to  
5 the state and local governments. They were not up to  
6 the task. Those roads are important national links,  
7 and they are important locally, but they are not so  
8 important locally that kind of investment would have  
9 been made. And everybody that's up and down the East  
10 Coast benefits from those two improvements.

11 So I come down in the same place that  
12 Commissioner Heminger does, that we can't lose site  
13 of the role that the federal government has played in  
14 the past and may need to play in the future to make  
15 sure that these national objectives are met.

16 And the idea of turning everything back to  
17 the state and local governments and letting them do  
18 it, I think, is an option that we will be looking at.  
19 But I would ask the proponents of that to come  
20 forward and say at the end of the day, 50 years from  
21 now, is this going to produce a national integrated  
22 system that's going to be able to move our freight  
23 and people and interstate commerce and get the job  
24 done the way that the interstate system has done and  
25 the way that our national rail system has done? So

1 that point and comment and that question can  
2 obviously be dealt with as we go forward.

3 But I want to thank the panel very, very  
4 much. Believe it or not, we are only five minutes  
5 behind schedule. And so instead of taking a  
6 15-minute break, I'd like to take a 10-minute break,  
7 and then we'll come back and hear from our last  
8 panel.

9 Thank you.

10 (Ten-minute break held.)

11 \* \* \*

12 MR. SCHENENDORF: Again, if everybody would  
13 please take their seats. We need to get started with  
14 our last panel. That includes the commissioners,  
15 Commissioner McArdle.

16 Again, I am going to mention that we welcome  
17 anybody in the audience that wants to come up and  
18 provide a few comments after our next panel. But in  
19 order to do that, we ask that you sign up. There is  
20 a sign up-sheet somewhere in the back, and ask that  
21 you do sign up in advance of that period.

22 Now, we'd like to welcome our third panel  
23 and final panel of the day, Mr. Grasso and Mr. Smith.

24 And we'll start with Mr. Grasso.

25 MR. GRASSO: Mr. Vice Chair, Commissioners,

1 thank you very much. I had the opportunity to be  
2 before you in Los Angeles on Wednesday, so I will --  
3 this familiar face comes back to haunt you again.  
4 Thank you very much.

5           First of all, in the booklet you put  
6 together, under reports you have United States map  
7 with an arterial system. And if we look at Southern  
8 California into this region, I guess I would call  
9 that the carotid artery. And looking how wide that  
10 artery is and how red you've painted it, and that  
11 report drives us to be here today, I guess.

12           MR. SCHENENDORF: Where is this?

13           MR. GRASSO: First map under reports there.

14           MR. SCHENENDORF: Right.

15           MR. GRASSO: Yeah. I don't know who did  
16 that. I just flipped through the book and saw that  
17 that was there. And that's a telling story, just in  
18 looking at that arterial system there.

19           MR. SCHENENDORF: Okay.

20           MR. GRASSO: Anyhow, in review here, I won't  
21 go through a lot of the testimony that you saw,  
22 again, in Los Angeles, but I will make some comments  
23 and then we can go to questions.

24           The opportunity for the West Coast to work  
25 together, particularly here in Nevada working with

1 our partners in Nevada and Arizona, I think we have a  
2 lot in common. If you look at our major connector,  
3 the I-15 freeway, it crosses a number of major  
4 arterials that take people and goods from the  
5 West Coast to the rest of the United States.

6 If you look at I-10 and Southern California  
7 SR-60 in Riverside County, I-10 in San Bernardino and  
8 Riverside County, I-40 going into -- from 15 into  
9 Arizona, I-80 in Northern California through and into  
10 Nevada, and then if you look at I-90, all of these  
11 are major connectors along I-15. So I guess our  
12 common connector for discussion amongst these states  
13 is I-15 and how we work together to move people and  
14 goods in a good fashion.

15 From where I sit in my office, our office  
16 sits at a restored -- historically restored Santa Fe  
17 depot. So I look out my window everyday at trains,  
18 the metro link system, commuter rail system is there,  
19 the bus system is there, a trans-modal system is  
20 there. And we are about three miles away from the  
21 Colton Crossing where the Burlington North in  
22 Santa Fe crosses the Colton at-grade, and one waits  
23 for the other as we move forward.

24 So we see the modal systems all coming  
25 together right from our window. And we all see it at

1 a standstill while the rest of the United States  
2 waits for the people with goods and information to  
3 move forward.

4           When we discuss trade capacity, we  
5 have to -- and the infrastructure needs, we have to  
6 talk about the force, rail, highway infrastructure  
7 translating facilities, the existing technology,  
8 intermodal facilities, and grade separations. We're  
9 looking for inland ports may be part of the future  
10 discussion of how we logistically move things, and a  
11 one-stop move to an inland port that's a land port  
12 potentially in Northern California.

13           I think where Commissioner Heminger is at,  
14 as much access as you can use with the Port of  
15 Stockton to facilitate your uses is a good use as  
16 well. But focusing on any isolated portion of this  
17 doesn't get us anywhere. We have to look at this  
18 from a systems approach and how we move things  
19 forward.

20           Some of the California issues that have  
21 mentioned but become a burden to you here as well in  
22 this fine state, 30 percent of the goods entering the  
23 U.S. via the ports of Los Angeles and Long Beach are  
24 destined for local markets.

25           Further, 25 percent makes it's first stop in

1 the region as part of some value-added activity  
2 before moving on. The rest move more or less  
3 directly to 49 other states. So the infrastructure  
4 burden for 49 states is born a lot in the Southern  
5 California region, California itself.

6           One of the things that is critical that we  
7 have to address, in Southern California particularly,  
8 to improve these infrastructures, we look at it as  
9 probably a \$30 billion investment just for trade  
10 movement in our area to facilitate the rest of the  
11 United States. Another \$10 billion will get us to  
12 air quality compliance. That's what we project in  
13 working with the air quality management districts  
14 that's going to be needed to facilitate that.

15           I think our key issues we have to look at is  
16 how we separate people movement and goods movement.  
17 And today, we're trying to do that on the same  
18 system. We've got trains crossing roads. We've got  
19 trucks crossing people, and I think the trucking  
20 industry has a better understanding of what's going  
21 around them amongst the cars.

22           Our car motorists don't have any  
23 understanding of what it takes to operate a truck.  
24 And when we've got those crossing together, we have a  
25 recipe for disaster. So anything we can do to move

1 forward to separate people and goods is going to be a  
2 good opportunity.

3 I guess in some of the suggestions to move  
4 forward, we need to accomplish a number of things by  
5 developing policy, discussions that address funding  
6 opportunities for commerce quarters that are shared  
7 nationally. This discussion must include all uses of  
8 transportation and address contributory impacts and  
9 gains for such users.

10 Local, state, and federal private interests  
11 can no longer sidestep their role in the future  
12 transportation needs. The policy development must  
13 include and be included in the next renewal of the  
14 surface transportation act.

15 As was mentioned before, traditional user  
16 fees aren't going to work. We're seeing greater  
17 efficiencies in the automobile, a greater value for  
18 each dollar. Those things have to be addressed in a  
19 different system of revenue gaining. So I guess that  
20 we would urge that we develop some principals towards  
21 the national or federal freight fund -- excuse me,  
22 freight trust fund. Thank you.

23 Cost of goods movement should be some  
24 portion of the cost expanding related to needed  
25 infrastructure. All potential funding mechanisms and

1 funding sources should be considered and based on  
2 benefit. Funding should be protectable, dedicated  
3 and sustained. It should be based on objective merit  
4 based criteria with higher cost projects, subject and  
5 more stringent evaluation than lower costs.

6 Funding should be linked with projects and  
7 manners similar to full-funding grant agreements that  
8 ensure, once the project is approved, it's funded  
9 fully. We hope that the commission will help place  
10 dedicated freight funds as a top priority, initiate a  
11 national freight benefit study, emphasis on benefit.

12 And then some of the other things, I think,  
13 to move forward, and some of the discussions, I just  
14 wrote some notes. So I am going off script here a  
15 little bit. But some of the things that I think are  
16 critical to us, the question was asked, "What would  
17 you ask the federal government to do?"

18 And in probably the most basic of  
19 statements, and I don't mean to offend anybody, but  
20 I've lived by the rule, You lead, follow, or get out  
21 of the way. We look at the federal government to  
22 lead and to bring us together in areas where  
23 interstate commerce and other conflicting regulatory  
24 situations do not allow the partners that we need to  
25 sidestep their role. And to hide behind any of the

1 regulations so you don't have to come to the table  
2 isn't going to work in the future.

3           And if we ask the state to be sure that  
4 their role, making sure that they conform -- I mean  
5 the government, the federal government, excuse me --  
6 take a role of conformance, compliance and safety and  
7 allow compliant states to collect federal fees if we  
8 need to and take care of their situation.

9           I heard Wednesday from commissioners that  
10 the state of California has the most stringent  
11 regulatory, environmental air quality standards in  
12 the nation. So we're doing it. So just make sure  
13 that we're all in compliance. And if the return to  
14 source isn't working, let us collect those sources  
15 and use them as long as we're in a compliance mode  
16 and set at a federal standard.

17           Some of the things that we fight from the  
18 region -- I am a County Transportation Authority  
19 Commission. We have federal regulations to deal  
20 with. We have state regulations. There is a  
21 Southern California Metropolitan Transit organization  
22 that does our planning, yet we've got to deliver  
23 that.

24           Interstate commerce committee, commission,  
25 the PUC, Endangered Species Act, Land Use

1 organizations, everybody gets a chance to take a shot  
2 at what we're doing in our projects. Let's have that  
3 review process all happen at the same table, at the  
4 same time, stamp it and move it forward.

5 I don't know how we get there, but right now  
6 I've got a project we just put out a ground breaking  
7 on last month. It took us 15 years to get there.  
8 There is no reason. It would take in one review,  
9 then the next review, then the next review. Let's do  
10 those simultaneously and I think we could short  
11 circuit some of those things.

12 This is a project that's taken us forever to  
13 get there in funding. It was designed in 1942. It  
14 was built in 1959. And the social injustices with  
15 that design has made one city divide -- part of the  
16 city divided from the other. You can't get off that  
17 freeway and go westbound. You have to go into the  
18 heart of the city and not into where the residents  
19 live, and that's made it a tough situation.

20 And so 15 years ago, we undertook fixing  
21 this freeway and we are now breaking ground. Fifteen  
22 years is a long time to solve our problems. So if we  
23 can do things parallel rather than in a series, we're  
24 in good order.

25 So one last comment, then I'll move forward,

1 if I may. A comment made earlier, I think we need to  
2 review environmental review on congestion mobility  
3 relief and a right-of-way that's always been proved.  
4 You're not expanding that right-of-way and you can  
5 demonstrate mobility improvement and congestion  
6 improvement, we shouldn't have to go back to square  
7 one on environmental review.

8 Thank you.

9 MR. SCHENENDORF: And thank you very much.

10 MR. GRASSO: Thank you.

11 MR. SCHENENDORF: Next, Mr. Smith.

12 MR. ANDERSON: Mr. Vice Chairman, I am Eric  
13 Anderson with -- I am the Transportation Director for  
14 the Maricopa Association of Governments.

15 Mr. Smith, unfortunately, was called into a  
16 meeting with the governor this afternoon on -- for a  
17 growth and infrastructure committee. So I am  
18 initiating, and I apologize for not letting you know  
19 that beforehand.

20 MR. SCHENENDORF: Eric Anderson?

21 MR. ANDERSON: Yes. Eric, E-r-i-c.

22 Mr. Vice Chairman, members of the study  
23 commission, my name is Eric Anderson and I am the  
24 Transportation Director for the Maricopa Association  
25 of Governments, the MPO for the Phoenix metropolitan

1 area. It is my pleasure to address you today on the  
2 transportation issues facing areas of Arizona and  
3 some thoughts on how the USDOT can help.

4 Arizona and its urban areas face daunting  
5 challenges in dealing with the pressures caused by  
6 rapid population growth. Since 2000, the population  
7 of the Phoenix metro area has grown about 25 percent,  
8 while Tucson grew by almost 15 percent. Pinal  
9 County, which is in between the two member areas, has  
10 grown by 50 percent over that same time period. This  
11 rapid growth is expected to continue.

12 Currently, we estimate there are  
13 approximately 1.8 million housing units in the  
14 pipeline. These are unbuilt units that are going  
15 to -- either have been entitled to the planning  
16 process or are moving through that process right now,  
17 1.8 million, which translates into additional  
18 population of about four million.

19 By the year 2030, the population of Arizona  
20 is expected to be more than 10 million with almost  
21 90 percent living in central Arizona, which stretches  
22 from sections from south of Tucson to the Prescott  
23 area north of Phoenix. This region will become one  
24 of the ten megapolitan areas in the country.

25 While Arizona has several unmet needs, we

1 have not waited for the federal government to deal  
2 with our transportation infrastructure requirements.  
3 The Phoenix metro area was one of the first regions  
4 to pass a dedicated regional tax for transportation,  
5 which has built 138 center line miles of new freeway  
6 in the last 20 years.

7           In 2004, the voters of Maricopa County  
8 reaffirmed this commitment by extending the tax for  
9 another 20 years. This -- the vote was based on a  
10 20-year plan, which identified specific projects for  
11 the next 20 years. And in fact, our plan includes  
12 not only the sales tax, but also expected federal  
13 highway and transit revenues, as well as state  
14 contributions to these -- this infrastructure plan.

15           This new plan will build another 90 miles,  
16 center line miles of new freeway, about 900 lane  
17 miles of expanded capacity, significant increases in  
18 regional and express bus service, completion of a  
19 58-mile light rail system, and \$1.6 billion for  
20 arterial street improvements throughout the region.

21           In addition, a number of local cities in the  
22 region have enacted additional taxes dedicated to  
23 transportation. For example, the city of Phoenix has  
24 a four-tenths of a cent sales tax, and in combination  
25 with general fund money, is about \$130 million

1 investment, annual investment, by the city of Phoenix  
2 and the adjusted transit for the metro area.

3           Likewise, the city -- the Tucson metro area  
4 recently enacted a sales tax to fund multi-modal  
5 improvements for the area. But even with the  
6 substantial commitment of state and local resources,  
7 Arizona is still far behind where it needs to be with  
8 respect to transportation infrastructure.

9           I think Victor Mendez earlier testified that  
10 we think the highway needs in the region for this  
11 state about 50 billion over about a 50-year period.  
12 So we're, right now, trying to put a package together  
13 that would raise another billion dollars a year for  
14 infrastructure in Arizona.

15           We've outlined several concepts in the  
16 written testimony, so I'm only going to cover three  
17 areas for you today. And you've referred to great  
18 testimony that was submitted.

19           First, we believe the role of the federal  
20 government in building and maintaining a national  
21 transportation system needs to be defined including a  
22 focus mission and direction. We all know there is  
23 much more to be done. Contrary to some people's  
24 belief, we do not think the interstate highway system  
25 is complete.

1           A plan to improve and widen key interstate  
2 routes is critical for the continued economic  
3 vitality of the nation. Currently, three of the four  
4 most traveled freight transportation corridors,  
5 highway corridors, run through Arizona. As expanded  
6 international trade increases freight traffic from  
7 the ports of California and trade with Mexico,  
8 extreme pressure will be placed on Interstate-10 and  
9 40, particularly towards Arizona, and Interstate-19,  
10 which is an important trade route with Mexico.  
11 That's the route that connects the Mexican port of  
12 entry with the Tucson metro area.

13           The USDOT needs to explicitly consider the  
14 needs of rapidly growing areas. The need to continue  
15 to expand capacity of the infrastructure cannot be  
16 ignored. Rapidly growing states, such as Arizona,  
17 have a vital need to add substantial capacity as well  
18 as maintaining the system that's already in place.

19           Alternative new routes through the state  
20 have to be identified to ensure that national freight  
21 movements are not hindered. Identification of gaps  
22 could improve critical linkages in the nation's  
23 transportation system. For example, an alternative  
24 to Interstate-10 through the central part of Arizona  
25 would reduce the amount of freight traffic that uses

1 I-10 in the two urban areas and could reduce  
2 congestion while providing substantial time savings  
3 for drivers.

4           Furthermore, upgrading State Route 85 to  
5 full interstate status would divert traffic around  
6 the Phoenix metro area. This route would connect  
7 Interstate-8 and Interstate-10. And Interstate-8  
8 right now is an unutilized freeway, you could say.  
9 Construction of an interstate between Phoenix and  
10 Las Vegas would also complete a major missing link in  
11 the Canamex corridor.

12           Our rail infrastructure is also running at  
13 capacity through Arizona which has resulted in  
14 shortages of materials and is a major hurdle for  
15 providing passenger rail service between Phoenix and  
16 Tucson. Strategic investments in Arizona's freight  
17 and passenger rail systems will be crucial to sustain  
18 our economic vitality.

19           Second point, there is a great need for  
20 federal leadership to change the system of  
21 transportation funding. As this commission is well  
22 aware, fuel taxes are not keeping up with inflation  
23 and are being eroded by fuel economy increases and  
24 the transition to alternative fuel sources.

25           Much of the national and state discussion is

1 focused on tolling concepts that enable the use of  
2 private sector funds to leverage public monies.  
3 Although tolls and public/private partnerships will  
4 be an important part of the package, they are not a  
5 panacea for the fundamental transportation funding  
6 problem since such projects may only represent less  
7 than 10 percent of the need.

8           A stable and reliable alternative to the gas  
9 tax is needed. The USDOT should be a leader in the  
10 research and implementation of a new system of  
11 transportation taxation with a target date for  
12 transition to a new system within the next 10 years.  
13 A related need is to ensure the "Fair-Share"  
14 distribution of federal transportation funds as  
15 Arizona continues to be one of the many donor states  
16 even in light of rapid growth and the large federal  
17 land portion of the state.

18           We estimate that Arizona has lost  
19 approximately \$500 million of federal highway funds  
20 over the last 10 years due to a donor status. We  
21 also believe that Congressional earmarks should be  
22 discouraged since they divert scarce transportation  
23 resources to projects that may not represent the  
24 highest and best use of the funding.

25           The third area is for the USDOT to continue

1 to look for ways to streamline processes and improve  
2 communications. We've heard a lot of testimony on  
3 that today. Arizona has much in common with the  
4 states in the intermountain region, such as Colorado  
5 and New Mexico, and would benefit from more sharing  
6 of ideas and creating solutions to our transportation  
7 problems. Renewed federal sponsorship of the annual  
8 Intermodal Planning Group meetings, when we have the  
9 transportation professionals get together, would be  
10 extremely beneficial and at a fairly low cost.

11 Another change would be to put Arizona back  
12 in the same FTA region as the rest of the  
13 intermountain region. Right now we are in the  
14 Region 9 FTA, which is out of San Francisco. We have  
15 much more in common with Denver, for example, and  
16 we'd like to be put back.

17 Protecting new transportation corridors from  
18 encroachment is a critical element. We'd recommend  
19 the USDOT provide tools for corridor preservation and  
20 that flexibility be given to states and regions to  
21 design processes that work within federal  
22 regulations. We'd also like to see the New Starts  
23 process changed to reduce the time and resources  
24 required to even have a chance to compete for some of  
25 that funding.

1           In conclusion, new ideas and forward  
2 thinking will be required to meet the challenges of  
3 the next 50 years. The USDOT will be a critical  
4 force in this effort. We believe that it is time to  
5 redefine and focus the mission to areas of national  
6 importance and defer to the states and regions for  
7 the balance of the -- of the system. The USDOT must  
8 be a leader in identifying new revenue models for  
9 transportation to foster the transition from  
10 fossil-based fuel taxes.

11           And finally, the USDOT should continue to  
12 streamline its processes and procedures and improve  
13 communication with and among states facing similar  
14 challenges.

15           Thank you for your time and I would be happy  
16 to answer any questions.

17           MR. SCHENENDORF: Thank you very much.  
18 Thank you both.

19           I'd like to start the questioning this time  
20 with Commissioner Heminger.

21           MR. HEMINGER: Thank you, Mr. Chairman. I  
22 am very much a fish out of water here. You know, the  
23 San Francisco Bay area is, I'll use the kind word, a  
24 fairly mature community. We are growing quite  
25 slowly. And the two jurisdictions you represent,

1 plus the one where we sit, are quite different. We  
2 have been struggling for some time with the link  
3 between our transportation investments and land use  
4 decisions. And to a great extent, what we are in the  
5 process of doing is retrofitting bad decisions that  
6 were made in the past.

7           We built our BART system, for example, with  
8 acres of parking around all of the stations instead  
9 of clustering development nearby. In many of our  
10 suburban communities, like those around the country,  
11 are built so that you more or less have to drive no  
12 matter where you go.

13           I am hoping the two of you can give me a  
14 little hope for the future that you are doing it  
15 differently. And I would appreciate hearing from you  
16 how you are addressing those questions and going  
17 forward.

18           If I could add something on top of it, too,  
19 and this is an issue we haven't talked about much as  
20 a commission, but with climate change coming at us,  
21 especially in desert southwest, I wonder how you are  
22 taking that into account in your planning with  
23 respect not only to maintenance costs on, you know,  
24 the infrastructure we build, but as well the fuel  
25 efficiency, efforts that will probably be underway.

1           I know they're underway in my state. They  
2 may be underway at the federal level, or at least  
3 under debate at the federal level, and what those  
4 might mean for how we fund our infrastructure system  
5 as well. So that's a big question. But it really is  
6 a lot to do with this notion that's not just the  
7 infrastructure, it's all the things the  
8 infrastructure serves and are we doing a better job  
9 integrating?

10           MR. ANDERSON: We're trying. You know,  
11 transportation and infrastructure go together. And  
12 what we've done, as I mentioned in my testimony, our  
13 20-year plan went out and defined specific projects.  
14 And I think, in fact, you know, for a 20-year period,  
15 it used to be you could plan a project maybe four or  
16 five years ahead of time.

17           We're actually planning projects 20 years  
18 ahead of time and we are not even stopping there.  
19 Now that we have that plan in place, we have a 20  
20 years committed, we're looking out 50 and 75 years  
21 out into the future now. We're doing what we call  
22 framework studies around the metro area looking at  
23 potential build-out scenarios in these areas.

24           These framework studies are covering 1500  
25 square miles. They're very large. And what we're

1 laying out is the transportation network that will  
2 serve those areas in the future.

3           And our challenge in Arizona right now is  
4 the development community is way out in front of the  
5 public sector; whether it's transportation,  
6 healthcare, education. And so the public sector here  
7 in town is really running hard to catch up with  
8 what's already been entitled. And this is one area  
9 that I know Governor Napolitano is taking serious  
10 action to try to get better coordination between the  
11 public sector and the private sector.

12           Arizona is a very strong private property  
13 rights state and a variable desire to restrict what  
14 people could do with their property. But there is  
15 growing realization that we have to look at  
16 concurrency, ordinances for infrastructure,  
17 admin-infrastructure type ordinances, more  
18 development fees.

19           We have a lot of development fees in  
20 Arizona, but those are paid for out of the local  
21 street systems. There is growing recognition that  
22 it's not just about a developer paying for an  
23 interchange on a freeway. In fact, there has to be a  
24 contribution to that being like capacity.

25           So we're running pretty hard right now. We

1 would like to see these framework studies done for  
2 all the rapid growing areas of the state. We've had  
3 conversations with governor's office and legislature  
4 about funding. So we think that we're headed in the  
5 right direction. I think we're going to lay out a  
6 template that will provide guidance for future  
7 planners for the future.

8 MR. HEMINGER: Back to Commissioner  
9 McArdle's point about water though, are you doing any  
10 kind of environmental review on these framework  
11 studies so that you can sort of take off some issues  
12 and you don't have to address them again when you get  
13 to projects?

14 MR. ANDERSON: Yes. And in fact, our  
15 Hacienda Valley study, which we're just wrapping up  
16 now, it's a 1500 square mile.

17 The first thing we did was get an  
18 environmental scan in terms of open space, flood  
19 plains, parks, we have a raptor habitat site, a  
20 butterfly habitat site in that area, too. We have  
21 the Hacienda River. But in Arizona, river bottoms --  
22 rivers are kind of dry, underground. But we've  
23 mapped all those now, and we're working with the  
24 development community, even though there is  
25 significant entitled developments already out there.

1           The developers finally understand that  
2 unless they have a good transportation system, you  
3 know, their property really isn't going to be worth  
4 very much. The water issue in Arizona, we get asked  
5 that every time: Is there enough water? In fact, we  
6 have a lot of water in Arizona. But as you certainly  
7 point out --

8           MR. HEMINGER: A lot of it is in California  
9 I know, right?

10          MR. SKANCKE: We stop it before it gets  
11 there.

12          MR. HEMINGER: Yes.

13          MR. ANDERSON: -- the time change and, you  
14 know, how the water flows through the Colorado River.

15                 In Arizona, we were one of the first states  
16 to do very active ground water management. Ground  
17 Water Management Act was passed in 1981 for the  
18 Tucson and metro areas, which impose conservation  
19 standards and, basically, zero withdrawal from ground  
20 water. And so we have a very active recharge program  
21 now. We're actually pumping -- we have excess water  
22 from underneath the ground. We store it and pump it  
23 out. So we've been doing water planning, water  
24 management, for about 25 years in this state.

25                 The issue with water in the rural areas

1 don't have the same kind of programs in place and  
2 that's what the discussion right now is to apply this  
3 in more areas of the state.

4 MR. GRASSO: I think one of the things that  
5 I've seen in California is we spend a lot of time  
6 trying to create incentives for people to ride  
7 together to make a commute into the inner city to  
8 work. As you talked about creating parking lots  
9 around rail systems to get into the Bay Area or  
10 Los Angeles, I think the discussion is worthwhile in  
11 looking at reversing those incentives and creating  
12 incentives for business to come to where the  
13 affordable housing is at.

14 An example, Commissioner Heminger, and you  
15 know in your area, the land availability where the 5,  
16 205, and 580 meet together, all those people that  
17 live there are coming into your neighborhood to work  
18 everyday. Let's see if we can't get business out  
19 there. Land is affordable, there's open space to do  
20 that.

21 But we keep talking about how we make  
22 people -- make it easier for people to get into the  
23 city. Why don't we make it easier for the city to  
24 get to the people? And I think that's a fundamental  
25 shift that I don't know that we're willing to embrace

1 under traditional thinking we have today.

2           Some of the things that we're doing in  
3 San Bernardino County, there is land use document --  
4 discussions going on. There is, I can't remember  
5 what all of the acronyms are, but there is a compass  
6 study that talks about if we just revisit how we  
7 address two percent of the density issues we have and  
8 better think those, we get ten times that benefit in  
9 land use transportation issues.

10           I hear of communities being built where they  
11 have. I talked to an engineering firm recently  
12 designing a community in Rancho Mission Viejo, where  
13 they are connecting that whole community with  
14 electric car travel systems. Where they can  
15 travel -- there is a dedicated lane for these  
16 electric cars where if the normal velocity is under  
17 30 miles an hour, it's just a dedicated lane. If  
18 it's higher than that, then they go separate. And it  
19 connects business.

20           It connects use -- the services we need and  
21 groceries and other services and business  
22 availability and those kinds of thoughts, tied then  
23 to transit-oriented developments, gets us where we  
24 need to go. So where the streets, the truck travel,  
25 the train travel, the rail travel, the busses, bike

1 trails all come together in an easy flow. I know  
2 we're looking at that in San Bernardino, for example.

3 The mayor of San Bernardino is a big  
4 proponent of those kinds of things. So traditional  
5 thinking isn't going to get us out of traditional  
6 problems.

7 MR. SCHENENDORF: Commissioner Busalacchi.

8 MR. BUSALACCHI: Thank you, Mr. Chair. You  
9 talked a little bit about something that we've heard  
10 a little bit about in some of our hearings, and that  
11 is the idea that trucks and cars don't get along.  
12 And I think we both know that. I mean, that's --  
13 it's been that way for years.

14 And of course, what's going on in the  
15 country now with the amount of freight that's being  
16 hauled by trucks, with the congestions that we're  
17 running into with the cars, I am assuming that you  
18 have some kind of an idea to alleviate this? Is  
19 there a concept that you have or a thought process  
20 that you have that we can look at, you know?

21 Because, you know, we're looking at 50 years  
22 down the road. And obviously, all the statistics  
23 that we've been hearing about what's going on with  
24 the trucking industry are that it's just going to  
25 increase. It's not going to decrease. So that means

1 the problem is going to get worse.

2           So have you thought about any kind of a  
3 concept to alleviate this thing?

4           MR. GRASSO: There is -- first, let me  
5 represent I've been in this position 13 months. But  
6 a lot of good work has happened by our partners in  
7 Southern California. There is a goods movement  
8 action plan that the state has. There is a  
9 multi-county goods movement action plan that Southern  
10 California has been working with the state of  
11 California. USDOT and EPA, we believe all those  
12 partners need to be together.

13           There is discussion about a dedicated truck  
14 lane coming up out of the ports, coming up through  
15 the area where I reside, and then up through this  
16 neighborhood, to get up to this -- and out of our  
17 valley, up into the desert area. That's one of the  
18 options, dedicated trucking.

19           The rail grade separation issues, 33 of  
20 those rail grades happen in Riverside and  
21 San Bernardino County out of the 100 and --  
22 approximately -- that have been recognized in that  
23 action plan.

24           The Alameda corridor process, which was most  
25 successful from the ports up to the L.A. area, has

1 now been expanded to what we call Alameda corridor  
2 east, which expands all the way out past  
3 San Bernardino area out I-10 -- toward I-10 and up  
4 I-15, into the upper desert, is a recognition of that  
5 corridor dedicated to rail grade separations.

6           And as I heard Wednesday, the rail grade  
7 separation benefits traffic more than it does the  
8 rails. So we need to embrace that as a  
9 transportation agency. But the Colton Crossing, for  
10 example, is rail to rail. I would then turn that  
11 back to the rail companies and say, you need to step  
12 up and cover that whole cost.

13           Other ideas that are being talked about is  
14 alternative transportation systems, maybe even in the  
15 way of a maglev moving things out of the port up to  
16 another inland port in the upper desert. And then  
17 where the congestion is not as great today and then  
18 hitting each of the systems, the multi-modal systems  
19 at that point. But you have to identify -- you have  
20 to have a good logistics system then that identifies  
21 what is coming to that point solely to move forward  
22 and not returning it right back down the same system,  
23 back into the valley. So it's going to take,  
24 according to those logistics systems --

25           MR. BUSALACCHI: Well, let's just talk about

1 this, just for a second. And if -- if, say for  
2 example we were to get up tomorrow morning and we  
3 were to say, you know, we're going to do this.  
4 Because, obviously, if we can separate the trucks  
5 from the cars, the safety benefits would be enormous.

6 MR. GRASSO: Yes.

7 MR. BUSALACCHI: And I think you know that,  
8 and I know that. We know what's going on out there.  
9 So let's assume for a second that that does happen.  
10 How do we pay for it? And is, I mean, is there a  
11 federal role here? Is there a role that the trucking  
12 industry, that the freight industry needs to pay  
13 substantially to get this done? And, you know, how  
14 do we go about paying for it? Do we pay for it like  
15 some people are saying that we just toll the whole  
16 thing, dedicate a truck road and it's a toll road?  
17 Or is there a -- do you think that maybe there should  
18 be a tax attached to diesel fuel that pays for this?

19 I know the concept is out there and a lot of  
20 people in the industry are talking about it. I know  
21 that the American Trucking Association is talking  
22 about it, but what are your thoughts on it?

23 MR. GRASSO: Well, first of all, for those  
24 partners involved, that we have to demonstrate  
25 benefit. And so just to tax for the sake of taxing

1 gets us nowhere. We are going to have to demonstrate  
2 a system that shows improvement to them, or they will  
3 fight us tooth and nail.

4           But the trucking industry is onboard, I  
5 believe that if we can demonstrate that their  
6 thru-put velocity is increased. The rail is the same  
7 way. The discussions that are going on now through  
8 multi-partner discussions is about whether a  
9 container fee is acceptable. And there has been  
10 discussions of a threshold around \$200 a container if  
11 we can demonstrate improvement. And there is sort of  
12 a varied scale on that, depending upon the value per  
13 cubic meter of that cargo.

14           Something that's \$5 per cubic meter is  
15 probably not going to be taxed as much as something  
16 that is a thousand dollars per cubic meter, if we can  
17 demonstrate quicker thru-put velocity. So taxing for  
18 the sake of taxation doesn't do it demonstrated  
19 value. And that's where we all need to be at the  
20 table at the same time.

21           So if we can see that this system's going to  
22 work, and that's part of what we're trying do at that  
23 multi-county business movement action plan we have at  
24 ports. They're coming onboard with us. We've got  
25 the trucking and rail community, Union Pacific

1 Santa Fe has been with us in these discussions and  
2 they continue to come to me. So they're not walking  
3 away from us. So that's the kind of partnership, we  
4 have a solution.

5 We recognized at a meeting last summer, if  
6 everything was discussed, we agreed on about 80  
7 percent of it. So let's -- let's move forward with  
8 what we agree on and then work on that 20 percent  
9 fine tuning.

10 MR. BUSALACCHI: You think -- Eric, you  
11 think this thing merits looking at?

12 MR. ANDERSON: I think it definitely has  
13 merit. And I think, you know, taxing and adding  
14 surcharge onto diesel fuel may be an appropriate  
15 financing mechanism. But I think importantly, it's  
16 important to start at what you're trying to achieve.  
17 And, you know, having truck dedicated highways  
18 nationwide is unrealistic. From a cost standpoint,  
19 you're just not going to be able to do it.

20 So identify -- I would say identify where  
21 are those key pitch points and safety issues related  
22 to trucks, specifically. And the ways that we can  
23 improve the mobility through those corridors by  
24 building truck-only lanes or truck-bypass lanes  
25 funded out of a dedicated tax. And I think that

1 dedication is very important, too, that it has to go  
2 into a fund so the trucking community understands  
3 that that money is going to be used for their  
4 benefit.

5           But I think as long as you make that nexus  
6 in dealing the benefits, I agree. You know, you have  
7 to demonstrate those benefits. Then I think the  
8 financing comes with it.

9           MR. BUSALACCHI: And I don't want to lead  
10 you into this answer, but do you agree that, I mean,  
11 the primary focus here -- obviously moving the  
12 freight is important, you know, and getting the cars  
13 off the road. But do you agree that safety really,  
14 really is an issue here and that getting the cars and  
15 the trucks away from each other whenever we can will  
16 go a long way in making our road safer?

17           MR. ANDERSON: And just guiding up some  
18 notes on a potential federal role, as my prior  
19 testimony said, you really have to -- you can find  
20 that one is for aid and other is safety. And both of  
21 those have national significance. And I think that  
22 if federal highway administration, for example, just  
23 focused on those two things, and had a very targeted  
24 approach to that, I think we'd see some pretty good  
25 progress in a short period of time.

1           MR. BUSALACCHI: Thank you.

2           MR. GRASSO: If I may go one more step  
3 relative to the trucking industry. The trucking  
4 industry put me through college, so I am, you know,  
5 pretty familiar with that. But looking at the  
6 freight part of the trucking in California, we have  
7 more restrictive trailer length issues than we do  
8 elsewhere in the trucking industry.

9           If we had a place in the upper desert where  
10 they could go from two trailers to three, as we do in  
11 other areas, they would support that. And so that's  
12 something that we would have to work on internally.  
13 But one of the systems that I think we've seen  
14 success in Europe is they've enforced that the  
15 trucking community add one more axel to their trucks,  
16 to their trailers.

17           And what that does for them is you give it  
18 better balance and that so the trailers are not  
19 bouncing up and down on the roads and beating up the  
20 roads that you have to maintain. So you -- right now  
21 we are spending as much time on rehab as we are on  
22 expansion. And if we can minimize what we need for  
23 rehab and get longer life-cycle costs out of what  
24 we're developing, we can spend more money on  
25 expanding.

1           We look at California, and Mr. Heminger, I  
2 am sure this number is updated, but we were looking a  
3 few years ago where it's \$150 billion infrastructure  
4 need we have here in California just to keep up, just  
5 to catch up.

6           MR. BUSALACCHI: Thank you.

7           MR. SCHENENDORF: Thank you.

8           Commissioner McArdle.

9           MR. MCARDLE: A couple of things occurred to  
10 me as you propose to move the cities out to where the  
11 affordable housing is. That you might want to  
12 consider and look at what's happened at the New York  
13 metropolitan area. Because that's what did happen,  
14 and all of the affordable housing rapidly became  
15 unfordable. And so you cannot expect that just by  
16 moving kind of the jobs out, you keep the housing  
17 affordable. It actually seems to have worked the  
18 other way.

19           MR. GRASSO: But that -- I'm sorry. Go  
20 ahead.

21           MR. MCARDLE: You've got to chase that  
22 objective all the way through whatever your land use  
23 planning is. And so, you know, it's wonderful to  
24 think about it as a way of in fact cutting down the  
25 trips. In fact, as we've seen with the hedge funds,

1 all the hedge funds, for reasons totally unclear to  
2 me, all decided Greenwich, Connecticut is where they  
3 wanted to be.

4 All the hedge fund managers live in  
5 Manhattan. All the workers live in the Bronx. They  
6 are all commuting to Greenwich. Greenwich has no  
7 kind of local employment base at all, so all the  
8 workforce, truly, for the whole gulf coast in  
9 Connecticut, is coming out of the Bronx now. You see  
10 this every morning at the train station.

11 The managers coming out of Manhattan, they  
12 are all going, where is effectively an hour, just to  
13 work at the hedge funds because somebody decided  
14 that's where they all ought to be. It's not a --

15 MR. GRASSO: It's not a simple solution, and  
16 we've seen that in Southern California. L.A. County  
17 was the heart of it all. And Orange County and  
18 Riverside, San Bernardino County, were very rural  
19 counties. Business grew and grew.

20 And then as the tech industry came in in  
21 Southern California, it came into Orange County more  
22 than anywhere else. Commissioner Heminger's area,  
23 Silicon Valley, saw that. And so that grew up more  
24 and more. And for people to get those higher paying  
25 jobs, they are commuting from my neighborhood to get

1 there.

2           But Orange County now brags the fact that  
3 they are not a better community to anybody. We are  
4 all better communities to them.

5           MR. MCARDLE: And we've seen that in  
6 Long Island, New York. And one of things you might  
7 give us some input on is kind of an issue of what  
8 Mayor Goodman talked about. He would like a high  
9 speed connection between Las Vegas and Ontario, and  
10 presumably farther into the heart of Los Angeles. It  
11 occurred to me because we took this wonderful  
12 congestion-free bus ride yesterday, clearly no  
13 further improvements needed in that corridor. And we  
14 were able to go at speeds certainly not attainable in  
15 a similar length there in New York.

16           But it occurs to me, if you build that  
17 connection, what you will see happen as we have seen  
18 with the Amtrack along the northeast corridor is  
19 suddenly, you know, Victorville will take advantage  
20 of that and, you know, suddenly you'll have more  
21 development and you'll have less capacity, fewer  
22 people able to even get on the trains to get to  
23 Las Vegas, again.

24           But the real issue is that the mechanisms  
25 exist to really allow you, me, and Las Vegas to plan

1 this investment in a way that you all can take  
2 advantage of it. It seems to me the state line  
3 issued does not really allow both entities to work  
4 together, or in some cases, be compelled to work  
5 together so there is an integrated approach to this.

6 MR. GRASSO: There are two interests looking  
7 at the same corridor. One is from L.A. area to this  
8 part of the world in a high speed train. Another is  
9 just a train called the Desert Express from  
10 Victorville to here. And that is in the same  
11 corridor, which happens to be owned by the California  
12 Department of Transportation. That is part of the  
13 corridor you drove up here.

14 MR. MCARDLE: Yep.

15 MR. GRASSO: And figuring out which has  
16 greater benefit and which can be forwarded. One is  
17 expecting private dollars, one is expecting public  
18 and private dollars, so getting those partners  
19 together.

20 The interest I have, even when I started  
21 listening about the high speed rail authority, it's a  
22 nice deal if it goes from Point A to Point B. But  
23 when you start making it Point A, Point B, Point C,  
24 Point D, all the way up to point Z, now it's not a  
25 high speed rail anymore. And then you've got

1 development that builds around that, then you've got  
2 a capacity issue again. So that kind of thinking has  
3 to go forward.

4 Communities that have developed, we've seen  
5 that in the Victorville area, as you mentioned.  
6 Development has run away in that part of the world,  
7 and the infrastructure does not support it.

8 The point that US-395 going through there  
9 now is a disaster area because they can't expand 395  
10 through Victorville. And now we're talking about  
11 realignment of 395 to the point that none of the five  
12 or six jurisdictions will let that happen in their  
13 backyard. So local government is hurting there.  
14 They've got to come together and help us as well.

15 Back to your point, there is possibility for  
16 high speed rail as long as we will -- it's well  
17 defined and we don't allow it to go in every  
18 direction but forward.

19 MR. MCARDLE: And if I could direct one last  
20 comment to Mr. Anderson. You talked about not  
21 enjoying your status as a donor state. And you would  
22 like, we heard earlier from Reno, perhaps the  
23 elimination of kind of the federal differential that  
24 you impact.

25 Is that a policy that Arizona has adopted

1 for all federal funds so that all federal funds spent  
2 in Arizona would be raised in Arizona? I mean,  
3 New York State is a donor. Connecticut is a donor.  
4 New Jersey, to the extent of tens of billions of  
5 dollars, which we'd love to keep within New York  
6 State and Connecticut and New Jersey, if we could.  
7 We would be more than happy.

8 MR. ANDERSON: We believe there has to be a  
9 rational basis for any kind of funding allegation.  
10 And we think that the way the minimum guarantee works  
11 now, and has worked for many, many years, really, a  
12 legacy system, that really needs to be looked at  
13 again, and understandable, congress and all this.  
14 And, you know, that's a whole different issue that we  
15 think that there really has to be a rational basis  
16 for whatever that distribution formula is. And we  
17 understand that in some cases and some federal  
18 programs, the tax payers in Arizona will be a donor.

19 But in other cases, I think there is an  
20 expectation that we ought to be able to gain more, at  
21 least our fair share. Once again, Arizona's  
22 benefitted from the federal programs. A  
23 multi-billion dollar water program comes to mind,  
24 certainly.

25 But in the greater scheme of things, I think

1 all of us have to, you know, we have to be careful  
2 not to put everything aside and say, well, we want  
3 this over here, but we don't want it over here. You  
4 know, I personally, it's a -- I personally would  
5 prefer a system that's a lot simpler so people  
6 understand what those parameters are.

7           And once again, that comes back to rational  
8 basis and whatever that allegation forms.

9           MR. MCARDLE: But I share Commissioner  
10 Heminger's view and my vice chairman's view. There  
11 is clearly a federal role because there is clearly a  
12 federal presence, you know, in the United States.  
13 And we seem to want to keep that, in some respects.  
14 And so we want to keep that federal role strong.

15           It's clearly strongest in freight, because  
16 there is all of this trade and international  
17 commerce. But we cannot simply allow that, you know,  
18 five lanes to the Nevada border. You know, two lanes  
19 from Nevada down to San Bernardino, you know, and  
20 Ontario. That just doesn't work in these days. It  
21 has to be an integrated system.

22           But it, you know -- and equally, it perhaps  
23 is in the growing sense of the America citizenship,  
24 you know, a right an America citizen has to, in fact,  
25 be able to move within the areas they live in, you

1 know.

2           And the community should not be allowed to  
3 overburden systems to the detriment of people and to  
4 the lives and the health of people that live within  
5 those systems, which is really what we've seen as the  
6 unintended consequences. A decision to, in fact,  
7 open up Chinese manufacturing to the benefit of the  
8 United States. And the impact can be felt all along  
9 the Alameda corridor.

10           It's probably, in some respects, an  
11 environmental point, greater today than it was, you  
12 know, 40 years ago. Simply because at that point in  
13 transportation, and the amount of impact in low  
14 income communities is huge. And it's something we  
15 have to figure out how to solve as a nation.

16           Because as I said to you last night, they  
17 take all of the hit. And all of the benefit goes to  
18 somebody who is buying a 50-inch plasma television  
19 from the Best Buy across the country at a price that,  
20 you know, gets lower every year. But those  
21 communities take the hit every time one of those  
22 things moves up.

23           MR. ANDERSON: I think, just to expand a  
24 little bit, you know, I think it's really important.  
25 It goes back to getting -- making sure that the

1 federal role is well defined and that mission is well  
2 explained and communicated. And I think what's  
3 happened, and certainly since the interstate system  
4 has been, quote, complete, or called complete, I  
5 think there has been that somewhat lack of focus.

6           And I think getting that back, I think  
7 would -- I think all the states understand that the  
8 whole of the federal government in our national  
9 transportation system why we have to have a strong  
10 federal role in that. But I think that mission has  
11 really been diluted in the last few years. And I  
12 think when you lose that nexus between what a tax  
13 payer is paying and what they perceive they're  
14 getting back, I think that causes problems.

15           And I think that -- I think one of the  
16 things, if anyone's got a recommendation, is that  
17 that be clearly articulated and communicated.

18           MR. MCARDLE: I think you have hit on  
19 something that the commission has talked about. One  
20 of the reasons to look out 50 years is not only that  
21 it takes 50 years to do a project for sure, but you  
22 can create a systemic examination.

23           I mean, if you explain that to the people  
24 and it doesn't become just a program of things, and I  
25 think, quite frankly, the last programmatic effort

1 ended up as a set of implements in lieu of any kind  
2 of policy objective and other things.

3 MR. SCHENENDORF: I think it's very  
4 appropriate that we finish the questioning with  
5 Commissioner Skancke who really made this whole  
6 hearing possible. And we thank him for that.

7 MR. SKANCKE: Thank you, Mr. Vice Chair.  
8 Again, I live in this region and I know a lot of the  
9 problems and I just want to thank you for bringing  
10 some recommendations to these hearings.

11 And, Tony, you as well, this commission  
12 cannot do this work on their own. What we have heard  
13 time and again across the country as we do these  
14 field hearings, which the commission thought they  
15 were very important to get out in the communities and  
16 find out what the problems were and have you all make  
17 recommendations to us so that we could file a good  
18 report to congress and make good substantiated  
19 recommendations to make positive changes for this  
20 country to remain with economic vitality.

21 And with that, I would encourage you to  
22 continue to make recommendations to this commission  
23 until we submit our final report. There is no  
24 question that we've heard in L.A. these past few  
25 days, and even here, that there is definitely a

1 federal role.

2           Our vice chairman has been saying this since  
3 the day we were seated as a commission, that we need  
4 to find what that federal role is. And I think the  
5 federal role has shifted somewhat in the last couple  
6 of years due to the process which occurs in  
7 Washington, D.C.

8           I don't believe the earmark situation is  
9 going to go away. We may be able to improve it, but  
10 let's face it, earmarks are important to communities.  
11 The stability and the vitality of the fuel tax in  
12 this country is important. I think it's this  
13 commission's charge to make those recommendations.

14           Now, having pontificated the past two  
15 minutes, tell me, Mr. Anderson, in your view, and  
16 tell me in yours as well, some of the processes by  
17 which you guys have taken a look at making  
18 improvements. You've made some suggestions, but, you  
19 know, it's not just the NEPA process.

20           You know, I've said several times, take the  
21 NEPA process away. What has Arizona done or what  
22 have you done in your local communities to help some  
23 of that processing? What have you had to do to, you  
24 know, expedite some of these projects?

25           MR. ANDERSON: Well, the latest thing we've

1 done, as we -- we update our regional transportation  
2 plan once a year. This year we're doing much more  
3 environmental scanning as part of that to try and  
4 get -- to try and reduce some of the NEPA issues  
5 during the planning process.

6           And I think that was some of the guidance  
7 that came out of FHWA. We think it's an extremely  
8 useful technique. We're not sure exactly how much  
9 time savings it's going to -- there's going to be on  
10 that project when we actually start implementing  
11 projects. But that's one example of talking to the  
12 resource agencies, both federal and state resource  
13 agencies.

14           As we do our planning, identifying corridors  
15 and putting them through a fairly high level fatal  
16 flaw analysis to make sure that there isn't something  
17 obvious there, you know, why didn't you guys plan a  
18 corridor there, that was ridiculous. And then we're  
19 just buying ourselves more time in the process. So  
20 the more we can define corridors, the better off we  
21 are. That's one thing.

22           The second thing that we really struggle  
23 with, and we are still looking, trying to find ways  
24 of doing this, is preserving corridors. And one of  
25 the things that ADOT has been aggressively pursuing

1 is what we call a red letter process, where working  
2 with the local jurisdictions. If there is proposed  
3 development in a proposed transportation corridor,  
4 let's look at it. And there may be an opportunity to  
5 work with a developer to shift development out of the  
6 corridor onto adjacent properties.

7           Unfortunately, we've never had enough money  
8 to buy all the property. That would be -- that's an  
9 ultimate solution. And unfortunately, in Arizona,  
10 there's not much else we can do. We've worked with  
11 our member agencies to make sure that the  
12 transportation corridors are adequately identified.

13           But once again, bottom line, unless you have  
14 the dollars to acquire that way early in that  
15 process, it's very, very difficult to protect these  
16 corridors. And then you combine that with the NEPA  
17 process. And you had the testimony earlier today  
18 about, well, it's really difficult to acquire the  
19 right-of-way for a project if you are in the middle  
20 of the NEPA process.

21           Well, with our rapid growth in Arizona, we  
22 have to go out and impart of right-of-way as soon as  
23 we can. And a lot of times, it causes a lot of  
24 consternation in that, you know, we think the  
25 corridor is going to be here. And then with the NEPA

1 process, all of a sudden there's 20 different  
2 alternative corridors. And it may come back down to  
3 preferred alternative. It can cause a lot of angst  
4 in the community. It upsets the general plan  
5 process, the land use planning that the cities do.

6           And we had a good example of this. We had a  
7 corridor that was identified 1988 through a state  
8 process coming back and using the federal process  
9 now. You know, we had, you know, 25 different  
10 corridors dealing with that. When, for 20 years,  
11 that's been on our map at the Adopt-A-Corridor, from  
12 a regional perspective.

13           And we understand you have to make sure you  
14 make an impact, but it really causes a lot of  
15 problems in integrating the transportation. You  
16 don't have certainty where that corridor is going to  
17 be. And it's not certainty, you know, right before  
18 you construct. But certainly maybe ten or 20 year  
19 before you, you can actually construct that corridor.  
20 It's a very difficult issue for us.

21           MR. GRASSO: The state of California just  
22 passed approximately a \$20 billion transportation  
23 bond. Unfortunately, that corridor mobility  
24 improvement account, \$4.5 billion, we're all arm  
25 wrestling over how we take the \$12 million of the

1 request and put it into a \$4.5 million bag. But  
2 that's going on as we move forward. And  
3 demonstrating -- meeting criteria for corridor  
4 mobility improvement is the key there.

5           From a federal standpoint, one of the things  
6 that we are -- we want to start talking policy  
7 discussions for reauthorization about corridor  
8 improvement and not earmark appropriations. Because  
9 what we are finding is every one of the congressional  
10 districts wants to bring something back to their  
11 neighborhood to be able to say, In my district, I got  
12 you 2 million here and I got you 1 million here.

13           The problem I am having is that is not tying  
14 corridors together and completing corridors. So we  
15 are starting those discussions today. As we are  
16 putting our appropriation requests forward, we are  
17 talking about them relative a corridor improvement so  
18 that that congressional representative understands  
19 this is part of a corridor approach. But we've got  
20 six congressional representatives to deal with that  
21 all want a share of this and want to be able to say  
22 that they got something for their neighborhood.

23           And at the end of the day, we might get  
24 \$30 million worth of appropriations toward a  
25 \$8 billion problem. And so that process doesn't

1 work, in our opinion, doing anything to improvement,  
2 other than they can come back and tout to their  
3 constituents, I got you some money.

4 So changing the view, instead of looking at  
5 project level, instead of just looking at  
6 appropriations, let's look at what we can do for  
7 corridor improvement, for livability and prosperity  
8 improvement.

9 MR. SKANCKE: Thank you both, very much.  
10 And again, I'd like to thank my colleagues for coming  
11 to Las Vegas and hearing the spirit cooperation  
12 regional planning.

13 We've got three states here today that work  
14 very closely together. This has been a partnership  
15 in this region for a number of years and I want to  
16 thank you all for coming to Las Vegas today and thank  
17 my colleagues for being here as well. We've received  
18 a lot of great testimony from you all.

19 Again, I'd like to thank our local sponsors  
20 for making this hearing happen. And if any of you  
21 have any suggestions or any further testimony you'd  
22 like to give, please submit that to the commission  
23 staff and we'll take it into consideration.

24 Thank you, Mr. Vice Chair.

25 MR. SCHENENDORF: Thank you. I -- just a

1 comment or two on the questions and the discussion  
2 you had about the national vision. I do think that  
3 is absolutely critical. Because having been on one  
4 of these committees and having watched the growth of  
5 the whole donor/donee debate, the growth of specialty  
6 marked projects, that has all come at the time when  
7 the disparity between needs and funding have really  
8 diverged significantly. And that there has been an  
9 issue between the lack of this federal vision that  
10 you can't just go home and talk about the federal  
11 vision. So they go home and talk about their  
12 projects for each state.

13           If this money doesn't have a national  
14 purpose, then we need to get our fair share and then  
15 we'll define it differently. But that's the basic --  
16 I think redefining a federal role that people can buy  
17 into will be very, very helpful in stopping both, you  
18 know, dealing with both of those issues as we go  
19 forward.

20           Thank you very much.

21           MR. GRASSO: Thank you.

22           MR. SCHENENDORF: The deputy secretary would  
23 have loved to have been here to hear this and ask  
24 questions, but she is actually running a department  
25 and so she had to take care of some important

1 business during this last hour.

2           So with that, thank you. And we have two  
3 people from the audience that would like to come up  
4 and speak. Steven Lauber and Richann Johnson.  
5 Richann. Richann Johnson.

6           MR. LAUBER: Hi, my name is Steve Lauber.

7           MR. SCHENENDORF: Steve Lauber.

8           And do we have Richann Johnson?

9           Okay. If each of you could tell us who you  
10 are with and then take two minutes to say whatever  
11 you'd like to say.

12           Thank you. We'll start with Richann  
13 Johnson.

14           MS. JOHNSON: Mr. Vice Chairman and members  
15 of the commission, thank you for allowing us to speak  
16 today.

17           I am here on behalf of the California Nevada  
18 Super Speed Train Commission. You've spoken a lot  
19 about the maglev project. And the good news is that  
20 we are still here today plugging away trying to  
21 actually get through an environmental impact  
22 statement so that we can go out and look for some  
23 innovative financial way to, you know, support this  
24 project.

25           I think it's very important on a national

1 level to take this into consideration as something  
2 that can be embraced at a very high level and  
3 implement it into the future. I don't know what else  
4 is on the drawing board out there. Maglev would meet  
5 the environmental needs of this nation. It also  
6 would attract 20 and 30 something out of their cars  
7 and get them on something other than, you know, than  
8 moving them in their cars.

9           As far as highways, I don't know many -- how  
10 much expansion of the highways we can do, but this, I  
11 believe, would really be something that we should be  
12 looking at at a national level. It's very hard to  
13 try to move these projects forward at a local level,  
14 or even at state level.

15           We've been trying for years, and we just  
16 keep at it because we know that this is something  
17 that would be good for us. And I think California  
18 could embrace it too. Somebody has to take the first  
19 step. We believe that our corridor is very, very  
20 good. You drove it. You were on the bus. And I am  
21 sure if you were on a train that went -- could get  
22 you between Anaheim and Las Vegas in 90 minutes, you  
23 would have liked that much better.

24           So with that, I have today something that  
25 I'd like to leave with you. It's the very first part

1 of our EIS, which is the transport -- which is the  
2 very first phase that we did. I'd like to leave you  
3 a little analysis of that and also a video that would  
4 show you what this -- what this technology is and  
5 what it can do.

6 One thing I want to say is, yes, China has  
7 embraced this technology. They've implemented it at  
8 the Pudong Airport to the city of Shanghai. It's  
9 been very successful there and they are going to  
10 continue to expand that project another hundred miles  
11 into the city of Honshu, so we need to get with it.

12 And I hope that -- that this panel will help  
13 us to do that.

14 Thank you.

15 MR. SCHENENDORF: Thank you.

16 Steven.

17 MR. LAUBER: Hello. My name is Steve  
18 Lauber. I am, believe it or not, an actual concerned  
19 citizen and not representing anybody else here.

20 MR. SCHENENDORF: Good.

21 MR. LAUBER: I have been, over the years,  
22 kind of noticing some things that have been happening  
23 here. I have been a valley resident here for about  
24 the last 15 years. And lately, there are some things  
25 that I would -- I see happening that I am kind of

1 concerned about.

2           Recently, we had -- the expansion project  
3 for US-95 here included HOV lanes. What concerned me  
4 is on the USDOT website, you guys are really pushing  
5 HOV lanes; however, there is a lot of studies out  
6 there that show they really don't work to the best of  
7 the abilities in all cases.

8           I suggest that here in Las Vegas, replacing  
9 that kind of thinking with express lanes, which will  
10 bypass several exits, would be a much better  
11 alternative and not as costly with making separate  
12 interchanges and on-ramps and off-ramps. And just --  
13 it would alleviate our problem.

14           If you would drive into Las Vegas right now  
15 from the south, you will notice as you approach  
16 Las Vegas, all the trucks get in the left lane  
17 because they're trying to go right straight through.  
18 That shows there's already a need here for it, and  
19 that's part of our congestion problems. Get the  
20 people who are going straight through to get them  
21 away from the exits.

22           The next thing, I've actually sent letters  
23 to our congressional deligation three years ago on  
24 this, never gotten anything back. But recently, we  
25 had a land sale out here, a BLM land sale for \$639

1 million. Eighty-five percent of that money goes back  
2 into acquiring more environmentally sensitive land in  
3 a state where the government already owns 87 percent  
4 of the land. That is ridiculous.

5           And that kind of money right there, I think  
6 the congressional personnel -- congress needs to get  
7 and overcome the environmental lobby and use that  
8 money for infrastructure, not only for funding roads  
9 and things like that, but also for solving our  
10 southwestern water problems. And that's not just an  
11 issue here in Las Vegas, Nevada. The BLM has land  
12 all across the west. That land is a national  
13 resource that can be used in better hands than  
14 private hands in most cases than what it is being  
15 used by the BLM management.

16           Another thing that I have up here that I put  
17 on my card is with this increased focus on homeland  
18 security. I don't know how many people have actually  
19 noticed, but you're in the city, right here, that's  
20 probably one of the most isolated for people trying  
21 to get in and out of the valley. The only big city I  
22 can think of that has a worse problem is Honolulu.

23           There are, at my count, there are only 11  
24 paved roads that leave this valley. If you are  
25 blocking any of those 11 roads, nobody is going to

1 get out of this valley by vehicle, unless you go in  
2 four-wheel drive or something like that.

3 I would suggest that we really need to look  
4 at some alternative valley roads that go, say, cut  
5 across the northern mountains or cut across the  
6 southern mountains. If we need to evacuate, say,  
7 like Houston had to do for the hurricanes or any of  
8 those kinds of things, if we have a massive terrorism  
9 thing that happens in this valley, which we are a  
10 prime target, you are going to have trouble  
11 evacuating this valley. Even for something as simple  
12 as a chlorine leak from a train derailment. Those  
13 are the kind of things where I think we need to look  
14 at here in this valley.

15 But I am really concerned, especially, about  
16 the HOV lanes and the thinking that people are  
17 bypassing viable options that really would be known  
18 to work, like express lanes and other type of managed  
19 lanes, putting hundreds of millions of dollars  
20 towards a project where you hope it works.

21 And what the people aren't being told is  
22 that in order for an HOV lane to work, the congestion  
23 has to remain on the other side of the lanes. That  
24 doesn't solve anything. I am really concerned that  
25 this kind of thinking is permeating the DOT here in

1 Nevada and the National DOT. And you can already see  
2 it out there in California.

3 MR. SCHENENDORF: Thank you very much.

4 Any commissioners have any questions?

5 MR. MCARDLE: Yeah. If I could, you've made  
6 some very interesting observations in which you see  
7 some of those same issues emerging elsewhere around  
8 the country. We found in Manhattan after 9-11 how  
9 vulnerable Manhattan was, a million one, a million  
10 two people, to in fact shutting off the very  
11 limited -- if I got a count, I suspect I'd come with  
12 much the same -- 11 bridge count that isolates  
13 Manhattan.

14 And once you've cut it off, you know, with  
15 nothing going over the GW or through the tunnels,  
16 suddenly, you know, you effect Long Island. We  
17 really have to look at this whole Homeland Security  
18 protection access for many places. And I know  
19 Senator Clinton, who appointed me to the commission,  
20 is very concerned about this.

21 And I would point out to you, just as an  
22 example, one of the things that we've seen in the  
23 east is in fact the development of express lanes.  
24 And people are, in fact, really looking at that and  
25 segregating through traffic because, this is

1 certainly true in Ontario, around Toronto, they like,  
2 you know, they want to get that through traffic  
3 isolated from the local traffic. Just the crossing  
4 patterns become the disaster that we are encountering  
5 in so many places.

6           And as people try to get on, we experienced  
7 a little bit of that yesterday as we saw the merger  
8 of two freeways just as people were trying to get on  
9 and past something. Again, the options that people  
10 have to have within the federal program so they can  
11 make better choices.

12           Thank you. And we will certainly look at  
13 what you have on the maglev. Because it's certainly  
14 a big issue that Senator Wayne had in New York. It's  
15 what he always pushes.

16           MR. SCHENENDORF: Commissioner Busalacchi.

17           MR. BUSALACCHI: So let's talk about the  
18 maglev for just a quick second. You know, very  
19 interesting. I think, you know, we had a couple of  
20 people talk about the, you know, the passenger rail  
21 situation between Southern California and Las Vegas.  
22 So I think, you know, the concept is a good one.

23           Maglev would be very expensive, would it  
24 not?

25           MS. JOHNSON: It would be very expensive.

1 In fact, the pricetag between Anaheim and Las Vegas  
2 is \$12 billion in today's world.

3 MR. BUSALACCHI: Twelve billion?

4 MS. JOHNSON: Yes.

5 MR. BUSALACCHI: Okay. Is your -- and what  
6 I'll ask you to do, if you don't mind, is just --  
7 we'll give you a card and you could just forward us  
8 the information so we don't go into all the details.  
9 Because I am sure you have the statistics. But the  
10 concept, how long have you been working -- your group  
11 been working on this?

12 MS. JOHNSON: Actually, the commission was  
13 formed in 1988. And at first they started looking at  
14 projects like the TGB. And maglev was just a new, a  
15 very new product. So we were looking at high speed  
16 rail to begin with. But it seems like the United  
17 States kind of missed that whole interim thing that  
18 you're pointing to with implementing those high speed  
19 ground line trains that are trains up to 200 miles an  
20 hour.

21 So the commission that I work with decided  
22 to take the quantum leap very early on and buy into  
23 maglev. Because by the time we get something like  
24 this implemented, we're probably going to be behind  
25 the curve as well. They're looking at different

1 versions of maglev, new and more innovative than --  
2 and versions of maglev now, even as we speak. So...

3 MR. BUSALACCHI: Okay.

4 MS. JOHNSON: And one more thing I wanted to  
5 say is you've had a lot of discussion on freight.  
6 Maglev can be used for light freight. That would be  
7 the transport of maybe Federal Express items or, you  
8 know, very light items for right now. But I know  
9 that they were also looking at a concept of trying to  
10 do heavy freight with maglev. I don't know where  
11 that is with the development right now.

12 MR. BUSALACCHI: Get us that information,  
13 would you please?

14 MS. JOHNSON: I will.

15 MR. SCHENENDORF: I want to thank every one  
16 for coming today. And I want to thank all of our  
17 hosts, once again, here in Las Vegas. This has been  
18 very, very helpful to the commission. And thanks to  
19 all of our witnesses.

20 I also would like to take a moment to also  
21 thank Joe Guzzo (phonetic), Chris Bulati (phonetic),  
22 Robert Mariner (phonetic), the DOT staff, who really  
23 helped to make this a reality in Atlanta, Las Vegas  
24 and Los Angeles.

25 ///

1                   So thank you all, and we'll see you.

2                   This meeting is now adjourned.

3

4                   (This meeting was adjourned at

5                   12:15 o'clock p.m.)

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## 1 CERTIFICATE OF REPORTER

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3

4 STATE OF NEVADA )  
5 ) SS:  
6 COUNTY OF CLARK )

7

8 I, Emily A. Gibb, a duly commissioned Notary

9 Public, Clark County, State of Nevada, do hereby

10 certify: That I reported the National Surface

11 Transportation Policy and Revenue Study Commission

12 Las Vegas Field Hearing at the Las Vegas Convention

13 Center on Friday, February 23, 2007, from

14 8 o'clock a.m. until 12:15 o'clock p.m.;

15

16 That I thereafter transcribed my said

17 shorthand notes via computer-aided transcription into

18 written form; and that the typewritten transcript of

19 said meeting is a complete, true and accurate

20 transcription of said shorthand notes.

21

22 IN WITNESS WHEREOF, I have hereunto set my

23 hand in my office in the County of Clark, State of

24 Nevada, this 10th day of March, 2007.

25

\_\_\_\_\_

